



JORDAN: GROWTH AND OPPORTUNITY

L O N D O N 2 0 1 9

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Growth Sectors: ICT and Tech

Conference session 14.30 February 28 2019

Background Note

Growth sectors: ICT and Tech

The 2019 London Initiative, a dynamic conference taking place in Central London on February 28, 2019, will demonstrate the scale of ambition of Jordan's economic transformation and aim to generate committed international donor and investor partnership to help Jordan achieve sustainable and equitable economic growth, and ultimately, self-reliance. The Conference will highlight Jordan's growth potential in the ICT sector, share the experience of key FDIs, address challenges facing digital entrepreneurship growth, and highlight future investment opportunities. This is quite timely, given that expansion into the wider regional/global markets is a key growth strategy for the Jordanian private sector, considering the relatively small size of the local market.

The Jordanian economy has created about 54 thousand new jobs (net) in 2017, the services sector generated about 60% of these jobs, excluding public administration. Export of services accounted for about 44% of the total Jordanian exports and exports of ICT services accounted for 4.7% of the total exports in 2016 (US\$648 million). Out of the services sector, information and communication technology services generated more than 1300 new jobs (net) and accounted for 25.8% of total added value in services in 2017. The potential of technology-enabled services is still largely untapped in Jordan and may significantly contribute to increasing export revenues. Political stability, proximity to GCC market, abundance of bilingual university graduates, good infrastructure, tax exemption on sales, and custom exemption on imports are competitive advantages for the Jordanian market. To leverage these advantages, key global businesses moved their operations to invest and serve the MENA region out of Jordan. Examples of these businesses include Amazon, Cisco, Microsoft, and Expedia, which recruited hundreds of highly qualified Jordanians and trained them to deal with complicated cases around the globe. Private companies specialized in information technology outsourcing (ITO) and business process outsourcing (BPO) have expanded their operations in Jordan over the last decade to service regional and international clients. Key examples include Aspire, which is specialized in ITO services and targets the US market (retains 275 Jordanian employees); Extensya, which provides support to Vodaphone, Saudi Airline, MBC, and others (retains 1700 Jordanian employees); and Crystal, which is a call center that supports regional operation (retains 1000 Jordanian employees).

"Jordan is the Arab world's tech hub, positive driving force of the national economy having attracted various investments, especially since it offers highly-skilled human resources and top-notch infrastructures"

Jeff Bezos, Amazon CEO



To broaden the base of digital economy in Jordan, the government has set an action plan (Reach 2025) to transform Jordan into a digital economy that empowers people, sectors and businesses to raise productivity and ensure growth and prosperity, creating a highly attractive business destination for investments and international partnerships. Jordan is moving away from seeing ICT as an isolated sector and towards digitizing the entire Jordanian economy with emphasis on niche markets and global value chains. This is about creating a transformation across the economy through digitization of early adopters in: Health, Energy and CleanTech, Education, Finance, Transport, Communications and Security. The Ministry of ICT has started key steps in implementing the digital economy action plan by working on (1) developing national broadband infrastructure through a PPP model, and introducing a new revenue-sharing model for rolling out 5G; (2) enacting the Data Privacy Law to enable access to unclassified data for businesses; (3) championing digital payments by implementing a new policy that transforms all

national aid, bread subsidies, transport, and health payments into digital modes during by end of 2019; (4) launching a new initiative to train 500 Jordanian youth in digital skills during 2019; (5) leading a participatory approach to identify and tackle legal and regulatory constraints facing entrepreneurs, and coordinating with relevant entities to enable digital ID and e-KYC implementation. The WBG team in Jordan has been supporting these actions as part of the 5-year reform matrix analytics and the second Development Policy Financing (DPF).

Global experience shows that entrepreneurship stimulates job creation in the economy, as most new jobs are created by young firms, typically those three to five years old. The degree of success, however, varies,



"Jordan is on the right track... This country has made a bet on this and has stuck to it constantly... What the King told me in 2000 is exactly the strategy that has been pursued."

Bill Gates, Co-Founder and Chairman, Microsoft.

since new firms build on the maturity of the underlying ecosystem. With traditional pathways for job creation and growth through industrialization and export expansion at risk of not bringing enough jobs in the future, the Government of Jordan has been encouraging entrepreneurship to accelerate rates of job creation.

The digital entrepreneurship ecosystem has been emerging over the last decade in Jordan. With the increasing number of Jordanian commercial exists in Jordan and the region, digital entrepreneurship carries a strong potential to spearhead growth in the economy. Jordan's ranking in the Global Entrepreneurship Index, which measures both the quality of entrepreneurship and the extent and depth of the supporting entrepreneurial ecosystem in 137 countries, improved by 24 ranks between 2014 and 2018 (going from the 79th to 49th). According to the Global Entrepreneurship Index 2018, the score of Jordan is equal to the Arab region's average score of 37%. Jordan outperforms the region in product innovation, technology absorption, competition, startup skills, and cultural support indicators. On the other hand, Jordan lags in high growth, risk capital, risk acceptance, networking, and human capital indicators.

According to a World Bank survey of 200 Jordanian entrepreneurs in January 2019, Jordanian entrepreneurs are well educated, nearly all of them (94%) hold BA degree or above, and they have solid experience in business (60% of entrepreneurs have 10 years of experience or above and 20% of them have 6-9 years of experience). Most of Jordanian entrepreneurs (71%) have previous experience working at middle or senior level jobs and the majority of them (62%) worked as employees before establishing a business. These characteristics show high a quality composition with great potential for growth. Additional highlights of the ecosystem are included below.

- **Pioneers in the region:** About 23% of the selected founders of WEF's Arab World's top 100 high growth entrepreneurs in 2017 came from Jordan. Serial entrepreneurs from Jordan have shaped the region's tech scene in the last decade (Maktoob, Souq.com and many others).
- **Dynamic entrepreneur culture:** The young generation of Jordan aspires to become entrepreneurs, where there is a high-status perception for successful entrepreneurs, estimated at 82.3% by [GEM 2017](#).

- **Emerging knowledge economy:** More than one fourth of annual graduates specialize in Information & Communications Technology (ICT) and Engineering. Jordan outperform the Arab region in startup skills and product innovation, according to [GEI 2018](#).
- **Vibrant talent pool:** Well-educated, bilingual, tech-savvy workforce; more than 70% of the population is 30 years old or younger; and women are 30% of tech workforce. Thousands of Jordanian technology professionals work in the Arabian Gulf region and look for good opportunities to work back in Jordan. Today, all sectors are hungry for digital- and geo- info platforms, remote sensing, blockchains, and fintech.
- **Increasing connectivity patterns:** More than 75% of Jordan's population have access to mobile broadband (Q4 of 2017). Internet penetration reached 87.8% in Jordan, which is way above the Middle East average of 64.5% according to [IWS](#). Jordan is classified as a Fast Grower market by [GSMA](#).

Jordan's growth strategy would focus on growing demand and supply opportunities in Jordan. Demand drivers would be Jordanian high growth companies, who need support in accessing foreign markets and investments; foreign services companies like the ones Jordan managed to attract recently (Expedia, Amazon, Microsoft, and others); and ITO/BPO companies that would expand their operations in Jordan to service the region. Supply drivers would focus on providing the ecosystem with talented young professionals (as employees, startups or freelancers) supported by online/offline market-driven training. To catalyze the supply-demand connections, the Government would aim to develop networks and platforms for connection that provide opportunities for firm-to-firm as well as firm to potential employee connections within the ecosystem. Such channels are even more important for women entrepreneurs.