

Country Outlook on Sustainable Finance

Jordan



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This publication aims at providing an overview of the sustainable finance sector in Jordan. It is the result of consultations led by both MedWaves and the National Impact Investing Task Force and it is part of a series of publications established for each of the eight countries in which the European Union-financed SwitchMed programme is implemented.

This report was designed within the framework of The SwitchersFund. The SwitchersFund provides and facilitates direct funding and business support services to existing and future green, circular and social entrepreneurs in the Mediterranean region.

The SwitchersFund mobilises local investors and enterprise support programmes as well as European and international resources to strengthening green start-up projects and raise additional funds to make the transition to a green, circular and social economy in the Mediterranean a reality. The SwitchersFund has three main goals, namely:

- Prove that financing green start-ups can work;
- Address financial and technical assistance gaps; and
- Connect the relevant stakeholders in the process.

This report is the final deliverable of the “*Consultancy for local facilitators in sustainable finance and impact investing for green and circular economy businesses in Jordan*” activity led by Hala Mujally, a consultant for Regional Activity Centre for Sustainable Consumption and Production United Nations Environment Programme Mediterranean Action Plan and supervised by Claudia Pani, Project Manager SwitchMed – Green Entrepreneurship from MedWaves. The purpose of the activity was to establish a thorough diagnosis of local conditions related to sustainable finance for green and circular economy businesses by identifying key players within the sustainable finance domain who do/can support such businesses. The activity also aimed at encouraging local impact and green investors to join the Switchers online platform by establishing impact investment task forces and initiating national dialogues to extrapolate the main opportunities and recommendations on local policies for sustainable finance.

The objective of the Sustainable Finance In Jordan Report is to present the findings of the conducted components of the activities, which are: (1) understanding the relevant policy framework; (2) mapping of key financial actors; (3) conducting a regional/national sustainable finance survey; and (4) facilitating national Taskforce discussions.

The report is composed of four sections, presenting the outcomes under each of the components, as follows:

- Chapter 1** Introduction
- Chapter 2** Policy and Regulatory Framework for Green and Circular Economy Businesses
- Chapter 3** Sustainable Finance Instruments
- Chapter 4** Sustainable Finance Taskforce
- Chapter 5** In Conclusion: Opportunities, Recommendations and Conclusions

The successful implantation of the activity has contributed to expanding the local network. Efforts towards enhancing awareness across the region regarding sustainable investments will continue to take place to hopefully reach a more established ecosystem where circular economy and green businesses can flourish and sustain their positive impacts towards the environment and societies.

Although Jordan is faced with many challenges in terms of natural resources and economic pressures, such as water scarcity, the absence of oil and gas and increasing unemployment rates – all being escalated by the Syrian refugee crisis. Nevertheless; the Jordanian Government continues its efforts to stimulate green and circular economy to satisfy its international commitments and to accelerate a shift towards greener, more sustainable and more circular economic means and business practices with a deep recognition of their positive impact on the local situation. Jordan is a signatory to many environmental treaties, such as Paris Agreement on Climate Change (2016); UN Sustainable Development Goals (2015); The Convention on Biological Diversity (CBD) (1993) and UN Framework Convention on Climate Change (1992).

With this; several policy and regulatory instruments have been introduced and/or updated. The most relevant are listed below:

2021 – A legislative framework for social entrepreneurial companies: the Ministry of Digital Economy and Entrepreneurship in cooperation with partners, is currently preparing a legislative framework for social entrepreneurial companies, to facilitate these companies' registration and solve the challenges they face according to the definition of social company around the world.

Whereas, the ministry signed a memorandum of understanding with Plan International organization on 07/29/2020, which aims to supporting and developing the legislative environment for social entrepreneurship sector, and a steering committee will be formed under the leadership of the ministry, includes representatives from the social entrepreneurship sector, and with the support of the organization to complete and activate work with recommendations on creating a framework Clear legal for social enterprises and initiatives.

2020 – Waste Management Framework Law No. 16: aimed at specifying roles and responsibilities within the waste management sector. The law promoted the management, reduction, recycling and treatment of waste in the Kingdom. It also recognized the different types of waste including electronic and hazardous waste and determined fines and legal actions against illegal practices within the sector.

2020 – The Green Growth National Action Plan 2021-2025 (GG-NAP): created to expand on Jordan's climate and sustainable development ambitions by mainstreaming green growth, climate change, and sustainable development objectives into sectoral strategic frameworks. Actions were set across most, if not all, public institutions to safeguard the green growth agenda.

2018 – The National Financial Inclusion Strategy (2018 – 2020): prepared by the Central Bank of Jordan with support from the GIZ. The NFIS for Jordan overall builds on a set of priority policy areas, three of which form the core industry pillars: Microfinance; Digital Financial Services; and Small and Mediumsized Enterprise (SME) Finance. Four areas are considered as cross-cutting enablers that facilitate the development of industries and make them more robust: Financial Technology; Financial Consumer Protection and Financial Capabilities; Data and Research; and Laws, Regulations, and Instructions.

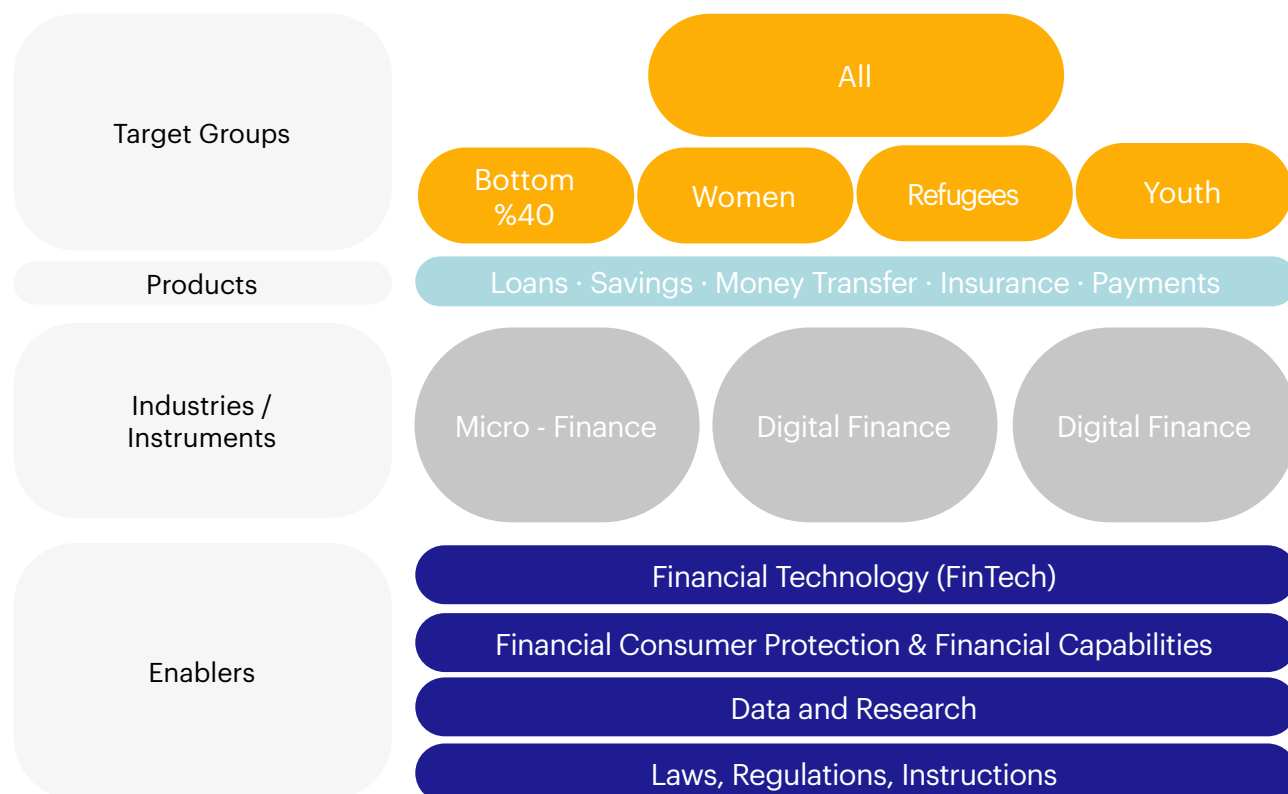


Figure 1: Framework for Financial Inclusion in Jordan

Source: The National Financial Inclusion Strategy (2018 – 2020), Central Bank of Jordan

2016 – The National Strategy and Action Plan for Sustainable Consumption

and Production in Jordan: prepared in line with the regional SCP Action Plan for the Mediterranean, in cooperation with the SWITCH-Med Programme and financed by the European Union to support SCP common objectives in the region. Focusing on Agriculture/ Food Production, Transport and Waste Management sectors, the plan presented key human activities, which have a particular impact on the Jordanian environment including marine and coastal areas and related transversal and crosscutting issues. It defined common objectives and identified actions guiding the implementation of the SCP at the national level.

2012 – Law 13 concerning Renewable Energy and Energy Efficiency Law:

This Law provides for the renewable energy and energy efficiency and it is composed of 19 articles. The law sets forth some general provisions including the definitions of terms related to the provisions of this Law. The defined terms include renewable energy sources, energy systems, and energy-saving systems. The Law sets forth the role of the state in setting regulations in the sphere of energy. Under the provisions of this Law, the Jordan Renewable Energy and Energy Efficiency Fund was created. Consequent bylaws of relevance are:

2015 – Renewable Energy and Energy Efficiency Exemption (Revised Bylaw issued 01 March 2015): Tax exemptions as incentives which covers all systems, equipment and installations.

2015 – JREEF Bylaw (49): Jordanian Renewable Energy and Efficiency Fund to meet the needs of the Kingdom to invest in various sources of renewable energy and encourage investments.

2016 – National Water Strategy: a national cross-sectoral document, as it is focused on building a resilient sector based on a unified approach for a comprehensive social, economic and environmentally water sector development.

2006 – Law No. 52 on Environment Protection and related regulations:

setting the direct responsibilities for the Ministry of Environment and overarching principles for environmental protection. This Law consisting of 33 articles aims at protecting the environment providing that (i) the Ministry of Environment is the authority responsible for environmental protection; (ii) the Ministry together with the related parties shall develop the policies and prepare the plans and programs, work on forecasting climate change identifying the involved sectors, follow the implementation of international environmental agreements, protect the biodiversity identifying areas that need special attention, protect water sources, issue environmental permits for activities that have a strong impact on the environment, establish the principles governing use and circulation of hazardous substances, gather environmental information and establish a national environmental database, and prepare emergency and disaster management plans. The Law deals also with permits for facilities; harmful substances and rules for their entry, import, storage, circulation and use; management of hazardous waste; management of liquid and solid waste; and the establishment of an environmental protection Fund.

Key Takeaways

A strong regulatory framework exists in Jordan but yet; no specific recognition of green and circular economy entrepreneurs and businesses.

Area(s) for Improvement

Embedding the green entrepreneurship under the National Entrepreneurship Policy framework prepared by the Jordanian Ministry of Digital Economy and Entrepreneurship as a starting point for an inclusive entrepreneurship policy and legislative dialogue.

Sustainable finance refers to the process of taking environmental, social and governance (ESG) considerations into account when making investment decisions in the financial sector, leading to more long-term investments in sustainable economic activities and projects.

Today, small and medium businesses account for 95% of Jordan's economic activity. There are no records that indicate how many of these are green or circular economy businesses. However, plenty of the available financing in Jordan are currently willing to support such businesses.

The main sources of sustainable financing in Jordan can be classified under the following categories:

- 1 **Grant schemes** – covering competitions, donor grants, philanthropy and other types of grants. The most favorable scheme among entrepreneurs.
- 2 **Business service providers** – covering business incubators and accelerators; the most common locally.
- 3 **Private equity organizations** – covering venture capital organizations and investment funds. Mostly for scaling up opportunities across established profitable SMEs.
- 4 **Angel investment** – covering different models of investments such as profit share or revenue share investment. Mostly sector based offerings.
- 5 **Banks** – covering loans and other financial products; a last resort for newly established or underestablishment businesses.
- 6 **Microfinancing** – covering micro financial organizations; the least favorable model in Jordan due to its expensive interest rates.

Business service providers are very important in the economic development as they encourage people to think entrepreneurially, and further on support the businesses in their establishment and growth phase. In part, the development aid contributed to the evolving and capacity building of the local BSPs and thus to setting a strong basis for support of the MSME sector development. This sector has seen impressive growth in Jordan over the past decade.

The research indicated active operations of over 40 BSPs in Jordan; key players are listed in the pages to follow.

The majority of the Business Service Providers are private non-for-profit entities benefiting from international donor funds. Others include public institutes. The BSPs claimed to be registered as foundations, consulting companies, accelerators, local representative office of international organizations, associations, and non-governmental organizations.

Key Takeaways

- An impressive growth in the Jordanian business service providers domain, strongly supported by the international development partners and donors.
- While so many organizations exist, however, access to the organizations by entrepreneurs remain limited.
- Further clarity on financial products and investment themes could also benefit the entrepreneurs.

Area(s) for Improvement

- Enhancing accessibility and visibility of financial products, focus areas and requirements.
- Integration of established businesses with BSOs could bridge gaps related to access to markets, growing awareness and innovation.

3.1 Key Financial Actors

The following pages list the key financial actors in Jordan with a brief description of each.



INNOVATIVE STARTUPS & SMES FUND

Website: www.issfjo.com

A private-sector-managed fund promoting the Jordanian entrepreneurial ecosystem by empowering early-stage youth-led innovative startups & SMEs. The World Bank has invested USD 50 million in the Fund which was complimented by the Central Bank of Jordan with an additional USD 48 million bringing the total working capital of the ISSF to USD 98 million.



VentureX

Website: www.theventurex.com

Entrepreneurial Development and Investment Management Company, Establishing Startups Accelerators and Investing behind Innovation. VentureX runs thematic incubators and accelerators focusing on AgTech, Creative, HealthCare, Tourism spaces and others.



Amam Ventures

Website: www.amamventures.com

An impact investment fund that provides simultaneous risk capital and technical assistance to support the sustainability and growth of SMEs that are committed to diversity and inclusion.

It is sector agnostic and invests in impactful, commercially viable SMEs with a track-record that have identified an expansion opportunity and need risk capital to grow via quasi-equity instruments which are entrepreneurial friendly and fair. Starting at \$250,000 up to \$2million.



Flat6Labs

Website: www.flat6labs.com/Location/jordan/

A \$20 million new seed program in Jordan to offer its strong regional experience in providing seed and early-stage investments and business support to Jordanian tech startups with innovation-driven solutions.



Spark

Website: www.spark.ngo

Alleviating the unemployment issue in Jordan by building entrepreneurs. They believe the struggling economy needs a boost to provide jobs for the country's young population. Spark has partnered with the University of Petra (UoP) to introduce entrepreneurship to the youth of Jordan. They youth are taught with interactive lessons, guest speakers, field visits, and one on one coaching for successful results. The program includes an Entrepreneurship Course and Competition where the applicants with most auspicious business ideas were invited to join an advanced three week course in the Startup Incubator Quarter.



ShamalStart

Website: www.shamalstart.com

Shamal Start fosters and invests in entrepreneurs with cutting-edge ideas in manufacturing and service sector. Also, the incubator is strategically located in one of the developmental zones that falls under the "Rules of Origin" (RoO) scheme, which makes an easier access for domestic exports to the EU market.



Alfanar

Website: www.alfanar.org

In partnership with Plan International, Ruwwad and EURICSE, Alfanar is working on Mubaderoon: Enterprises for Social Change, an EUfunded initiative which aims to combat poverty and exclusion through the development of the Jordanian social enterprise ecosystem. Over a two-year period, Alfanar provides training, management support and impact analysis to accelerate the growth of social enterprises in three of Jordan's most impoverished districts, with the objective of empowering the country's most marginalized groups through job creation, social innovation and impact.



17 Ventures

Website: www.17-ventures.com

17 Ventures is a Jordan-based firm that wishes to promote sustainable and inclusive economic growth and development through alignment with the UN Sustainable Development Goals (SDGs) in the MENA region. Named in reference to the 17 SDGs, they sit at the core of our corporate DNA, driving what we do and how we do it. The SDGs represent a roadmap for humanity, encompassing almost every aspect of human and planetary wellbeing. Working towards realizing the SDGs essentially contributes to attaining a more stable and prosperous life for every person and ensuring the health of the planet.



Queen Rania Center for Entrepreneurship

Website: www.qrce.org

A non-profit organization established in 2004 to help develop Technology Entrepreneurship in Jordan. The center provides Jordanian entrepreneurs with specialized training, mentoring & support services developed to help them establish, fund, manage and expand their technology companies. It also creates more awareness of potential opportunities in technology startups and recognize innovative and outstanding technology business ideas and startups and helps entrepreneurs seeking funding for their startups at the seed and early growth stages.



Zain Innovation Campus ZINC

ZAIN Innovation Campus aims to activate and ignite the startup and entrepreneurship ecosystem in Jordan and MENA. ZINC aims to provide youth and startups with all the support they require to develop and transform their innovative ideas into sustainable projects, while promoting them to be marketed as sustainable projects locally and globally. "We believe in supporting entrepreneurs by providing them with real opportunities to achieve their aspirations, which is in line with our corporate vision to foster development at all levels of society."



mySTARTUP incubator | INJAZ

Website: www.injaz.org.jo

A 12-month incubation program that offers a wide range of business development services to its members and empowers them to launch, manage and grow a sustainable business. In addition to our general services, we offer programs specifically tailored towards Green entrepreneurs who wish to develop their green solutions, as well as women entrepreneurs through women empowerment programs.



Oasis 500

Website: www.oasis500.com

Oasis500 is a seed funding and venture capitalist organization looking to invest in profitable business ideas in their early stages from the Tech and Creative Industries. So far they have launched over a 130 startups and trained 2,500 entrepreneurs with the help of \$8 million in investment, 100 mentors, and 100 angel investors. They invest up to \$50,000 USD along with training and mentorship. The process of Oasis500 is identifying an idea, funding, accelerating, and then connecting it with a business network. This process has made them the leading seed investment company and business accelerator in Jordan.



Endeavor

Website: www.endeavor.org

Leading the global high-impact entrepreneurship movement to drive economic growth and job creation by selecting, mentoring, and accelerating the best high-impact entrepreneurs around the world. To date, Endeavor has screened more than 60,000 individuals and selected more than 2,000 founders leading over 1,200 scale-up companies.



Beyond Capital

Website: www.beyondcapital.ly

Funded by USAID, BeyondCapital is an LC created through a joint partnership between Endeavor Jordan, a leading non-profit that supports high-impact entrepreneurs, & Silicon Badia, a global venture capital firm focusing on investments in the tech sector.



iPARK

Website: www.ipark.jo

Supports entrepreneurs through matchmaking, advisory, legal support, and capacity building through multiple incubators across Jordan. iPARK has continuously helped start-ups become market leaders through its effective incubation facilities and program, globally recognized entrepreneurship programs, commercialization and matchmaking opportunities with serious investors, and unique industry networking events. iPARK recently opened the first incubator in Aqaba to serve the southern part of the kingdom. Aqaba's incubator focuses on logistics, hospitality, and other sectors that can lead to big investments following the high-flow of investment into the area.



DASH Ventures

Website: www.dashventures.com

An Amman-based Venture Capital firm operating at the forefront of MENA's rapidly transforming economic landscape and at the center of the region's entrepreneurship ecosystem. They focus on businesses that address information technology, energy efficiency, lifestyle consumer brands, and creative industries. So far they have consumed 2091 cups of coffee which have helped them screen 645 business plans and perfect 8 companies.



Abdul Hameed Shoman Foundation

Website: <https://shoman.org/en/>

Grants supported by capacity building for entrepreneurs. The foundation runs its Innovation award on annual basis which supports entrepreneurs contributing to the following sectors:

1. Healthcare and Biomedical Technology
2. Labor Market and Economic Productivity Solutions
3. Education Solutions
4. Agriculture
5. Culture and Arts
6. Green Technology and Environmental Sustainability



CORE@HTU

Website: hop.concored.org/htu/htu.core.html

A component of the Center for Innovation and Entrepreneurship Excellence (CIEE) of the Al Hussein Technical University (HTU). The CORE@HTU serves as a prime example of a university-based incubator and accelerator, achieving promising results and engaging with national and global partners.



friedrich naumann foundation (fnf) | START'n'JO

Website: www.freiheit.org/jordan

The Friedrich Naumann Foundation for Freedom has been active in Jordan since 1984, implementing projects in the areas of decentralization, civic education, entrepreneurship, and free market economy. START'n'JO program: Boosting Jordan's entrepreneurial ecosystem by strengthening the skills of young entrepreneurs while aiming to create a more fertile environment for Small and Medium Enterprises (SMEs) to flourish.



MERCY CORPS / MicroMentor

Website: www.mercycorps.org

A grants and a mentorship platform recruiting startups that:

- raise early-stage equity investment (pre-seed or seed round),
- have some revenue and/or proof of productmarket fit,
- operate in East Africa, West Africa, Latam or Southeast Asia,
- bring beneficial products and/or services to underserved populations to improve their livelihoods,
- have potential to directly positively impact 10,000's of individuals
- operate in Agriculture (AgTech, AgFinTech, Traceability), Financial Inclusion, Youth Employment, or Last-Mile Distribution and Logistics.



Z GAIN Project Green Action in Enterprises (GAIN) project

Website: www.giz.de

The project "Green Action in Enterprises" works with national public and private sector partners towards the following main outcomes:

- 1.Improving the technical capacities of selected state institutions to regulate and promote environmentally friendly and resource-efficient production.
- 2.Developing services and supporting increased access to technical and financial support services for industries to implement ecologically sustainable production methods.
- 3.Optimizing environmental and resource efficient measures in production processes of the private sector.



Business Development Center – "Tatweer"

Website: bdc.org.jo

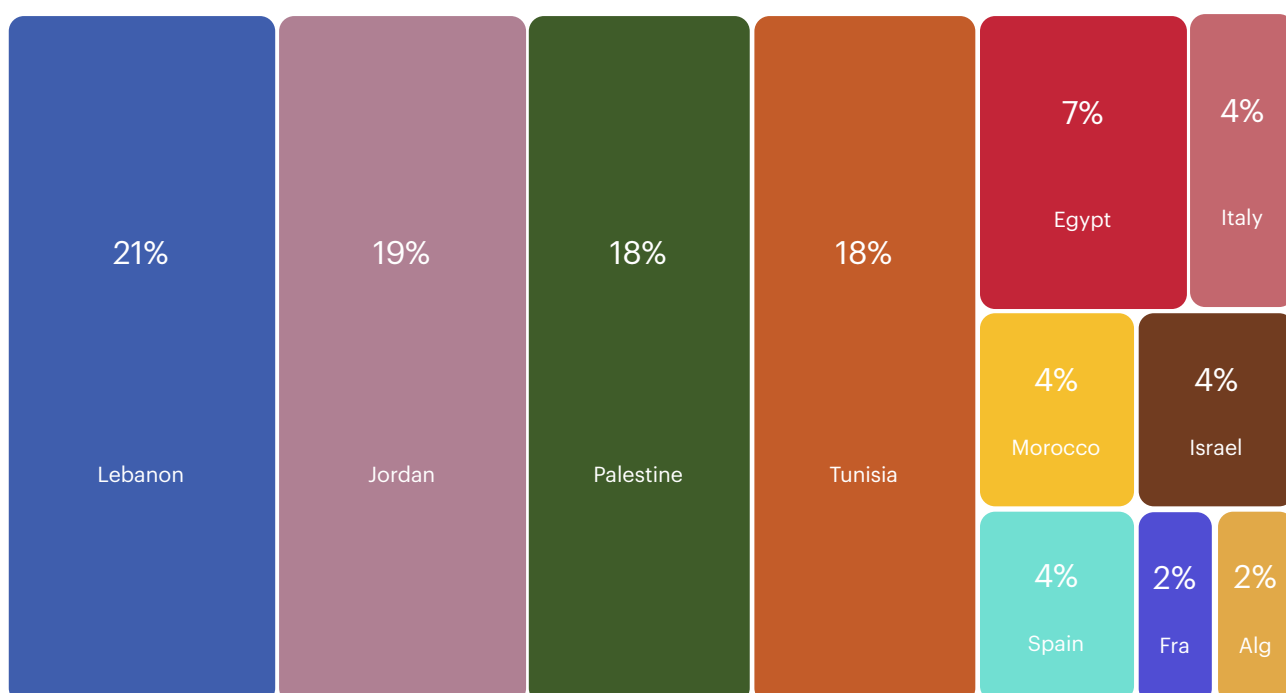
Tatweer is a project managed by BDC and funded by USAID. The project focuses on enhancing the competitiveness of Jordanian SMEs and maximizing the benefits of free trade agreements. To date Tatweer has provided more than 750 financial grants in the form of: technical and marketing assistance, business plans and strategies, market analysis and assessment, product and process development, market outreach and backward linkages, export facilitation, and capacity building of middle management.

3.2 Sustainable Finance Survey Results

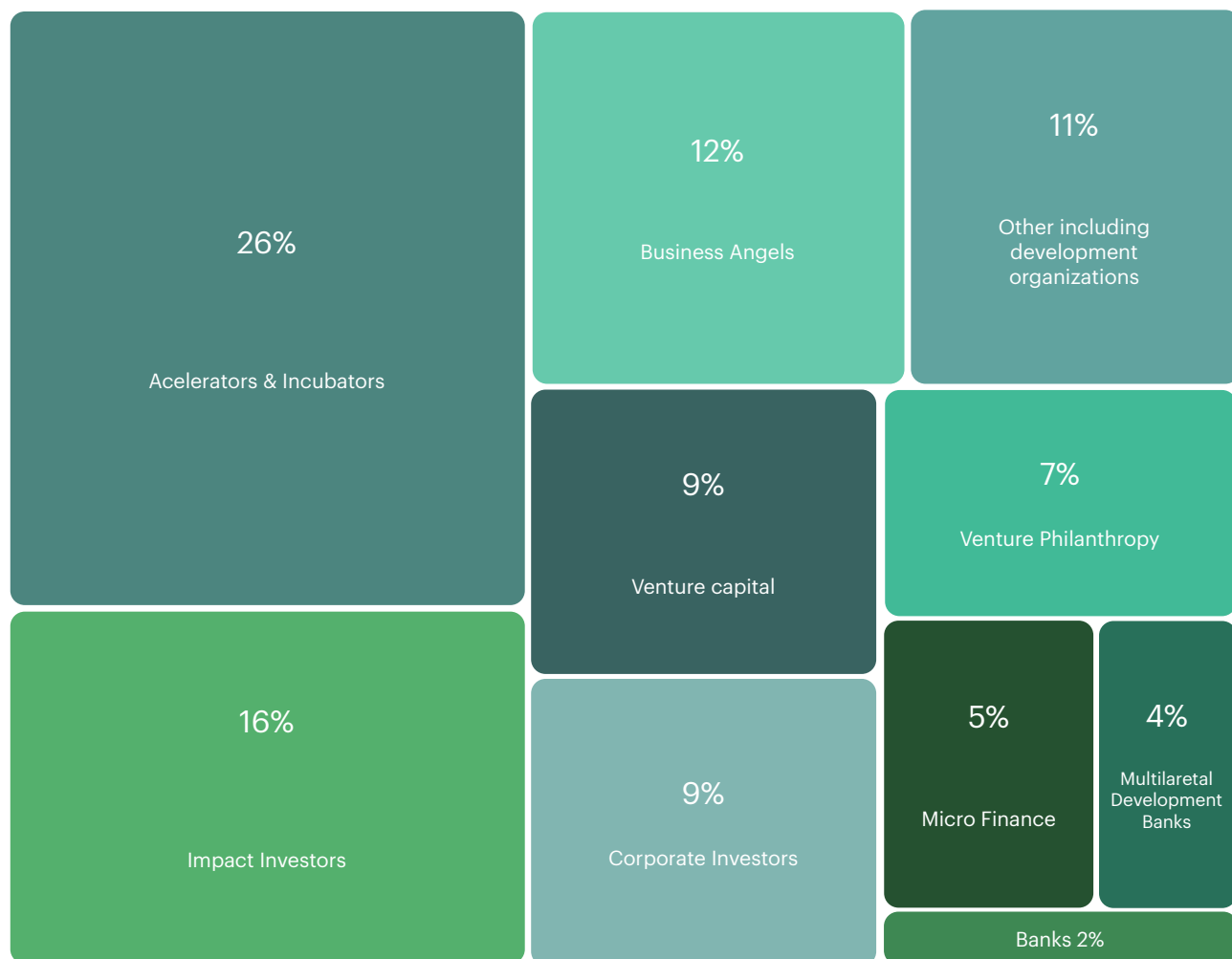
The survey was designed and monitored by MedWaves across 11 countries in the Med Region. The results of the sustainable finance survey are summarized below.

The survey was distributed in 11 countries, Jordan presented 19% of the overall responses collected.

Countries distribution



Investors profile



In Jordan, the highest priorities for sustainable investments as extracted from the survey results are SDG8: Decent work and economic growth (representing 27% of the responses) and SDG7: Affordable and clean energy (representing 27% of the responses).

The respondents indicated that their institutions primarily invest in Resource efficiency and sustainable waste management and they perceive the biggest opportunities for sustainable development in Jordan within the following green economy sectors:

- Sustainable food and agriculture (70% of responses)
- Renewable energy and energy efficiency (70% of responses)
- Sustainable tourism (50% of responses)

It is recommended that the survey is done annually to record progress and interests by investors. It is also recommended that the survey is made more concise.

Key Takeaways

What should governments, investment banks, and multilateral organizations do to accelerate this necessary re-orientation and make the most of the new opportunities on offer?

- Strengthen the Green Economy Office in Jordan's Ministry of Environment, Activate the Environment Fund and encourage Green Financing Activities through the energy fund and there funds.
- Include Sustainability as a selection criteria for funds, project and contracts
- Attract green grants and investments
- Facilitate access to regional and global green funding and opportunities.“
- More awareness on impact investment
- Prioritize the investments based on country and governorates needs in terms of Energy, business development, Agriculture, climate impact etc, and conduct one to one meetings with startups to explore their work and success on site and offer them suitable services based on their needs
- Enhance policy development, public management and strengthen public/people/private dialogue to become the basis for needs assessment
- Genuine support and awareness enhancement at initiation and growth stages. Policy reform for startups. Impact creation must be an important criteria for support.
- Support social enterprises that are focused both on social/ environmental impact as well as their financial sustainability ensuring that these stakeholders' funding is going to long-term solutions. Make more social enterprises investment ready so that the MENA region can attract the impact investors that are only supporting other regions for now.

4.1 The first session: understanding the investors mindset

The first sustainable finance taskforce was convened by the Business Development Center and took place at their premises on November 11th, 2021, bringing together representatives of the different financial actors from Jordan.















This session took a World Café Roundtable Discussions setup where all the participants responded to the following questions in groups:

- 1 Which criteria do you use to identify potential businesses to be supported by your organization?
- 2 How do we measure the progress of the supported business?
- 3 Challenges / solutions faced in the Jordanian ecosystem (by green businesses, by the institutions financing the green businesses)?
- 4 How you evaluate the level of maturity of green businesses in Jordan (Knowledge, expertise, equipment, resources)

Key Takeawayss

- 1 Criteria used for identifying potential businesses to be supported is highly dependent on the investment stage but the most common themes for evaluation include:

- | | |
|---|---|
|  Market fit |  Environmental, social impact and green job creation |
|  Fast growth | |
|  Technology-enabled |  Previous investor |
|  Business sustainability |  Experience and team |
|  Invest-ability |  Gender inclusion |
|  Impact/transaction for cost and revenue created |  Bussines model |
| |  Economic feasibility & existing sales |

- 2 The progress of the supported businesses is measured across the following elements:
 - Monthly and annual cash flow
 - Brand awareness
 - Progress vs competitors
 - Cost/benefit
 - Environmental Impact
 - Number of employees and turnover rate
 - Growth rate
 - Sustainability and development
 - Awareness
 - Visits to the business
 - Operational self-sufficiency (OSS)
 - Supported business clients satisfaction

- 3 The challenges / solutions faced in the Jordanian ecosystem, by green businesses and by the institutions financing the green businesses as viewed by the participants are mainly:
 - High cost of machinery and equipment
 - Low support from the government
 - Low innovation and ideas support
 - Low green awareness
 - Lack of data/information
 - Weak green human capital
 - Weak management skills / business skills
 - Weak green technology awareness
 - Lack of incentives (subsidies, policy and investment)
 - Not defined national green objectives or lack of communication of the green agenda
 - No clear policy development to help direct the private sector
 - Poor accessibility

- 4 The level of maturity of green businesses in Jordan in terms of knowledge, expertise, equipment and resources as viewed by the participants are mainly:
 - Poor knowledge, experience, quality
 - Poor technical knowledge
 - Limited scope of expertise
 - Poor equipment
 - Good resources
 - Poor knowledge management
 - Poor expertise management
 - Poor management tools
 - Questionable validation
 - Not ready for investment – investment readiness

List of participants

Giorgio Mosangini	MedWaves
Ghaleb Hijazi	Business Development Center (BDC)
Mohammad Shamayleh	Business Development Center (BDC)
Bdour Taq	Business Development Center (BDC)
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Dina Toukan	Innovative Startups and SMEs Fund (ISSF)
Ahmad Noubani	The Jordanian Palestinian Businessmen Association
Hani Nashwan	Nowa, The Jordanian Palestinian Businessmen Association
Haytham Al Nobani	The Jordanian Palestinian Businessmen Association
Ala Nobani	Ahli Microfinance
Saleem Annamari	Tanmya
Victor Seryani	UNRWA
Ameer Mubaslat	International Youth Ambassadors Foundation (IYAF)
Zain Wahbe	GIZ
Ala Sahawneh	Ahli Microfinance
Omar Shehadehm	The Jordanian Palestinian Businessmen Association
Sarah Melhem	Microfund for Women
Hadeel Obaidat	Microfund for Women

4.2 The second session: impact investing and green entrepreneurship

This taskforce was hosted virtually on February 15th, 2022 and presented a valuable opportunity to enhance the local organizational awareness regarding impact investment and green entrepreneurship and recommending focus action areas for mainstreaming green entrepreneurship and impact investment in Jordan.

The session took was initiated by sharing the main findings of the regional sustainable finance survey. A presentation of the business need of a Switcher was incorporated to showcase an example of an operational green business in Jordan. The Switcher, Rudaina Haddad shared a brief about her business “BookAgri”, a Jordan based agritourism platform.

The discussion revolved around the following questions:

- 4.2.1** Is there a national agenda for entrepreneurship in Jordan? And are GEs a part of it?
- 4.2.2** How can we improve awareness regarding GE?

- 4.2.3 In terms of available financial products; what new offerings could help GEs become more investment ready (esp. in scaling-up period)?
- 4.2.4 How can we integrate environmental and social impact creation as a criteria for investment?
- 4.2.5 Who is responsible for creating positive change?

Key Takeaways

- National agendas for both entrepreneurship and green growth do exist in Jordan, yet the role of green entrepreneurship in driving the transformation towards a greener economy is still absent from these agendas. Led by the Ministry of Digital Economy and Entrepreneurship (MODEE); a national entrepreneurship committee has been formed as an attempt to connect the dots locally and unify the efforts within the entrepreneurship ecosystem. MODEE's strategy does not include green entrepreneurship.
- The growing interest across the government and the BSOs to grow into environmentally and socially responsible practices is supported by the keen interest of development partners and the global donors community such as the EU, GIZ, USAID, World Bank and others who have been contributing significantly to the increased awareness regarding green and circular economy.
- New players are entering the “impact investment” field, namely Amam and Alfamar. But yet, the local market is still immature in that sense. While organizations are getting exposed to the importance of impact investment, the local market's (consumer market) awareness remains insufficient to support the shift.
- For investors to become keen on investing in circular economy and green businesses, these businesses must prove their competitive advantages, which could be cost saving options, innovation and scalability. Local societies' awareness must also be enhanced to create the mass needed to prove profitable market access. While green entrepreneurs and circular economy businesses should benefit from the available grant schemes, yet, they should in no way present their businesses as philanthropic initiatives with no market value.
- GEs and circular business owners must lead the transformation.

List of participants

Claudia Pani	MedWaves
Laith Qasem	Innovative Startups and SMEs Fund (ISSF)
Samer Arabiyyat	VentureX
Ibrahim Faza	ShamalStart
Ahmad Noubani	The Jordanian Palestinian Businessmen Association
Nawwar AlHussaini	Nowa, The Jordanian Palestinian Businessmen Association
Bdour Taq	Business Development Center (BDC)
Rudaina Haddad	BookAgri
David Musleh	GIZ, GAIN project
Buthaina Abu Roza	Qutoof

4.3 The third session: expanding the network

Based on the first two taskforces organized, the taskforce was extended to cover a wider network of investors and active actors within the circular economy and green entrepreneurship ecosystem. A platform created by CEWAS Jordan was utilized to create a synergy across a broader pool of actors.



Taking place virtually on March 10th, 2022; the session hosted by CEWAS aimed at engaging regional networks to exchange ideas and suggestion on the following pillars:

- 4.3.1** What are/were the priorities that your network focused on? What gaps in the ecosystem is the network trying to fill?
- 4.3.2** Which of the priorities that your network focused on and provided solutions to, were most helpful to you?
- 4.3.3** What are the potential areas for collaboration?

Key Takeaways

1. The priorities and main gaps as identified by the network are:

- a. Jordan – Expanding support outside the capital Amman; alignment across the key players; access to startup pipeline; accessing and unlocking green finance.
- b. Lebanon – collaboration and joint programed between partners; enhancing training content for entrepreneurs; networking events and linking entrepreneurs to investors.
- c. Iraq – Climate change awareness across investors; promoting investments in climate-smart startups; coordination and exchange of lessons learned.

2. Priorities that provided solutions or were helpful:

- a. Jordan – Collaboration on joint programs; mapping of support activities and opportunities; understanding the needs of green entrepreneurs.
- b. Lebanon – Joint programs, linkages and networking.
- c. Iraq – Connecting partners.

3. Potential areas for collaboration across the network include: Coaching/ mentoring; database; knowledge tools/platforms; fablabs/hardware; regional implementation and investment facilitation.

List of participants

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In conclusion: Opportunities, Recommendations and Conclusions

While the efforts that has been accumulating to support green and circular economy businesses in Jordan may have helped sculpt a more suitable eco-system with tangible opportunities. However; some challenges still persist.

5.1 The strengths

Based on the observations, the research conducted for the purpose of this activity and the active interaction with Jordanian entrepreneurs and investors, the following strengths were extracted:

Growing awareness – an increased awareness is seen across the local investment and financing market regarding impact investment, climate and environmental action, green and circular economy businesses and eco-innovations. This is best illustrated in the newly established local business incubators/accelerators. Nowadays, and as will be better demonstrated in the following sections of the report, there are specific entities that cater for green and eco-innovative entrepreneurs and SME's. Specific attention to waste management and water sectors is clearly seen locally.

Entrepreneurship recognition – the previous Jordanian Ministry of ICT has been renamed and restructure into the newly announce Ministry of Digital Economy and Entrepreneurship, indicating the importance of entrepreneurship in Jordan. Under this Ministry a program has been released to support the establishment of business support organization. The program is called “Accelerate” and was established by VentureX in partnership with the Jordanian Ministry of Digital Economy and Entrepreneurship, and the Jordanian Ministry of Culture. Accelerate's goal is to reform the conventional model and make Jordan thrive with 15 theme-based interactive startups and SMEs accelerators by year 2021, creating homes for ideas, and driving them to world-class execution.

Strong legislative system – legislation is key to attracting investment and enhancing the business ecosystem. As explained in the previous section, the government has been keen on updating and commencing new legislative tools such as the Waste Management Framework Law, Renewable Energy and Energy Efficiency Law and its consequent Renewable Energy and Energy Efficiency Exemption Bylaw, among many other legislations and policies.

Available grant schemes – a multitude of international organizations and donors have an established presence in Jordan. These organizations have been supporting the government, and in some cases the private sector, in various ways. More recently, many organizations have joined forces with existing local business support organizations to help entrepreneurs accessing finance and enhance their technical capacity. A good example is CEWAS Middle East and its partnerships with ShamalStart (a local business accelerator supporting Northern governorates) and Injaz (a public shareholding company for development and projects) to support entrepreneurs and businesses within the water sector.

Good infrastructure networks – connectivity is crucial for businesses and innovation. Jordan got an early start by liberalizing its telecommunications sector in 1999, as well as by launching its first ICT strategy in 2000. Today, the country's major telecommunications operators have not only extended 3G and 4G services to every corner of the country, but have also begun integrating the Internet of Things into the sector, providing monitoring and security solutions to homes and businesses, among other valuable services. Alongside these strides in ICT readiness, entrepreneurs also benefit from the country's small size and resultant close-knit networks.

Startup support – Innovation is the lifeblood of the Jordanian economy, as evidenced by the small and medium-sized enterprises (SMEs) that account for 95 percent of the country's economic activity. With approximately 300 startups and counting in Jordan, several entities have stepped up their support of entrepreneurial enterprises, ensuring that the resultant culture of innovation not only takes root, but blossoms on Jordanian soil. Working to help young men and women become job creators instead of employees, accelerators, incubators and other initiatives led by NGOs and the private sector have emerged to foster young, innovative entrepreneurs in Jordan. This revolution began in earnest in 2010 with the launch of Oasis500, the country's first startup accelerator, but has since grown into a community of entities committed to bolstering the greatest business ideas in Jordan. Meanwhile, social innovation labs, fabrication labs (FabLabs) and 3D printing houses have made strong debuts, revolutionizing the production process and providing young innovators with new tools, software and opportunities to transform their ideas into tangible realities and competitive products.

Improved indicators of getting credit – measured by the World Bank annually and globally. The Getting Credit is one of several indexes that get measured by the Doing Business Report. According to the World Bank's Doing Business Report; Jordan strengthened access to credit by introducing a new secured transactions law, amending the insolvency law and launching a unified, modern and notice-based collateral registry. The secured transactions law broadened the description of debts and obligations and the scope of assets usable as collateral. The amended insolvency law grants secured creditors absolute priority and provides a time limit and clear grounds for relief from automatic stays during reorganization procedures. Jordan also improved access to credit information by providing credit scores to banks, financial institutions and borrowers. Jordan ranked 4th among the 190 reported countries, as can be seen in the diagrams below.

Topics	DB 2020 Rank	DB 2020 Score	DB 2019 Score	Change in Score (& points)
Overall	75	69.0	61.3	↑ 7.7
Starting a Business	120	84.5	84.4	↑ 0.1
Dealing with Construction Permits	138	60.3	59.9	↑ 0.4
Getting Electricity	69	80.5	80.5	..
Registering Property	78	66.4	66.4	..
Getting Credit ✓	4	95.0	35.0	↑ 60
Protecting Minority Investors	105	50.0	50.0	..
Paying Taxes ✓	62	78.7	71.7	↑ 7
Trading across Borders	75	79.0	79.0	..
Enforcing Contracts	110	55.6	55.6	..
Resolving Insolvency ✓	112	39.7	30.3	↑ 9.4

- ✓ Doing Business reform making it easier to do business
- ✗ Change making it more difficult to do business

Rankings on Doing Business topics (1-190) - Jordan

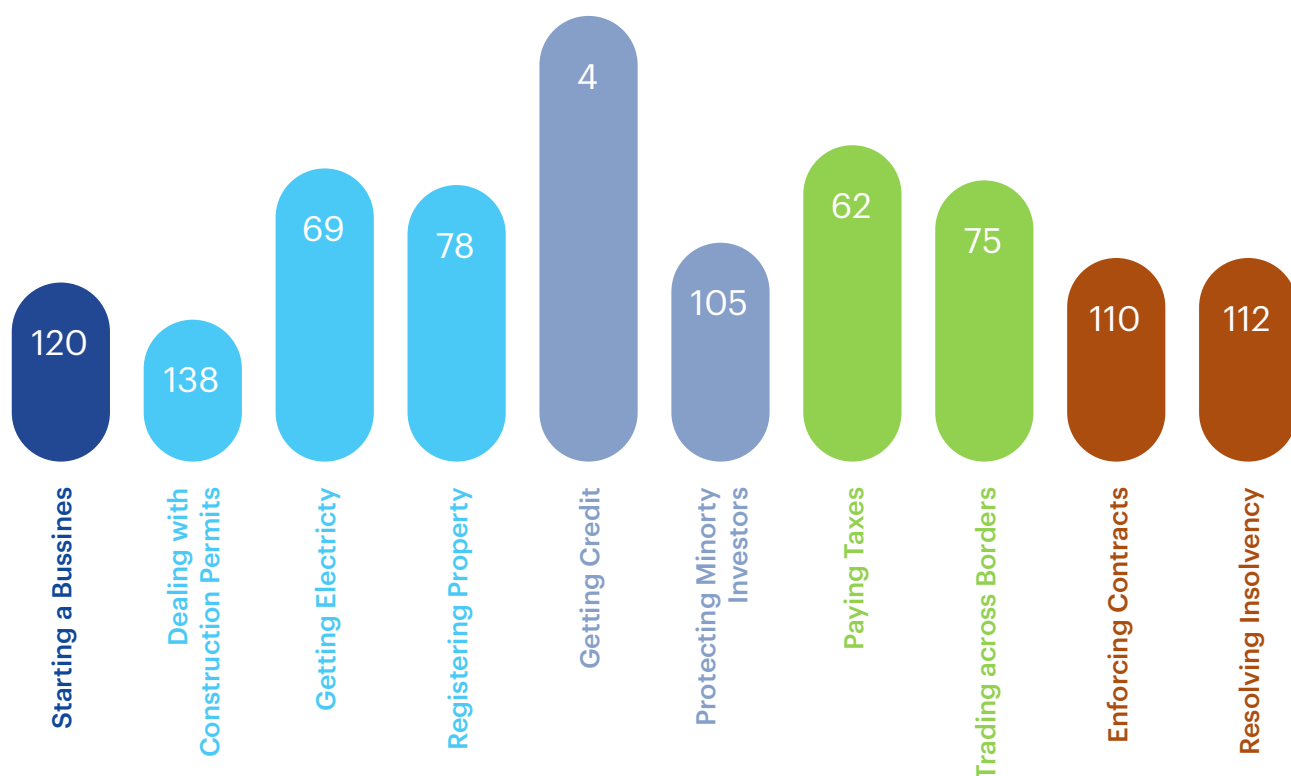


Figure 2: Jordan Ranking enhanced performance on Getting Credit

Source: Doing Business Report 2020, World Bank Group

Accessed in June, 2021 on: <https://www.doingbusiness.org/en/reforms/overview/economy/jordan>

5.2 The challenges

On the other hand; some of the main challenges facing green and circular-economy businesses and the barriers to a strong entrepreneurship ecosystem in Jordan include:

Conservative financial market – even before the global COVID-19 situation. Jordan's financing systems (banks and else) have stringent rules to offering financing to start-ups and entrepreneurs with no credible profits as they are considered very risky and the financing market in Jordan is very conservative. Requirements for collateral and proven successes have become even more stringent after the pandemic.

Access to markets – remains as one of the utmost challenges to green and circular economy businesses in Jordan. This can be related to the fact that the local market is price-sensitive and the purchase power is low. Moreover; Jordan is surrounded by politically unstable countries which contribute to a tough penetration of foreign markets and limited export options.

A grant driven model of entrepreneurship – at the moment, donor organizations contribute by large to the development of the entrepreneurial culture in Jordan, in line with the Governmental policies and strategic orientations for MSME development and startup community strengthening. This has led to two primary tendencies; the first is a tendency to adopt the donors development agendas rather than following market needs and trends in general. The second is a tendency across entrepreneurs to be motivated and dependent on grants rather than a need to innovate. This being the case; unsustainable financial practices are leading to the creation of a “hit and run” culture where a startup may be only targeting obtaining grants and once that's achieved the startup may and, in many cases, may choose to not continue its operations.

Uncertainty in the financing flow through incubators and accelerators – with donor grants support, plenty of opportunities have appeared for business service providers (incubators and accelerators specifically). The reason why a substantial growth is seen across the establishment of such. Nevertheless, as these incubators and accelerators are successfully obtaining financing through grants and others, the services provided for the beneficiaries (in this case, the entrepreneurs and startups being incubated or accelerated) mostly cover capacity building activities and logistic support with seed funding and other means of financing being a bit out of the picture.

5.3 The opportunities

Building on the identified strengths and challenges, some key opportunities are listed.

1. A holistic approach to policy interventions

Focusing on the following: the entrepreneurial actors within the ecosystem; the resource providers within the ecosystem; entrepreneurial connectors within the ecosystem and the entrepreneurial environment of the ecosystem. It is key that policy-makers develop metrics in order to determine the strengths and weaknesses of the ecosystem so that these strengths and weaknesses can be assessed, to identify whether and how to intervene, and monitor over time the effectiveness of such interventions. What to measure, approaches to measurement and access to data at the appropriate geographical scales all pose formidable challenges.

2. Harmonization and coordination of the donor activities

Especially at project level. In respect to the support of business development services, the activities should be further communicated at donor level to avoid overlapping. Major donors that contribute to both entrepreneurial promotion and business service development include and limited to European Union (EU)

- | | |
|--|--|
| ● USAID | ● Mercy Corps |
| ● World Bank (WB) | ● IFC |
| ● EIB | ● UNDP |
| ● AFD | ● KFW/BMZ |
| ● JICA | ● OECD |
| ● Canada Aid | ● IKAID |
| ● Deutsche Gesellschaft für und Zusammenarbeit (GIZ) | ● European Bank of Reconstruction and Internationale Development |

3. Trade and investment – leveraging agreements

Jordan benefits from seven free FTAs, which provide access to an estimated 1.5 billion consumers in some of the world's fastest growing economies. Among these is the 2002 agreement with the EU, which opened up two-way trade in goods. In 2016, as part of the EU's support for Jordan in the ongoing Syrian refugee crisis, the EU and Jordan signed a 10-year agreement that includes a simplification of the Rules of Origin (ROO). Under the deal, Jordanian manufacturers can import up to 70 per cent of raw materials used in their production and still label the finished products as "Made in Jordan."

In 2014, a new Investment Law (No. 30) was passed reaffirming that non-Jordanian investors were to be treated like Jordanian investors. The law also opens more sectors to investment, including manufacturing, agriculture, hospitality, healthcare, entertainment cities, research centers, media production, crafts and services, convention centers and events, transport, distribution and/or extraction of water, gas and oil derivatives using pipelines, air transport, sea transport, and railways.

4. A switch to locally produced goods and services

It is not clear whether the cost of shipping has increased globally due to the COVID 19 situation or some other reasons. But the fact the imported goods, be it raw materials or actual products, prices are getting affected substantially increases potential for locally produced goods and materials to have a more viable and vital role in supplying the local market. A good example is the almost 60% increase in wood prices in Jordan due to this situation. Recycled wood and other local substitutes can offer a much more feasible option. Moreover, with all the travel restrictions that the world has been facing during the last two years, clear deficits in imports have been seen in pharmaceuticals, furniture and building industry, apparel, appliances and even food items. Local substitutes have and will continue to offer great substitutes.

5. Embedding green and circular economy entrepreneurial aspects in education through community based organizations

Cultivating a culture of eco-innovation and green entrepreneurship must begin at young age. Not only it would support establishing a mindset but also it would grow awareness across communities regarding sustainability of resources, circular economy, green solutions, climate change and could ultimately contribute to other social and economic aspects.

Getting schools, universities and vocational education institutions on board is also not that hard. All Jordanian universities have now established centers for innovation and creativity, many of which run business incubators, and many private schools run their own green initiative. Moreover, several local NGOs work very closely with schools on relevant topics.

6. Celebrating informal sector green and circular-economy businesses

While many green and circular businesses are officially registered and recognized in Jordan, however; there are plenty of unregistered ones functioning in many industries and mainly relying on online platforms to merchandise. Whether in the recycling, up-cycling of waste, handicrafts, building industry support, or other industries; the deeper you dig, the more great online businesses you find that are locally handled and create positive impacts on their societies, environment and local economy.

Promoting such business ventures could encourage investors to support and also communities to adopt a more eco-innovative mindset.

7. Creating a green and circular economy business observatory

A local umbrella monitoring and tracking performance of businesses that contribute to the circular economy and create positive social and environmental impact.

Jordan