

Amjad Ahmad: Welcome to empowerME Conversations, a podcast from the Atlantic Council. This show brings you leaders from business and government shaping the future of Middle East economies. I'm your host, Amjad Ahmed, Chairman of the empowerME Initiative. Let's get started. Jordan is determined to make its mark in the business landscape of the Middle East and strives to become a regional hub for technology. Jordan and its citizens across the region have been an integral part of the technological growth, given its talented and educated population. It is home to one of the first success stories in technology and entrepreneurship. The acquisition of Maktoob by Yahoo! In 2009, which was also the catalyst for the growth and success of Souq.com. Acquired by Amazon in 2017. Yet the country faces economic challenges that require more investment to spur job creation and reduce the rate of unemployment, especially among youth and women. Developing a more dynamic and entrepreneurial economy is key to Jordan. Success and reforms will be necessary to ignite the private sector. I am delighted to have with me today His Excellency Ahmad Al-Hanandeh. Jordan's Minister of Digital Economy and Entrepreneurship to discuss these issues and more. He was formerly CFO and then CEO of Zain Jordan, and before that, he served this country manager for our next group. Welcome, Your Excellency.

H.E. Ahmad Al Hanandeh: Thank you very much. Amjad.

Amjad Ahmad: It's a pleasure having you. I'm also joined today by special guest co-host Beyond Capital managing director, Tamer Al Salah. Tamer has led Beyond Capital since 2017 and previously worked for EBRD and Endeavor. Welcome, Tamer.

Tamer Al Salah: Thanks for having me, Amjad.

Amjad Ahmad: Your Excellency, when we last spoke at the empowerME Middle East event, you explained that Jordan's transition to a more open economy, as well as a digital transformation, has been accelerated by the pandemic. Since then, new challenges have emerged, such as the crisis in Ukraine, rising inflation, market volatility, and the global slowdown, which could possibly turn into a recession. How have the economy and the entrepreneurial ecosystem in Jordan been impacted as a result?

H.E. Ahmad Al Hanandeh: And we are surrounded by so many challenges. So, what's happening in Ukraine and Russia is a drop in the ocean of challenges that our youth is facing. Talking about unemployment, inflation and so many skills and then the need for a new skill. But the thing is, our youth and the renewables and start-ups in Jordan has always been good at dealing with challenges, has always been good in making the best use of challenges, and turn these challenges into opportunities. And this is why we find out that plenty of new ideas coming up from the youth and the startup ecosystem that has to do with e-commerce, that has to do with fintech, that has to do with agriculture, that has to do with health. That has to do with transportation and overcoming the challenges of transportation. That has to do with gig platforms

and gig jobs. That has to do with so many other solutions that they provide in a very creative way. And actually, we reached out to an ecosystem that includes hundreds of new startups in different fields, hiring thousands of Jordanian youth into this ecosystem and plenty of very high promising startups, Jordanian startup companies, that they have the potential to cross the border regionally or internationally. And what we're trying to do over the coming period is actually build on this strength that we have within this ecosystem and support the players within this ecosystem to actually have better access to markets and have better access to finance. Where we're we're working towards upskilling Jordanian youth to be to maintain a very consistent supply to the entrepreneurial ecosystem in Jordan, as well as there is a big discussions going on towards improving the regulatory environment and the policies that actually has to do with this ecosystem either on the on the higher level, like the investment environment law that is being with the Parliament today to be discussed or on the level of the entrepreneurs and the entrepreneurial ecosystem itself through the entrepreneurial national entrepreneurship policy as well as the strategy. And the twenty-two broad initiatives that actually come out of it.

Amjad Ahmad: You mentioned several important issues. When you talk to entrepreneurs today, what is the priority for you in terms of what you need to move forward?

H.E. Ahmad Al Hanandeh: And the main priority is to grow this ecosystem is to, is to stabilize this ecosystem is to identify this ecosystem as a standalone sector, that needs special requirements, that needs special regulatory environment, that needs a special support network, that requires an involvement of the government towards their main needs. As I said, we are focusing on four main pillars. Today, when it comes to startups, one is helping them to access new markets either through financial support or through opening a market accessibility channel or through hiring intermediaries that support them to access the targeted markets they are looking for. We are helping them to access finance. So, we work with our partners in the UE towards an investment fund and grow companies of \$100 million that we are in the process of forming the vehicle that is gonna to run this fund over the coming period. Plus, we are looking at the source of funding and form of grants for the ideation stage of the startup lifecycle. And we are looking at talents and making talents available through digital skills and a non-for-profit organization that was established in partnership with the ministry that has the main mandate as identifying the exact needs of the private sector, focusing on the SMEs and startups, and making sure that they create the right programs and the upskilling programs that makes the supply of resources and talent available for them at all times. In addition to, the regulatory framework and the regulatory environment, which is something that we need to always look at and make sure that we provide them with the environment, a regulatory environment that actually helps them to grow and helps them to sustain their businesses.

Amjad Ahmad: I want to give Tamer a chance to comment here, given he's deep in the ecosystem and speaks to entrepreneurs all the time. So please, Tamer.

Tamer Al Salah: Thank you, Amjad. Your Excellency, always great to see you. And I'm glad to be here. And I wanted to follow up on one of the points with regards to the entrepreneurship policy, given that we were part of this as well, the ministry worked hard on gathering the private sector all together so that we can come up with a national policy that covers all the gaps, including, you know, mostly the investors and the private sector in general and this global organization. Maybe perhaps one advantage or one thing that came out of the pandemic is the adoption of technology across all sectors. Following on what Amjad said, asking this question and helping expedite the process, my question is given that we got all this attention from all those government entities, or the private sector is the one that does what does this thing perhaps change? How can we maintain that now that things are getting back to normal, now that and, you know, the possibility of those isn't as long as before? How can we really and how can we push and meet the documents that we've gathered? Well, back then, as a government, having been in the private sector as well for a long time, you have been pioneering and pushing for entrepreneurship support. Whether some of you know, your time being at Xen or with the startup school and does the private and public sectors were forced into adopting technologies, and can this mean things going forward? How do you see that from the Government's point of view, at least from the Government's perspective on the other ministries?

H.E. Ahmad Al Hanandeh: One of the main objectives is to secure the sustainability of every single policy that we come out with, as you know, and we have the national entrepreneurship policy approved by the Cabinet. So, the entrepreneurship policy is now part of the public policy. It's in its part of the government commitments towards providing every single support possible to this ecosystem to grow and to achieve its objectives. On the other side, that entrepreneurial ecosystem is forcing itself into the economy. So, there going to be the main driver behind securing the sustainability of supporting this ecosystem. You know, unemployment is our main challenge. It's the nightmare of every single official in this country. And the entrepreneurial ecosystem is being able to provide to be very flexible and agile in providing jobs at the very tough times. During COVID, when things were going bad all over the place, the entrepreneurial ecosystem grow. The entrepreneurial ecosystem created new jobs and new companies. The entrepreneurial ecosystem contributed heavily to the efforts of facing the consequences of the pandemic. And this will not stop moving forward. We are talking about the many I'll give you a small indication of the Jordanian's daily Internet consumption. Okay, today stands at around 10,000 terabytes per day. And that tells you that Jordanians are heavily online. When they are heavily online, they're going to need the services online as well. So, they are going to need an online ecosystem that provides them with services while they are actually living within this virtual world. And that's where the startups and the entrepreneurial comes in. So, the behavior change, the consumer behavior change, and the dependency on the online services is maturing and that is opening the door wide open for the sustainability of most of the companies operating within this ecosystem. And at the same time, it's the Burton's BOA relocated to the services provided by their entrepreneurial ecosystem as is growing heavily. And if we take e-commerce as an example, we have so many players now within the e-commerce sector, under the

entrepreneurial ecosystem and they are very sustainable and they are growing in a very healthy way. On the other side, you know that the ministry, the entrepreneurial responsibilities or the entrepreneurial ecosystem responsibilities were assigned to the ministry back in 2019. So, the Ministry changed from being the Ministry of ICT into the Ministry of Digital Economy and entrepreneurship, which means now the government has decided to have the entrepreneurial ecosystem as a mandate, as a mandate for that for the ministry, which means now we have a team responsible for the policy, a team responsible for the strategy, and the team responsible for the implementation and the sustainability of this. The Vision 2030 and the economical reform was also has allocated a separate pillar for that and identified the importance of supporting the innovation and creativity of the Jordanian youth through the entrepreneurial ecosystem and public sector reform, which is going to come out soon, also touch base on the importance of that. On the other side, even on the procurement policy, we were trying to accommodate the startups of the entrepreneurs and the SMEs giving them the chance and equal chance to participate and provide their services and products to the government and be part of the digital transformation strategy moving forward. At the same time, by the time digital transformation efforts and plan and strategy is completed, that by itself will open the door wide open for most of the stakeholders within the ecosystem to benefit from this transformation, because this transformation brings in opportunities. Maybe at the end of the day, once you move into a cashless economy there is indirect support to every single service provider in the virtual world or the services provided through technology. And they are good things about technology-driven new solutions. It's creating a tremendous number of jobs. And Jordan, we have to target the ministry one has to increase the number of employees within the ICT and the entrepreneurial sector. And at the same time increase the number of jobs that are highly dependent on these sectors. Today, if we talk about delivery applications, for example, we have more than 15,000 Jordanians working for these companies. And the company has maybe 50 employees or 100 employees, but they have 15,000 people doing delivery, which is highly dependent. And these jobs are enabled by that technology. And if we talk about the passengers of smart, the jobs, the passenger transportation, smart jobs were talking about not less than 20,000 people working within the sector. Whereas if you take the number of employees for the companies offering this service in Jordan, we're talking about a few hundred. But if we look at how many people or how many jobs it created for others, indirectly, we're talking about 20,000 jobs. So, we're looking at something. And so, I think the sustainability or your question about how we can secure sustainability? It's a shared responsibility as a first answer. And as sustainability comes, with the excellent results that they're achieving today on the ground. They attracted the attention. This is a sector that is a self-made ecosystem of His Majesty. And over the last 15 or the last even 20, they have been growing on their own with single support from His Majesty directly, and the government jumped into the same because they have seen the excellent results of this ecosystem. So, I think I'm not worried about the sustainability of the government support to the ecosystem. I'm not worried about the drop rates of the ecosystem moving forward. I'm not worried of how

much this ecosystem is going to contribute to the economic growth of the country and the job creation of the country and the stability and even the political stability of the country.

Tamer Al Salah: What is the role of the private sector here, the bigger companies? We know that the government is an enabler and there should be a contribution by the private sector. How do you see that contribution looking like, so that this policy can be as impactful as you want it to be?

H.E. Ahmad Al Hanandeh: Any private sector is the main partner in this family now and I know well one of the main targets of the policy is to encourage the private sector to get involved in the entrepreneurial ecosystem. And they are the main enabler either as the main customer or either main financial supporters or either as the alliance and strategic partner of the government, as well as the startups. And then moving forward. You know, and I know that the involvement of the private sector is getting more and more and maybe five years ago we only had a couple of private sector organizations who are involved in the entrepreneurial ecosystem trying to support the entrepreneurial ecosystem. Today we're talking about tens private sector. Big organizations who are actually heavily involved in the AM and to the end, the real ecosystem. Most of the sectors and most of the companies and private sector companies are going through digital transformation and they are themselves trying to activate the digital transformation pillar within their organizations. And they cannot do that without a real partnership with the startup and then the plural ecosystem, because that's where the real solution comes from. That's where they can get the solution at the end of the day, this is not something that digital transformation is not something that is within the DNA of the corporations. So, the only way for them to bring it into their DNA is to have a third party, a neutral party, or a new party to come and encourage that innovation culture within the corporates at the end of the day as well. Most often, the private sector corporates are trying to create that digital identity. They are trying to strengthen their presence within that virtual world. And that virtual world is evolving very fast, and they have to be and it's the speed now and the speed is so important. And that puts a lot of pressure on the private sector to get engaged with the kitchen, where the ideas come from, and the solutions come from. And I'm a strong believer that that is no place where you can accelerate and enhance your digital transformation and digital presence. But to get engaged with the entrepreneurial ecosystem and the companies or the ideas available within the entrepreneurial ecosystem and basically the government, private sector, and international organizations, they're all part of the formula. They're all a collective effort. It's not a one-party man's responsibility. Responsibility is across the line for everyone.

Amjad Ahmad: You talked about a couple of critical things that I think are the sustainability of the ecosystem are very critical. One is, given the size of Jordan's economy, access to markets is critical. So, what are the markets that you are particularly keen on opening up? And can you talk about some initiatives that have to do with those markets, particularly regional markets that you're trying to unlock?

H.E. Ahmad Al Hanandeh: Yeah, actually we did. We did. The targeted markets were identified by the startups themselves and by the companies within the small and rural sectors. And right now, in phase one, we're focusing on the U.S., U.K., Iraq, and Saudi. And of course, the UAE has phase one. And then we will start opening up to two more or more markets moving forward, we're assigning a partner with the ministry to identify the main international and regional activities that requires us to be there and participating in these events and activities. Whether it's conferences, seminars, fairs, or whatever it is. And we're going to come up with a whole year a roadmap, actually, of how we are going to do that. And to complete the cycle we have the, so what I said, you know, we'll have a strategic partner to actually work with us towards a complete road map of how can we, one, create the Jordan entrepreneurial and digital identity and branding. Second, help us in securing our presence in all strategic events and activities that happen regionally and nationally. And this will also be completed with, with, with the initiative of Jordan source or the program of Jordan four that we're making. And that is something that we promote. Jordan.

Amjad Ahmad: The initiatives that you were discussing. We're very much about national barriers. And marketing Jordan. What about bilateral agreements between you and Saudi? When you say we hear a lot about regional integration, is it happening, and are our barriers coming down, or are people working on reducing barriers?

H.E. Ahmad Al Hanandeh: Any bilateral agreements at the level of governments. There are talks and initiatives here and there and there are some that will be used and the letter of intent is signed here and there. But at the end of the day, as I said in the beginning, in these markets, we are looking towards utilizing the services of intermediaries who can actually support Jordanian companies accessing these markets. Intermediaries can be a government in it, for example, in Iraq. It's where we're actually depending on the support and help of the Ministry of Telecommunication in Iraq, where the minister assigned someone actually to support the Jordanian companies accessing the Iraqi market. And at the same time, we also see the services of other institutions, either in the private sector or the semi-government sector.

Amjad Ahmad: Right. And in terms of access to finance. You know, what you'd like to see over time, of course, is a lot of private independent investors coming in. How do you see that evolving?

H.E. Ahmad Al Hanandeh: You know, over the last few years, we managed to achieve excellent progress with ISAF being established that that helped us actually to attract the presence of around 12 PC's because we are having their presence in Jordan and most probably five, four, four or five years ago or even 4 years ago, there were no more than three of them in Jordan. And so the more you invest into your ecosystem, the more you attract other investors to come and invest in your ecosystem. And this is why we discussed the creation of the new investment fund, which will come as a continuation of the ISAF efforts actually to cover a stage of the lifecycle of

a startup where they need a different investment at a fund. And of course, once you invest in those startups, that will bring more investors to come and invest with you in the same companies. And on the ideation side, we know that most of the investors who come in are moving away from investing at the ideation stage and prefer to invest at the growing level. And that's why we need to find an alternative to support the people at the ideation stage where the success ratio is not that high. But at the end of the day, without a rich and diversified, and growing companies within the ideation phase will end up not having companies in the growth level in the growth stage. So that is not the path we're trying to play through. Again, through partnerships with different strategic partners and friends of Jordan, we achieved the progress we were securing. Not yet confirmed finally, but most probably it will be announced soon. There will be a fund for the ideation stage. We got the initial approval for that, but it's now going through the process of agreements and final negotiations.

Amjad Ahmad: Excellent. And when it comes to this ideation stage. Today, they're primarily funded by government programs. Are you seeing seed investors in the market?

H.E. Ahmad Al Hanandeh: I think it's the majority of it is being funded by private sector international organizations as well as seed investors. But the seed of the investors and the contribution of the seed investor is not as big as we were looking for. So, we are hoping and once we jump into this phase and we put in money into this phase where we've, I think Tamer can help me out. When we were doing the National Internship Policy, one of the programs was encouraging the private sector to be the seed investor through an incentive plan from the government.

Amjad Ahmad: So would you say that you need to attract more incubators and accelerators to Jordan?

Tamer Al Salah: If that's directed to me? Yes, I think so. I mean, we have two active accelerators that are investing today and perhaps, you know, some smaller accelerators see them there. But the rest of the grants, the prize money that is going to startups to push them a little bit. We have I think I don't want to say enough. It's never enough. You know, it's not that much capital to be the people.

H.E. Ahmad Al Hanandeh: To comment on what Tamer has said, we do have the number of incubators and accelerators in Jordan growing nicely over the last few years and I think we have over 40 incubators and some 11 accelerators. The thing is, we need a new concept. I know the ministry is going to do three tech hubs in three regions, north, central, and south. And those tech hubs are going to be incubator plus-plus. Which means we're trying to be more or less a startup studio rather than just an incubator and accelerator in their traditional definition. So, I think what we need is more of startup studios' ideas. We need to introduce the startup studio concept within Jordan. And that's what makes sure that an idea is safely transformed into a sustainable project.

Amjad Ahmad: That's a great point, Your Excellency. Are there particular sectors that you as a government would encourage more entrepreneurship within these studios? For example, the U.A.E. Does more to start up agriculture. Are there particular areas that you're going to push for in terms of entrepreneurship?

H.E. Ahmad Al Hanandeh: Yeah. And as I said, we're doing the one and that for us we have. Other than the entrepreneurial, entrepreneurship national policy and the strategy and the project that comes out of it, we have other incentive programs, but it's targeted towards actual startups and entrepreneurial. That has to do with helping them to achieve or to grow or to scale up outside their zones or to hire employees or even cross borders. On the other side, we're creating three tech hubs. We're financing the creation of three tech hubs that are actually an advanced version of a normal incubator and accelerator. And very soon we're going to finalize the central awarding, the awarding of the central hub, and then we're going to go to the north and south and then the south with trying to do a network of incubators and accelerators. On the other side, we have around 160 knowledge centers that fall under the management and the umbrella of the ministry. We transform 50 of those into incubators. And we actually signed with the private sector operators to run those incubators and make sure that they get more people involved within the entrepreneurial ecosystem or provide them with the workspace.

Amjad Ahmad: You mentioned that a lot of this activity, the knowledge centers, the hubs, will drive more people into entrepreneurship. Are you seeing that on the women's side as well? Now we're seeing that women are much more involved in entrepreneurship across the Arab world. Is Jordan experiencing the same?

H.E. Ahmad Al Hanandeh: I think most of the percentages that I hear about the women involved in the moral ecosystem, we're talking about more than 40%. I think we stand at 45% as an estimation. And so, yeah, women are heavily involved in the moral ecosystem in Jordan, and we are looking towards actually enabling and encouraging women in the governorates to be involved in this ecosystem. And the munity outside, Amman , the challenge for women is much bigger than the challenge for the end of the challenge for women is much bigger than the challenge for males. Meaning, as you know, a male can mobilize easily. The female cannot mobilize easily out of their zones. So, women and enabling women and empowering women and supporting women to get into the entrepreneurial ecosystem and create their opportunities within their zones is something that is on the agenda and the priority list.

Amjad Ahmad: Tamer, what are you seeing in terms of that?

Tamer Al Salah: Yeah, I know. I think that women's involvement in using technology is what becomes easier, especially in this dimension. I mean, everything is online today. You don't have to go out of your way to go to a job that is a few hours away. And is it that big of a problem to be out of work from home or anywhere else, for that matter? And I think that you know, to increase that even a little bit more than that, that's on the employment side. I'm not sure about the

numbers from the entrepreneurial side. How many of them are entrepreneurs that are running scalable, scalable companies? But, you know, as you know, globally, the amount of capital deployed into women startups is very less than that of men due to I guess the consensus around that is because the investors are men. And that's what we're trying to do beyond capital to, uh, go through, you know, supporting angel investors that are women, training them, trying to support women as opposed to having more engagements within the ecosystem.

Amjad Ahmad: Yeah. We need more women VCs, that's for sure. I think globally, not just in the Middle East. You see my last question is what does success look like for you in five years? What are the KPIs that you would like to see? In this ecosystem five years from today.

H.E. Ahmad Al Hanandeh: I think, if I'm not mistaken in our strategy, we already set a number of KPIs that has to do with the sector contribution to the economical growth or contribution to the GDP of the country, the sector contribution to jobs and the growth of jobs in Jordan, and as well as the number of successful Jordanian startups going towards their regional and global presence. Not to forget that we always need Jordan to be the one on the map as a hosting destination for innovation and creativity. And at the end of the day, I said it before the entrepreneurial life cycle there is no country runs its full cycle and we complement each other so that the path you are good at in Jordan is the starting point. It's where and where and where, where. Creativity and innovation are highly needed. But the minute when no market is needed or when, when, when investment and capabilities are needed, then they work. What happens? They have to cross borders and they have to go to other markets. So, and on a personal level, it has always been my dream, the entrepreneurial ecosystem and the innovation ecosystem become regional not local. I have been always looking at, in this sector, we remove borders in this sector in specific and let's be and let's be a one entrepreneurial ecosystem in this region. We can do miracles if we join efforts.

Amjad Ahmad: That's a great point. Then I want to wish you all the best in all your efforts and the great work that's been done so far. And best of luck on all the initiatives. Thank you for joining us. And thank you Tamer for joining us. I'd also like to thank UPS for being our sponsor for empower Middle East Conversations. Thank you all for joining us. Thanks for listening. If you like what you heard, please subscribe to empowerME Conversations and rate and review us wherever you get your podcasts. For updates on our work, follow us on [LinkedIn](#) and [@acmideast](#) on Twitter or visit atlanticcouncil.org.