



Building
Markets



Building Markets Jordan Overview

Thursday May 16, 2019 | Amman, Jordan



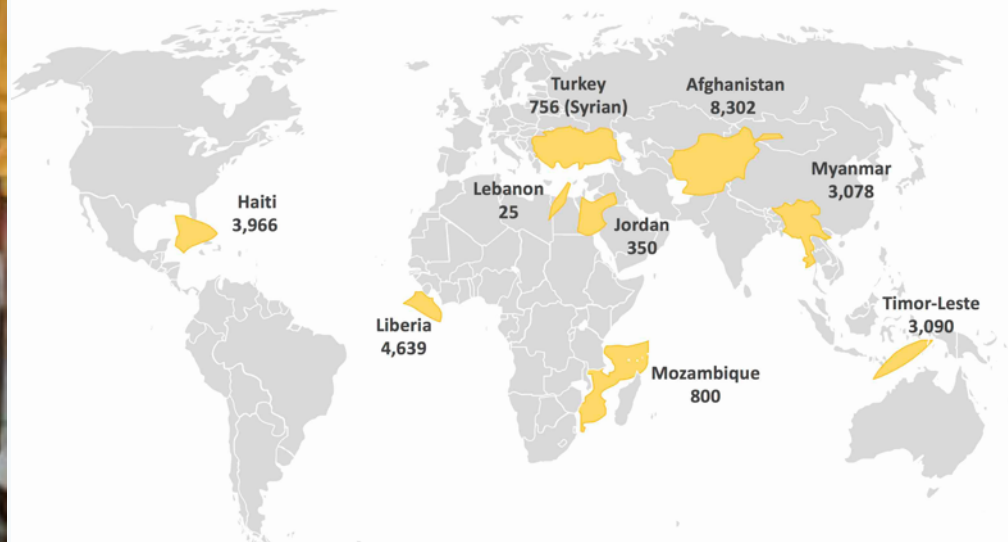


WHO: Established in 2004, Building Markets is a nonprofit organization registered in the US and Canada

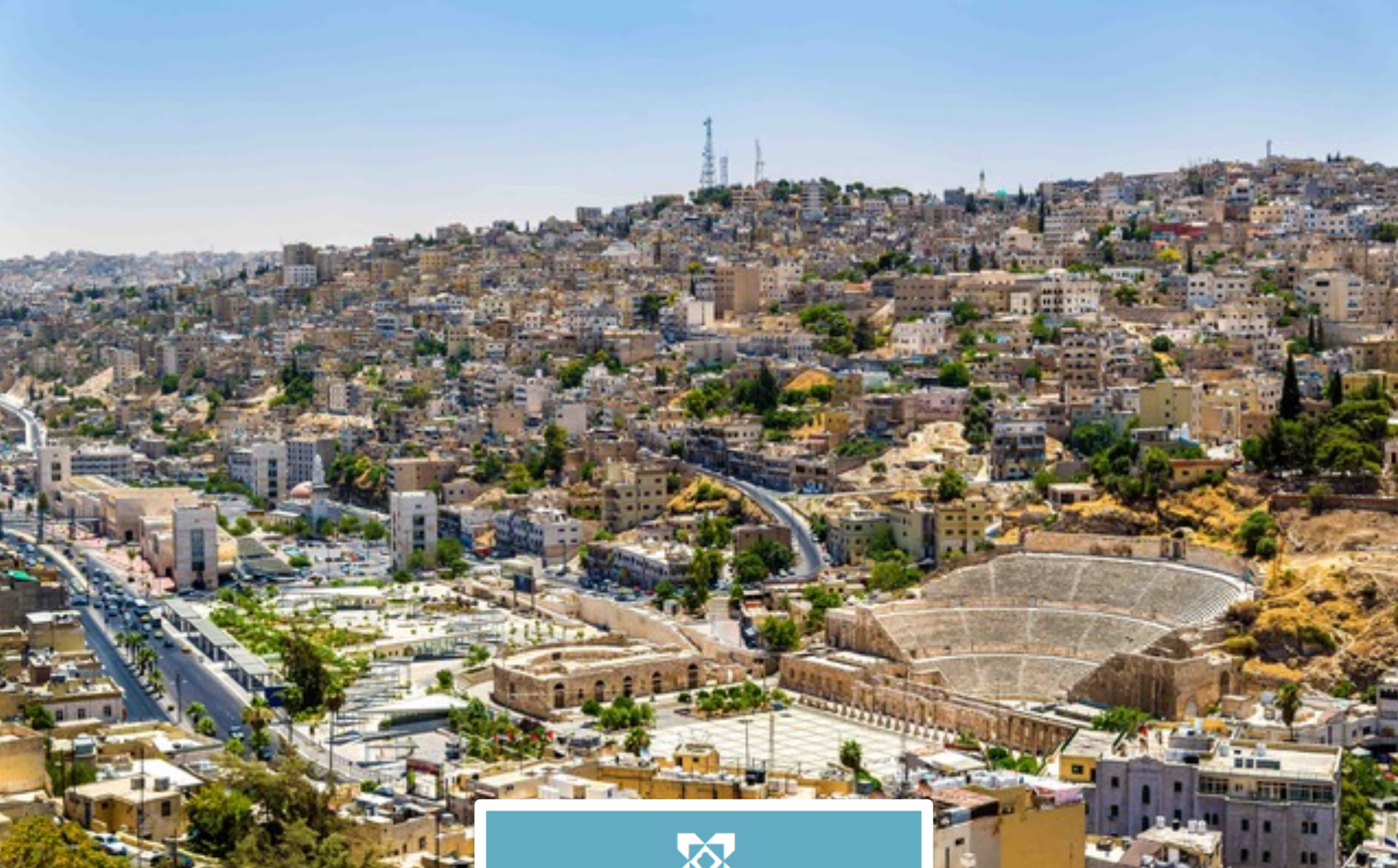
WHAT: We catalyze job creation and inclusive, sustainable economic growth in crisis-affected countries

HOW: Using a data-driven approach, we find, build, and connect local small and medium-sized enterprises (SMEs) to supply chains and investment

WHERE: Our network of 24,000 SMEs spans 8 countries and 30 sectors



Building Markets has assisted SMEs in winning \$1.3bn in contracts. This has helped create 70,000 jobs.



Context



Jordan: Significant Challenges

- 1.4m Syrian refugees since 2011
- Strained infrastructure and social services
- Contributed to income disparity
- 2% growth
- 18.7% unemployment rate
- Labor market cannot supply jobs in demand

Addressing the Crisis

- Best way to create employment and stability are SMEs
- Labor intensive: SMEs create jobs and support income redistribution
- Contribute to Development: Generate tax revenue and increase skills
- **Refugee/migrant inflow creates an opportunity.** They have brought talents, businesses, and are already creating jobs and attracting new investment
- Jordanian-led SMEs are also employing refugees and providing goods and services that benefit refugee communities.
- However, while there is significant interest in supporting these entrepreneurs, little known about their unique challenges, needs, or capabilities
- This prevents opportunities and the development of meaningful strategies to enable SME growth

Excellence is not a skill...



✓ **Living A Dream**

Building A Future ✓

القاعة رقم 1

Skills Value
Career



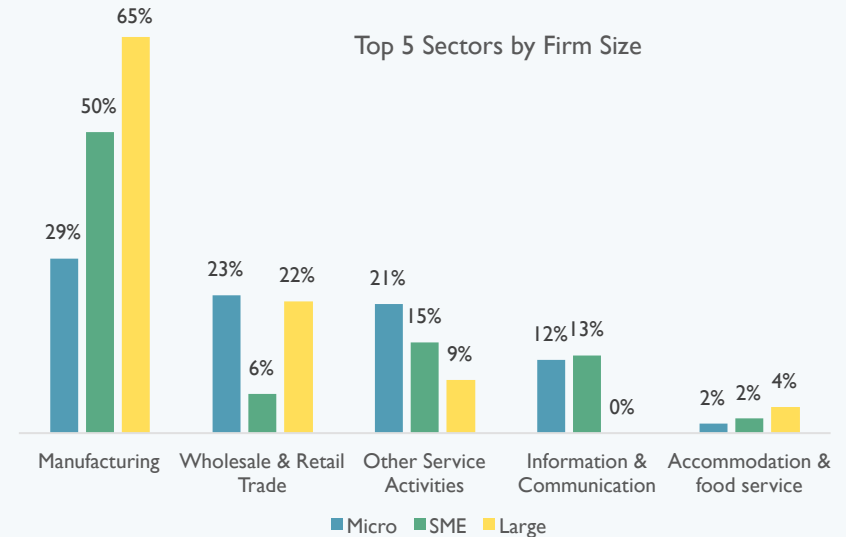

1. Market Assessment

Key Objectives of this Research

1. Shed light on Jordanian and refugee/migrant SME capabilities and their role and contributions in the local economy
2. Identify constraints to inform evidenced-based strategies that can enable their growth
3. Leverage business data to connect SMEs to business support services, supply chains, and investment

Our Approach & Sample: 309 Firms

- Firms operating in Jordan for 5+ years (overall), registered, and active
- Included Jordanian, refugee, and migrant-owned companies
- Located in Amman, Irbid, Zarqa, Mafrq, Sahab, Marka, Al Qastal, Al Balqa', Madaba
- Key focus on small and medium-sized firms
- 88 women-owned businesses in full sample.



Size	Employees	Sample	Refugee/Migrant	Jordanian
Micro	1-4	67	17	50
Small	5-20	129	54	75
Medium	21-100	90	45	45
Large	101-242	23	9	14



Findings

SMEs in Jordan: At a Glance

- Make-up 97% of enterprises in Jordan
- Employ 60% of the country's labor force
- Contribute 24% of the country's GDP
- Participate in low value- added services and activities
- Ability to scale may be limited by local ecosystem
- Lack access to customers and markets

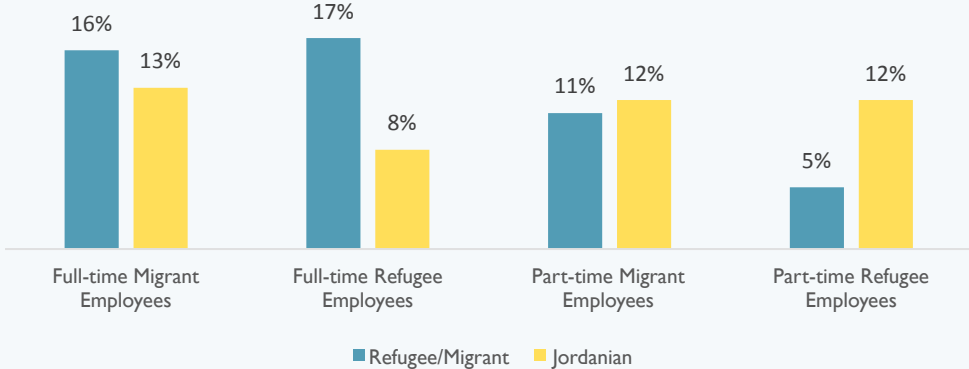
Ownership & Management

- Jordanian-owned SMEs have higher rates of female ownership (20%) compared to refugee/migrant-owned (9%)
- 53% of SMEs include migrant owners and an additional 9% have refugee owners.
- Refugee and migrant-owned SMEs report having arrived in Jordan with significant experience. 72% report having previously owned a business with an average 86 employees.
- Women employ more female managers than male-owned (19% vs 12%) and hire more women than male-owned SMEs (32% vs 25%)

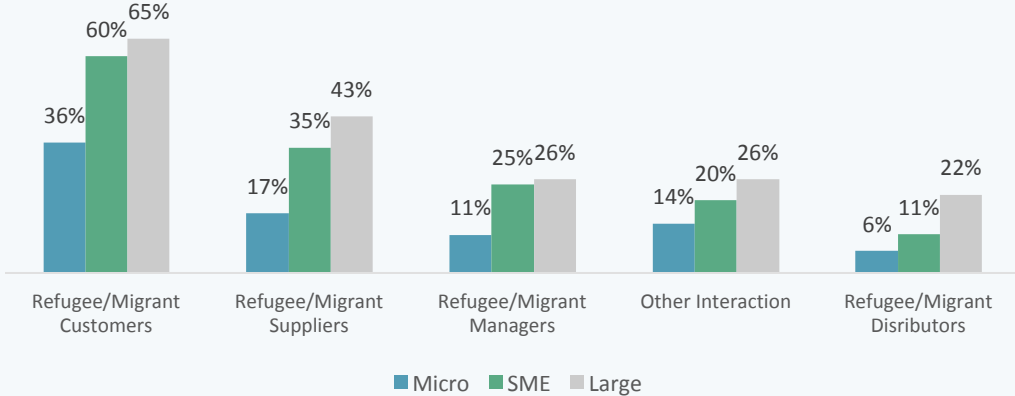
Contributions

- SMEs employ 16 full-time employees (on avg)
- SMEs bring a higher % of unemployed individuals into workforce compared to micro/ large firms.
- SMEs have significant interaction with the refugee/migrant community

SME Migrant and Refugee Employment Percentage
(as a % of total full-time or part-time employees)



Interaction with Refugee/Migrant Community



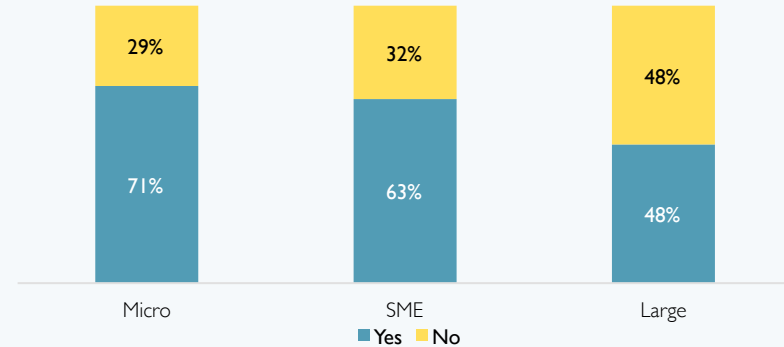
Outlook is Positive (next 6 months)

- SMEs are the most optimistic market segment in our sample
- Overall, 62% expect their profits to increase
- And they plan to hire an average 14 employees
- 66% of Jordanian SMEs expect their profits to increase
- 57% of Refugee/Migrant SMEs expect their profits to increase
- 70% plan to purchase new assets or equipment

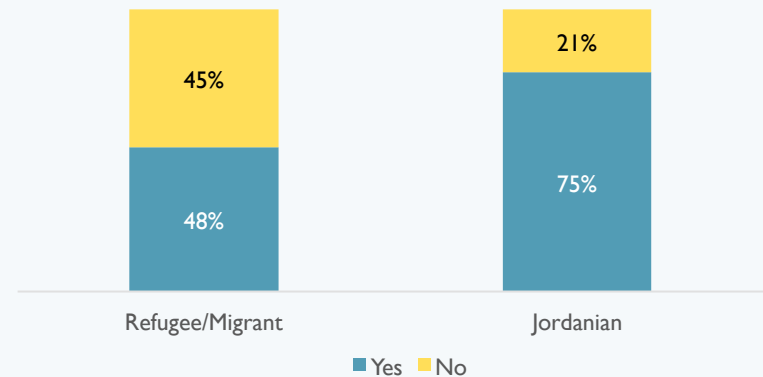
Key Growth Constraints

- **Government Laws/Policies (25%):** Lack of clarity around procedures and criteria, including capital, partner, and work permit requirements.
- **Competition (11%)** Foreign products entering the market make it difficult to compete
- **High Operating Expenses (11%)**
- **Lack of Customers (9%):** Trouble finding new clients and accessing new markets.
- **Access to Finance (9%):** Overall, 63% of SMEs expressed a need for additional capital.

Need More Capital to Grow in Next Six Months
(% of sample by business size)



Need More Capital to Grow in Next Six Months
(% of SMEs by ownership type)



Spotlight on Refugee & Migrant Entrepreneurs

- **Deep Experience:** Refugee and migrant-owned SMEs report having arrived in Jordan with significant experience. 72% report having previously owned a business with an average 86 employees.
- **Significant Contributions:** Refugee/migrant-owned SMEs provide 18 full-time jobs (on avg) and 83% of refugee/migrant-owned businesses employ refugees or migrants. Whereas only 38 per cent of Jordanian businesses do the same.
- **Refugee/Migrant Management:** Forty-five per cent of refugee/migrant-owned businesses have at least one refugee or migrant manager while less than one per cent of Jordanian businesses do.
- **They Export More:** 65 per cent of refugee/migrant-owned SMEs export versus 49 per cent of Jordanian SMEs.



Recommendations

Recommendations

- Introduce, improve, and expand policies and regulations that enable the growth of refugee SMEs
- Highlight refugee/migrant success stories and encourage partnerships with Jordanian SMEs where there are mutually beneficial gains
- Improve access to information, tenders, markets and capital
- Ensure training services and technical assistance is evidence-based, sufficient in scope, and aligned with SME needs.



2. Building Markets Services

In Jordan

Building Markets' Work in Jordan


(Services and Products Launched Since August 2019)

- An extensive database of 350 Jordanian, refugee, and migrant micro, small, medium, and large-sized SMEs in Jordan.
- Launched online platform searchable by product, sector, business size, ownership (refugee, women), and location.
- Launched a tender distribution service to fast-track SME access to opportunities in Jordan and the region.
- Conducted a market assessment (published May 2019)
- Designed and launched 2 training modules on our online training platform
- Started linkages services between buyers in Jordan and verified SMEs in our network, including connections to more than 700 Syrian-led SMEs in Turkey.
- Designed and developed a Company Guide indexing 82 firms in our network, including their value propositions, operational data, and market/investment asks.

We Want to Support YOU

- Building Markets can identify local businesses, including firms that are led by, or employ refugees, that meet your procurement needs.
- You can contact us by email or telephone looking for any good or service, including your specifications, and we will tell you who in our network can meet that demand.
- We produce matchmaking reports, facilitate introductions, and hold events that bring buyers and suppliers together.
- 324 of our verified businesses are also featured on our online platform, which is searchable by sector, good/service, business size, and ownership (refugee/women): <https://entrepreneurs.buildingmarkets.org>
- Looking to diversify your vendor pools? You send us your tenders and we will disseminate them to our network.

Thank you!

 **Email:** Yara Asad, Country Lead - Jordan
asad@buildingmarkets.org

 **Twitter:** @BuildingMrkets |
#AnotherSideToTheStory

 **Web:** <https://buildingmarkets.org>
<https://entrepreneurs.buildingmarkets.org>
<https://learning.buildingmarkets.org>



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