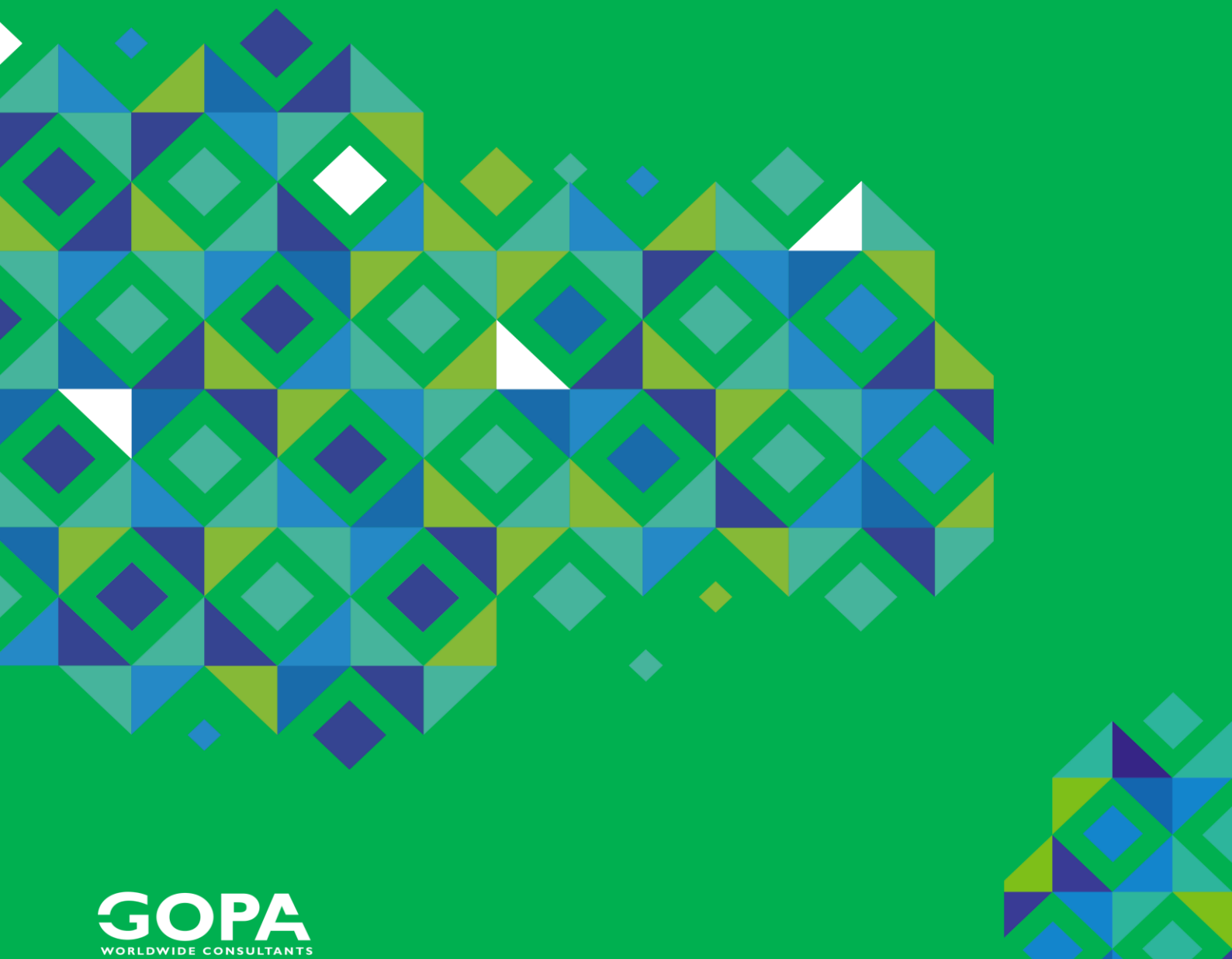# MED MSMEs
Policies for inclusive growth

Support to an Enabling Business Environment for MSMEs Development & Financial Inclusion

Jordan SMEs Internationalization using digital tools and services

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Contents

Jordan SMEs Internationalization using digital tools and services

A. Brief overview of SME exports in Jordan

Digitalization and the usage of digital tools / services have been proven to be an accelerator for SME internationalization. Abundant scholar literature can be found on the web that supports the acceleration paradigm and proves its transversal impact on the SBA's 10th principle dimension and sub dimensions [1].

Jordan is considered among countries that enjoy a fair trade openness meaning that it depends on exports to stimulate economic growth which makes export business environment more demanding and ready to accept export support services namely digitalization (36.4% of GDP comes from exports of goods and services)[2] out of which 61% consists of merchandize exports and 29% that of services. 74% of the merchandise exports are manufactured in Jordan, a revealing indicator of the export readiness of the SMEs in Jordan should access to the international market is facilitated.

A major weakness in the manufactured export is High Tech. A weakness, if tapped upon, can represent an opportunity. Jordan lags at the tail when it comes to exporting manufactured High tech, only 1.4% out of the total manufactured export is High Tech[1].

According to the UN global survey on Digital and Sustainable Trade Facilitation 2019 [3], Jordan comes second after Morocco among the six South Med countries with a score of 76.3% compared to the ESCWA score of 59.9% for trade facilitation and paperless trade. This shows an important step that Jordan has already advanced in the digitization process.

The unstable regional surrounding and COVID-19 pandemic on top, brought serious declines to the value of exports especially that Jordan's exports have low contribution to the Global value chains representing 40% of total exports, the majority of which are through backward global value chain linkages which means the value is captured by the supplier of the intermediary raw material.

The focus of the Jordanian government has been to boost exports through bilateral and regional free trade agreements, thriving to position the country as a "strategic trade hub". Some steps have been taken, out of which reforms to modernize customs and facilitate cross border trading.

Ministry of Digital Economy and Entrepreneurship launched in 2016 "REACH 25" [4] focusing on concrete actions toward a digital economy which is considered as an engine for growth in Jordan. "REACH 25" "raison d'être" is to support and accelerate Jordan's economic goals, create jobs for all Jordanians, empower women and position Jordan in the future digital global economy, through a clear alignment with the "Jordan Vision 2025" which had set the priority export markets to enlarge its export database, and which sectors need to be developed to enhance and boost export [5] (i.e. Pharmaceuticals. Textile, ICT services, etc).

Maximizing Jordan's exports, enhancing the positioning of Jordanian products in international markets, opening promising and renewable new markets and activating free-trade agreements were among the objectives set in the "The Jordan Economic Growth Plan 2018 - 2022 "JEGP" [6]

B. The digital transition of Jordanian SMEs

a. Internet penetration and use of E-commerce

In January 2021, there were 6.84 million internet users with 0.8% increase year to year. Internet penetration stood at 66.8% while the average in the MENA region is roughly 72%. On social media, there were 6.3 Million users with an increase of 11% year to year and represented 61.5% of the total population. From a mobile

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[1] High-technology exports are products with high R&D intensity, such as in aerospace, computers, pharmaceuticals, scientific instruments, and electrical machinery.

connection perspective, the number increases to slightly bypass eight million users which represent 78.2% of the population [7].

According to UNCTAD B2C e-commerce index 2020[8], Jordan ranked 9th among the top ten developing and transition economies in West Asia, meaning the top ten highest economies in the region. Furthermore, Jordan ranked 76th in the UNCTAD B2C e-commerce index 2020 compared to 80 in 2019, with an index value of 54.7 compared to 52.7 in 2019. Revenue in the e-commerce market in Jordan is expected to reach US$ 525 million in 2020, and the number of e-commerce users will be around 3.3 million[9]. The importance of e-commerce B2C adoption, resides in the fact that the higher the consumer adoption to the online purchases the more SMEs will follow the e-commerce adoption in their sales approaches at the national level which will facilitate and accelerate the learning curve of SMEs in their digital journey and opens a window towards cross border digital sales playing an important role in trade facilitation [10]

b. Covid-19 Impact on export and e-commerce

Covid-19 pandemic had an obvious negative impact on export in general but limited to a certain extent in Jordan's Case, a decline of 4.5% in 2020 compared to 2019, mainly the decrease was concentrated in the tourism and textile sector while an export increase was noticed in fertilizers, jewelry, precious metals and chemicals. Interestingly, the national goods export increased by 1% while the re-export of goods related to GVCF declined by 34.6%. The value of Jordan's exports to the USA and the Greater Arab Trade Zone declined by 11.7% and almost 3% respectively, while exports to EU countries and non-Arab Asian countries increased by 3% and 10.6% respectively.

The COVID-19 crisis led to a moderate adoption in the use of e-commerce as many SMEs adopted e-commerce solutions and became interested in using e-commerce to their advantage and created demand for related activities, such as shipping and delivery companies, e-payment systems, and creation of e-commerce platforms to support the SMEs access to international markets, and online information platforms, logistics and digital systems to support their participation in GVCs.

In a study conducted by the ILO and UNDP on the "Impact of Covid-19 on enterprises in Jordan" [13] where the analyses were conducted over two rounds, April 2020 and February / March 2021, *only 10 percent of enterprises introduced e-commerce and online platforms.* While the pandemic increased awareness of the importance of digital solutions and e-commerce platforms, *only 7 per cent of micro and 11 per cent of small enterprises surveyed had introduced e-commerce and online platforms.* Considering that technology-enabled SMEs and start-ups have been the more resilient enterprises during the pandemic globally, it is worrying that there is a low uptake of digital platforms and online solutions amongst companies in Jordan. [11] Notwithstanding, e-commerce solutions and online platforms for sales and services are suggested among post-covide-19 coping mechanisms that enhance SMEs' resiliency through promoting and selling products and services and expand to new markets to be able to digest the hit endured due to sales drop.[12]

c. Digitalization initiatives

● The Ministry of Digital Economy and Entrepreneurship has launched a "Digital Transformation strategy 2020" [14] to capture new and additional competitive advantages in different sectors, whether production or services, public and private, which will enable those sectors, through digitalization, to aim for wider market opportunities and better business positioning and export competitiveness. The strategy focuses on several digital enablers such as ensuring relevant digital transformation infrastructure that best serves different stakeholders, SMEs among others. E-payment is considered another enabler as well as broadband internet and mobile digital technologies which is rudimental for ICT export services. In fact Jordan has succeeded in creating and developing a highly-competitive information and communications technology ("ICT") sector which is considered one of the pioneering sectors in the Middle East and North Africa (MENA) region. Jordan's ICT sector attracts an average of $150 million in annual investment [15].The ICT sector in Jordan serves larger markets in the region in the age of technology and innovation and contributes significantly to the country's increasing globalization. Jordan's ICT market has undergone a rapid shift towards data service

usage over traditional voice and SMS services, supported by equally swift mobile broadband network expansion which has had a significant position impact [16]. From the early 2000s, incubators, venture capital firms, startup accelerators and co-working spaces like Oaesis500, iPark and V Business Center, https://vbc.jo/ have been steadily establishing presence in Jordan [16]. More than 600 active ICT companies call Jordan home, directly employing about 16,000 employees and an overall contribution to about 84,000 jobs in the wider economy [17].

- **Jordan Enterprise Development Corporation (JEDCO)** launched a program called Developing Exports Through Virtual Markets in partnership with ITC, World Bank and Transformation Fund of the Deauville Initiative to help SMEs develop their export sales through Virtual markets with specific target segments [18]= 10 companies and 14 export experts benefited from technical assistance through the projects JEDCO also launched program (Developing Jordanian SMEs E-Commerce Exports Through Virtual Market Places **fund by GIZ as** grant and technical support for (30) companies .

- Although there are no established policy programmes by the Jordanian government to advance the exporting of Jordan's women-owned SMEs, in 2020, the Business and Professional Women-Association (BPW-A) partnered with the Jordan Exporters Association, with funding from the GIZ T4E Project, to establish a "Wexport" Unit within BPWA. The unit serves as an export information and support services hub to connect women-owned/led SMEs to export development opportunities, including training, information and markets. One of the key products in the unit in the "Export Mini Guide", which is tailored to the audience of women entrepreneurs interested in exporting their products and services.

- **Int@j**, The Information and Communication Association in Jordan is very active in the field of ICT, digital transformation and entrepreneurship. It is collaborating with several international partners (i.e. GIZ, USAID, etc) and local stakeholders to position Jordan as a major regional ICT and ITES leader and an internationally recognized exporter of ICT and ITES products & services, capitalizing on its core human capital advantage (19). Int@j intends to launch the national digital platform for the entrepreneurship system in the Jordan, beginning of 2022, which is funded by the Jordan Entrepreneurship Fund.

- **LevelUp Accelerator Program:** UNIDO in partnership with Changelabs, PBWA, JEDCO and Jordan Exports announced the launch of Jordan's first accelerator targeting natural cosmetics, fashion, and phytopharmaceutical startups and SMEs. The LevelUP Accelerator program will admit 50 startups and SMEs founded by Jordanian entrepreneurs, allowing access to digital markets, seed funding, and partnerships with e-commerce players in the target countries. The program is built around a 5 gates' selection process in which entrepreneurs, SMEs and organizations will benefit from a fully-fledged acceleration program including industry-immersion internships and fundraising boot camps experiences in Jordan and in Europe. The program supports entrepreneurs, innovators, SMEs, start-ups and organizations to build game-changing and successful business models to enter global markets. We promote a community of motivated young women and men who see an inclusive and sustainable digital transition as the starting point to enter the global markets, acquire knowledge and share personal stories and experience of digital transformation.

- **Trade Facilitation Portal**: The Jordanian Customs has partnered up with GIZ T4E project and ITC in establishing an online trade portal that enhances the implementation of TFA Arts. 1.1 and 1.2. This Portal is an online platform where traders can access detailed procedures on import and export of selected products, thereby enhancing their compliance and reducing transaction delays. The portal is a part of an initiative that aims to increase the compliance of the Hashemite Kingdom of Jordan with the WTO TFA; ultimately increasing the competitiveness of Jordanian SMEs.

- **Trade Information Portal**: GIZ T4E project with Jordan Exports are establishing an online portal to become a hub of Trade information available to Jordanian exporters and a tool for business linkages.

- **Innovate Jordan** :On Sept. 28 EU in Jordan launched Innovation for Enterprise Growth and Jobs (Innovate Jordan) in collaboration with Orange Jordan, Endeavor Jordan and Engineering SAM with an objectives of

helping local companies to grow, promote digital skills, provide more innovation services and opportunities and help Jordan recover from COVID-19 crisis. The total Programme size is EUR 20 million. The Programme is implemented as follows:

- o SURGE (EUR 3.428 million): Scale-Up Roadmap for Growing Enterprises (SURGE) will be implemented by a local team led by Endeavor in partnership with Beyond Capital and Oasis500, will help 45 local businesses to grow, scale and enhance their capacities to reach out to foreign investment and international markets. Early stage funding after acceleration programmes, highly growth companies
- o Jordan Industry 4.0 & Digitalization Innovation Center (InJo4.0): Will be implemented by a team led by SAM Engineering in partnership with Amman Chamber of Industry, IBTECAR, Transition Technologies Advanced Solutions and Tum Tech, will establish the first Digitalization and Innovation Centre in Jordan (in Amman) to promote digital solutions in manufacturing, following the trends of the fourth industrial revolution. Mainly to support the linkages between different stakeholders in order to harmonize the work that is being conducted by different stakeholders. To provide support to manufacturing companies to digitalize and automate their businesses and operations, this could also be coupled with capacity building programmes and might also offer spaces for certain companies.
- o Innovation Space: Will be implemented by Orange, will promote digital economy, skills and jobs by developing new facilities across Jordan, including: 23 digital centres, 6 coding academies, 6 FabLabs, 3 incubators and 6 Growth Accelerators, as well as 6 digital academies.

- **Jordan Exports (JE)** is a public-private export institution, and it was founded to be the umbrella organization for exports development and promotion in Jordan. JE will be the national institution to foster the increase of exports' volume and reach through designing and implementing pioneering initiatives, accelerating time to market, employing widespread digitalization, enabling Jordanian companies to export, developing the country's image and brand, and connecting with key institutions and stakeholders. Moreover, JE will be the primary contact for potential Jordanianexporters to facilitate their access to export promotion, development, and assistance services. Several initiatives have been executed among other activities:
  - o Export council
  - o JE Academy
  - o Zero2hero e-commerce
  - o Food trust
  - o Trade Information Portal

- **The Youth Technology and Jobs Project (YTJ).** The Ministry of Digital Economy and Entrepreneurship (MoDEE) delivers programmes to support the expansion of digital companies and their access to market (20): The "GrowJO (Market Expansion)"project (initially launched in November 2020 as a component of the World Bank-funded Youth, Technology and Jobs 2020-2025 project) aids digital and digitally-enabled firms (e.g. IT and business process outsourcing) to secure new contracts from target markets in the Gulf countries, Europe, China, India, and the USA. The project provides matching grants of up to USD 100,000 to cover the cost of implementing their business development plans, including items related to attending conferences/trade shows to build linkages between Jordanian digital firms and potential buyers in regional/global markets, introducing marketing and sales pipeline management processes and tools, broker fees that can help companies secure new contracts, and the salaries of new business development staff.

- **UNCTAD and MoITS** with the support of GIZ T4E project are conducting an E-Trade Readiness Assessment for Jordan to provide i) a detailed assessment of their digital ecosystem in the seven key policy areas considered most relevant for e-commerce development, and ii) an Action Matrix, facilitating the implementation of priority actions based on the barriers and opportunities identified in the assessment.In the context of the eTrade Readiness Assessment of Jordan, an Action Plan is envisaged to provide the Government with an operational tool for planning and implementing priority actions, based on the eT Ready Action Matrix. The elaboration of the Plan will be under the leadership of the Ministry of Industry, Trade and Supply, with technical support from UNCTAD and other relevant partners

C. Trade and business procedures facilitation initiatives

- In 2016, 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."

- Trade for Employment (T4E) project funded by German Federal Ministry for Economic Cooperation and Development (BMZ) and co-funded by Directorate-General for International Cooperation; Foreign, Commonwealth & Development Office . The lead executing agency is the Ministry of Industry, trade and Supply. The project duration is from 2019till 2021. The project seeks to develop trade related services alongside identifying existing barriers to trade, developing action plans for facilitating export procedures and reducing trade costs, in line with the World Trade Organization's Trade Facilitation Agreement.
T4E developed a strategy for improving the food processing sector, an assessment of trade related services market, Pharmaceutical sector export guide, chemical products and pesticides sector export guide, Jordan Public Private Dialogue handbook (PPD) and many other studies conducted.

- Trade & Transport National Committee
In 2003, a National Committee for Trade & Transport Facilitation, a partnership of members from both the private & public sectors, was officially created to tackle the challenges in international trade operations, specifically to enhance dialogue & develop a more supportive environment in the areas of trade, transport & logistics, agreements & treaties, as well as border management.
The NCTTF was established in accordance with UN Economic & Social Commission for Western Asia (ESCWA) guidelines on regional trade. The committee is entrusted with carrying out its mandate by making recommendations & proposals which will simplify procedures, organize logistics, facilitate administrative reform & law, reduce time & costs of operations & reinforce security.
The committee aims not only to increase the level of trade between Jordan & the rest of the world but also encourage the spread of TTF policies & procedures to all countries in the region.
Based on an over the desk research, the latest activities related to NCTTF date back to 2014. We failed to identify any recent activities.

The International Trade Center (ITC) with the support of the Ministry of Industry Trade and Supply and the Jordanian customs department, developed an 'Import and Export Guide" focusing on trade related procedures and customs requirements for the clearance of goods in Jordan. The objective is to provide key information that will enable economic operators (importers and exporters) and beginners to have a comprehensive overview about the basics and cycles for the importation and exportation in Jordan.

C. The digitization of the export ecosystem

All trade facilitation efforts in the context of digitalization have been focused so far on empowering e-commerce adoption from an SME perspective while the government's focus was on putting in place enablers that will foster the digital economy, talking about ICT infrastructure, e-government etc, which will eventually reflect on all governmental related verticals such as e-customs, e-trade and cross border transit.
Several strategies and policies have been put in place promoting export development. Although "Jordan 2025 A National Vision and Strategy" represents one of the most fundamental documents, laying down the economic foundation of development and stressing on Jordan playing an export hub to the adjacent markets, yet it missed to set the high end directions towards digitizing export. Nevertheless, "REACH 2025" initiated a

strategy towards "Digital Economy "as a means to economic growth where the internet business could have a decent contribution.

Jordan Economic growth plan 2018-2022 set by the Economic Policy Council suggested developing a strategic roadmap to promote e-commerce with the aim of enhancing the e-commerce business environment, continuing to provide support to SMEs seeking to sell through virtual markets, boosting the efficiency of Jordanian border operations to position Jordan as a leading country in international trade through the development of one-stop services and infrastructure that minimizes costs and time at border crossings, simplifying and reducing export procedures by addressing the obstacles faced by exporting companies, reviewing import regulations and procedures periodically, and improving the performance of the National Committee for Trade and Transport Facilitation (NCTTF) [21]. This committee is not fully functional, there are two other committees which work on trade facilitation: trade window of the customs and MoITS committee on trade facilitation. Additional, the Ministry of Finance has already established a committee for all border agencies to check the possibility to establish a new commission which oversees all export and imports into the country

The Ministry of Industry Trade and Supply has developed a web portal delivering e-services to traders such as trade name inquiries, information on export, laws and regulations. ***No indications of any digitalized procedures or processes related to export digitalization***[22] besides the informational Ministries' web portal. Apparently all export related formalities and procedures beneath it have to be done physically.

Jordan is partnering with UNCTAD on the e-Trade Readiness Assessment, which overviews the e-commerce ecosystem and recommends digital transformation policy actions/measures on seven pillars of e-Trade[23] [24]:e-commerce assessments, ICT infrastructure*,* Payment solutions*,* Trade facilitation and logistics,Legal and regulatory frameworks,Skills development, andAccess to finance.

From a legislation perspective, Jordan has taken several e-commerce related legislative steps to accelerate digitalization which will eventually affect export: Electronic Transactions Law No 85 of 2001, Consumer Protection Law concerning electronic transactions No 15 of 2015, Information systems crime Law (Cybercrime) No 30 of 2010 [25] .

The Telecommunication regulatory commission has developed several digital transaction services that could play a role in the export ecosystem such as granting a license or accreditation to electronic authentication bodies.

 So far, the e-government project, being developed, does not cover export e-services besides the possibility to apply and register a trademark. Out of 65 e-services delivered, only two can be related indirectly to export procedures [26].

D. Proposal of reinforcement axes

In the SME Export Country Profile , Jordan's working group related to SME Internationalization, identified six national priorities to boost SME export [27]:

1. Update National Export Strategy with a focus on supporting SME export activity.
2. Strengthen policy coordination in the area of export and value chain development, including with international and donor organizations.
3. Strengthen the digitalization of trade related ecosystems to boost export possibilities of SMEs.
4. E-commerce transformation of Jordanian MSMEs
5. Access to more diversified new export markets with a renewed emphasis on penetration into the EU markets.
6. Take advantage of the EU green transformation to boost integration of Jordanian SMEs in EU value chains and expand exports.

Taking into consideration the above priorities, we suggest focusing on three axes all within the export digitalization approach: Strategic Level, Application of digitalization to the ecosystem to create an accelerating environment to SMEs toward Export using digital tools and services, and at the SMEs level through programs, awareness, capacity building and up skilling efforts.

- From a strategic perspective, The Export National Strategy was launched in 2014 and ended in 2019. In parallel several strategies were set that included directly or indirectly, related themes to export, Jordan Digital Transformation Strategy 2020, REACH 25, Jordan National Vision and Strategy 2025, Jordan Economic Growth 2018-2022 have all tackled the digital economy subject in a way or another. Thus, reviewing the National Exporting strategy and updating it to align with the national strategic orientation especially in the Post – Pandemic era turns out to be an imperative. The strategic approach will serve as a roadmap and a high level synchronization engine among major stakeholders such as the Ministry of Digital Economy and Entrepreneurship, the Ministry of Industry Trade and Supply, The ministry of Transportation to name a few. This strategy should take into consideration and be part of the Digital transformation Strategy and the e-government project being under implementation to widen the public e-services offered especially that there exist several touch points between the government offered services and any export operations.

- From a business environment perspective, empowering export through digitalization necessitates several enablers and e-services that would facilitate ease of trade. A digital trade desk with the purpose to advise and guide exporters to the best business and partnership opportunities and provide them with business information crucial to export development. Furthermore, such a platform will allow using big data analytics to develop an agile approach towards exporters' needs such as financial and administrative. On a different note, the digital trade desk can serve as supplier / buyer matchmaking, export promotion single window for manufacturers and products, and targets global value chain forward linkages which delivers more value to local manufacturers.

- MSME digital inclusion would be the third enforcement axe we suggest to focus on. JEDCO has been a pioneer in developing programs to help SMEs in their exporting journey. Thus more focus should be exerted on similar initiatives such as the "SME Portal" and tailored programs per industry and size of the enterprise or theme (Gender inclusion, Green export, ICT services, etc). E-commerce as a window to international markets should be backed up by a national virtual marketplace that can play a regional role whether at the B2B or B2C level. Digital inclusion necessitates up-skilling and capacity building that will generate a spillover effect at the midterm.

E. Potential support projects

a. Features of the Pilot Project
- The project should be targeting Jordan SME exports and have direct impact on SME / Export agencies, support services and procedures
- It has to be aligned with the national priorities.
- Ideally pilots build on projects that have already started and where the digital component can be an accelerator of impact
- Potential for duplication, scaling, regional collaboration.
- Pilot budget 50K Euros: duration 2 to 4 months.
- Should be validated by the SBAC coordinator and the MED MSMEsProgramme.

b. Suggestions

Taking into consideration the three axes mentioned in section D, which can be summarized as strategic, digitalization enablers and accelerators, SME digitalization inclusiveness and readiness; we are suggesting

four pilot project proposals that might serve the purpose taking into consideration the constraints mentioned earlier. It remains to the SBA coordinator's evaluation and the working group to decide whether to adopt any or propose differently. Below is an executive summary of the pilot projects:

1. **Export Pact and Blue Print of a digital one stop shop portal offering services to exporting SMEs**

Collaboration between stakeholders of the exporting ecosystem has been highlighted as a challenge. This challenge has been solved by some of the benchmarked countries by creating collaboration frameworks like the Italian Pact for Export or French Team France Export Strategy that aligns stakeholders behind a common vision and strategy. This collaboration can be sealed in an MoU or Pact that offers a framework for collaboration. This collaboration should lead to the creation of a digital portal integrating all services targeting exporting SMEs, these services will be organized around the user journey, turning it into a user friendly one stop shop for exporting SMEs and stakeholders of the export ecosystem. MED MSMEs program can facilitate the development of the Pact and the concept and user experience design for the portal. A project owner on the strategic and operational level is to be defined.

2. **Streamlining export procedures, mapping of steps and procedures for exporting SMEs**

Digitalizing a system that is not efficient makes it even worse. Export procedures are currently complex and sometimes unclear. Mapping these processes in collaboration with the working group will give all stakeholders the same understanding of the current situation but also dependencies and overlaps. The exercise of rethinking the process by leveraging design thinking (which is a methodology from the digital/ innovation space) will make it more efficient and user centered. Enabling it by a digital portal will accelerate it even more. This exercise is collaborative and will include all stakeholders of the export ecosystem to succeed. MED MSME can assist with identifying a mapping methodology and facilitating the mapping exercise and rethinking the current procedures towards a more streamlined, efficient, user friendly process. Digitalizing it could be a subsequent step of the pilot. A project owner on the strategic and operational level is to be defined.

3. **Personalized access to relevant information**

Lots of information is available but stays fragmented and inefficiently used unless it's aggregated and organized in a way that allows end beneficiaries to find relevant information fast, timely and personalized way to their current needs and stage in the export process (information about the target markets, processes in markets, processes locally, certifications, trainings available, funding sources, garanties, etc). A framework for aggregation and presentation of this information needs to be designed. Inspired by the Irish or Danish export portals, a similar experience can be designed to capture information about exporting SMEs in a smart and user friendly way. The design of a dynamic portal can be facilitated by MED MSMEs with a data collection framework to allow the sustainability of this initiative. Project owners on the strategic and operational level are to be defined.

4. **Design a digital transformation program for exporting SMEs**

One of the main challenges of digitalization of export promotion is the level of digital readiness of the exporting SMEs themselves. Countries who came out strong out of the COVID crisis have supported their SMEs with their digital transformation. Inspired by Malaysian and Chinese bold initiatives, MED MSMEs offers to design a digital transformation framework that allows the industrialization of the advisory support to exporting SMEs. A self digital maturity assessment can be conducted to evaluate the current readiness state and articulate a desired state. MED MSMEs program can support with a concept how to get there.

F. Assessment of pilot support action and recommendations

On 8 November 2021, a round table was organized by the SBA coordinator to review with the members of the SME internationalization working group and the experts the proposals for support actions developed by the MED MSMEs Programme.

These proposals had been circulated to the partners before the meeting so that they could consider it and express their preferences.

Of the four propositions relating to :

1. Export Pact and Blue Print of a digital one stop shop portal offering services to exporting SME
2. Streamlining export procedures through digitalization
3. Personalized access to relevant information
4. Design a digital transformation program for exporting SMEs

it appeared that propositions n° 2 and n°4 were the preferred one.

Regarding the pilot support action "simplification of international trade procedures through digitalization", the MED MSMEs Programme will be able to intervene in this area on the basis of the indications of the Ministry of Industry and Trade, in margins of initiatives underway (e.g. ITC, UNCTAD, T4E – GIZ) to implement some complementary actions that bring in particular the sharing of international and regional experiences in the field of intervention (e.g. Portnet , Easy Food Export in Morocco).

A benchmarking of international practices could also be developed and presented to the stakeholders of the e-Trade Readiness Assessment (developed by the Ministry with the support of UNCTAD) in order to identify the best ways for Jordan to implement reforms in the 7 pillars of e-trade.

With reference to the pilot support action n°4, the Programme could support JEDCO in operationalizing the strategy for the development of the agri-food industries drawn up with the support of the GIZ T4E Project, by organizing a raising awareness event of the digitalization of exporting companies in the sector, developing and carrying out an online self-assessment of their state of digitalization and drawing up a targeted support programme that JEDCO could implement successively.

G. Annex: Pilot Projects mechanisms

1. Export Pact and Blue Print of a digital one stop shop portal offering services to exporting SMEs

Action	Cooperation pact between the actors of the ecosystem for the digitalization of services dedicated to exporting SMEs. Design of the digital user experience and interactions with the actors involved. The digital portal is an aggregator of services to the exporter (a one stop shop, where they find information and services)
Relevance of the action: Why?	The actors of the export ecosystem are aware of the importance of coordination but need to set up a framework for this coordination for it to become systematic.
Inspiration	Italian Export Pact, Team France export Italian export portal , Industry-specific portals (France)
General objective	Increased coordination among ecosystem actors and harmonization of initiatives for providing digital services to exporters to increase the efficiency and quality of the digital service offering. Provide the exporting SME with an integrated, efficient, easy-to-understand and easy-to-follow experience.
Specific objectives	Enable ecosystem players to join forces to develop a digital service offering in the form of a single platform. Create a forum for the discussion and future development of digital export services (export procedures, export promotion, export development) that are well coordinated and adequately take into account the target group perspective. Create a design for a digital portal integrating the steps of the exporter's journey and connecting the actors involved in each step.
Expected results	A cooperation pact signed by all the actors of the ecosystem A roadmap of coordinated activities to develop digital export services, including an export platform A committee has been created to steer the implementation of the pact. A user experience defined (Users being the exporting SME but also the actors of the export ecosystem).
Project owner	to be discussed with country WG

Target group	Exporting SMEs
Activities suggested as part of the MED MSMEs program	Creation of a working group for the implementation of the Pact, with input from experts on international best practices, including the Italian Export Pact. Expert support on how to set up an export platform harmonizing current initiatives into a single portal.
Implementation timeline	November 2021 – April 2022
Deliverables	Draft pact, established Export pact, signed Roadmap for an export platform, developed Mock Ups and user stories developed A collaborative concept around the platform

2. **Streamlining export procedures, mapping of steps and procedures for exporting SMEs**

Action	Build a comprehensive mapping for steps and players involved in the journey of exporting SMEs. Identify bottlenecks and possibilities to rethink the process prior to digitalizing it.
Relevance of the action: Why?	Export Ecosystem players have identified the need to have a common view of the current procedures with touch points and players involved at every step. This mapping will also help identify possible data entry points and identify data collection strategies. This mapping will help assess the gaps in the current export ecosystem and rethink it partially or completely.
Inspiration	Exporter Portal (Italy) - https://export.gov.it/ PortNet (Morocco) - https://www.portnet.ma/
General objective	Simplifying export procedures first by building a common view of the current procedures map and ideas for simplification. Once simplified the procedures can be digitalized.
Specific objectives	Allow stakeholders of the export ecosystem to have a common view of the procedures by building a services map including for every step the owner, touch points, inputs and outputs, dependencies, challenges, etc. This exercise is the basic first step to start a series of design thinking workshops to, collaboratively, design the ideal process, and adjust it considering the constraints of your country.

Expected results	A comprehensive map of the current export and internationalization procedures.
	A conversation is initiated between stakeholders
	Empathy for exporting SMEs and acknowledgement of the complexity of the current procedures if applicable.
	Ideation for streamlined and enhanced procedures for exporting companies.
Project owner	to be discussed with working group
Target group	Export support ecosystem
	Final beneficiaries: exporting SMEs
Activities suggested as part of the MED MSMEs program	Working group maps procedures according to a services mapping framework suggested by experts. Map is developed in a collaborative way with the working group.
	Workshops facilitated by experts help working group identify challenges and potential solutions through simplification and or digitalization
	Design thinking workshops to design optimized procedures.
	Develop a concept for digitalization of the streamlined processes
Implementation timeline	November 2021 – April 2022
Deliverables	Map of current export procedures including for every step the owner, touch points, inputs and outputs, dependencies, challenges, etc.
	Concept for a streamlined process
	Concept for digitalization of the process or parts of it

3. Personalized access to relevant information

Action	Aggregate relevant information and provide personalized information to exporting SME through a digital experience.
Relevance of the action: Why?	Export Ecosystem players have identified the need to have a common view of the current procedures with touch points and players involved at every step. This mapping will also help identify possible data entry points and identify data collection strategies.
	This mapping will help assess the gaps in the current export ecosystem and rethink it partially or completely.

Inspiration	Denmark export portal - https://thetradecouncil.dk/en/services Enterprise Ireland - https://www.enterprise-ireland.com/en/
General objective	Simplify access to relevant information (related to country processes, market information, target market information, relevant programs on the national and regional level, international databases) Aggregate information and make them available in a digital and personalized way for exporting SMEs.
Specific objectives	Allow exporting SMEs to access relevant information. This information is probably available today but fragmented. Information needs to be identified, aggregated and personalized access facilitated.
Expected results	Information aggregated and is simple to use User experience is personalized to the profile and needs of the exporting SME Information curated and added systematically Concept for personalization of information fine tuned (could be a set of questions to narrow down the selection of information)
Project owner	to be decided by Working Group
Target group	Export support ecosystem Final beneficiaries: exporting SMEs
Activities suggested as part of the MED MSMEs program	Design of the digital platform experience Design a data collection framework Identify potential sources of data Learning expedition to inspiration countries
Implementation timeline	November 2021 – April 2022
Deliverables	Concept for the data collection (data sources identified) Concept for the information portal (owner, stakeholders, roles, budget, etc) User experience for the portal (user journey, mock ups, user stories)

4. Design a digital transformation program for exporting SMEs

Action	Design a digital transformation program for exporting SMEs
Relevance of the action: Why?	One of the main challenges of digitalization of export promotion is the level of digital readiness of the exporting SMEs themselves.
Inspiration	Malaysia, China have run massive programs to support SMEs with their digital transformation for more resilience. EBRD Tunisia is also running a new support program for exporting SMEs "Insadder" with a digital transformation advisory component.
General objective	Elevating the capabilities of exporting SMEs to adopt digital tools and models. These SMEs will then integrate easier and better in a transformation of the export promotion landscape and will make better use of any new offerings and opportunities. Ideally export promotion agencies would have developed libraries, SMEs could tap into.
Specific objectives	Have a clear view of the current digital maturity level of identified exporting SMEs pool. Establish strategic and tactical roadmaps to get them from the current state to the desired state. Reach a stronger maturity of exporting SMEs in all pillars of digital transformation by supporting them in the implementation of these strategies Create a systematic approach to delivering advisory to selected SMEs and a model that allows this concept to scale and serve a bigger number of SMEs. Build communities and fora where these SMEs can exchange and create a dialogue with export promotion organizations
Expected results	A clear map of the digital maturity level of a selected pool of SMEs. Supported SMEs progressed from current state, reaching stronger maturity levels. Collaboration between exporting SMEs and export promotion agencies reinforced. Data collection in the export ecosystem improved. Funding partners for the full concept identified.
Project owner	To be decided by Working Group

Target group	Exporting SMEs
Activities suggested as part of the MED MSMEs program	Build a digital transformation advisory support concept Self digital maturity assessment to be filled in by exporting SMEs in country Roadmap about how to take identified SME pool from the current maturity state to the desired state. The concept suggests an approach to support startups with roadmap implementation, additional fundings would be required for this. The concept will serve as tool to raise funds for a large program. Potential funding partners are to be identified.
Implementation timeline	November 2021 – April 2022
Deliverables by MED MSMEs	A concept and roadmap of the project (budget and delivery partner identified) Self assessment developed and delivered, Analysis of collected data

References

(1) Links below to emphasize on the importance of digitalization in SMEs Internationalization:
- Impact of Digitalization on the Speed of Internationalization
- The impact of digitalization and resources on gaining competitive advantage in international markets.
- Internationalization and digitalization applying digital technologies to the internationalization process of SMEs
- Digitalization and SME's export management: impacts on resources and capabilities, April 2020
- Internationalization through digitalization: the impact of E-commerce usage on internationalization in small and medium size firms
- Digitalization and trade: what hope for lower income countries, Background paper for the UNCTAD Information Economy Report 2017

(2) World Database Indicators (WDI)

(3) https://www.expolink.org/our-solutions/.

(4) http://www.reach2025.net/

(5) The Jordan Vision 2025, page 55

(6) The Jordan Economic Growth Plan

(7) Digital 2021: Jordan

(8) UNCTAD B2C e-commerce index 2020

(9) Statista 2020b

(10) E-Commerce And Cross-Border E-Commerce Opportunities in Jordan

(11) Impact of Covid-19 on enterprises in Jordan – Page 8

(12) Impact of Covid-19 on enterprises in Jordan – Page 42

(13) Impact of the Covid 19 pandemic on enterprises in Jordan

(13) Jordan Digital Transformation Strategy 2020

(14) Jordan in the Cloud, leadingedgeguides.com, 2018

(15) Oxford 2018

(16) Innovative.jo

(17) KOF Swiss Economic Institute, 2018

(18) Developing SMEs E-commerce Exports Through Virtual Market Places (VMP)

(19) https://intaj.net/who-we-are/

(20) https://www.grow.jo/index_en

21) Jordan Economic Growth Plan 2018 -2022

(22) Ministry of Industry and Trade e-services

(23) Fast tracking implementation eTrade readiness assessment

24) eTrade for all

(25) Adoption of E-commerce legislation

(26) E-government e-services

27) MED MSNEs, Policies for inclusive growth, MSME export development in six EU southern neighborhood countries, a regional discussion perspective paper, August 2021, GOPA, page 55.

(28) https://data2.unhcr.org/en/documents/download/70422