



# INNOVATIVE STARTUPS AND SMES FUND 2.0

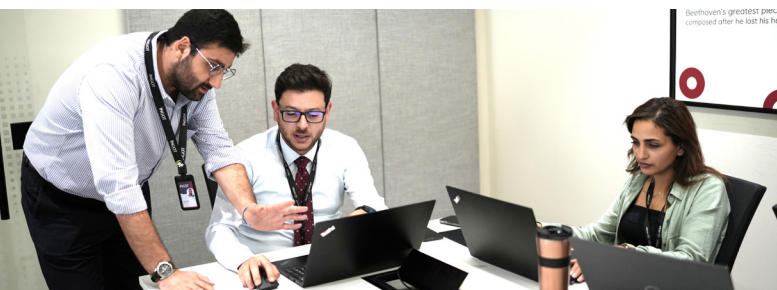
## (ISSF 2.0)

### BACKGROUND

Over the past decade, Jordan has made significant strides in fostering entrepreneurship, digital transformation, and innovation across various sectors. Between 2018 and 2022, Jordan was the fourth most funded venture capital (VC) market in the Middle East and North Africa (MENA) region. The country has played a pivotal role in the regional startup ecosystem, producing successful tech companies and attracting international investors. There is also a pipeline of talent for startups and innovative companies, with 8,000 Information and Communications Technology (ICT) graduates completing their studies annually. However, access to finance remains a critical challenge for early-stage startups and high-growth small and medium enterprises (SMEs), with Jordan's VC investment accounting for only 0.5% of GDP (2018-2022) compared to significantly higher levels in countries with more developed VC ecosystems. Financing gaps limit innovation, job creation, and the ability of startups to scale locally. It underscores the need for sustained public support to ensure that startups not only launch but also scale and thrive within Jordan, driving local employment and economic growth.

### THE INNOVATIVE STARTUPS AND SMES FUND - ISSF 2.0

US\$50 MILLION



mobilize around US\$150 million in additional private sector financing from the resources of VC funds that will be committed to Jordanian startups and SMEs during the 5-year lifetime of the project.

ISSF 2.0 is structured around three key components:

The **Innovative Startups and SMEs Fund (ISSF 2.0)** aims to mobilize new private investments and strengthen Jordan's position as a regional hub for innovation-driven entrepreneurship. It builds on the success of ISSF 1.0, which catalyzed early-stage financing, mobilized over US\$240 million in private capital, and directly contributed to the creation of over 2,290 jobs in Jordan. A key focus of the ISSF 2.0 Project is to unlock equity funding for high-potential sectors and startups—this is vital for diversifying the economy, increasing exports, and creating jobs.

The program strengthens Jordan's venture capital ecosystem by facilitating investments through a Fund of Funds (FoF) model, co-investing alongside VC and institutional investors, and enhancing financial inclusion for high-potential businesses. The **US\$50 million** in financing from the International Bank for Reconstruction and Development (IBRD), is expected to

- **Fund of Funds investments (US\$42 million):** ISSF will invest in regional, international, and domestic venture capital funds to catalyze additional private investment in Jordanian startups.
- **Co-investment in startups (US\$3 million):** ISSF will provide direct equity or quasi-equity financing to promising startups alongside lead VC and institutional investors.
- **Project management, implementation, and capacity building (US\$5 million):** This component will support project management and implementation activities, as well as capacity building support to eligible VC funds, startups and SMEs, through mentoring, coaching, active portfolio management and monitoring, and developing a robust monitoring framework, including for tracking job creation under the Project.

By addressing gaps in early-stage financing, ISSF 2.0 will enable Jordanian startups to scale, innovate, and contribute to job creation—particularly in high-growth sectors such as ICT, fintech, healthtech, greentech, and artificial intelligence-driven solutions.

The implementation of the project will involve cooperation with the International Finance Corporation (IFC), drawing on its extensive experience in venture capital ecosystems. This includes leveraging IFC's expertise in conducting due diligence on VC funds and IFC and ISSF co-investments in Jordanian start-ups and regional VC funds.



## KEY TARGET RESULTS

By the end of the project implementation, the ISSF 2.0 is expected to have:

- **Mobilized US\$150 million** in additional private sector investment for innovative startups and SMEs.
- **Financed at least 100 startups and SMEs** through venture capital investments.
- **Created 1,500 direct jobs** in high-growth sectors.
- **Increased financing for women-led and youth-led enterprises**, expanding inclusivity in entrepreneurship.
- **Strengthened corporate governance** and sustainability within Jordan's venture capital ecosystem.



The Jordan Innovative Startups and SMEs Fund 2.0 is a vital initiative to mobilize private capital, expand access to early-stage financing, drive economic diversification, and foster a resilient entrepreneurial ecosystem. By mobilizing private capital and scaling up investment in innovative sectors, ISSF 2.0 will contribute to private sector-led growth and job creation.