

Innovative Private Sector Development Approaches for Employment Promotion (I-PSD)

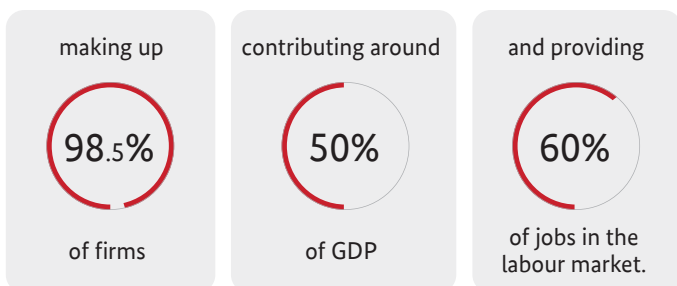
Driving economic transformation through innovation

The challenge

As a lower-middle-income country in the Middle East, Jordan stands out for its open economy and stability, making it an appealing regional hub and destination for foreign investment. However, economic growth has stalled over the past decade. Resource-scarcity, a small industrial base, and external pressures – from conflicts, the global pandemic and a sustained influx of refugees – have impacted Jordan’s regional and global competitiveness.

With a robust talent pool of skilled workers and highly educated graduates, the country offers valuable human capital. Yet, high-quality, well-paying jobs remain scarce, especially in sectors with high-growth potential. Many qualified professionals are either unemployed or underemployed, contributing to an overall unemployment rate of 21.4%, with women and people with disabilities facing even greater barriers to employment.

In response, the Government of Jordan launched the Economic Modernisation Vision (EMV) in 2022 to address key challenges and drive economic transformation. In the same year, Jordan ranked 63rd in the Economic Complexity Index, a notable decline from its 42nd position two decades ago, reflecting the need to rejuvenate competitiveness. By diversifying its economy and enhancing product sophistication, Jordan aims to foster sustainable growth, while reducing income inequality and creating more quality jobs. **Small and medium-sized enterprises (SMEs)** are vital to this transformation:



However, they account for less than 10% of exports and face significant growth barriers, such as limited access to specialised know-how, technology, investment, and the collaborative culture needed to drive innovation.

Objective

The competitive situation of Jordanian firms in growth sectors with potential for innovation and quality employment is improved.

Project name	Innovative private sector development approaches for employment promotion (I-PSD)
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Jordan
Political Partner	Ministry of Industry, Trade and Supply (MoITS)
Duration	01.2024 – 12.2027

Contact person

Elisaveta Kostova
Commission Manager, I-PSD Project
elisaveta.kostova@giz.de



Photo of employees in their workplace in Jordan. ©GIZ

Our approach

To drive transformation through innovation, the “Innovative Private Sector Development Approaches for Employment Promotion” (I-PSD) project focuses on building a more competitive and complex economy by strengthening the productive and innovative capacities of Jordan’s SMEs. Although SMEs typically lack the resources and economies of scale for substantial innovation investments compared to larger firms, they are often more agile, flexible, and better positioned to adapt to changes, take risks, and explore radical innovations and new market niches.

In close collaboration with the Ministry of Industry, Trade, and Supply (MoITS) and guided by Jordan’s EMV and its underlying strategies – including the Industrial Development Policy, the National Export Strategy, and the E-commerce Strategy, the project seeks to foster sustainable growth and generate high-quality employment through an inclusive and collaborative approach to innovation.

The I-PSD strategy is built around the 5-C Model to create a thriving innovation environment by focusing on:

• Capacity

Developing innovation-supportive capacities at the firm, service provider, and public sector levels

• Culture

Cultivating an inclusive and diverse innovation culture at all levels

• Cooperation

Strengthening the innovation ecosystem through collaboration and healthy competition

• Conformity

Enhancing policies, strategies and regulatory frameworks that support innovation

• Capital

Facilitating access to financial resources and funding for innovation initiatives

Through tailored support for emerging, scaling, and disruptive innovators, we make innovation accessible to SMEs that are ready to advance – whether taking initial steps or pursuing advanced research and development initiatives. This comprehensive approach strengthens innovation across all levels, enabling businesses to grow within a supportive ecosystem and contribute to Jordan’s economic transformation.

This model provides a foundation for implementation in **Four Key Areas** complemented by an innovation and learning cycle:



Conducive Frameworks

We are laying the foundation for a more complex and inclusive economy in Jordan by supporting policies and regulatory frameworks that actively drive innovation and business growth. This includes strengthening the role of MoITS to enhance the competitiveness of both the enabling environment and SMEs in growth sectors.



Innovation Readiness in Firms

We are empowering businesses to adopt innovative products, processes, and business models, preparing them to compete in dynamic markets. Our efforts aim to build innovation capacity in up to 400 SMES in four growth sectors (chemical products, food processing, engineering products and creative industries), with a focus on women-led and women-owned businesses.



Collaborative Ecosystem

We are fostering collaboration and partnerships across the private sector, academia, and the public sector to encourage knowledge-sharing and joint solutions. This involves improving the organisational and technical conditions to support up to 30 cooperation projects among ecosystem actors.



Human Capital

We are fostering high-quality employment by promoting specialised talent and creating inclusive opportunities. Our efforts support the private sector in enhancing diversity and inclusion practices through targeted measures for women’s economic empowerment and the integration of persons with disabilities into the workforce.

Call to Action



We invite stakeholders to partner with the Innovative Private Sector Development Approaches for Employment Promotion (I-PSD) project. Relevant innovation service providers and intermediaries as well as SMEs in our priority sectors that are ready to innovate and grow are encouraged to express their interest and take part in Jordan’s economic transformation.

Join us to enhance innovation, competitiveness, as well as diversity and inclusivity of the labour force in Jordan.

✉ i-psd@giz.de

Published by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Registered offices Bonn and Eschborn, Germany

Innovative Private Sector Development Approaches for Employment Promotion (I-PSD) Project
Employment Cluster

Time Center, Iritria Str.3 (Vista Complex)
P.O. Box 92 62 38
Amman 11190, Jordan
i-psd@giz.de
www.giz.de/

As at

November 2024

Photo credits GIZ
Text Prisca Larissa Watko, Areen Albaqain
On behalf of Federal Ministry for Economic Cooperation and Development (BMZ)

In cooperation with Ministry of Industry and Trade and Supply (MoITS)

GIZ is responsible for the content of this publication.