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# RECOMMENDATIONS FOR THE EDAMA CAPITAL NETWORK ORGANIZATION AND ACTION

## FINAL REPORT

MAY 21, 2009

This publication was produced for review by the United States Agency for International Development. It was prepared by Martin Webber, J.E. Austin Associates, Inc.

# **RECOMMENDATIONS FOR THE EDAMA CAPITAL NETWORK ORGANIZATION AND ACTION**

FINAL REPORT

USAID JORDAN ECONOMIC DEVELOPMENT PROGRAM

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*The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.*

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## A. PURPOSE OF REPORT

This report recommends the initial design for the Capital Network, its responsibilities and implementation action plan. It provides a reference point for the participants in the Capital Network, and can be used to explain the operating resources sought for the Network from SABEQ and others.

The recommendations have been developed through application of international good practice and extensive discussions with proponents of the Network, likely participant investors, supporting organizations and others in Jordan. These discussions took place during the period April 20 – May 7 2009. The report was prepared by Martin Webber, Executive Vice President of J.E. Austin Associates, under the direction of Isam Mustapha, R&D Sector Lead, SABEQ and Ennis Rimawi, Chairman of the EDAMA Capital Network Task Force.

## B. OVERVIEW OF THE PROPOSAL FOR THE EDAMA CAPITAL NETWORK

The CleanTech Capital Network is a network of investors interested in investing in or financing CleanTech business. Most significantly, it will include a coalition of investors targeting SMEs with innovations in CleanTech (EWE – Energy, Water and Environment), initially emphasizing an initiative to promote entrepreneurship in CleanTech SMEs and to provide early stage financing to worthy enterprises.

The Capital Network is being developed in concert with Jordan's EDAMA initiative, and its organizing task force is one of eight EDAMA task forces.

## C. CONTEXT

The EDAMA Capital Network proactively fills an empty "space" in the fabric of Jordan's investment landscape: supporting early stage enterprises, and targeting the CleanTech industries.

Until now Jordan has benefitted only marginally from early stage financing that is not family-tied. Jordan has little history of venture capital, although several regional and international venture capital funds are demonstrating interest in Jordan. Investment in larger scale CleanTech initiatives is also still incipient, but it is likely that such investments will largely be targeted by highly competent Jordanian and international businesses.

### Venture Capital Funds Operating in Jordan

Venture Firm Name	Type
ABCD Arabian Business Consultants for Development	New Venture Advisory firm
ABC INVESTMENTS	ABC Bank (Jordan)
AB INVEST	Investment Banking, part of Arab Bank
AMWAL INVEST	Investment Banking
ACCELERATOR TECHNOLOGY HOLDINGS	Independent Fund created in 2006
CAPITAL INVEST	Investment Banking, part of Capital Bank
CATALYST PRIVATE EQUITY	Independent fund created in 2007
ITHMAR INVEST	Independent Corporate Finance Adviser
JORDAN DUBAI CAPITAL	Investment, part of Dubai Holding Group

Source: Jordan Services Modernisation Programme – JSMP

Jordan lacks a specialized or focused network of EWE investors interested in SMEs. There is no Jordanian “infrastructure” to link such investors with opportunities, or to encourage innovative business development. Moreover, there is little awareness of CleanTech opportunities in the finance and perhaps even investor communities.

In this context, the EDAMA initiative has been launched. It is intended to foster widespread investment in and adoption of energy, water and environmental technologies.

Investors are keenly aware of the owner of proven early stage capital models established in countries the United States and Israel. On April 27 2009, the EHSC invited 60 or so investors and other interested parties to a discussion of a Jordanian Angel and Venture Capital Network (JAVCN), which would have a technology (although not exclusively EWE) focus. Keynoting this discussion was Mr. Nelson Gray, an experience Scottish angel and venture capitalist who has also advised initiatives in many other countries. Mr. Gray’s participation was sponsored by Medibtikar<sup>1</sup>

Jordan has benefitted from the successful REACH initiative, now 10+ years old. EDAMA’s Capital Network and the JAVCN are informed by the REACH experience. On weakness of REACH was its failure to effectively promote smaller enterprises; and the lack of seed capital for startups.

Through the Jordan Services Modernization Programme (JSMP) program at JEDCO, two venture capital funds (first and second round financing) are being constituted with EU/EIB support. The program will include technical assistance support.

#### **Current efforts/groups interested in EWE investment opportunities**

Regional SME support groups:

- ASTF, ABANA (YAL related)

Jordan Orgs of Private Individuals:

- YAL, YPO, YEA

Institutional Investors Jordan – CleanTech Interest:

- Catalyst PE (SME), JDEnergy (Medium/Large only), Foursan (Medium/Large only)

Family Groups and General Investors:

- Kawar Energy, Nuqul Ventures, various Jordanian investment companies (Public and Private)

Other Organizations:

- University Related: Queen Rania Entrepreneurship Center and Business Plan, iPark
- Industrial Zones: Maan, Mafrag, etc.
- Government-related organizations: Green, JUMP, Tatweer, NAFES
- JSMP (Financial Support Schemes).
- The Higher Council for Science and Technology

*Source: Adapted from Ennis Rimawi*

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<sup>1</sup> Medibtikar is an EC funded program to provide MEDA countries with new and improved instruments to stimulate innovation at the firm and country levels. The beneficiary organizations are public and private enterprises concerned with increasing the competitiveness of SMEs.

## D. PURPOSE OF THE CAPITAL NETWORK

The primary purpose of the CleanTech Capital Network is to match good EWE business ideas and early stage enterprise with supportive investment<sup>2</sup>. The Network is thus especially focused on profitable investment in good start-up businesses and SMEs.

The CleanTech Capital Network should have other purposes that are secondary to the investment-matching objective. These are:

- Interest later stage private equity and other investors in EWE opportunities.
- Ensure that potential equity investors and financiers are familiar with the EWE opportunities, and are intimately interacting with the community of business startups.
- Advise decision-makers on proposed initiatives, policies, laws and regulations so that these incorporate principles and mechanisms that encourage equity investment.
- Networking with counterparts from the international community.

## E. WHAT IS SUCCESS?

The Capital Network should work towards clear measures of success.

Primary amongst these is that start-up and early-stage EWE companies are getting financed. The Network should target at least 2 such investments in 2009, 6 in 2010, and more thereafter.

This high level measure implies other successes:

- The Network should drive outreach to attract sufficient sound business proposals to justify at least quarterly investment-matching meetings
- The Network should be comprised of the energies of a highly engaged network of Jordanian investors and financiers. By the end of 2009, at least 15 such investors should be demonstrating high levels of involvement and interest. At least 5 should be acting as core, committed participants in the Committee's work.
- Investors are engaging in robust mentoring relationships with financed companies, and also with entrepreneurs seeking investment

### Enabling a market for CleanTech businesses

If CleanTech is indeed a wave of future regional and global economic opportunity, then Jordan should aggressively position itself to encourage the formation and growth of competitive, innovative EWE businesses. Government can help to create a substantial market space for SME and other businesses to sell their products and services, establish themselves and compete, and begin to grow. This will in turn encourage entrepreneurship and make early and growth stage investment attractive to investors.

Much can be achieved through forward-looking legislation and regulation. Building codes can require minimum renewable energy and water conservation standards for publicly-owned structures, or even for national standards. Incentives can be provided for water and energy-saving audits and improvements. The DZC can require use of renewable energy sources for power and water heating within the development zones, or even sponsor green zones.

The Capital Network should actively lobby for and promote such decisions, highlighting the positive impacts on business formation and growth, investment, and exports. It should also support initiatives to build awareness of the market opportunities.

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<sup>2</sup> Particularly the "seed stage" and eventual venture capital investment referred to in "The EDAMA Action Plan Summary" presentation of April 20, 2009.

who demonstrate a significant value proposition.

- Angels and venture capital investors initially focusing on CleanTech are championing Cleantech early stage investment opportunities, and are drawing in investors from other sectors.
- The investments are highly profitable for the business, entrepreneur and investor

And in the longer term:

- The private equity and banking community is familiar with the sector and increasing later stage investment and lending to small businesses for operating capital, on the strength of a sound business model (versus prohibitive collateral requirement)
- Jordan's CleanTech sector thrives as an economic driver and a competitive regional business hub.
- The Capital Network is financially self-sustainable, having proven its value to investors, entrepreneurs and other stakeholders in the CleanTech sector.

## **F. RESPONSIBILITIES**

The core responsibility of the Capital Network is to create actionable linkage between investors and CleanTech companies, particularly those seeking early stage investment. The Network will be responsible for identifying enterprises interested in seeking early stage investment, screening them for sound value proposition and business plan, and organizing matching events to enable investors to meet with entrepreneurs and discuss investments.

The Network may also assume other responsibilities:

- Create awareness of investment opportunities in CleanTech (This is highly supportive of the core responsibility)
- Advise on initiatives, policies, laws and regulations relating to CleanTech, to ensure that decisions create market and investment opportunities. Support regulations and policies that create "market space" for small EWE businesses to enter and prosper.
- Encourage (lobby) investment funds to include a CleanTech allocation. Encourage the government, Social Security Fund or development partners to set up a matching, as Israel and the United States did in their very successful venture capital initiatives, for CleanTech investments.
- Prepare private equity and other later stage finance to be interested in Jordanian CleanTech companies and ventures. Ensure that potential equity investors and financiers are familiar with the CleanTech opportunities, and are intimately interacting with the CleanTech business community.
- Possibly establish or help to establish a CleanTech-focused venture capital fund in Jordan. Such a fund could be a "demonstration" of international best practice, including appropriate public sector matching arrangements to reduce initial risk.

## **Enabling Growth of Angel and Venture Capital Investment**

Jordanians are increasingly recognizing the importance of early stage investment in promoting innovative and technology-driven entrepreneurship. Examples from countries such as the United States, Israel and the United Kingdom are highly recognized, and other, perhaps lesser known or developing examples abound.

A common element that is instrumental in nurturing an early stage investment market is some form of co-investment from the government or international agencies. In the U.S., this took the form of competitive investment matching through the Small Business Administration. In Israel, government matching investment was channeled through venture capital funds. Mr. Nelson Gray, a recent visitor to Jordan from Scotland, described, in a presentation at the El Hassan Science City, a potential co-funding arrangements from government and from the EU. Co-investment arrangements reduce the early riskiness of early stage investment, encouraging more investors to serve this financing need. Additional examples are listed below.

The Capital Network should lobby for and promote such co-investment arrangements, either in general or in the context of an eventual CleanTech fund. Possible arrangements could involve resources directly from Government, from the Social Security Fund or from international development partners (including arrangements such as the U.S. Development Credit Authority that can be adapted to support investment in SMEs).

### **GOVERNMENT-SUPPORTED VENTURE FUNDS**

**India:** National Venture Capital Fund for the Software and IT Industry (NFSIT), 1999 — The government invested \$20 million in the ICT sector, focusing on ICT SMEs.

**Taiwan:** The Executive Yuan Development Fund, 1985 — The government invested \$80 million in VC funding. Today it is proposing an additional \$900-million-plus to entice the private sector to invest \$2.1 billion.

**Israel:** Yozma Fund, 1992 — The government invested \$50 million; private investors contributed another \$50 million.

**US:** New Markets Venture Capital (NMVC), 2001 NMVC invested \$150 million in a combination of debenture guarantees and straight grants to firms that met established criteria as NMVC companies or SSBICs (Specialized Small Business Investment Companies).

**Singapore:** Enterprise Investment Incentive (Technopreneur) Scheme, since 1998 — Equity matching program.

### **GOVERNMENT-SUPPORTED LENDING**

**Korea:** Korea Technology Guarantee Fund (KOTEC), since 1994 — Almost \$100 billion in guarantees committed for venture and debt financing.

**Philippines:** The Small Business Corporation — Direct lending, credit guarantees and wholesale lending.

**Singapore:** Spring program, 1998 — Several loan programs from credit guarantees to direct loans; recently \$300 million in direct loans were approved.

**USA:** Small Business Administration, International Loan Guarantee Program — Loan guarantees for up to \$1 million to small business for export support.



## **G. WHO WILL PARTICIPATE IN THE CAPITAL NETWORK?**

The Network will be open and highly inclusive of interested investors and, as appropriate, of those involved in framing investment and investment policies. Participants will therefore include:

- Angel investors
- Venture capital funds
- Companies that set up an in-house angel or venture capital initiative
- Banks
- Institutional investors such as the Social Security Administration
- Others

While Jordanian investors are principally targeted, regional and international investors will also be welcome.

Kawar Energy, Catalyst Private Equity and Nuqul Ventures have agreed to be founding members of the Capital Network.

## **H. STARTUP STRATEGY**

The Capital Network task force will move quickly to establish its activities, announcing its plan of action and first events in conjunction with EDAMA's launch on May 14 2009.

The initial priorities will include:

- Announcement of the Network's initial event
- Announcement of the founding members of the Capital Network
- An MoU with SABEQ (and other supporters as appropriate) to assist in priority areas
- An initial event that includes a first investment matching activity, and other awareness-promoting activities. This should be conducted as soon as practicable – in September-October 2009 is possible.
- Early and intensive outreach to investors who will have interest in early stage enterprises
- Early and intensive outreach to entrepreneurs who are seeking investment in their CleanTech businesses.

These early actions are described more fully below (Sections I and L).

Both the Capital Network task force and the JAVCN task force have agreed in principle that the two initiatives should collaborate closely to merge their initiatives – it would be unwise idea to promote two separate investment networks at this stage. In the best of outcomes, both the CleanTech network initiative and the JAVCN initiative would proceed jointly and possibly even merge, , and their planning and programming would be linked.

However, JAVCN, while launched, is yet to be operative. The CleanTech Network will therefore move ahead quickly with its own program, but take care to maintain linkages and collaboration, not only with the JAVCN initiative but also with any other relevant initiative.

## **I. RECOMMENDED ACTION PLAN**

This section outlines the proposed action plan for the CleanTech Capital Network for the 2-year period through May 2011. Further detail is provided in the Action Plan Table in Annex 1 and in the Implementation TimeLine in annex 2.

### **1. Identify deals for early-stage investors:**

*Result: Screened enterprises are identified and prepared for presentation to potential investors. Entrepreneurs and others are aware of the potential for early stage investment. Word spreads and more and more enterprises seek to participate.*

- a. Promote the Capital Network amongst SMEs, to achieve enterprise interest. Possible link with the current business plan competition
- b. Prepare enterprise response templates
- c. Obtain business plan briefs explaining the business opportunity and the need for investment
- d. First filter of business plans
- e. One-on-one meetings with entrepreneurs to examine the investment opportunities in detail
- f. Shortlist applicants
- g. Assist shortlisted applicants to prepare sound business plans for presentation to investors. Coach the entrepreneurs on their “pitches”.
- h. Prepare 2-page investment briefs

### **2. Match investors with screened entrepreneurs**

*Result: Target of 2 enterprises receive early stage investment from 2 to 6 investors during 2009. Target of 6 receive such investments during 2010.*

- a. Meet with potential investors to encourage their interest in the Capital Network initiative and particularly the initial matching event.
- b. Circulate the 2-page briefs prior to the matching event
- c. Conduct the matching event (matching events to be held approximately every 3 to 4 months thereafter).
- d. As needed, assist the entrepreneur and investor to follow up to reach agreement
- e. Publicize the successful matches

### **3. Organize the first Capital Network event**

*Result: Build awareness of the interest of early stage investors to invest in CleanTech SMEs. Familiarize investors and entrepreneurs, and their supporting service providers, with the availability of, mechanism for and good practices in early stage investing – and attract more entrepreneurs and investors to the matching activities. The event should be organized to include the first matching program, and may be organized in conjunction with another relevant and high profile event.*

- Finalize and publicize the date
- Prepare the agenda
- Obtain commitments for investor participation
- Invite participants to awareness and informational events

- Arrange media coverage
- Publicize results

#### **4. Establish sound mentoring relationships**

*Result: Enterprises (and especially those receiving investment) benefit from the business and technical mentorship of the investors*

- a. Prior to investment
- b. After investment
- c. Establish thematic leads (possibly)

#### **5. Build awareness of business and investment opportunities in EWE/CleanTech**

*Results: Businesses are encouraged to seek investment, and more investor interest and participation are generated.*

- a. Press releases and other media activities.
- b. Participation in conferences and other venues at both primarily national but also international levels.
- c. Presentations at incubators, universities, research centers, and other SME venues.
- d. Host regular awareness-related events – initially every 3 months. These could be tied to the matching activities.
- e. Prepare and circulate informational brochures.
- f. Establish a website
- g. Issue an electronic newsletter.

#### **6. Advocate for sound investment policies**

*Results: Initiatives, policies, laws and regulations are implemented in Jordan with mechanisms to ensure a facilitating investment environment, and market opportunity for small CleanTech businesses. The Capital Network is viewed within Jordan, regionally and internationally as a respected advisor on issues concerning fostering business development and investment in a CleanTech cluster.*

- a. On an ad hoc basis, and proactively when necessary, Advise on proposed initiatives, policies, laws, regulations to create market opportunities or to facilitate investment
- b. Develop reputation as wise counsel on matters relating to investment in CleanTech industries and technologies

#### **7. Support related activities of other EDAMA task forces**

*Results: Implement actions that encourage a facilitating investment environment, and market opportunity for small CleanTech businesses*

- a. Where another task force has a related action item, coordinate with and support the action. In particular, activities of the SME innovation and International Partners task forces will be of relevance. (Note that the May 2009 EDAMA Action Plan Report lists several action items that the Capital Network should support. These include:

### **Innovation, SME Development & Investment Promotion**

- Conduct Jordan Solar Manufacturing Analysis, determine which technology and what parts of the value chain Jordan should focus on its domestic markets and the impacts of Jordan's new trade and tax policy design export opportunities and competitive analysis
- Conduct outreach to leading solar developers that have shown interest in expanding abroad
- Include solar thermal plant option in water desalination plant plans

### **Establish EDAMA CleanTech Incubator**

- Establish fund for \$X per technology/company for market assessments and business plan development for EWE companies

### **Regulations, Policies and Standards**

- Create Electricity Policy Specialist Working Group within EDAMA's Advocacy task force (with members from multiple task forces)

### **Public Awareness - Website actions**

- Provide a website interface for CleanTech entrepreneurs seeking capital can reach leading investors shaping the CleanTech sector, based on the CleanTech Network™.

## **8. Organization Development and implementation**

*Results: Development of the Network's systems, information flow and governance.*

- a. Finalize and implement the internal working arrangements within the Capital Network.
- b. Finalize and implement the working arrangements with EDAMA

As the JAVCN progresses, develop, finalize and implement the working arrangements with JAVCN. Since Jordan does not need more than one capital network, it is advisable that the Capital Network take responsibility for promoting investment in CleanTech businesses in Jordan. A broader investment network may evolve from the CleanTech network, or dovetail with it, as appropriate.

## **9. Other Tasks**

*Results: To be determined. A venture capital fund will provide more substantial early growth funding for CleanTech businesses.*

Additional initiatives or tasks should be added as appropriate – but they should not interfere with the Network's priority initiatives.

There has been discussion about creating a CleanTech investment fund; this would presumably be considered at a later date, i.e. once the principle of investment in CleanTech has been established through the early matching activities.

Related, the Network would also lobby for funds with a CleanTech focus to take interest in such investments in Jordan, and for project and other resources (e.g. Development Credit Agreements- DCAs) to support such funds.

## J. GOVERNANCE, ORGANIZATION AND STAFFING

The Capital Network will need to operate autonomously, with as much impulse and rapidity as the investors can sustain. Decisions should be taken at the level of the Capital Network. Therefore, the Network itself should have an internal organizing structure. It should not be hierarchically linked to the EDAMA association or any other organization in a way that creates unnecessary bureaucratic delays or dependencies to the activities of the Network.

However, the Capital Network needs to remain organizationally linked to the eventual EDAMA association. The EDAMA organizational structure is not yet completely known, and so the details of the nature of the Capital Network's linkage will undoubtedly evolve.

The Capital Network should be a member of the EDAMA association. The Chairman of the Capital Network will be a member of the EDAMA association or Board.

For the moment, the Network's internal organization should be very simple. We recommend that the Network elect a Chairman and a Deputy Chairman for a period of 1 year, with maximum 1 renewal. Both the Chairman and the Deputy Chairman will be expected to volunteer considerable time to the start up and running of the Network.

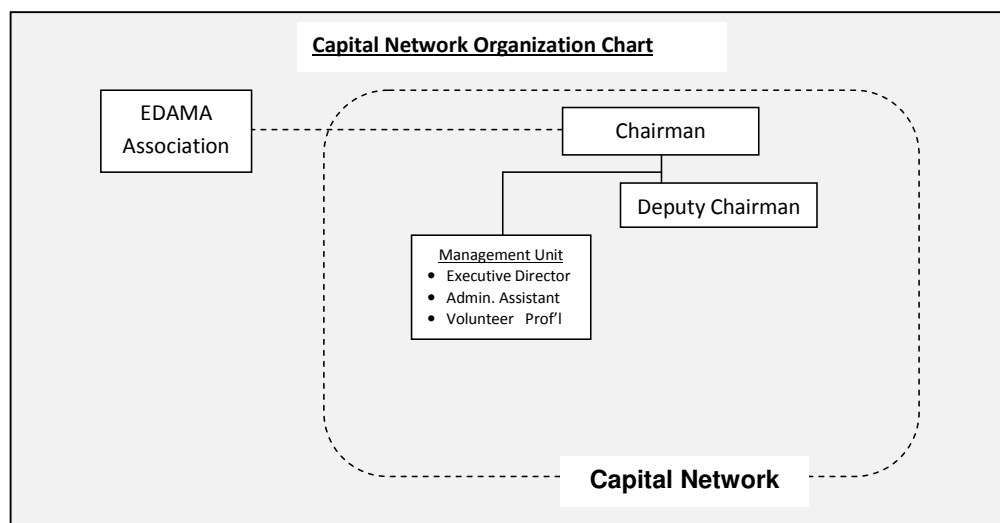
The remainder of the Network's operations should be structured around task-related working groups. Each working group will need to be headed by a Coordinator and a Deputy Coordinator. These are volunteer responsibilities, organized to achieve specific tasks.

The Network will need to have access to more formal implementation resources, however - principally a professional individual who implements the day-to-day tasks of the Network. This individual and the Network task forces will need to be supported by an administrative secretariat. These could be hired, or provided by a member company. The EHSC also suggested that they would be willing to provide administrative overhead support to a linked Capital Network. The secretariat could also be located at the eventual EDAMA Association headquarters. Consideration should be based on availability of resources, opportunity for technical and network synergies, and ability to maintain resources concentrated on the Network's activities (versus being drawn into other activities).

The Network and its working groups will operate on sound, inclusive and democratic principles. Membership in the Network should be open to all potential investors and financiers. Information – including minutes of meetings, results of activities – should be available to all members.

Championship and volunteerism is an important part of making this Network work. The Network may be financially sustainable in the longer term, but this should not be expected within, say, the first two years.

No upfront commitments should be required for participation in the Network. Successful investments are championed by individuals.



A volunteer committee will be unable to carry out the intensive work associated in particular with tasks 1, 2 and 3. A substantial part-time or full time professional is required. Two alternatives can be considered if the appropriate skill set is locally available:

- A young professional, perhaps called the Executive Director, with the following qualifications:
  - Understanding of dynamic, entrepreneur driven enterprise
  - Knowledge of finance, and particular angel or venture capital
  - Experience in business planning
- A management contract with a business services provider, who can provide these and the needed administrative skills.

It may be difficult to identify a Jordanian professional with the requisite skills. In such a case, international expertise could be mobilized, on a quasi volunteer basis, to implement the tasks as well as to train a Jordanian replacement. Two reasonable ideas were suggested during meetings with the task force for identifying such expertise:

- MBA Enterprise Corps<sup>3</sup>
- Internships from Thunderbird's MBA program<sup>4</sup>

It is likely that any arrangements will take some time to put in place, due to the time needed for candidate search and contracting. Since the Capital Network should move ahead quickly, an assistance program such as SABEQ might be approached to provide limited-term technical assistance to help to jump-start the program. In this interim period, the longer term staffing would be sought and mobilized.

## **K. RECOMMENDED SABEQ SUPPORT**

1. A young, post MBA professional to work with the Capital Network to implement the core tasks, especially Tasks 1-3.

SABEQ is interested in supporting the emergence of the JAVCN, and sees the Capital Network's CleanTech investment matching activity as being merged with, or expanded to include, the JAVCN's broader matching program. The professional support from SABEQ to the Cleantech Network may therefore be designed to serve and dovetail the two initiatives when appropriate.

In addition to salary, budget to cover the costs of operations and (if expatriate) mobilization and living costs, will be needed.

2. Administrative costs.

Costs of office space and services, secretarial services, local transport, communications and other operating costs will need to be met. SABEQ may be able to support some of these costs. Participating companies could offer to house the professional without charge, or

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<sup>3</sup> The MBA Enterprise Corps provides access to the services of U.S. MBAs on a quasi-volunteer basis. Information: [http://www.cdc.org/desktopdefault.aspx?page\\_id=109](http://www.cdc.org/desktopdefault.aspx?page_id=109)

<sup>4</sup> The DZC has engaged the services interns from Thunderbird's MBA program. Information: [http://www.thunderbird.edu/prospective\\_students/ft\\_degrees/mbaim/cmc/internships.htm](http://www.thunderbird.edu/prospective_students/ft_degrees/mbaim/cmc/internships.htm) Other universities may have similar programs.

provide secretarial services. EHSC has offered to provide administrative support and office space. These would be convincing cost-sharing commitments that would help to justify SABEQ's support. SABEQ should be asked to assist with administrative resources that cannot be provided by EDAMA or Network members.

3. Costs related to the promotion, preparation and conduct of Capital Network events, particularly the matching events and workshops/conferences.
4. Technical assistance to provide best access to best practices in angel and venture capital, including speakers for events.
5. Support for any special studies needed for advocacy activities.

The suggested SABEQ support to the Capital Network is costed and presented in greater detail in Annex 3.

In submitting requests to SABEQ, it will be important to present the following information:

6. Describe the request
7. Explain the Network's purpose/business plan, and how the requested resources will support the plan
8. Explain the Network's strategy to end its need for the support – i.e. its longer term sustainability plan
9. Explain how the Capital Network activities supports SABEQ's overall objectives (i.e.: increased employment, increased business revenue, increased exports)

Alternatively, SABEQ and the Capital Network could agree to an MoU that would enable the Network to obtain support from SABEQ.

## **L. IMMEDIATE NEXT STEPS**

1. Prepare for the May 14 Launch of EDAMA
2. Decide on and announce the first event
3. Present a formal application to SABEQ for support
4. Meet with EHSC to establish linkages to govern the next several months (through, say, the first Capital Network event)
5. Mobilize short-term and longer term professional support

## **APPENDICES:**

1. Detailed Action Plan for the CleanTech Capital Network
2. Timeline for Implementation of the Capital Network Action Plan
3. Suggested SABEQ Support
4. Names of Contacts

## APPENDIX 1: ACTION PLAN FOR THE CLEANTECH CAPITAL NETWORK

Action	Result	Capital Network Responsibility <sup>5</sup>
<b>1. Identify deals for early-stage investors:</b>	Primary: Screened enterprises identified and prepared for presentation to potential investors. Secondary: Entrepreneurs and others are aware of the potential for early stage investment. Word spreads and more and more enterprises seek to participate	
a. Promote the Capital Network amongst SMEs, to achieve enterprise interest. Possible link with the current business plan competition		Executive director, with Network participants assisting
b. Prepare enterprise response templates		Executive director or TA/BSP
c. Obtain business plan briefs explaining the business opportunity and the need for investment		Executive director or TA/BSP
d. First filter of business plans		Executive director <b>and</b> TA/BSP with involvement of interested Network participants
e. One-on-one meetings with entrepreneurs to examine the investment opportunities in detail		Executive director <b>and</b> TA/BSP
f. Shortlist applicants		Executive director <b>and</b> TA/BSP
g. Assist shortlisted applicants to prepare sound business plans for presentation to investors. Coach the entrepreneurs on their "pitches".		Executive director <b>and</b> TA/BSP
h. Prepare 2-page investment briefs		Executive director <b>and</b> TA/BSP
<b>2. Match investors with screened entrepreneurs</b>	Target of 2 enterprises receive early stage investment from 2 to 6 investors during 2009. Target of 6 receive such investments during 2010.	
a. Meet with potential investors to encourage their interest in the Capital Network initiative and particularly the initial matching event.		Executive director and investors
b. Circulate the 2-page briefs prior to the matching event		Executive director
c. Conduct the matching event		Investors and entrepreneurs. Assistance provided by the executive director and possibly TA.
d. As needed, assist the entrepreneur and investor to follow up to reach agreement		Investors and entrepreneurs. Assistance provided by the executive director and possibly TA or BSP.

<sup>5</sup> During the first year, activities will ideally be carried out by the full time (Jordanian) executive director. As discussed in Section J, however, the executive director role may be complemented during the first year by an international young professional. And to jump-start, Capital Network activities may be more quickly started through a combination of Jordanian STTA or BSP services, and international STTA.



e. Publicize the successful matches		Executive director
f. Matching events to be held approximately every 6 months thereafter.		
<b>3. Organize the first Capital Network event</b>	Build awareness of the interest of early stage investors to invest in CleanTech SMEs. Purpose is to familiarize investors and entrepreneurs, and their supporting service providers, with the availability of, mechanism for and good practices in early stage investing – and to attract more entrepreneurs and investors to the matching activities. The event should be organized to include the first matching program, and may be organized in conjunction with another relevant and high profile event.	
a. Finalize and publicize the date		Capital Network membership
b. Prepare agenda		Executive director and Capital Network membership
c. Obtain commitments for investor participation		Executive director and Capital Network membership
d. Invite participants to awareness and informational events		Executive director
e. Arrange media coverage		Executive director
f. Publicize results		Executive director
g. Awareness events to be held every 3 to 6 months thereafter.		
<b>4. Establish sound mentoring relationships</b>	Enterprises (and especially those receiving investment) benefit from the business and technical mentorship of the investors	
a. Prior to investment		Capital network membership as interested
b. After investment		Individual investors
c. Establish thematic leads (possibly)		Individual investors within the Network as interested
<b>5. Build awareness of business and investment opportunities in EWE/CleanTech</b>	Will encourage more businesses to seek investment, and more investor interest and participation.	
a. Press releases and other media activities		Executive director
b. Participation in conferences and other venues		Executive director, investors, interested enterprises
c. Presentations at universities, research centers, incubators and other SME venues		Executive director, investors, interested beneficiary enterprises
d. Host regular awareness-related events – initially every 3 months. These could be tied to the matching activities.		Executive director, investors, interested beneficiary enterprises, other invited speakers
e. Prepare and circulate informational brochures		Executive director
f. Establish a website		Executive director

g. Issue and electronic newsletter		Executive director
<b>6. Advocate for sound investment policies</b>	Initiatives, policies, laws and regulations are implemented in Jordan with mechanisms to ensure a facilitating investment environment, and market opportunity for small CleanTech businesses. The Capital Network is viewed within Jordan, regionally and internationally as a respected advisor on issues concerning fostering business development and investment in a CleanTech cluster.	
a. On an ad hoc basis, and proactively when necessary, Advise on proposed initiatives, policies, laws, regulations to create market opportunities or to facilitate investment		Executive director, members of the Capital Network
a. Develop reputation as wise counsel on matters relating to investment in CleanTech industries and technologies		Executive director, members of the Capital Network
<b>7. Support related activities of other EDAMA task forces</b>	Implement actions that encourage a facilitating investment environment, and market opportunity for small CleanTech businesses	
a. Where another task force has a related action item, coordinate with and support the action. In particular, activities of the SME and International Partners task forces will be of relevance.		Executive director, members of the Capital Network
<b>8. Organization Development and implementation</b>	Development of the Network's systems, information flow and governance.	
a. Finalize and implement the internal working arrangements within the Capital Network.		Executive director, members of the Capital Network
b. Finalize and implement the working arrangements with EDAMA		Executive director, members of the Capital Network
c. If the JAVCN progresses, develop, finalize and implement the linkages (merger) with the JAVCN initiative.		Executive director, members of the Capital Network
<b>9. Other Tasks</b>	TBD	TBD
Begin to develop a venture capital fund focused on CleanTech investments.	A venture capital fund will provide more substantial early growth funding for CleanTech businesses.	Executive director, members of the Capital Network

## APPENDIX 2: DETAILED ACTION PLAN FOR THE CLEANTECH CAPITAL NETWORK

Action	2009								2010												2011				
Month	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M
<b>1. Identify deals for early-stage investors:</b>																									
a. Promote the Capital Network amongst SMEs, to achieve enterprise interest. Possible link with the current business plan competition																									
b. Prepare enterprise response templates																									
c. Obtain business plan briefs explaining the business opportunity and the need for investment																									
d. First filter of business plans																									
e. One-on-one meetings with entrepreneurs to examine the investment opportunities in detail																									
f. Shortlist applicants																									
g. Assist shortlisted applicants to prepare sound business plans for presentation to investors. Coach the entrepreneurs on their "pitches".																									
h. Prepare 2-page investment briefs																									
<b>2. Match investors with screened entrepreneurs</b>																									
a. Meet with potential investors to encourage their interest in the Capital Network initiative and particularly the initial matching event.																									
b. Circulate the 2-page briefs prior to the matching event																									
c. Conduct the matching event																									
d. As needed, assist the entrepreneur and investor to follow up to reach agreement																									
e. Publicize the successful matches																									

[illegible]

[illegible]

### APPENDIX 3: SUGGESTED SABEQ SUPPORT

Type of support	Justification	Timing	Estimated Cost
Jordanian STTA/BSP services	Specific technical services to assist startup activities, and assistance in identifying enterprises, screening, and addicting with business plans	Primarily June 2009 through October 2009, and periodic assistance there after	75 days @ US\$450 = US\$33,750
International STTA	Initial assistance to help screen business, prepare business plans, prepare pitches to the investors, negotiations between investors and entrepreneurs.	Approximately June 2009 through November 2009	25 days @ \$2100 = \$52,500
Jordanian executive director	Primary implementer of the program on behalf of the Network	Commencing approximately August 2009	21 months @ US\$5000 = US\$105,000 (includes fringe benefits costs; assumes grant funding)
Expatriate volunteer – professional fees and living expenses	TBD. Likely to be needed to help to start up the Network activities and train the executive director. Will only be needed if the right skills are not initially available in the executive director.	Commencing approximately June 2009	12 months for an MBA Enterprise Corps volunteer will cost about \$75,000. A university intern will be less than that, perhaps \$40-50,000.
Administrative and general operating costs	Costs related to the implementation of the action plan	Commencing approximately June 2009	Administrative Assistant: 20 months @ US\$JD1450 per month = US\$29,000. This should be provided by the Network or cost shared.  Miscellaneous Administrative and Operating costs: 24 months @ US\$1000 = US\$24,000. This should be provided by the Network or cost shared.
Event costs	Awareness and information events, combined with investor-entrepreneur matching.	First event would be in the last Quarter of 2009.	7 events @ US\$4000 = \$28,000

#### APPENDIX 4: NAMES OF CONTACTS: APRIL 20 – MAY 7

- 1) Name: **Abdoh, Mohammad**  
Title: Head of SMEs & Palestine Credit  
Company: Cairo Amman Bank
- 2) Name: **Al-Zu'bi, Ruba**  
Title: Director of Environmental Sustainability  
Company: Development Zones Commission
- 3) Name: **Asfour, Samer**  
Title: Commissioner for Investor Services & Development  
Company: Development Zones Commission
- 4) Name: **Alborno, Motaz**  
Title: Human Resources Manager  
Company: Catalyst Private Equity
- 5) Name: **Ayan, Robert**  
Title: Chief Strategist  
Company: El Hassan Science City
- 6) Name: **Al- Mutawa, Jasem**  
Title: President  
Company: Gartner TAT Group
- 7) Name: **Al- Mutawa, Jasem**  
Title: President  
Company: The Advance Technology Group
- 8) Name: **Alzubi, Mohammed**  
Title: Managing Partner  
Company: Arab seed Ventures
- 9) Name: **Alzubi, Mohammed**  
Title: Consultant  
Company: Sand Hill Angels
- 10) Name: **Bdeir, Abdullah Eng.**  
Title: Executive Manager  
Company: Steel Building Co. Ltd.
- 11) Name: **Baer, Eric**  
Title: Managing Director  
Company: Jordan Dubai Energy & Infrastructure
- 12) Name: **Fayyad, Usama, Ph.D.**  
Title: Chief Data Officer, Executive Vice President  
Company: Yahoo

- 13) Name: **Fayyad, Usama, Ph.D.**  
Title: Chief Executive Officer  
Company: Open Insights, LLC
- 14) Name: **Gray, Nelson**  
Title: BA.CA. MBA  
Company: Nelson Gray
- 15) Name: **Haddad, Olginia Jamal**  
Title: Small & Medium Enterprises Department/Head Office Credit Manager  
Company: Cairo Amman Bank
- 16) Name: **Halaby, Shukri**  
Title: Solar Power Division Director  
Company: Catalyst Private Equity
- 17) Name: **Kilany, Basel**  
Title: Executive Director  
Company: Queen Rania Center for Entrepreneurship
- 18) Name: **Khatib, Isam**  
Title: MSCE  
Company: I. Khatib & Partners Developers
- 19) Name: **Kawar, Karim**  
Title: President  
Company: Kawar Group
- 20) Name: **Malherbe, Christophe**  
Title: Advisor Financial Support Schemes  
Company: Jordan Enterprise
- 21) Name: **Makhamreh, Fadi**  
Title: Director of Finance and Investment  
Company: Catalyst Private Equity
- 22) Name: **Nuqul, Ghassan**  
Title: Vice Chairman  
Company: Nuqul Group
- 23) Name: **Qitesh, Diaa**  
Title: Head of Collection and Follow-up Section Head Offices  
Company: Cairo Amman Bank
- 24) Name: **Rabadi, Wissam**  
Title: i PARK Director  
Company: iPARK
- 25) Name: **Rimawi, Ennis**  
Title: Managing Partner  
Company: Catalyst Private Equity



- 26) Name: **Rabadi, Wissam Dr.**  
Title: Business Development Manager  
Company: Arab Science & Technology Foundation
- 27) Name: **Salah, Rula**  
Title: Corporate Affairs Director  
Company: Nuqul Group
- 28) Name: **Tabaza, Khaldoon**  
Title: Chairman & CEO  
Company: Riyada Ventures
- 29) Name: **Taher, Thabet**  
Title: Deputy Chairman  
Company: Jordanian Businessmen Association
- 30) Name: **Zaghloul, Hanna**  
Title: CEO  
Company: KAWAR ENERGY

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