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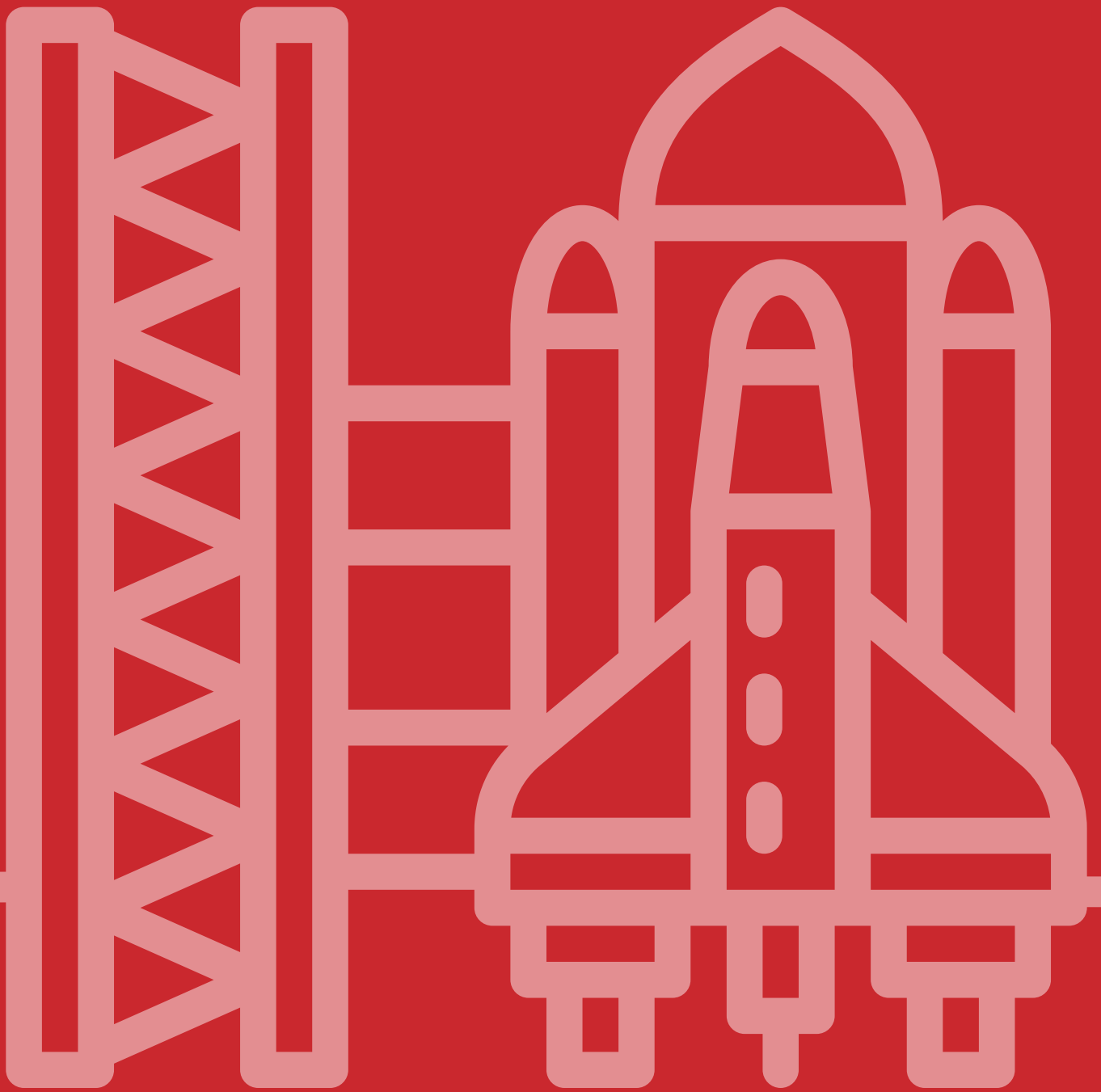
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INTRODUCTION

Purpose of Guide



All over the world, entrepreneurship is increasingly being recognised as a key driver of job creation and economic growth. Successful entrepreneurs are celebrated as luminaries, and the entrepreneurial mantra of accepting and learning from failure is being adopted by organisations of all sizes. In other words, it is a great time to be an entrepreneur.

Jordan's ecosystem has had an impressive track record in graduating globally recognized entrepreneurs who have built hugely successful startups. The country is known for successes such as Maktoob, and more recently Mawdoo3, Arabia Weather, Tarjama and Jamaloon, amongst others. While Jordan has suffered in recent years due to a deteriorating economic situation, it is known to punch above its weight, with a vibrant ecosystem of talented entrepreneurs and thriving startups. This Guide is designed for startups ranging from the early to mature stage. It provides vital guidance on how to turn ideas into reality, and establish successful companies. In particular, it provides guidance on accessing finance, including overviews of the most commonly utilized financial instruments, products and services, and their associated timelines and procedures.

The Guide also provides valuable roadmaps on how to validate ideas, approach investors, value a startup, build efficient companies, and access various financing instruments at different junctures along the growth journey.

The Guide provides a large database of actors inside and outside Jordan that can provide funding and support services which Jordanian entrepreneurs may need at some point in their journey.

While the Guide's sections are sequential in nature, they are written in such a way so as to be understood individually, allowing readers (and very busy entrepreneurs!) the opportunity to select sections to read or study according to their need or preference.

In addition to including information on relevant financial stakeholders, the Guide also includes case studies and insights from entrepreneurs, startups, and various market players, including legal firms, VCs, accelerators, and support entities, which shed light on the entrepreneurial journey, from validating an idea all the way to scaling.

Guide Map

The Guide Map below provides an overview of the different sections of the Guide, which include:

GUIDE MAP



Ch.1 : Introduction

This chapter introduces the Guide, discusses its purpose, and its contents generally. It also includes a glossary of relevant terms and their definitions.



Ch.2 : Pre-Funding

This chapter provides entrepreneurs with guidance on the various tasks and procedures they should endeavour to complete before obtaining, or looking for funding, including validating their business idea, creating a prototype product or service, making use of support services, generating a user base, networking and conducting market research, hiring a co-founder and expanding the team, business registration, and bootstrapping.



Ch.3 : Financial Instruments

This chapter goes over the various funding instruments entrepreneurs can make use of, including grants, equity, mezzanine, and debt, highlighting the advantages and disadvantages of each, and their associated timelines.



Ch.4 : Raising Capital

This chapter is the major component of the guide, and provides entrepreneurs and readers with guidance on how to raise funding for their startups. It starts by providing insight on the various stages a startup can go through, from conception, to seed, to early growth and growth, and their implications on funding requirements. The chapter also includes a funding evaluation tool, which provides readers with a guide on when and what type of funding to seek, depending on the stage their startup is at.



Ch.5 : Investment Timeline

This chapter walks entrepreneurs through the process of seeking and obtaining funding from funders, including how to map and approach investors, due diligence and negotiation, and the various obligations funding represents. It provides entrepreneurs with guidance on how to pitch and what to include and not include in their pitch. In addition, this chapter provides entrepreneurs with input on what to include in their business plan and how to value their startups.



Ch.6 : Funders Overview

This chapter is a directory of funders that entrepreneurs in Jordan can approach for various funding needs and which provides information on the funder's focus, their location, typical funding amounts, types of funding, stages of startup funded, and any additional services they offer.



Annex - The Term Sheet

This section includes an 'Industry Insight' from a legal firm on term sheets (non-binding funding agreements) as they relate to startups, making their terminology easier to understand, and also includes a sample term sheet.

Financing Terms and Concepts

The following is a glossary of relevant terms appearing throughout this Guide.

Accelerator: A program that accelerates the growth of startups, while offering them a variety of support services to bring their product or service to market, including dedicated expertise, introductions to investors, office space, and occasionally, funding. A key difference between accelerators and incubators is that accelerators have shorter time frames to graduate startups from their program.

Angel investors: Individual investors who provide early stage funding to startups and entrepreneurs. Many are successful entrepreneurs themselves and can offer non-financial support to investees.

Bootstrapping: The practice of maximizing existing resources in a situation, generally referred to in relation to a startup and its approach to save money and resources, especially in its early stages.

Business plan: A document meant for investors which details your idea, service or product, financials, team, and future outlook.

Collateral: An asset such as physical property (land, vehicle) and/or intangible assets, including money owed to a company, that is pledged in exchange for a loan and is forfeited in case of default.

Common majority: The provision of voting rights to common shareholders.

Common stock: Ordinary shares that provide voting rights and irregular, or sometimes no, receipt of dividends.

Convertible note/debt: A debt instrument that converts to equity at a future date.

Cross-selling: The practice of selling different, usually complementary, products or services to a client or customer.

Crowdfunding: The process of raising funding from multiple sources.

Debt financing: Funding, usually in the form of a loan, that is provided in exchange for a markup (or interest) split over a series of repayments over a period of time.

Dividends: A sum of money paid by a company to shareholders at different time intervals, typically from profits or reserves.

Due diligence: The audit that potential funders conduct on startups to make sure their affairs are in order.

Drag-along: The right in a deal that allows the majority shareholder to force minority shareholders to join in the sale of a company.

Ecosystem: The community and interconnected system of stakeholders relevant to entrepreneurship, including the government, financial institutions, support organizations, academia, media, and advisory services.

Entrepreneur: Someone who turns an idea into an established business, taking significant risks along the way, and benefitting from significant rewards accruing from their business' success.

Financing Terms and Concepts

Equity: A share of ownership in a company.

Exit: The process or stage through which owners and investors sell their ownership stake in a company to a purchaser.

Funding round: Rounds of larger amounts of funding a growing startup will go through.

Grant: Funding that is usually provided for a strategic activity that does not require repayment and is not in exchange for a share of ownership.

Incubator: Similar to an accelerator, an incubator can focus on entrepreneurs only armed with an idea, and support them in turning their ideas into a real product or service, including support through dedicated expertise, introductions to investors, and office space. Incubators typically support entrepreneurs for a longer duration than accelerators.

IPO: 'Initial Public Offering', when a company becomes public and floats its shares on a stock market, providing shareowners with large returns.

Lead Investor: The first investor to fund a company as part of a deal, providing impetus to other, smaller investors, to fund the rest of the deal.

Liquidation preference: The amount that must be paid to preferred shareholders before common shareholders in the event of liquidation of a company.

Micro VC: A smaller version of a traditional VC firm, they generally invest in pre-seed and seed stage startups with ticket sizes that are typically less than that of traditional venture capital.

Mezzanine: Type of quasi equity financing frequently used by startups.

Minimum Viable Product: A prototype for a product or service that allows an entrepreneur or startup to test and showcase to potential investors and funders.

No-shop: A clause in a term sheet which prohibits entrepreneurs from selling any part of their company to another investor for a set period of time.

Operating expenditure: Expenditures needed to run a company, including salaries, rent, and other day-to-day expenses (subscriptions, services, etc.).

Pitch deck: A presentation that summarizes your business plan and makes clear what you request from an investor.

Post-money valuation: The value of a company after an investment has been made.

Preferred majority: The provision of voting rights to preferred shareholders.

Preferred stock: Shares that entitle the holder to the receipt of regular dividends, but don't guarantee a voting right.

Profit: Revenues minus costs.

Quasi Equity: A form of capital that has both debt and equity-like features, and includes mezzanine financing, convertible debt, and stock.

Financing Terms and Concepts

Revenue: Money generated from sales.

Security: A financial instrument, typically stock, that holds monetary value and can be traded.

Series (A, B, C...) funding: Successive rounds of venture capital funding (A to E), which start after seed and/or angel investing.

Startup: A company that is in the initial stages of its operations, is experiencing accelerating growth, and provides a unique solution to an existing problem.

Term sheet: A non-binding agreement between investors and startups that sets out the terms of funding.

Ticket Size: The size of an investment made by an investor.

Upselling: The practice of persuading a customer to purchase more of the same product or a more expensive service.

Valuation: The value of a company, that depends on its assets, revenues, and its potential, which will decide how much equity is given in exchange for an investment.

Venture Capital (VC) funds: Institutional investors that invest in high growth businesses and startups, providing funding in exchange for equity, or proportional ownership of the business.



PRE-FUNDING

Preparation for Fundraising

Establishing a successful business, while a potentially rewarding undertaking, can be a long and painful process, made all the more difficult by the limited access to funding at the beginning of an entrepreneur's journey. It is, however, vital for entrepreneurs to understand that external financing is not usually a necessity in the early stages of a startup, and that in some cases it can severely hinder its growth.

In the initial stages of your startup, you will need to focus mostly on your feature product or service, and investing your existing finances, time, and resources into its refinement—this is what will ultimately attract investor attention—instead of trying to identify your next source of funding.

External funding will also present its own challenges and associated risks. As an entrepreneur you can shield yourself from a great degree of such risk and save a lot of money, time, resources, and heart-ache if you follow a structured plan to get your startup off the ground.



Expert Insight

While fundraising is fundamental in accelerating growth, too many entrepreneurs are spending too much time seeking investors and talking to fund managers instead of focusing on sales, closing accounts, and generating revenue, and as a result are met with rejections. Validate your model, grow your business and close deals first, and investors will come after you!

- Marwan Juma, Serial Entrepreneur and Chairman of Oasis500



Preparation for Fundraising

While there is no step-by-step guide for entrepreneurs to follow, you can benefit from taking note of the following process:

1. Validate your idea

Startups spring from ideas that seem convincing to entrepreneurs. Such ideas or propositions can be based on varying levels of prior experience, knowledge, or understanding. As an entrepreneur you should seek to validate (i.e. verify) your business idea before seriously beginning work on your startup or making any commitments, especially those that are financial. This can be done through simple but thorough market research on the internet as well as receiving input from your network and/or other players in the market. You should seek to conduct interviews and discussions with knowledgeable market players (thought leaders, established businesses, future competitors, etc.) and potential customers, in order to gauge your idea's market potential before you begin working on it.

2. Evaluate your chances

Your idea can eventually become a viable, thriving business. Before it does, however, you need to ensure it has enough potential to generate sufficient revenues and can survive the ups and downs of the market before investing your time and other people's money. Larger and more powerful competitors can deploy a product or service similar to yours more quickly, at a much cheaper rate, and to a greater number of customers. You need to evaluate the chances of this happening and the risks they pose to your idea or business.

It is recommended that you analyze your competitors (other businesses and organizations that may provide similar products or services) in the market to better understand what the competition offers and what it doesn't, and how your startup can either fill gaps or deploy better products and services.

3. Assess the requirements

If you determine that there is indeed potential for your product or service in the market, you will need to thoroughly assess the requirements to turn your idea into a business, financial and otherwise. Before investing time, money, and resources, you will need to have rough answers to the following questions:

- ✓ How much financing will I require to turn my idea into a business, including developing a prototype of my product or service? Do I have enough money to bootstrap? If not, from where will I be able to obtain financing?
- ✓ Can I, at least initially, work on my idea part-time, or will I need to quit my job and work full-time?
- ✓ What are my targets, and how soon should I reach them before abandoning the process?
- ✓ Will I need a co-founder or team, or can I run the startup on my own, at least in the beginning?
- ✓ What are the legal issues I need to watch out for, including those related to business registration or licensing?



Preparation for Fundraising

4. Operationalize your idea

If you determine that you do indeed have the necessary ingredients to take your idea to market, you can begin to turn your idea into reality.

5. Find a suitable accelerator or incubator

At this stage, you would benefit from the support and guidance to turn your idea into a real product or service. You should consider whether you would benefit from enrolling in an accelerator or incubator¹. They can support you in developing your idea into something tangible, provide you with dedicated and relevant expertise, and direct you to financing opportunities, in addition to other types of support. You should do your research on such entities before applying, in order to determine their added value for your specific startup.

6. Establish a Minimum Viable Product (MVP)

In order to test your idea, you will need to establish a prototype, or Minimum Viable Product (MVP). An MVP is a basic product that allows you to generate initial feedback from customers and assess whether your idea works as you imagine. Creating an MVP should present a minimal expense, and should be quickly adaptable depending on the requirements of the market. In addition to enabling you to understand the needs of your clients, an MVP can help you demonstrate to investors and relevant stakeholders that you have a product that can generate sufficient traction and be the basis for a successful business.

7. Generate a user base

You will need to expand your number of clients in order to begin to generate much-needed revenue and further illustrate growth to investors. The greater the number of users your startup has, the greater the revenue and the more valuable the insights they provide on your product. Additional users will be able to inform you on your most vital metrics, including whether or not your customers buy from you again (retention rate), if you sell other products or services to them (cross-selling), and if you persuade your customers to buy something additional or more expensive (upselling). Other customer feedback, including complaints and recommendations, will also provide you with valuable insight. Such information is vital for investors and funders to help them assess the viability of your business and its anticipated growth trajectory.

8. Fundraise

Once you are convinced you have a viable business and it is growing, you will likely need to secure external funding to continue your growth. If at this stage you do not have the sufficient level of capital required (and most entrepreneurs will not), you will need to have a very clear idea of how much you need to fundraise and for what.



Expert Insight

Entrepreneurs should fundraise when they have proof of concept and validation of a need for their product in the target market. The first rounds to get to market validation are usually funded by family and friends and/or pre-seed accelerators. The amount that should be raised is the amount that can take the startup to the next valuation and typically gives them 12-18 months of run rate. It usually takes 6-12 months to raise funding at the early stage in Jordan. We always encourage entrepreneurs to only raise the amounts they need and not exceed them, so as not to diminish too much of their equity at an early stage.

- Luma Fawaz, CEO, Oasis500

Preparation for Fundraising

Case Study

Jobedu

The logo for Jobedu, featuring the word "jobedu" in a lowercase, bold, sans-serif font. The letters are black and set against a white background that is part of a larger orange graphic element.

Jobedu is one of the most prominent lifestyle clothing brands based in Jordan, and identifies as the Arab region's "first pop culture apparel and accessories brand". It's known for incorporating a Jordanian cultural touch to prominent pop culture brands and slogans, and is hugely popular among Jordanian and Arab youth eager for a creative outlet for self-expression. The company is also a merchandising partner for Walt Disney Company and Warner Bros., and sells its goods online, in brick and mortar stores in Jordan and the region, as well as through other distribution outlets.

Jobedu was founded by two Jordanian entrepreneurs, Tamer AlMasri and Michael Makdah, in 2007. The idea came to the two friends out of a desire to "create a brand that represents Arab culture". Starting out selling 600 pieces in Amman's Souk Jara in Jabal Amman in 2007, Jobedu has since opened stores in Jabal Al-Lweibdeh and Abdoun, and outside Jordan, including Dubai.

Jobedu raised funds from family, friends, and various individual and institutional investors, starting out with a USD 4,000 injection of cash from both co-founders, which was followed by increments of funding from family and friends over the next five years. The company's first source of funding from an external investor came in 2014 through Eureeca.com, the crowdfunding investment site, which allowed multiple individual investors to invest in the company. It received further investments over the next five years from Oasis 500, 500 Startups, and various angel investors.

Unlike many tech-enabled or focused startups, Jobedu was able to generate a large customer base quickly due to the popularity of its contemporary and occasionally culturally humorous designs. Tamer states, "Jobedu never had an aggressive marketing strategy. We've been building our audience organically since 2007. We just keep our community engaged and our catalogues fresh and hope it attracts a wider audience." The brand is determined to remain on its current growth trajectory, with Tamer stating, "Jobedu plans on being a global pop culture streetwear brand, akin to Uniqlo but with an Arabic flavor, available throughout North America, Europe and Asia."

Preparation for Fundraising

You will need to know what the valuation of your startup is and what various funding modalities will mean for your financials and your future growth. You should also be aware that not all investors and/or investments will ultimately help you grow your startup; while some investors may provide the required guidance and market access, others may renege on their contracts and demand unfavorable terms. As an entrepreneur you will need to undertake extensive research on potential investors, identifying their strengths, weaknesses, and associated risks prior to approaching them or agreeing on any terms, including giving up some equity and diluting your ownership. In the sections 'Financial Instruments', 'Raising Capital', and 'Investment Timeline', you will learn more about what to look for in terms of financing options, investor types and actual sources of funding.

There are other aspects of starting a business that you will need to be aware of along your journey, and which are not necessarily sequential in nature. They include:

Networking

Networking with relevant individuals (including your peers, prominent experts, and potentially, funders) and entities (including support organizations such as business associations, incubators, and accelerators) is vital throughout your business development journey. It helps you validate your ideas, assess the competition, and ensure that you exhaust all opportunities, including those related to fundraising. Startups, especially tech-oriented ones, operate in a rapidly changing market—networking will help you remain relevant and up-to-date. Networking will also help you, in case you are a sole founder in the initial stages of your startup, discover potential co-founders or talent to support you in running and expanding your startup.

The Founding Team

During the initial stages of the startup, you and your founding partners will need to be involved in all aspects of the business, including design, budgeting, marketing, fundraising, negotiating contracts, etc. Having a strong co-founding team from the outset will help you significantly along the way. Due to a probable lack of funding during the initial stages of your startup, you cannot outsource or hire new employees to fulfill many of the aforementioned functions, and you and your partners will be forced to multi-task. While such aspects of running a business can be extremely demanding, they are part of a natural process, allowing you and your partners to save costs and money, while also immersing you fully in all aspects of your startup.



Expert Insight

There is no “one model fits all” answer for startups in terms of what they should outsource or conduct internally. This decision is something unique to each company and completely depends on each startup’s situation, industry, and available resources. Startups need to differentiate between core tasks (including technical development) and value-added services (such as auditing and legal setup, training, etc.), while in parallel managing cash flow and budgeting for such.

- Reem Goussous, Managing Director, Endeavor Jordan

Legal Registration

Registering a business under the right formation is crucial for its success. The type of company you register as can affect how much funding it can raise, its ownership structure, the taxes it pays, the minimum capital it’s required to deposit, and its liability in case of bankruptcy. It’s crucial for you as a founder to understand the advantages and disadvantages of each type of company formation before formalizing and registering. A good resource to use that will help you in understanding the process required to register a business is the “Start-up Guide”².

Preparation for Fundraising



Expert Insight

Startups must understand the importance of starting their business correctly and legally from day one. They should seek legal and commercial assistance as necessary, especially during their early stages. While this may be seen by many startups as an unnecessary cost or expense, mature companies understand it as critical and vital to ensure compliance with the law and to avoid any commercial risks in advance—they see it as an investment that will ultimately prevent the company from encountering unnecessary difficulties in the future.

Many startups are unfamiliar with the legal requirements that relate to their business, including registration. Startups should be aware of the relevant legal requirements, including the laws, rules and regulations applicable in the jurisdiction in which they operate or will operate under. In practice, startups should be aware of whether they are required to register with the social security and tax departments, or otherwise obtain the needed approvals, permits and licenses for their objectives. As an example, a company that undertakes musical production-related work, for instance, has to obtain an additional license from the Media Commission in Jordan in order to legally offer its service. Therefore, it can be said that identifying the main requirements of each business structure, the fees and costs, any boundaries or limitations, the main sanctions and penalties imposed in case of any breach or otherwise, would be a great advantage as it will pave the way for startups to grow without any major obstacles.

Optimal company structure depends on several issues, such as the company's main objectives and activities, its required capital, anticipated life (if known), registration requirements (pre and post), and their main plans for the first couple of years at least. Founders need to know what they're trying to achieve, and by when.

At this early stage, our job is to expose founders to the main legal requirements and boundaries facing their business following an understanding of their potential deals and subsequently highlighting the legal risks, costs and advantages associated with each opportunity. This will help reveal any ambiguity entrepreneurs may have and enable them to choose the best registration structure.

That said, the most common type of registration is the Limited Liability Company (LLC). This could be attributed to cost, as the minimum share capital required to form an LLC structure in Jordan is only 1 JOD. However, this form of registration is not always enabling for startups and their future growth, especially compared to a Private Shareholding Company (PSC), which offers the same type of protection as an LLC but greater flexibility when it comes to fundraising, including adopting different classes of shares, with different management powers.

- Rana Atwan, Partner, Atwan & Partners Attorneys and Legal Consultants

Pivoting

While you may begin to build around your idea based on the perceived needs of the market, you should be open to the possibility (and probability) that your idea and product may change. That means that you will need to pivot at a certain stage in the future, and sometimes sooner than you think. Many of the largest startups in recent memory, including YouTube, Slack, Airbnb, and others, started out with an idea and had to pivot to something completely different down the line. In the case of Slack, the platform initially started out as a gaming company, before pivoting into an online platform for team collaboration; in 2019 it was valued at USD 23 billion³.

³ O'Brien, Chris. "Slack IPO Starts Trading at \$38.50 for \$23 Billion Valuation." VentureBeat, VentureBeat, 20 June 2019, <https://venturebeat.com/2019/06/20/slack-ipo-starts-trading-at-38-50-for-23-billion-valuation/>.

Preparation for Fundraising

Bootstrapping

An approach to managing finances and operations all entrepreneurs should be aware of is bootstrapping—the reliance on your and your partners’ limited and existing resources, including savings and assets. As a founder you will have to exert every ounce of your ingenuity, grit, and foresight to save as much money as possible, not give up too much equity and/or take on too much debt, while at the same time growing your startup. While bootstrapping is a fundamental requirement of most startups’ success, it is not a permanent approach, and as an entrepreneur you should have an idea when it should be drawn to a close⁴.



Preparation for Fundraising

Case Study

Dimitri's Coffee



Founded in 2014, Dimitri's Coffee is a coffeeshop chain in Jordan dedicated to serving aesthetically appealing specialty coffee. The product of its founder Hisham AbuBaker's addiction to all things coffee, the brand has seen tremendous growth in recent years with a rapidly increasing customer base of coffee lovers. A former pharmacist, Hisham spent the best part of 4 years travelling the world to learn the fine art of coffee roasting, learning from masters in England, USA, and Hong Kong, and immersing himself in different coffee cultures around the world.

The founding of the company is a true story of entrepreneurial grit. Dimitri's initially relied on Hisham's savings, before seeking further investment from family. The company was heavily bootstrapped in the beginning, with staff working 16-hour shifts with no days off for the first 3 months. Commenting on this, Hisham states, "January 1, 2016 was the first operational day of Dimitri's Coffee, and we had used up nearly all our savings in opening our first shop. Three months later the potential was very clear and we either had to stay as we were or work even harder and further increase our momentum to capture a larger share of a virgin market. We decided on the latter, and in April signed to open another branch. Since then we've been growing non-stop alhamdulillah"

The founders' bootstrapping and dependence on their own savings and family funding enabled them to avoid the pressures that could have potentially been applied on them by external investors. Hisham states, "from the beginning we've reinvested every penny we generate back into the company and employee development; we didn't look for investors and rejected a lot of offers as we believe in being free of any pressures that can distract us from implementing our own vision. The partners also helped, foregoing a salary for a very long time."

While Hisham's pharmacy background helped in understanding the scientific aspects of specialty coffee, he and the team learned most of what they applied on the job, with most of the skills they employed as "a direct result of learning from failures, trial and error, and constantly innovating." Additionally, the founders' initiative was a key ingredient in their growth, with Hisham adding, "we established a great relationship with the global coffee community by being a voting member in the Specialty Coffee Association since 2016 and by attending the most important exhibitions and coffee related events and workshops all over the world—it really is a non-stop journey of learning and development."

Finally, he provides poignant advice to young entrepreneurs, stating: "The quality of life for an entrepreneur most of the time is not very appealing to everyone, but it is 100% more meaningful. So, if you are able to sacrifice your comfort zone in return for your passion or a cause that you believe in, then go for it."



FINANCIAL INSTRUMENTS

Financial Instruments

As an entrepreneur at the beginning of your journey you will most likely rely on your own savings and 'bootstrap' (rely solely on existing resources) through the first few years of your startup. You may also gather funding from what are known as the 3Fs (Friends, Family, and Fools). These are less likely to request guarantees and/or collateral⁵, audited financial statements, or equity in your startup, which you are less likely to be able to provide during the initial phases of your startup. Friends and family, however, are also generally less likely to provide you with the larger amounts of funding you will need at later stages of your growth.

You will, therefore, need to access more formal financing entities such as banks, venture capital and private equity funds, microfinance institutions, and others. They offer financing instruments such as loans, equity, mezzanine financing, and grants to help finance your startup's growth. Understanding these entities, the funding instruments they provide, and their direct and indirect cost is crucial for you to be able to identify the best possible funding avenue for your startup at each stage and accompanying funding round.



⁵An asset pledged as a security in exchange for a loan, and given up in case of default, such as a car, land, house, etc.

Case Study

Little Thinking Minds



Little Thinking Minds is an educational technology company that creates educational products and resources to advance Arabic language learning among school aged children to improve learning outcomes, advance skills, and increase cultural connectedness. Founded in 2004 by Rama Kayyali and Lamia Tabbaa, they currently provide educational programs and resources to over 200 public and private schools in the MENA region, delivering engaging learning experiences to over 80,000 students globally, including refugee children, through remedial school programs. In 2015, they were joined by Salwa Katkhuda, who brought her venture capital background, joined as a co-founder, and currently heads the company's strategy and growth.

The company initially started in Jordan, where its head office is, and the UAE, and over the past four years established an operating presence in Saudi Arabia, Lebanon, Egypt, and Qatar. Its annual revenue exceeded USD 1 million and is expected to grow exponentially.

LTM has been successful in raising funding from a variety of funders. It initially obtained seed funding from Oasis 500, which was followed by an angel round, a bridge round (angel groups' family offices and individuals), and a Series A round (VC funding). All of its funding was in the form of equity, except its bridge round, which was a convertible loan that was converted into equity.

Such funding, however, was only feasible because the startup had been prepared for it and understood the legal and financial implications of raising money. Salwa states,

“Entrepreneurs and startups really need to nail down their financials (as they relate to raising money, understanding dilution, correct valuations, etc.) and keep proper track of their runway and their real burn rate. I personally came in as a co-founder because I had this experience which added a necessary and invaluable skill to the team, especially when raising money.”

She emphasizes that founders have to make the effort to understand and learn such concepts on their own and refrain as much as possible from outsourcing, stating,

“Founders have to understand how to pitch, negotiate and understand financials, otherwise they are not investable. Such skills cannot be outsourced—they're the learning curve founders have to grow through. Additionally, management skills are really important—founders will need to be able to recruit and retain a solid team and grow a healthy company culture in order to turn their vision into a reality.

Financial Instruments

The following Chapter will provide you with a brief overview of the most prominent financial instruments and modalities available to entrepreneurs in Jordan—grants, debt, equity, and mezzanine financing—and their advantages and disadvantages.



Expert Insight

Choosing the right investor is critical—startups should find strategic investors that add value beyond cash investments. Debt should only be considered when they are able to service that debt, otherwise they should opt for equity. Typically, the amount to be raised is very much dependent on how much the startups needs and the closest valuation that can be defended and accepted by investors. Don't raise too much at the beginning when you are at a relatively low valuation, so that by the time you reach Series A and beyond you still have skin in the game [excess ownership shares that will allow you to raise more funding in exchange for equity in the future]. A bad investor can be detrimental to the company. Also, term sheets and conditions should be revised very well; we assist our startups with that at every round.

- Luma Fawaz, CEO, Oasis500

Grants

A grant is a sum of money that is provided by a grantor free of charge to your business (the grantee). A grant is provided in exchange for a startup or entrepreneur's adherence to certain terms and conditions, or requirements of the grantor, including the continuation or completion of certain activities related to the focus and/or priority of the grantor.

Grants do not require repayment or a share of the business or its profits. They are usually available for non-profit enterprises, however, businesses that have a social impact in areas of interest to the grantor may be eligible to receive grants⁶. Grants can help startups in their early stages as they struggle to obtain other sources of funding, including debt and/or equity investments, due to the small size of their operation, the absence of required financial statements and/or audits, and the limited current profitability of their idea or business. It is mainly for this reason that grants are usually smaller in size in comparison to loans or equity buy-ins, and are generally disbursed in stages according to more stringent milestone requirements, requiring greater and more detailed reporting by grantees.

Grants are usually disbursed by foundations or charities, public or private bodies, including the government or private sector companies (usually as part of their Corporate Social Responsibility), and national and international organizations. They are usually dedicated to specific expenses, such as capital purchases, marketing costs, consultant salaries, etc. A grant can also be provided in the form of an award or as part of a competition. Applicants here will need to show how their business or idea is relevant to the grant. A judging panel then narrows down the field to several finalists from where the winner or winners are chosen.

Grants can also be provided through crowdfunding campaigns (not to be confused with equity crowdfunding), usually done on the internet. Campaigns could be in the form of a donation, as equity funding for a future project or as debt. Crowdfunding could also be provided as payment for a good or product prior to its availability, in order to raise the required amount of funding for its manufacture. Additionally, there is also reward-based crowdfunding, through which funders are provided with rewards following the completion of a project, including, for instance, invitations to a launch party or mentions in the credits of a film they financed.

Grants can either be responsive or strategic/proactive. Responsive grants are those provided by grantors who are open to receiving unsolicited applications from potential grantees, allowing for greater flexibility in the focus of the grantee's funded activity. Strategic or proactive grants are solicited for a specific purpose, with grant providers publicizing a call for applications and startups having to apply.

⁶ In the case study of Bilforon, the company received a grant due to its focus on employing women.

Financial Instruments

Grants

Advantages:

- Are given free of charge, with no financial commitments or pay-back requirements
- In some rare cases grantors have commitments to disburse funds and so will approve applications more easily than other funders
- Funders have little influence in the day-to-day operations of the startup

Disadvantages:

- Tend to be smaller in size than loans or equity buy-ins
- Have more stringent eligibility, and often extensive, reporting requirements
- Disbursed in stages, usually taking much longer to disburse than other forms of funding
- Providers of grants can be inflexible in accommodating start-ups that need to pivot from one business strategy to another

Timeline

1

Grantor receives an application (solicited or unsolicited) from a startup that provides details on its idea and/or goals, operations, financials, and impact.

2

Grantor evaluates the application. If it determines that a startup has met the eligibility criteria, it assesses the startup in more detail, comparing its performance and potential with other applicants, and proceeds to undertake due diligence.

3

Due diligence is performed, and a startup's financial statements, policies, procedures, and operations are audited.

4

If due diligence confirms the startup and/or entrepreneur to be fundable, and the grantor assesses that all eligibility criteria are satisfied, it disburses funding, either fully or in stages (to ensure adherence to the grant's terms and requirements).

Financial Instruments

Debt

Debt refers to a sum of money given in exchange for payment at a mark-up at a later date. The most conventional type of debt is a loan provided by a financial institution (for example, a bank), at a specified interest rate which the entrepreneur or startup agrees to pay back after a certain period of time.

Banks, microfinance institutions (MFIs) and development banks are the most common source of debt financing, however, debt can also be obtained from family and friends, lending-based crowdfunding platforms, and other financial institutions⁷. Relevant debt instruments include lines of credit, which are essentially loans that provide cover for day-to-day expenses, as well as factoring or invoice discounting, which involve selling accounts receivables (money owed to a business) at a reduced price.

There are also Islamic, or Shariah-compliant, forms of debt financing. Those are generally tangible, physical, asset-based, and are not interest-based.

The primary advantage of debt is that it is a cash payment that allows entrepreneurs to avoid giving up equity and can therefore support businesses in expansion if they have stable cash flows and sound projections for growth.

Debt does, however, represent varying degrees of risk and has requirements that not all entrepreneurs and startups can meet or afford. Cash is urgently needed at the early take-off stage of a startup to fuel growth, leaving little room to also take on debt.

Debt providers need to ensure that the borrowing business can meet their obligations to repay the debt. They therefore usually request audited financial statements showing solid cash flows and growth for several years, ruling out most startups at the idea, MVP, or seed stage.

Funders also require proof of collateral and/or guarantees or guarantor/s, in case of default, for what is known as secure debt. Collateral usually takes the form of a physical asset, and is either movable (vehicle, warehouse goods, gold and jewellery, etc.) or immovable (real estate). Secured debt is also usually identified as 'senior debt', which is paid first in the event of a company's bankruptcy and liquidation (sale of assets in an effort to recoup losses). 'Unsecured debt', while not requiring the presence of collateral and/or guarantor, charges a higher interest rate to account for the higher risk, and is usually identified as 'subordinated debt', which is the last to be paid after liquidation.

Debt can also be expensive to pay back. This is especially the case if projections for repayment are inaccurate or external factors alter the ability of the entrepreneur or startup to repay a loan. This is a risk for the debtor.

Nevertheless, many banks, especially those with a developmental mission, offer 'soft loans', which come with easier terms and requirements, including zero or low interest rates, interest 'holidays' (a grace period, or a period of time when interest doesn't have to be paid back), longer amortization rates (period through which debt is reduced through regular repayments), the absence of a need for collateral, and other features that reduce the burden on the borrower.

The most prominent Islamic financing instruments include

Murabaha

where the seller (usually a bank) buys a good and sells it to a client at a higher final price to be paid in fixed installments.

Mudaraba

where a sum of money provided by the Rabb Al Maal (investor or depositor) is invested by a Mudarib (individual or entity, usually the bank), in exchange for a fee.

Musharaka

where two investors or depositors (including businesses) jointly invest sums of money with profits distributed according to a pre-agreed ratio.

⁷ Such as credit unions, consumer finance companies, commercial finance companies, trade credit, insurance companies, factor companies, and leasing companies are all sources of debt financing.

Financial Instruments

Debt

Advantages:

- Allows the entrepreneur or startup to avoid giving up equity and keep ownership
- Reporting requirements are not as demanding as with grants
- Different types of debt products and services are available to cater to different business requirements
- Defined and predictable payback periods and amounts provide greater room for planning

Disadvantages:

- Can be expensive to pay back and presents significant risk for entrepreneurs and startups, especially if financial projections change
- Debtors generally have to present financial statements going back several years, as well as collateral and/or guarantors in case of default, ruling out many early stage startups

Timeline

1

Entrepreneur or startup applies for a loan at a bank, microfinance institution (MFI), or other debt provider (e.g. Development Fund).

2

Debt provider requests supporting documentation, including possibly collateral and/or guarantor, a business plan, and audited financial statements (in some cases a minimum of 3 years). The debt provider may also request a meeting with the entrepreneur or startup for a pitch. If the debt provider wishes to invest in the entrepreneur or startup, they undertake due diligence.

3

Due diligence is performed, and a startup's financial statements, policies, procedures, and operations are audited.

4

If due diligence confirms the startup and/or entrepreneur to be investable, funds are disbursed.

Financial Instruments

Equity

Equity financing is the provision of cash in exchange for a share of ownership in a company, and does not represent any repayment commitments on the part of an entrepreneur or startup.

Equity investments are designed to be recouped by investors through the future growth of the company, and as a consequence its revenues, or, through the future sale of part or all of the company (an exit). Equity investments range from a few thousand JOD to millions of JOD, depending on the maturity and size of the startup, from the idea to the series stages, with investments typically made by family and friends, angel investors, venture capital funds, and private equity firms.

Equity investments can present significant risk for the investor, as they are not secured by collateral and/or a guarantor, and companies have no payments to make on any cash owed. Investors therefore minimize their risk through a stringent due diligence process that focuses more on the potential of the team to succeed and the entrepreneur's idea or startup, as opposed to cash flows and current market share.

The evaluation process for equity investors therefore looks at the potential of a startup or entrepreneur's idea, the entrepreneur or team's previous experience and skill set, traction (including in the form of an MVP and expanding and returning user base), and solid business plan and projections. The absence of a guarantee for investors to recoup their investments also means that many investors take more of an active role in the management and operations of a company, depending on the size and share of their investment. It is therefore in an entrepreneur or startup's interest to seek equity financing from supportive investors knowledgeable in their sector, to better their chances of success.



Expert Insight

We invest in pre-product, so don't expect startups to have financial statements ready. Although we do request projections, and if we are investing post-product then audited financials are a must. For later stage investments we work with founders to create data rooms that have most of their information audited and company statements as well, including cash flow, ageing, etc.

- Luma Fawaz, CEO, Oasis500



Example

Laith is an entrepreneur who has recently set up a company. An equity investor values Laith's company at JOD 10,000 and buys a 10 percent stake in the company for JOD 1,000. Laith's company grows over time and now has a valuation of JOD 100,000. The investor's original stake of 10 percent increases from JOD 1,000 to JOD 10,000, multiplying his equity investment by 10.

Financial Instruments

Equity



Advantages:

- No commitments to make cash repayments
- Supportive and knowledgeable investors can make the difference for the success of a startup or entrepreneur



Disadvantages:

- Giving away too much equity too early can severely limit the ability to fundraise at later stages, thereby holding back growth.
- Giving away equity and ownership will lessen control of entrepreneurs and decrease their financial returns
- Impatient investors looking for quick exits can cripple startups

Timeline

1

Entrepreneur or startup approaches investor for funding.

2

If interested, investor invites entrepreneur or startup to a meeting to learn more or go through a pitch, understand the entrepreneur or startup's exact request (amount of funding in exchange for percentage of equity), and may request additional information, including financials, business plan, and references as part of due diligence.

3

Due diligence is performed, and a startup's financial statements, policies, procedures, and operations are audited.

4

If due diligence confirms the startup and/or entrepreneur to be investable, investor disburses funding and monitors performance of startup and adherence to terms and conditions of funding.

Case Study

Bilforon



Bilforon is a mobile application for ordering homemade food from home-based kitchens, and also provides catering to personal and professional events. Established in 2016, it has since become hugely popular amongst Jordanian office workers, eager for homecooked food during their lunch breaks. Bilforon's case is instructive as the startup managed to obtain funding from a variety of sources, including grant providers, angel investors, private companies, and seed and venture capital investment funds. Since its establishment, the company's gross merchandise volume has exceeded USD 400,000, and is expected to grow exponentially with its anticipated expansion to the GCC region in 2020.

Its founder, Mohammad Albattikhi, initially developed an interest in peer-to-peer companies in 2013, after reading 'The Innovator's Solution' by Clayton Christensen, which described disruptive technologies and the shared economy. This led him to better understand the opportunity for peer-to-peer home-based food businesses (HBFBs) in Jordan in 2015, which had a lot of potential but was still in its nascence, and out of which arose Bilforon.

Representing an opportunity to provide investors with financial returns, on the one hand, and provide incomes to home-based businesses, Bilforon garnered interest from both investors and grant providers active in Jordan. While the company was usually contacted by grant providers who found their project interesting, and proceeded to provide them with funding following the completion of due diligence, they had to be much more proactive when it came to obtaining funding from investors, making the effort to travel to events and pitch their company. The company's efforts bore fruit, and they ended up receiving investments from a seed investment firm, a venture capital firm, a telecom company, and three angel investors, with investments in the form of equity and convertible notes.

Albattikhi advises entrepreneurs to rely on legal and financial consultation during the fundraising process, especially when it comes to negotiating term sheets, saying, "term sheets are very tricky and one line can make a huge difference in the agreement. Entrepreneurs can sometimes assume the meaning of something to learn later that they didn't successfully negotiate the terms. Regulations and taxes in Jordan can also be tricky. I strongly believe Jordanian entrepreneurs must have legal and tax consultants early on."

Financial Instruments

Mezzanine

Mezzanine financing is a hybrid of debt and equity, and provides the lender the right to convert their loan, sometimes at a cheaper rate, into an equity stake in a company at the closing of a new round of funding or in case of default. Mezzanine is subordinate to senior debt and senior to equity—this means that mezzanine providers, in case of a company's default, receive their money after regular debt providers and before equity owners.

Mezzanine financing is the most complex of the aforementioned funding modalities, mainly because it combines different forms of funding at different stages and is highly customizable. It can therefore offer greater flexibility to lenders and borrowers.

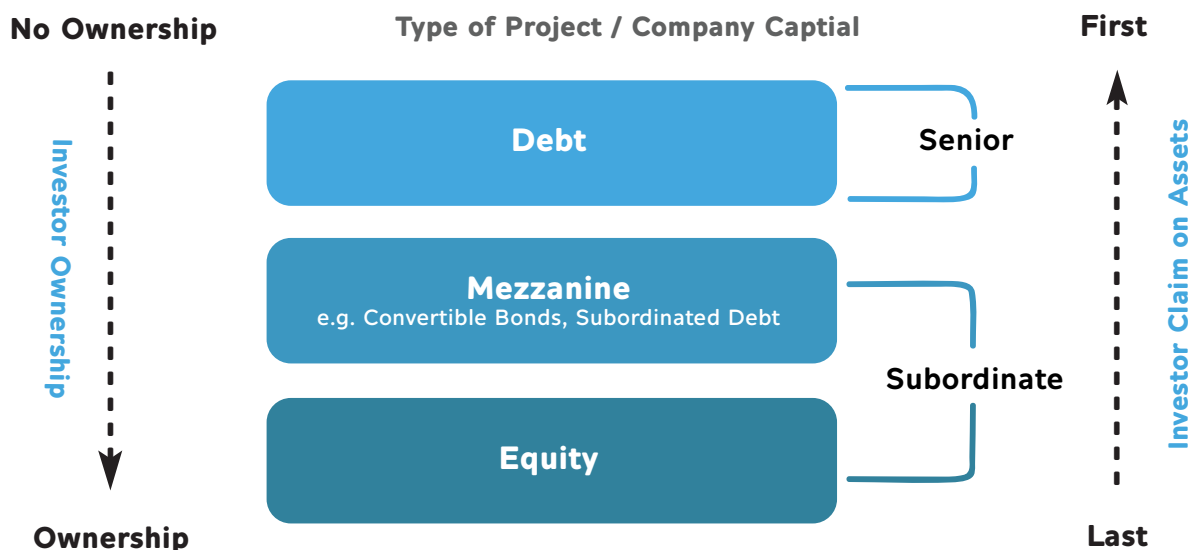
Borrowers generally only access mezzanine financing when they need access to cash quickly. And as mezzanine financing is unsecured, its interest rates are higher than regular debt. Additionally, borrowers may need to make interest payments more frequently than for regular loans, including every month or quarter.

The most prominent type of mezzanine financing is a convertible note: debt that can be converted to equity. This is helpful for companies that still cannot determine their value, especially if they are at an early stage of their growth or operation. While convertible notes specify dates when a company needs to repay the debt (maturity dates) and interest rates, such debt can be converted to equity in the company, according to preset valuations and rates



Example

If an investor and a startup agree on a JOD 100,000 convertible note with a 40% discount, this means that when the startup raises money at a future round, the investor will be able to purchase shares of the company at 60% of the price other buyers would be forced to pay. So, if a startup's shares are priced at JOD 10 during a funding round, the mezzanine investor would be able to buy each share at JOD 6.



Financial Instruments

Mezzanine

Advantages:

- Can offer greater flexibility and reduced risk for lenders and borrowers—lenders can have the best of both worlds (debt and equity), while borrowers can have quicker access to cash
- Can offer better funding terms for entrepreneurs than simple equity since it mitigates risks for investors
- Can delay the valuation of a startup at an early stage, enabling it to reach a more accurate valuation at later stages

Disadvantages:

- Can be expensive and very complicated to structure correctly, especially for inexperienced entrepreneurs
- Entrepreneurs may need to make regular payments to funders

Timeline

1

Entrepreneur or startup approaches investor for funding.

2

If interested, investor invites entrepreneur or startup to a meeting to learn more or go through a pitch, understand the entrepreneur or startup's exact request (amount of funding and modality—equity or interest payment, or a combination of the two) and may request additional information, including financials, business plan, and references as part of due diligence.

3

Due diligence is performed, and a startup's financial statements, policies, procedures, and operations are audited.

4

If due diligence confirms the startup and/or entrepreneur to be investable, investor disburses funding and monitors performance of startup and adherence to the terms and conditions of funding.

Financial Instruments

Impact Investing

Impact investing is defined as investing that is “made with the intention to generate positive, measurable social and environmental impact alongside a financial return.” Impact investors can be individuals and/or institutions, including banks, investment funds, governments, and others.

Characteristics that define impact investing include:

Intentionality: investments that are made with the intention to generate positive social and/or environmental returns.

Financial returns: impact investments are made with the expectation that they will also generate financial returns. These returns may be below, above, or equal to the market rate.

Range of asset classes and funding modalities: impact investments can be in the form of debt and/or equity.

Impact measurement: since impact investors invest to generate impact, they tend to employ robust measurement metrics to ensure their investments are truly making an impact.

Impact Investing

Advantages:

- Impact investing can be made across asset classes, with significant opportunity in developing countries, including Jordan, to receive investment
- Many businesses are already engaged in impact investing, and simply need to signify or certify that they are such, in order to be eligible for investment and/or funding

Disadvantages:

- Many businesses are not ready to be able to measure their growth or targets according to occasionally more costly and more detailed standards and/or metrics (including social and/or environmental indicators) impact investors can require

Financial Instruments

The table below provides a comparison of the most salient aspects of the various financing instruments.

Comparison of Financing Instruments

Financial Instrument				
Aspect	Grant	Debt	Equity	Mezzanine
Funder	Donors National and International Foundations Private Corporations (CSR) Crowdfunding Platforms	Banks Microfinance Institutions (MFIs) Private Lending Development Funds	Angel Investors Venture Capital Firms Private Equity Funds Crowdfunding Platforms	Investment Funds
Acquisition of ownership	No	No	Yes	Sometimes
Cost of Financing ⁸	Negligible	Medium to High	Medium	Low to High
Financial Risk to Funder	Low	Low (due to collateral and/or guarantor)	High	Low to High
Financial Return to Funder	None	Interest payments	Dividends with continued ownership, or cash in case of an exit	Interest payments, and/or cash or dividends, depending on structure of financing
Provision of Support to the Entrepreneur	Low to High	Negligible	Medium to High	Low to Medium
Use of funds	Mostly restricted ⁹	Somewhat restricted	Mostly unrestricted	Mostly unrestricted

⁸ Cost includes fees, interest paid, or equity given up; essentially, the cost to obtain cash.

⁹ With minor exceptions, including crowdfunding, where terms are not as stringent.



RAISING CAPITAL

Raising Capital

As a startup grows, its need for financing will also increase. While many entrepreneurs will be able to rely on their own savings, and funding from family and friends, to finance the initial stages of their startup, most will not have sufficient levels of cash to establish a company and overcome the considerable financial challenges that come with it. It is therefore critical that as a founder you possess the knowledge and self-awareness to understand your current growth stage and trajectory, financing needs, and how fundraising will affect your operations and future growth. This section provides an overview of the characteristics of startups at various stages, and the funding required to maintain your targeted growth.



Expert Insight

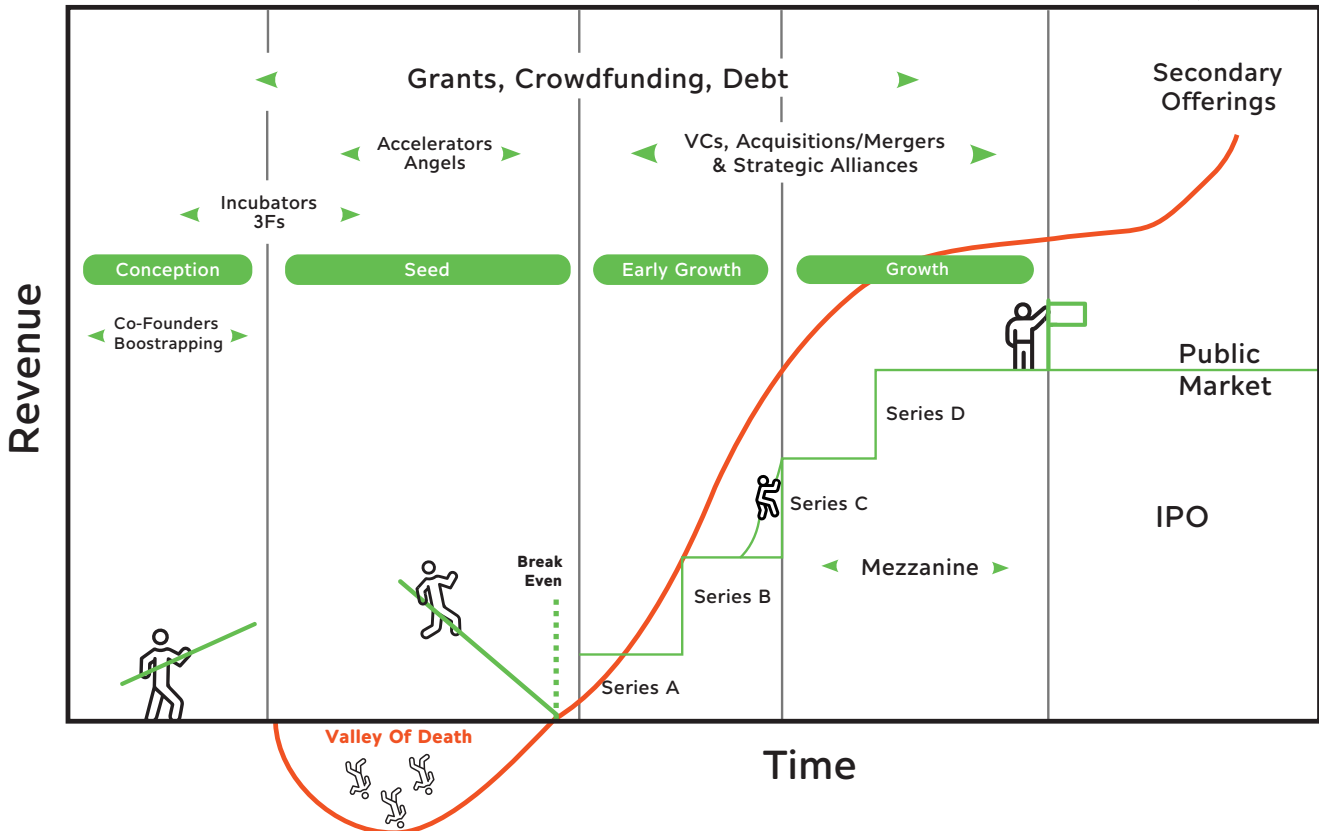
We advise startups to raise money before they run out of cash and when they have traction and validation. So, post-seed fundraising starts after market entry and the establishment of some traction, but could still be pre-revenue.

- Luma Fawaz, CEO, Oasis500



Stages of Startups and Typical Funding Needs at Each Stage

Your startup will go through various stages in its business cycle, from the birth of your idea to a trajectory of continuous innovation or decline. While stages are similar for most startups, they also depend to a great extent on a country or region's ecosystem, and the various challenges and opportunities it provides. As shown in the figure below, startups will generally go through the following stages in their journey¹⁰ and in each stage they will require different types/amounts of funding.



1. Conception (Idea)

At this stage, you will have developed an idea based on an opportunity in the market, and will begin to refine it. Such an idea should be formed based on prior experience and an understanding of the gaps in the market. At its infancy, your idea is most likely very raw and untested, and at this stage your understanding of the eventual product and business is very basic. You should not seek funding from investors at this stage. Rather, you can, and in some cases should, seek incubation and/or support from dedicated incubators and accelerators.



Expert Insight

The first vital decision that entrepreneurs need to take in the beginning of their journey is who they partner up with. Co-founders go through the entire entrepreneurial journey together and thus need to be aligned. Another vital decision is funding; which investors fund the company, and how much equity the entrepreneur gives up. Strategic investors can add incredible value that can help a company scale and grow, whereas other investors may be detrimental to the company's growth. Hiring a strong and capable team that an entrepreneur is able to motivate and retain is vital for business growth as well. Developing the right business model is also fundamental. This includes conducting a full scope market research to verify value proposition, target audience, finding product-market fit, understanding main cost drivers, and main revenue generators and streamlines.

- Reem Goussous, Managing Director, Endeavor Jordan

Stages of Startups and Typical Funding Needs at Each Stage

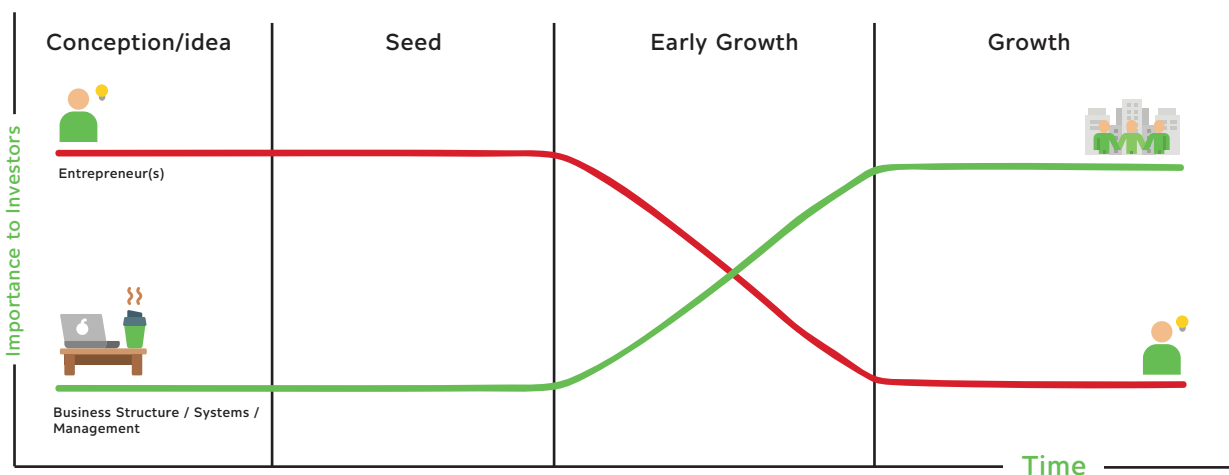
2. Seed

At this stage you will have launched your business. Your product may still be a prototype or require further refinement, and your sales will most likely be inconsistent, bringing minimal revenues. You should begin to identify your product or service's fit in the market, and have the potential to pivot. At the seed stage you should still be bootstrapped and taking advantage of all the opportunities offered by incubators and accelerators. However, you may be able to obtain funding based on the promise of your idea and potential—although this will usually be from family and friends, and accelerators and incubators, as opposed to support from more seasoned angel and institutional investors.

3. Early Growth

At this stage, your product or service will have achieved market fit, meaning that there is a need for your product/service in the market and you will have started selling your product or service to customers. However, as a startup you will still be struggling to gain a proper foothold and establish yourself. While you will be generating revenues, you will be struggling to generate profits.

As shown in the figure on next page, the emphasis will gradually shift from you as an entrepreneur and the founding team to the startup as the execution team and the company's set of structures, controls, and operating procedures, however basic they may be. Your company will have generated enough data and know-how on the market, and will have developed enough of a skill-set (especially when it comes to tech-oriented startups) to be able to undertake a final pivot if required.



While startups at the early growth stage should still be bootstrapping, many will have obtained some type of external funding, even if at low levels. Consequently, they will have an idea of their valuation and have begun serious research on suitable potential investors. Nevertheless, businesses at this stage will generally be struggling with cash flow and will begin contemplating seeking additional funding to manage diminishing reserves of cash.



Expert Insight

Governance is not just important for large corporates, it is important for startups as well. Governance is vital for maintaining the vision and mission of a startup, particularly when large decisions need to be made. Additionally, it is a key factor that investors look at when evaluating a startup; good governance means that operational day-to-day decision making is efficient and streamlined.

- Reem Goussous, Managing Director, Endeavor Jordan

Stages of Startups and Typical Funding Needs at Each Stage

Growth

At this stage you should have a fully developed product or service and be generating large revenues, with a wide customer base, and a growing presence in the market.

You should be focusing on growing your team and evolving your organizational structure, and the controls that come along with it. Proper governance in terms of rules and standard procedures that guide your business operations will become more and more important—it ensures the efficient growth of your startup into an established company.

Your rapid growth will, however, mean that you will be struggling to maintain adequate cash flow, and will need to turn to other sources of external funding, including banks and investors. Depending on your growth, you can also be contemplating a Series A funding round, the first round of venture capital funding for a startup (and later potentially B, C, and D rounds) following seed or angel financing, that will enable you to expand your reach and markets. You and your investors should be anticipating exponential returns on investments.

The figure below shows the funding needs of a startup according to their growth stage. The ranges below are not absolute, and can change from time to time, according to region, and depend on specific funders and startups.

Funding Needs of a Startup by Stage

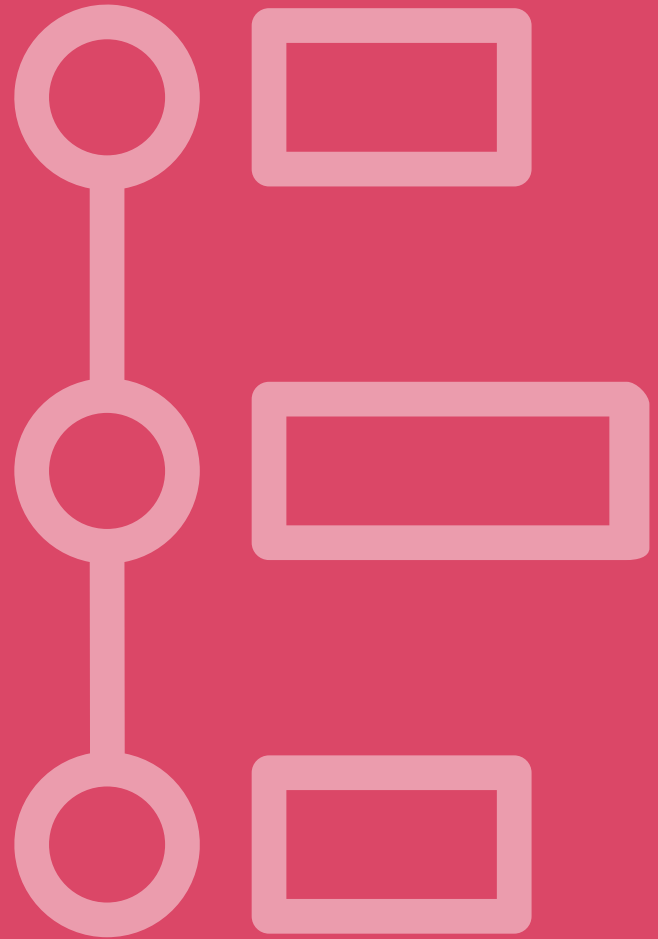
Criteria	Conception	Seed	Early Growth	Growth	Publicly Traded Company
Types of Funds	<ul style="list-style-type: none"> • Personal Savings • Grants • Equity Financing 	<ul style="list-style-type: none"> • Personal Savings • Grants • Equity Financing • Debt (Soft Loans) 	<ul style="list-style-type: none"> • Equity Financing • Mezzanine 	<ul style="list-style-type: none"> • Equity Financing • Mezzanine • Debt 	<ul style="list-style-type: none"> • Equity Financing • Debt
Typical Funding Range	Often below \$150k	Between \$10k–\$2M	Between \$1M–\$30M	\$10M+	\$50M+
Source of Fund	<ul style="list-style-type: none"> • Savings • 3Fs • Incubators and Accelerators • Angel Investors and Micro VCs • Crowdfunding Platforms • Non-Profit Foundations 	<ul style="list-style-type: none"> • Saving • 3Fs • Accelerators • Angel Investors • Early Stage VCs • Development Funds 	<ul style="list-style-type: none"> • Angel Investors • VCs • Banks 	<ul style="list-style-type: none"> • Late Stage VCs • Private Equity Firms • Banks 	<ul style="list-style-type: none"> • Stock Market (IPO) • Banks
Focus of Funding	<ul style="list-style-type: none"> • Developing Prototype Products • Hiring Critical Team Members 	<ul style="list-style-type: none"> • Funding Product Development • Marketing 	<ul style="list-style-type: none"> • Growing Customer Base • Recruiting Sales, Marketing and Customer Support 	<ul style="list-style-type: none"> • Expanding into Different Market Segments • Hiring Expensive Senior People • Experimenting with Different Revenue Streams 	<ul style="list-style-type: none"> • Acquisition • Expanding into New Markets or New Industries

Funding Evaluation Tool

The following tool provides you with guidance on the stage your startup is at and what funding sources to approach and when. It is important to note that every entrepreneur and startup is different, and that the criteria shown below are not absolute.

Stage Evaluation Tool

Stage					
Criteria	Conception/Idea	Seed	Early Growth	Growth	Publicly Traded Company
Revenue	\$0	Inconsistent	Significant revenues, but still struggling to generate profits	Large revenues with profit	Exponential Revenues
Product	Idea only	MVP Still pivoting	Product market fit achieved Last chance to pivot	Fully developed product Company systems are in place	Diversified Products Established Policies, Procedures, and HR Systems
Co-Founding Team	1 to 4 full/part-time	2 to 4 (full-time)			
Executive Team	Founders	Founders + (1-5 employees)	Founders + (5 to 20+ employees)		
Growth	Idea validation	Customer validation Beginning growth	Accelerating growth		Exponential Growth
Board of Directors	None	Cofounders, Investors	Founders, industry experts, Investors		



INVESTMENT TIMELINE

Investment Timeline


Startups that manage to generate sustainable profits by relying on an entrepreneur's savings or funding from family and friends are the exception rather than the rule. Nearly all startups will need to raise funding and approach investors at some stage of their growth. It is therefore critical to be aware of the process to approach investors and the timeline associated with obtaining funding.



Investment Timeline

1. Investor Mapping

As an entrepreneur heading a startup you will at some stage begin actively looking for funding. To begin, you will need to undertake a mapping of potential investors to approach. While this should be a structured and deliberate process, this does not mean it should be complicated—an investor mapping could be as simple as an excel sheet with a list of investors that are potentially accessible. It should include information on their:

- 
- ✓ Focus (sector or stage of investments)
 - ✓ Type of funding (including grant, debt, equity or mezzanine)
 - ✓ Average ticket size and typical round of funding
 - ✓ Average timeline to receive funding
 - ✓ Relevant startups invested in
 - ✓ Requirements (e.g. board representation)
 - ✓ Connection to facilitate contact
 - ✓ Location/contact details

You should have an idea of what else, other than funding, investors can bring to the table. Will they offer you expertise in the sector you are engaged in? Are their connections important enough, and can they open doors? Critically, will they have enough time to devote to your startup? All of this should be taken into account when evaluating investors.

Lead Investor: the first investor to fund a company as part of a deal, providing impetus to other, smaller investors to fund the rest of the deal.

Many investors are not willing to be lead investors (investors who are the first to fund a startup). Instead, they will need to know if there is an initial investor that has taken the risk and done the due diligence on your startup. It is important to know which investors are not lead investors before you approach them, otherwise you are simply wasting your, and their, time. You should instead be focused on identifying and securing funding from lead investors, who can more easily secure, or direct you to, other follow-on investments. Lead investors, in addition to conducting due diligence on your firm, can take a more active role in advising your startup, which is vital during your early stages of growth.

You should also have an idea of the reputation of the investors you are seriously considering, before approaching them. Some investors will be known for delaying payments to startups, negotiating severely restrictive terms, and even sharing confidential information with competing investee companies in their portfolio.

You should also be very wary of impatient investors seeking quick exits. One way to ascertain such information is to be active in your space, constantly networking and generating new connections.

Investment Timeline

Finally, you need to be aware of any conflicts of interest that can arise with a potential investor, and you will need to disclose any close relationships you have with individuals from the outset, in order to ensure legal and regulatory compliance. Even the appearance of conflicts of interest and the potential reputational damage they can cause can severely affect your startup's chances of attracting future rounds of funding.

2. Approach Investors

Once you have completed your mapping, you can begin to approach investors. For some, you may be required and expected to go through specific channels, including submitting an application online. For others, you may be able to initiate a conversation through email, over the phone, or in-person. For such approaches, a personal connection through your close network is always more preferable to a cold call or an unexpected introduction. Your close contacts can vouch for you, and their strong reputation will help build trust early on in the process. Additionally, startups that have raised money from the same investor are usually the best introducers, especially if they are successful, as they will be more credible and trusted by the investor.



Expert Insight

For top founders, the fundraising process becomes a way for them to learn more about their own businesses through the questions that investors ask and in discussions with them. These founders understand that VCs can contribute insight given their position in the market and exposure to different business models, as well as from previous experience in various fields.

- Lana Ghanem, Managing Director,
Hikma Ventures

3. Pitch

If investors are impressed, or at least intrigued, they will either invite you to pitch or will request your slide deck or business plan. Investors will want to see that you are on top of things and that you can deliver what they request in a short timeframe. If you take too long to schedule a pitch or send your business plan, an investor may perceive you as moving too slowly for their own liking. Our recommendations for producing a solid business plan and delivering a winning pitch are included in the 'Writing a business plan' and 'How to succeed in your pitch' sections.

You should be aware that you will probably receive dozens of rejections from investors before succeeding in raising funding. Don't take rejections personally but instead try to solicit feedback as to why investors have declined to invest in your startup. Ask them to be brutally honest and be prepared for some very tough answers—investors are usually very experienced and can see your blind spots. Getting valuable feedback as early in the process as possible will save you further rejections, time spent, and heartache. Addressing it accordingly will get you closer to convincing another investor down the line to give you the funding you need.

4. Expression of Interest

If investors are still interested, or want to hear more, they will reach out to you. They could either request further clarification (this may happen at the conclusion of, or right after, your pitch) or express their interest to proceed with negotiations for funding. If investors are interested in funding, they will proceed with their due diligence. If, following the pitch, you still have not heard from an investor, follow up. However, if an investor takes too long to respond or does not respond in a set time-period, this may serve as an indication that the investor is not serious.

Investment Timeline

5. Due Diligence

The due diligence phase is when an investor will dig deeper into your financials, operations, viability, and team. Investors at this stage will look at your startup's audited financial statements, your registration status, and debts, amongst other metrics, in order to assess the potential return on investment. They will also conduct background checks on your startup and team, including through client feedback, in some cases requesting references.

Investors want to assure themselves that your startup has a sound, financially viable, model that is being properly executed, and that the team behind the startup is honest. It is important that you are transparent with investors from the beginning. An investigation that reveals dishonesty or the omission of a highly relevant piece of information is sure to kill your startup's chances to obtain funding. Besides, the due diligence phase is a good opportunity for you to improve aspects of your company critical for its long-term growth.



Expert Insight

In general, as part of HV's diligence process, we will seek to gain an in-depth understanding of the company's product(s), technology, pricing, market size, competition, customer profile, team, board/advisors, existing and incoming investors, financials, business plan and milestones, as well as its legal/regulatory status. We try to engage as many stakeholders as possible to understand each of their experiences with the company – whether as customers, investors or advisors. We put a lot of emphasis on the team's track record, background and potential.

- Lana Ghanem, Managing Director, Hikma Ventures

6. Negotiation

While some investors may begin negotiations with you right after your pitch and in parallel with the due diligence phase, many will opt to proceed with negotiations following the completion of due diligence. Obtaining legal advice at this stage is preferable, especially if you're going through this process for the first time.

During the negotiation phase investors will want to know exactly how much you as an entrepreneur want, how you want it, and what they receive in return. Are you looking for equity or a convertible note? What is the portion of equity you will give up? Will they get board representation in exchange? All of this forms part of the 'term sheet',¹¹ an initially non-binding summary sheet that sets out the key points of the financial agreement between the investor and investee.

You will need to understand the potential implications of any of the above and anticipate any scenarios to obtain funding that did not align with your initial request. Perhaps you requested equity and an investor wants to opt for a convertible note with periodic interest payments. You should also be aware of how much equity you are giving up and how this affects your management of the company. Hostile takeover bids are not uncommon and could boot out an entrepreneur from a startup they have worked so hard to build.

7. Documentation

Once the term sheet has been signed, the agreement between your startup and an investor is formalized. It is strongly recommended that you work with a legal representative during this phase, as the finer details may become very complicated with long-term implications.

8. Disburse Funding

Once the agreement has been signed and the conditions specified have been met, funds are transferred to your bank account. This is known as the 'financial close'. You should be aware that conditions will be attached to the funds you receive and that investors can, and usually do, monitor how funds are being used. While it is a significant milestone in your startup's journey, it also represents a significant obligation.

¹¹ Discussed in the Industry Insight by Atwan & Partners. A sample term sheet is also shown in the Annex.

How to Succeed in Your Pitch

The first most important step in accessing funding for most entrepreneurs is their pitch to investors. A pitch shows potential investors an entrepreneur's idea, its potential, and alignment with investors' priorities. It also shows an entrepreneur's passion, character, and capacity to meet the demands of a startup. It can, and usually does, make all the difference—an excellent pitch may make up for some weaknesses with a startup, but a poor pitch will almost surely kill a promising startup's chances with an investor.

By the time entrepreneurs pitch, just before investors begin contemplating investing in a startup, investors will want to see the following:

- **Minimum Viable Product (MVP):**

Investors will want to see strong evidence of an MVP or working prototype that you can showcase during a pitch. It needs to be sufficiently developed and tested so that your demo proceeds without any glitches.

- **Right Team:** Investors will want to see that the startup's team has the right mix of talent, experience, knowledge, integrity, passion, and willpower to succeed. They will also want to see that a startup has the right number of team members. One founder trying to do it all may show investors that such an individual cannot manage themselves or work with other people, while a team with too many members at an early stage can show that a startup does not understand the importance of bootstrapping and may be careless in spending investor money, appointing employees unnecessarily.

- **Market Knowledge and Traction:** You will need to illustrate advanced knowledge of the market and a track record to show that your product or service is validated and has potential. While you may not need to have the same customer base as a mature company, you will need to show evidence of a sufficient number of retained users, whom you have also succeeded in upselling or cross-selling to.

- **You've done your homework:** Investors will want to know that you have done the required research on them prior to approaching them. You will need to know what companies similar to yours the investor has invested in and that those companies are not direct competitors. Investors need to know why, apart from financial reasons, an entrepreneur has approached them specifically. This will show that you know them well and are aware of the value they can bring to you and you can bring to them.

Once you are confident you can address the above, you can approach investors and pitch. During pitching, you should take note of the following:

1. Tell Your Story

While investors are interested in your idea and its potential, they want to make sure you have the passion and are aligned with your product or service. Investors can figure out the current or potential profitability of a startup from spreadsheets and business plans, but they cannot gauge an entrepreneur's dedication, work ethic, and capability to ensure a startup's success, unless they see those traits first-hand. Entrepreneurs that tell their stories can make themselves and their startups stand out and convince potential investors that they have what it takes to succeed. If you don't show that you have the passion for your product or service, it's an alarm bell that something is not quite right, and one that investors will pay attention to.



Expert Insight

What we find useful for validation at the idea phase is having an experienced team that understands the problem that their company is dedicated to addressing. For example, when it comes to a digital health startup, the business would benefit from senior team members who have experience in the space as healthcare practitioners (doctors, nurses, pharmacists, etc.), pharmaceutical company executives or scientific researchers, among others. Founders with backgrounds and experience in these fields are already at an advantage, and they will seek to supplement their experience with additional market research.

- Lana Ghanem, Managing Director, Hikma Ventures

How to Succeed in Your Pitch

2. Less Is More

While pitching times differ according to the setting, the stage a startup is at, and investors requirements or preferences, your pitch time should not exceed 10 minutes. On demo days when incubators and accelerators have anywhere from 10 to 30 companies pitching, presentations typically do not exceed three minutes.

The typical seasoned investor has seen hundreds to thousands of pitches. Do not spend too much time on trivial issues, drowning out the most important parts of your pitch with unnecessary information. Instead focus only on the most critical aspects of your startup, including the problem it is trying to solve, its potential, traction achieved, and the value your team brings

3. Be Clear and Precise

Investors value their time and want to see that you also value your time and theirs—if you respect your and their time, it is further assurance that you will also respect their money and know what to focus on in your journey. Be very clear and straightforward about what your product or service does, what its potential is, and what you are asking for. Do not assume that investors will understand what you perceive to be the simple aspects of your business. Do not try to impress them with acronyms and advanced technical terms. Investors may see this as an attempt to cover up inadequacies in your product or service.

4. Impress

First impressions count and your pitch is often really the only chance you'll have with an investor—impress them! Make sure you highlight your strengths as an entrepreneur and as a startup.

At this stage it is really important that your product or prototype is functional, presentable, and generating traction in the market. Investors will need to see numbers to evaluate whether or not to invest. It is therefore crucial that you begin collecting such information as soon as your product begins testing or hits the market. It is critical that your numbers illustrate the potential for your startup to generate massive returns on investment, otherwise average returns are simply an opportunity cost for investors. Your pitch should, aside from showcasing your MVP, or prototype product or service, also detail its advantage over other competitors, your strategy to take your product to market, your revenue model, timelines and projections, and your 'exit' strategy (when you want to sell your share of the company and forego ownership). Investors focused on financial rather than on strategic or impact returns want to make as much money as they can as fast as possible—your pitch should show them how much money you can make them, the process you will follow, and the time period it will take. You should have done enough research on your audience to know what they like and dislike, the companies they have invested in, how much you can ask for, and what their personality is like, in order to know how to prepare your pitch.

While investors will want to invest in passionate, intelligent, and humble entrepreneurs who are dedicated to improving their product, they also want to make sure that entrepreneurs are tough enough to weather the storms that come with building a business.



Expert Insight

Ultimately, VCs back companies that they think will succeed. No matter how well-presented the pitch deck is, in the end, VCs will look to invest in passionate, knowledgeable and dedicated teams that are geared for growth. That is what must come across in the investment pitch. At the end of the day the most important aspects are that the company is solving a real problem and that the team is a strong one that can handle pressure and has the flexibility to navigate through the uncertainties ahead.

- Lana Ghanem, Managing Director, Hikma Ventures

How to Succeed in Your Pitch

They will ask you tough questions that can rattle the most experienced serial entrepreneur. It is important to anticipate as many questions as possible and prepare for them before your pitch. And remember, a visually appealing slide deck and an entrepreneur that is dressed to impress could make all the difference.

5. Be Transparent

Being honest in financial dealings is paramount, and investors have seen enough pitches to suspect when an entrepreneur is hiding something or not telling the truth. There is no need to make past failings the highlight of your pitch, but likewise, you should not lie about them. If you feel your startup is not yet at the stage where you can convincingly ask for funding, then you should not pitch in the first place, and instead go back to the drawing board. Reputation is your currency as an entrepreneur and startup. If you destroy it with one investor, word can spread and destroy your chances everywhere. You will be working closely with many investors—if they feel that they cannot trust you, they will not give you their money.

6. Slide Deck

Every pitch needs to have a slide deck. This is a presentation that showcases an entrepreneur's product, her or his business, and their promise. While slide decks will differ from investor to investor and entrepreneur to entrepreneur, there are sections most investors require when startups are pitching to them. As a general rule, your slide deck should be between 10 to 15 slides and should not exceed 20 slides.



Expert Insight

At HV, we generally invest in companies that already have some commercial traction – as this allows us to better evaluate the opportunity. As investors, we want to work with the founders to try to understand the company as well as they do, which is why it is crucial that founders are transparent in their conversations with VCs. From the first pitch through to detailed diligence, passionate, humble and transparent founders with great business plans are usually the ones who command our attention. VC investors cannot run companies alongside the founders, which is why trust is very important. Founders/teams who show integrity, transparency and dedication in their interactions with investors, partners and customers are usually the ones who gain investors' trust.

- Lana Ghanem, Managing Director, Hikma Ventures



Expert Insight

A pitch should be clear, transparent and to the point, and demonstrate what the founders are trying to do while also reflecting the strength of the startup's team. It is only an entry point so should only be a maximum of 10-15 slides. Generally, a pitch should include: the startup's business model, revenue streams, general financial information, team roles and qualifications, value proposition, marketing and growth strategy, and the financial ask from Oasis500.

- Luma Fawaz, CEO, Oasis500

And remember...

- **Practice Makes Perfect:** Remember to rehearse your pitch dozens of times! As already mentioned, your pitch is often the only chance you will get with an investor. Make sure you rehearse until you cannot get it wrong! Practice pitching to friends, family, and your own team. Practice in front of the mirror and even record yourself on video. You will be surprised to find out how different your body language, vocabulary, and presentation skills may seem once you review the video.
- **Elevator Pitch:** While you may be waiting for your meeting with an investor to pitch and showcase your product or service, you should always be prepared to pitch at a moment's notice. You never know when you may meet a potential investor and if they may know about your startup and ask you to explain it for them. If you cannot explain your startup in 20 to 30 seconds, you may lose an investor right then and there. If you are prepared, your clear and brief pitch may get you the funding you are looking for.

Writing a business plan

Funders you approach, ranging from banks to angel investors, will need to see documentation that walks them through your business' added-value, what your product or service does, the state of the market, financial projections, current financial status, team, and other important aspects. This is what is called a business plan.

The business plan is important because it is in writing, and is a document investors and yourself can, and will, refer to in order to address issues or aspects that were not mentioned during a meeting or pitch, and which are not publicly available.

Investors can request a business plan either prior to or following an initial meeting or pitch. The business plan should contain the following sections and answer the following questions:

BUSINESS PLAN

1	Problem	What is the problem your service or product is trying to address? What gap in the market exists that you are trying to capitalize on?
2	Solution	What is your product or service? How does it currently address, or intend to address, the gap or problem in the market?
3	Market Size	What does the market look like now? Who are the major players? What share of the market will you capture?
4	Business Model	How will your service or product generate money? If you're a social enterprise, how will it generate impact alongside financial returns? You should have a tested and monetized model that has evidence of generated sales and profit.
5	Competition	Who are your competitors in the market and what are their strengths and weaknesses? Do they currently have, or could in the future develop, a service or product that fulfils client needs similar to yours?
6	Market Plan	What does your plan to go-to-market look like? If your product or service is not yet fully operational, how soon will it be and how soon will you be able to generate returns on investment?

Writing a business plan

BUSINESS PLAN

7 Team

Who is on your startup's team? What significant skills and experience do they bring and that provide a serious advantage to your startup?

8 Traction

What progress have you made so far and what is your quantifiable impact? You should be able to showcase numbers, including figures on the number of clients, retention, upselling, and cross-selling rates.

9 Financials

What numbers do you have on your operations, including costs, revenues, net profits, and various other metrics, such as average revenue per customer, monthly customer growth, churn rate (the rate at which you lose existing customers), etc.? You should also have projections for your company over the next several years.

This section should also show how much money you have received, the instrument used (grants, debt, equity, mezzanine, or other), from whom, and in exchange for what (ownership, interest payments, or nothing at all). It will also include your valuation—how much your startup is valued on the market—which will in turn affect the amount of funding you receive in the form of equity.

10 Fundraising

How much money are you requesting from your investor? In exchange for what? What do you plan to do with it?

How to value your business

If you are seeking investment or trying to raise equity, you and the investors you are approaching will need to know the value of your business. There are several methods to use to arrive at a valuation for your business, each of which offers its own advantages and disadvantages, depending on your business type, the stage it is at, and the model it employs. Valuations you arrive at with investors, while based on projections and forecasts, will also depend to a great deal on the results of negotiations and the rationale that is made for those projections and forecasts in the first place. Entrepreneurs who know the value of their business and are skilled negotiators are more likely to arrive at more optimal figures than those who are not. Entrepreneurs at advanced stages of their negotiations with investors should rely on expert financial advisory to arrive at a credible valuation of their business. Startups that are still at the pre-revenue stage are difficult to value; investors at this stage, most of whom are likely to be angel investors, incubators and/or accelerators, therefore usually invest according to a set standard for accepted applicants, providing entrepreneurs with a fixed cash sum and support services in exchange for ownership stakes that range between 5 – 10 percent of the startup.

Discounted Cash Flow

The difficulty with accurately estimating the value of your business is that companies are valued based on their potential, as opposed to their ownership of assets or their current revenue generation, both of which are likely to be minimal.

The Discounted Cash Flow (DCF) model is therefore the most appropriate for pre-revenue companies, as it values a company based on the estimated future cash flows (through financial projections) and discounts them to the present. The DCF model relies on the assumption that the present value of money is worth more today than in the future, and that a startup's earnings in the future are worth less than at present.

The discount rate depends on a number of variables, including inflation and risk, and is likely to vary from investor to investor and from company to company.

Multiple

The Multiple model values companies based on the acquisition price of similar companies and prices the value of your company according to its current multiple relative to the acquired company. For instance, if a company similar to yours sold in the market had sales of JOD 1m and was sold for JOD 5m, its value to sales multiple is 5. Taking the same multiple, if your company is generating JOD 2m, it should sell for JOD 10m.

While this approach is perceived to be fair, as it is based to a great extent on actual acquisitions in the market, there are two main drawbacks: (a) acquisitions of similar companies in the market can be few and far between to be representative, and (b) if you are pre-revenue, the multiple you will be using will be based on projections and estimates, which are not always accurate.

Net Assets

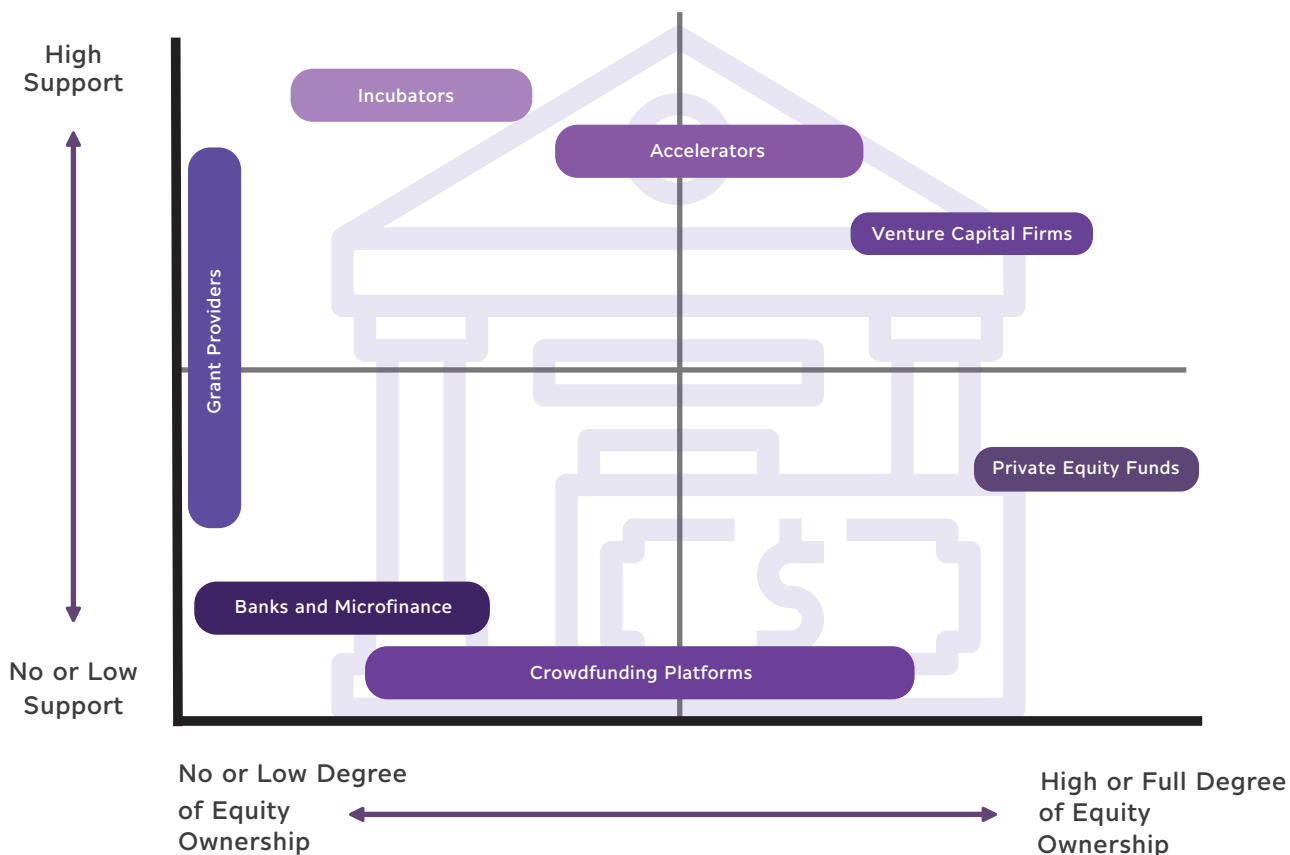
The Net Assets model values a company based on the value of its tangible assets, and is therefore more suitable for traditional companies such as retail shops selling physical goods. As the value of most startups today is derived mostly from their intangible assets, as is especially the case with tech-based startups, this model is the least useful and is likely to result in the lowest valuation.



FUNDERS OVERVIEW

Funders Overview

The following section includes an overview of all the relevant stakeholders in the entrepreneurial and startup financing ecosystem, ranging from actual financiers, such as banks, micro-finance institutions, and venture capitalists, to support organizations, including incubators and accelerators. As shown in the figure below, the funders offer various degrees of support and have varying degrees of ownership in the startups they choose to fund.




Disclaimer


The information in this section has been extracted from the official websites of financial institutions, Crunchbase, and MAGNITT, for the purposes of this guide and has been provided in good faith. We make no representation or warranty of any kind, express or implied, regarding the accuracy, adequacy, validity, reliability, availability, or completeness of any of this information.


Accelerators & Incubators


Accelerators and incubators are the entities that attempt to bridge the gap between an idea and an actual startup with a functioning product or service. While accelerators focus more on accelerating nascent companies, and incubators work more on turning ideas into life, they both offer similar services, such as working spaces, access to legal advice, sector-specific expertise, and funding or access to funding.


Accelerators & Incubators


 **Focus Areas or Sectors:**
Ideas and businesses in the tech and creative industries

 **Primary Country of Investment:**
Jordan and the region

 **Ticket Size:**
\$30k - \$350k

 **Investment Stage:**
Pre-seed and Seed

 **Financing Type:**
Equity Investment

 **Additional Services:**

- Mentorship
- Managerial Services
- Technical Assistance
- Networking
- Acceleration
- Office Space



Oasis500

Establishment Year: 2010






Location: Jordan

Website: www.oasis500.com

Organization Brief:

Oasis 500 is a pre-seed and seed fund manager and accelerator that catalyzed the development of an entrepreneurial ecosystem in the region, continues to create opportunities for aspiring entrepreneurs and enables them to build their own companies that subsequently contribute to the local economy.

Investment Portfolio – July 2019¹²

 Investor Type	 Status	 No. of Investments	 Portfolio	 Exits
Accelerator	Active	131	86	34

¹² Oasis500 Investor Profile: Portfolio & Exits." PitchBook, pitchbook.com/profiles/investor/56444-0

Accelerators & Incubators

 **Focus Areas or Sectors:**
Technology, product and design

 **Primary Country of Investment:**
Jordan

 **Ticket Size:**
Up to \$150k

 **Investment Stage:**
Seed, Early Growth

 **Financing Type:**
Equity Investment

 **Additional Services:**

- Advisory Services
- Mentorship
- Networking

propeller






Propeller

Establishment Year: 2016
Location: Jordan
Website: www.propellerinc.me

Organization Brief:

Propeller is a startup accelerator focused on early-stage technology companies.

Investment Portfolio – July 2019¹³

 Investor Type	 Status	 No. of Investments	 Portfolio	 Exits
Accelerator	Active	10	7	-

Accelerators & Incubators



iPARK – Jordan Technology Incubator

Establishment Year: 2013

Location: Jordan

(Amman, Irbid, Aqaba)

Website: www.ipark.jo/

Organization Brief:

iPARK specializes in enabling and accelerating the growth of startup companies through its effective incubation facilities, globally recognized entrepreneurship programs, commercialization and intellectual property services, matchmaking opportunities with serious investors, and unique industry networking events. Through its range of programs, iPARK offers unique and comprehensive services that greatly increase the opportunities for success for technology startups through better access to markets, finance and talent. These services include incubation, intellectual property and commercialization service, entrepreneurship development and investment.

iPARK provides the following:



Services to entrepreneurs:

- Incubation Services
- Intellectual Property & Commercialization Services
- Training and capacity building
- Investment Facilitation

Accelerators & Incubators



02 and 03 incubators by TTi

Establishment Year: 2016 (02incubator) and 2017 (03incubator)

Location: Karak (02incubator) and Irbid (03incubator)

Website: tti-jo.org/02-incubator/
tti-jo.org/03-incubator/

Organization Brief:

The 02 and 03 incubators by TTi provide business support services including business model validation, business development training and consultation, mentoring, business registration and ICT support services, focusing exclusively on women-led ICT and engineering startups.

02 and 03 incubators by TTi provides the following:



Additional Services

- Mentorship
- Office space
- ICT Support
- Legal and Financial Advisory
- Business Linkages

Accelerators & Incubators



Luminus ShamalStart

Establishment Year: 2016

Location: North of Jordan

Website: www.shamalstart.com

Organization Brief:

Luminus ShamalStart is a hardware business accelerator and seed investor. As of 2020, the accelerator began investing in startups in exchange for equity. With funding from the European Union, Luminus Education established Luminus ShamalStart in collaboration with iPARK to provide makers, innovators and entrepreneurs with a comprehensive ecosystem in which they can transform their progressive ideas into successful businesses that can best serve their local communities.

Business Acceleration Program

Luminus ShamalStart Business Acceleration program aims at equipping passionate innovators and entrepreneurs with promising ideas in the fields of manufacturing with the necessary skills, knowledge, resources, training, connections, and access to funding. The program also provides access to the first digital fabrication laboratory in Jordan for prototyping and product development.

Luminus ShamalStart provides the following:



Additional Services

- Business Acceleration
- Managerial Services, including incubation
- Technical Supervision
- Networking
- Post Acceleration

Accelerators & Incubators



Powered by



my Startup – INJAZ Jordan

Establishment Year: 2019

Location: Jordan

Website: www.injaz.org

Organization Brief:

my STARTUP provides a wide range of business development services to its members and empowers them to build, launch and grow sustainable businesses, giving special attention to female entrepreneurs and women-led startups, green startups and social enterprises, through providing an enabling environment that encourages responsible and effective entrepreneurship.

my Startup – INJAZ Jordan provides the following:



Services to entrepreneurs:

- Working Space
- Training & Capacity Building
- Mentorship & Consultation Sessions
- Access to Finance

Accelerators & Incubators



Darat Al Reyada

Establishment Year: 2018

Location: Jordan

Website: <http://intaj.net/darat/>

Organization Brief:

Darat Al Reyada is a public incubator that was launched by Int@j in partnership with the Amman Chamber of Commerce (ACC), and the Ministry of Information and Communications Technology (MOICT). The goal of the is to serve as a neutral and sustainable environment that will provide support to the entrepreneurs in the Kingdom and provide them with all the tools needed to stimulate innovation.

Darat Al Reyada provides the following:



Services to entrepreneurs:

- Networking & access to information
- Mentorship
- Training & Capacity Building

Accelerators & Incubators



DeZain Space

Establishment Year: 2018

Location: Jordan

Website: dezain-space.netlify.com

Organization Brief:

DeZain is the only incubator in Jordan specialized in supporting product and fashion designers and startups. With such a focus on unique and innovative fashion and product design, DeZain offers access to many resources and experts in order to produce and prototype products. The accelerator follows a unique acceleration and investment process, that is tailored to product and fashion designers' needs and requirements.

DeZain Space provides the following:



Services to entrepreneurs:

- Office Space
- Mentorship
- Training

Accelerators & Incubators



Zain Innovation Campus (ZINC)

Location: Jordan
(King Hussein Business Park)
Website: www.jo.zain.com

Organization Brief:

ZINC is a platform that includes all of Zain's initiatives and programs of corporate entrepreneurship responsibility.

ZINC provides the following:



Services to entrepreneurs:

- Networking
- Access to partners and investors
- Mentoring and coaching
- Grants through Zain al Mubadara

Accelerators & Incubators



Business Innovation Growth (BIG)

Establishment Year: 2013

Location: Jordan

(King Hussein Business Park)

Website: www.orange.jo/EN/big

Organization Brief:

Orange Jordan established Business Innovation Growth "BIG" in 2013, to manage a growth stage startup accelerator program aimed at small Jordanian businesses. The program has been conceived to help startups in the design, marketing and funding of their products and services. BIG by Orange targets established startups who are looking for mentorship as well as a fully-equipped space to propel the growth of their businesses. BIG also helps Jordanian startups expand into new markets and reach more customer segments.

BIG provides the following:



Services to entrepreneurs:

- Mentorship
- Office space
- Expansion to new markets
- Orange Digital Ventures
- Orange Fab

Accelerators & Incubators



The Tank by Umniah

Location: Jordan
(King Hussein Business Park)
Website: www.umniah.com

Organization Brief:

Since its adoption of the slogan "Belong," Umniah has dedicated itself to fostering a culture of entrepreneurship and innovation while simultaneously reinforcing its leading role in the country by creating an exceptional environment that motivates Jordanian entrepreneurs and nascent companies.

The Tank provides the following:



Services to entrepreneurs:

- Mentorship
- Financial and legal consultation
- Business development
- Marketing
- Access to Finance
- Office space
- Vocational license, taxes and customs exemption and facilitation

Accelerators & Incubators



HASSAD

Establishment Year: 2019

Location: Jordan

Website: www.hassad.io

Organization Brief:

HASSAD is an Agritech Accelerator supported by ITG Solutions, which provides services to support startups, solutions & SMEs specializing in technology within the agricultural sector in Jordan.

HASSAD space provides the following:



Services to entrepreneurs:

- Global network
- Access to markets
- Idea validation
- Mentorship
- Access to finance
- Success partner

Crowdfunding Platforms

Crowdfunding refers to fundraising that is done online, either as a donation or in the form of equity (in exchange for shares). This is usually done by pre-seed or seed startups who are looking to turn their product into an idea, upgrade their existing product or service, or take it to market. Crowdfunding platforms can be either public and open to any individual willing to fund, or private, and open only to a select group of investors, who have access to a curated selection of startups.

Crowdfunding Platforms



Active Investors:
25,144



**Primary Country
of Investment:**
36 countries including
Jordan



Average Investment Size:
\$5,800



Financing Type:
Equity Investment



EUREECA

Establishment Year: 2013

Location: England

Website: www.eureeca.com

Organization Brief:

Provider of a multi-regulated platform intended for global equity crowdfunding. The company's platform allows members to buy shares in growth-oriented businesses, while providing operational businesses with crucial access to capital, enabling angel investors as well as institutional firms to invest in new opportunities with ease.

Crowdfunding Platforms



Active Investors:
MEVP (Middle East Venture Partners), Wamda, N2V, and Sawari Ventures



Primary Country of Investment:
Arab World including Jordan



Average Investment Size:
NA



Financing Type:
Grant with a simple reward to the funders

zoomaal

Zoomaal

Establishment Year: 2012
Location: Lebanon
Website: www.zoomaal.com

Organization Brief:

Zoomaal is a crowdfunding platform run by major Arab investors: Wamda (UAE), Middle East Venture Partners (MEVP, MENA), Hivos (Netherlands), Cairo Angels (Egypt), N2V (KSA), and Sawari Ventures (Egypt). Provider of a crowdfunding platform intended to provide fundraising services.

Crowdfunding Platforms



Liwwa

Establishment Year: 2013

Location: Jordan





Website: www.liwwa.com

Organization Brief:

Liwwa is a peer to peer lending network, which connects borrowers to investors by creating an online credit marketplace. Borrowers can access capital while investors earn regular monthly returns on their investments. Borrowers can apply for small business loans online in ten minutes or less. Liwwa offers trade finance to qualified small and medium-sized enterprises. This asset financing model is based on the Murabaha or cost-plus financing principle.

Liwwa serves two primary customer bases, investors and borrowers: (1) investors, who are individual and institutional lenders who want to grow and diversify their investment portfolios while helping grow the local economy, and (2) borrowers, who are small and medium-sized enterprises (SMEs) that want to access capital quickly, efficiently, and on reasonable terms.

SMEs and Startup Products:

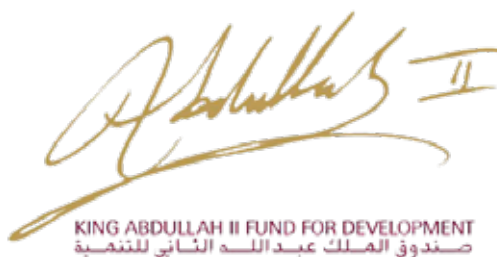
 Product Name	 Purpose	 Amount (JOD)	 Tenure (Years)
Liwwa Loan	Funding of small business assets and trade goods	Up to 70,000	Up to 2 years

Grant Providers

Grant providers are entities such as foundations, charities, donors and international organizations that provide grants to entrepreneurs and startups. While grants in some cases may be comparable to seed investments, they are usually smaller in size and are disbursed in several stages. Grants are also usually disbursed for specific sectors or activities and are strategic in nature.

Many international donors, such as United States Agency for International Development (USAID), European Union (EU), the United Nations (UN), the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), and other foreign missions and consulates have various periodic projects and programmes that disburse grants to entrepreneurs and startups.

Grant Providers



King Abdullah II Fund for Development (KAFD)

Establishment Year: 2001



Location: Jordan

Website: <https://www.kafd.jo/en>

Organization Brief:

The King Abdullah II Fund for Development (KAFD) was established by a royal decree in 2001 as a non-governmental organization. Its aim was to support the Jordanian community by driving human and infrastructure development. KAFD works to further develop key sectors in Jordan and improve local standards of living for all segments of the Jordanian community, targeting individuals, public and private sectors and civil society organizations.

Grants Programs:

 Product Name	 Purpose
Youth Empowerment Window	The project aims at providing financial, technical and logistical support to youth, to help turn their ideas into startups or to expand already existing projects implemented by civil society organizations at the national level. The project covers four main categories that are referred to as windows. These windows are under the following themes "Try", "Develop", "Shape" and "Expand".
King Abdullah II Award for Youth Innovation & Achievement (KAAYIA)	The award seeks to honor and recognize Arab social entrepreneurs of both genders who came up with innovative solutions to address pressing challenges in their communities through providing them with financial support to implement their projects, which positively reflects on their societies and countries. Grant size is up to USD 50K

Grant Providers




Jordan Enterprise Development Corporation (JEDCO)

Establishment Year: 2003
Location: Jordan
Website: www.jedco.gov.jo

Organization Brief:

The Jordan Enterprise Development Corporation (JEDCO) is a governmental organization dedicated to supporting the development of emerging businesses and small and medium-sized enterprises in Jordan.

Grant Programs:

 Product Name	 Purpose
Grants or Loans for New Ventures	Funding entrepreneurs and startup businesses with innovative project ideas and new ventures (less than 2 years old)
Accelerate with JEDCO	To support and sustain startups and SMEs in Jordan with a particular focus on high-growth enterprises.
Enhancing Industrial SMEs for Export Technical and Financial Support	Small and medium industrial enterprises with high export readiness and potential.
Enhancing Services SMEs to Export-Technical and Financial Support	Small and medium industrial enterprises with high export readiness and potential.



Non-financial Services:

- Networking Events
- Mentorship
- Incubation
- Training & Technical Assistance

Grant Providers



Zain Al Mubadara Program

Establishment Year: 2014

Location: Jordan



Website: www.jo.zain.com

Organization Brief:

Through Zain Al Mubadara, Zain supports young Jordanians in achieving their ambitions by embracing their ideas and supporting them to grow into successful companies.

Grant Program:

Zain Al Mubadara provides technical and financial support opportunities in three tracks:

 Product Name	 Purpose
Idea Track	Dedicated for youth with ideas and that are between the ages of 18-28 years
Startups Track	Dedicated for existing startups that have been in the market between 1-3 years
Social Entrepreneurship Track	For existing social enterprises that have been in the market between 1-3 years and have an impact on the community

Venture Capital Firms

Venture capital (VC) firms are institutional investors that invest in high growth businesses and startups, providing funding in exchange for equity, or proportional ownership of the business. They differ in their size, sectoral focus, and level of involvement in their investments, with many taking an active role in the growth of the business (arranging introductions, offering advisory), and others offering minimal support aside from funding. Most VCs focus on growing businesses to a certain level where they can be sold profitably to another buyer, thus making a successful 'exit', and generating large returns on their initial investments. The following is a list of the major venture capital firms who operate in Jordan or have an appetite to invest in Jordanian startups.

Venture Capital Firms



Focus Areas or Sectors:
Ideas and businesses in the tech industry and Creative industry



Primary Country of Investment:
Jordan and the region



Ticket Size:
\$30k - \$350k



Investment Stage:
Pre-seed and Seed



Financing Type:
Equity Investment



Additional Services:

- Mentorship
- Managerial Services
- Technical Assistance
- Networking
- Acceleration
- Office Space



OASIS500

Oasis500

Establishment Year: 2010

Location: Jordan

Website: www.oasis500.com







Organization Brief:

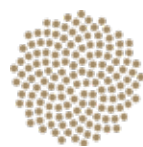
Oasis 500 is a pre-seed and seed fund manager and accelerator that catalyzed the development of an entrepreneurial ecosystem in the region, continues to create opportunities for aspiring entrepreneurs and enables them to build their own companies that subsequently contribute to the local economy.

Investment Portfolio – July 2019¹⁴

Investor Type	Status	No. of Investments	Portfolio	Exits
VC	Active	131	86	34

Venture Capital Firms

- 
Focus Areas or Sectors:
Technology
- 
Primary Country of Investment:
Jordan, Regional and International
- 
Ticket Size:
\$0.2M - \$3M
- 
Investment Stage:
Seed, Early Growth, Growth
- 
Financing Type:
Equity Investment
- 
Additional Services:
- Accelerator
- Incubator



Silicon Badia

Silicon Badia

Establishment Year: 2011






Location: Jordan & New York

Website: www.siliconbadia.com

Organization Brief:

Silicon Badia is a venture capital firm specializing in seed/startup and early growth stage enterprises. They operate as a subsidiary of Accelerator Technology Holdings Limited. They focus on providing capital, support and networks to the leading technology ventures and entrepreneurs.

Investment Portfolio – Sep 2019¹⁵

 Investor Type	 Status	 No. of Investments	 No. of Lead Investments	 Exits
VC	Active	68	15	4

¹⁵ "Silicon Badia." Crunchbase, Crunchbase, www.crunchbase.com/organization/silicon-badia.

Venture Capital Firms

 **Focus Areas or Sectors:**
Technology

 **Primary Country of Investment:**
UAE; followed by Jordan and Turkey

 **Ticket Size:**
\$1M – \$5M

 **Investment Stage:**
Seed, Early Growth

 **Financing Type:**
Equity Investment

 **Additional Services:**

- Mentorship
- Managerial Services
- Technical Supervision
- Networking
- Post Acceleration








Wamda Capital

Establishment Year: 2014
Location: Jordan and Dubai, UAE
Website: www.wamdacapital.com

Organization Brief:

Wamda Capital is the MENA region's leading venture capital firm investing in exceptional entrepreneurs.

Investment Portfolio – Sep 2019¹⁶

 Investor Type	 Status	 No. of Investments	 No. of Lead Investments	 Exits
VC	Active	52	20	2

Venture Capital Firms



Focus Areas or Sectors:
Information Technology,
Healthcare, Financial
Services, Government



**Primary Country
of Investment:**
MENA Region



Ticket Size:
\$100K – \$1M+



Investment Stage:
Seed, Early Growth,
Growth



Financing Type:
Equity Investment



Additional Services:
- Mentorship
- Managerial Services
- Technical Supervision
- Networking








DASH Ventures

Establishment Year: 2011
Location: Jordan
Website: www.dashventures.com

Organization Brief:

DASH Ventures is an Amman based Venture Capital firm operating at the forefront of MENA's rapidly transforming economic landscape and at the center of the region's entrepreneurship ecosystem. They invest in the best opportunities regardless of geography with a primarily focus on the MENA region.

Investment Portfolio – July 2019¹⁷

 Investor Type	 Status	 No. of Investments	 Portfolio	 Exits
VC	Active	25	17	2

¹⁷ "DASH Ventures Investor Profile: Portfolio & Exits." PitchBook, PitchBook, pitchbook.com/profiles/investor/97639-57.

Venture Capital Firms



Focus Areas or Sectors:
Technology



Primary Country of Investment:
Europe, MENA, North America



Ticket Size:
\$50K – \$200K+



Investment Stage:
Pre-Seed, Seed, Early Growth and Growth



Financing Type:
Equity Investment



Arzan Venture Capital

Establishment Year: 2013






Location: Kuwait & Abu Dhabi

Website: <http://www.arzanvc.com>

Organization Brief:

Arzan is a Venture Capital firm that aims to nurture innovation through investment, growing the startup ecosystem, investing in great founders, and promoting collaborative growth.

Investment Portfolio – Sep 2019¹⁸

 Investor Type	 Status	 No. of Investments	 No. of Lead Investments	 Exits
VC	Active	21	3	2

Venture Capital Firms

-  **Focus Areas or Sectors:**
Digital Health Space
-  **Primary Country of Investment:**
Global
-  **Ticket Size:**
Up to \$5M+ pre round
-  **Investment Stage:**
Seed, Early Growth, Growth
-  **Financing Type:**
Equity Investment








Hikma Ventures

Establishment Year: 2015
Location: London, England
Website: www.hikmaventures.com

Organization Brief:







Hikma Ventures is the corporate venture capital arm of Hikma Pharmaceuticals. Their primary focus is to identify and invest in emerging companies in the digital health space, globally, that could enhance Hikma’s value proposition, reputation and market intelligence.

Investment Portfolio – July 2019¹⁹

 Investor Type	 Status	 No. of Investments	 No. of Lead Investments	 Exits
VC	Active	10	1	1

¹⁹ “Hikma Ventures.” Crunchbase, Crunchbase, www.crunchbase.com/organization/hikma-ventures.

Venture Capital Firms

- 
Focus Areas or Sectors:
 -
- 
Primary Country of Investment:
 Jordan
- 
Ticket Size:
 Up to \$25K
- 
Investment Stage:
 -
- 
Financing Type:
 Equity Investment
- 
Additional Services:
 - Advisory Services
 - Mentorship
 - Startup Support Program (10K in form of in-kind grants)



Beyond Capital

Establishment Year: 2011






Location: Amman, Jordan

Website: www.beyondcapital.vc

Organization Brief:

Beyond Capital promotes the entrepreneurial ecosystem in Jordan through comprehensive support for entrepreneurs, finance entrepreneurs and angel investors. Beyond Capital leverages capital, expertise and access to networks to foster a dynamic and open environment, leading to job growth, increased equity investment and driving the new generation of Jordanian businesses.

Investment Portfolio – July 2019²⁰

 Investor Type	 Status	 No. of Investments	 No. of Lead Investments	 Exits
VC	Active	10	7	-

Venture Capital Firms



Focus Areas or Sectors:
Fintech



Primary Country of Investment:
Jordan and the region



Ticket Size:
Up to \$200K



Investment Stage:
Conception, Seed



Financing Type:
Equity Investment



Additional Services:

- Mentorship
- Networking
- Sandbox Environment
- Incubation for 6 months
- Access to Customers



AHLI FINTECH

www.ahlifintech.com

AHLI FINTECH

Establishment Year: 2017

Location: Jordan

Website: <https://ahlifintech.com/>

Organization Brief:

AHLI FINTECH is the first FinTech company fully-owned by a licensed bank in Jordan with a vision to promote the FinTech ecosystem and establish itself as a regional hub for FinTech innovation. The company is designed to develop FinTech talent through various activities and initiatives, including FinTech events, conferences, workshops and training sessions.

Investment Portfolio – Sep 2019²¹

 Investor Type	 Status	 No. of Investments	 Portfolio	 Exits
VC	Active	-	-	-

²¹ "AHLI FINTECH Acceleration Program in Amman: Apply Now and Write Your Future!" AHLI FINTECH, Ahli Bank, ahlifintech.com/.

Venture Capital Firms



Focus Areas or Sectors:

Core Technology, E-commerce, Fin-Tech, Industry Marketplaces, Business Software and Platforms, Consumer Internet



Primary Country of Investment:

Egypt and the MENA Region



Ticket Size:

NA



Investment Stage:

Seed and Early Growth



Financing Type:

Equity Investment

algebra**ventures**

Algebra Ventures

Establishment Year: 2016

Location: Cairo

Website: www.algebraventures.com

Organization Brief:


Algebra Ventures is a leading technology VC firm in Egypt. They invest in technology startups that leverage innovation to transform large markets. They look for high-growth companies, led by passionate and capable teams, that have a unique value proposition, and that can generate significant economic returns.


Investment Portfolio – July 2019²²

 Investor Type	 Status	 No. of Investments	 No. of Lead Investments	 Exits
VC	Active	17	16	NA


Venture Capital Firms

 **Focus Areas or Sectors:**
Technology

 **Primary Country of Investment:**
Global, including Jordan

 **Ticket Size:**
-

 **Investment Stage:**
Seed, Early Growth

 **Financing Type:**
Equity Investment








500 Startups

Establishment Year: 2010
Location: San Francisco, California, USA
Website: <https://500.co/>

Organization Brief:

500 Startups is a venture capital firm on a mission to discover and back the world's most talented entrepreneurs, help them create successful companies at scale, and build thriving global ecosystems. It is one of the most active venture capital firms in the world. 500 Startups has invested in Seven²³ Jordanian Startups so far.






Investment Portfolio – Sep 2019²⁴

 Investor Type	 Status	 No. of Investments	 No. of Lead Investments	 Exits
VC	Active	2,143	273	210

²³ 500 Home Page." 500 Startups, 500, 500.co/.

²⁴ "500 Startups." Crunchbase, Crunchbase, www.crunchbase.com/organization/500-startups.

Venture Capital Firms

- 
Focus Areas or Sectors:
 ICT and Creative industries
- 
Primary Country of Investment:
 GCC and Levant countries
- 
Ticket Size:
 \$200K – \$3M+
- 
Investment Stage:
 Early Growth, Growth
- 
Financing Type:
 Equity Investment








Middle East Venture Partners

Establishment Year: 2010
Location: Dubai, Beirut
Website: <https://www.mevp.com/>


Organization Brief:


MEVP is a Middle East-focused venture capital firm that invests in early and growth stages of innovative companies run by talented entrepreneurs in the Middle East Region. The MEVP group operates from a number of jurisdictions including Dubai and Beirut.


Investment Portfolio – Sep 2019²⁵


 Investor Type	 Status	 No. of Investments	 No. of Lead Investments	 Exits
VC	Active	66	25	2


Venture Capital Firms

 **Focus Areas or Sectors:**
E-commerce, Analytics, Entertainment, Mobile, SaaS, Logistics and Technology

 **Primary Country of Investment:**
Middle East and North Africa (MENA) Region and beyond

 **Ticket Size:**
\$3M+

 **Investment Stage:**
Seed, Early Growth and Growth

 **Financing Type:**
Equity Investment

MENAVENTURE INVESTMENTS

Mena Venture Investments

Establishment Year: 2010






Location: Amman, Jordan

Website: www.mvi.vc

Organization Brief:

MENA Venture Investments is a venture capital firm that also specializes in angel investments. The firm provides seed, start-up and early-stage investments to companies and prefers to invest in the e-commerce, analytics, entertainment, mobile, SaaS, logistics and technology sectors.

Investment Portfolio – Sep 2019²⁶

 Investor Type	 Status	 No. of Investments	 Portfolio	 Exits
VC	Active	79	52	22

²⁶ "MENA Venture Investments Investor Profile: Portfolio & Exits." PitchBook, PitchBook, pitchbook.com/profiles/investor/56460-43

Venture Capital Firms

 **Focus Areas or Sectors:**
Technology

 **Primary Country of Investment:**
Jordan

 **Ticket Size:**
\$50k - \$250k

 **Investment Stage:**
Seed, Early Growth








Adam Tech Ventures

Establishment Year: 2016
Location: Jordan
Website: adamtechventures.com

Organization Brief:

Adam Tech Ventures is a \$5M fund that invests in technology startups. Their aim is to invest in A-star entrepreneurs who are reshaping their industries.

Investment Portfolio – Sep 2019²⁷

 Investor Type	 Status	 No. of Investments	 No. of Lead Investments	 Exits
VC	Active	3	1	-

Venture Capital Firms



Focus Areas or Sectors:
High Growth and Innovative startups, and formally established Innovative SMEs less than 5 years old



Primary Country of Investment:
Jordan



Ticket Size:
\$200K – \$500K



Investment Stage:
Seed, Early Growth



Financing Type:
Equity & Quazi Equity Financing



Innovative Startups and SMEs Fund (ISSF)

Establishment Year: 2018






Location: Jordan

Website: www.issfjo.com

Organization Brief:

The Innovative Startups & SMEs Fund (“ISSF”) is a Jordanian company with the purpose of making equity and quasi equity (Mezzanine) investments in innovative startups & SMEs directly through the ISSF or indirectly through funds, and implementing activities to support entities to create a quality deal flow of viable potential investments. ISSF intends to support at least 825 entrepreneurs/SMEs to become investor ready, as well as improve the quality and variety of services provided by intermediaries and networks dedicated to the creation of deal flow in Jordan. The purpose is to deliver them into investible entities of which at least 75 companies will have access to potential direct financial support in the form of “Grants”.

Investment Portfolio – Sep 2019²⁸

 Investor Type	 Status	 No. of Investments	 No. of Lead Investments	 Exits
VC	Active	1	1	0

²⁸ “Innovative Startups and SME’s Fund (ISSF).” Crunchbase, Crunchbase, www.crunchbase.com/organization/innovative-startups-and-sme-s-fund-issf.

Venture Capital Firms

Other Venture Capital Firms

While this guide primarily provides an overview of stakeholders who have a presence in Jordan, there are many VCs outside of Jordan that Jordanian entrepreneurs and startups can access to raise funding. The table below provides an overview of the most prominent.

Additional VC Names	Year	HQ Location	Business Type	Seed	Early Growth	Growth	Contact Info
Accel	1983	USA, San Francisco	VC	Y	Y	Y	www.accel.com
Amadeus Capital Partners	1997	UK Cambridge	VC	Y	Y	Y	www.amadeuscapital.com
BECO Capital	2012	GCC	VC	Y	Y	-	www.becocapital.com
BeryTech Fund	2001	Lebanon	VC	Y	Y	-	www.berytechfund.org
B&Y Venture Partners	2015	Lebanon	VC	Y	Y	Y	www.byvp.com
Beyond Capital Fund	2009	USA NYC	Micro VC VC	Y	-	-	www.beyondcapitalfund.org
Cairo Angels	2011	Cairo	Angel Group	Y	-	-	www.cairoangels.com
Dubai Angel Investors	-	Dubai	Angel Group	Y	Y	-	dubaiaangelinvestors.me
Endeavor Catalyst	2012	USA NYC	VC	-	Y	Y	www.endeavor.org
Gulf Capital	2006	UAE	Private Equity	-	-	-	www.gulfcapital.com
ILIAD Partners	2014	UAE	VC	-	Y	-	www.iliadpartners.com
IM Capital	-	Lebanon	VC	-	-	-	www.imcapital.com
Intel Capital	1991	USA Europe	Corporate VC VC	-	Y	-	www.intel.com/content/w/us/en/
Impulse International for Telecommunications	2011	Kuwait	VC	-	-	-	www.impulse.com.kw
Jabbar	2009	UAE	VC	-	Y	-	www.jabbar.com
Leap Ventures	2014	Lebanon	VC	Y	Y	Y	www.leap.vc
mbc Venture	2016	Dubai	VC	Y	-	-	https://www.mbc.net/en/corporate/ventures/about

Venture Capital Firms

Additional VC Names	Year	HQ Location	Business Type	Seed	Early Growth	Growth	Contact Info
Oman Technology Fund	2016	Oman	Accelerator Incubator VC	Y	Y	-	www.otf.om
Phoenician Funds	2015	Lebanon	VC	Y	Y	-	www.phoenicianfunds.com
Raed Venture	2015	KSA	VC	Y	Y	-	www.raed.vc
Saned Partners	-	Lebanon	VC	-	Y	-	www.sanedpartners.com
Saudi Aramco Energy Venture	2012	KSA Dhahran	Corporate -VC	-	Y	Y	www.saev.com
Savour Ventures	2017	Kuwait	Accelerator	Y	-	-	www.savour.ventures
Sharjah Entrepreneurship Center	2016	UAE Sharjah	Accelerator	Y	Y	-	www.sheraa.ae
Shorooq Investments	2016	UAE Abu Dhabi	VC	-	Y	Y	www.shorooq.ae
Saudi Tech Ventures	2017	KSA Riyadh	VC	-	-	-	www.stv.vc
Riyad TAQNIA Fund	2016	KSA Riyadh	VC	-	Y	-	www.riyadtaqnia.com
Tech Invest	2014	Kuwait	VC	-	-	Y	www.techinvest.com
Turn8	2016	UAE Dubai	Accelerator	Y	Y	-	www.turn8.co/about
Twofour54	-	UAE Abu Dhabi	VC	-	-	-	www.twofour54.com/en
Venture Souq	2013	UAE Dubai	VC	-	-	-	www.venturesouq.com
Vision Ventures	2016	KSA Dammam	VC	Y	Y	-	www.visionvc.co

Private Equity Firms

Private equity firms are funds that invest in more mature companies, which are sometimes struggling to streamline their operations, taking a much more active role in their management, and eventually selling them. PE firms purchase ownership shares of companies at a much larger scale than VCs, usually taking full control of company voting rights. Their investment decisions are much less risky than VCs, with extensive due diligence conducted prior to any purchase. As they invest in larger companies with higher sums, PE firms are usually backed by larger individual and institutional investors.

Private Equity Firms

 **Focus Areas or Sectors:**
Energy and Water Technology

 **Primary Country of Investment:**
Jordan & Middle East and North Africa (MENA)

 **Ticket Size:**
-

 **Financing Type:**
-

 **Additional Services:**

- Value Creation
- Managerial Services
- Technical Supervision
- Networking



Catalyst Investment Management

Establishment Year: 2006







Location: Jordan

Website: www.catalystpe.com

Organization Brief:

Catalyst Investment Management (also known as Catalyst Private Equity) is a specialized energy and water sector investment management company operating out of Jordan, covering primarily the Middle East and North Africa. The company goal is to help create, invest in, and grow a world class base of renewable energy projects and value-added companies that primarily supply the energy and water treatment sectors. These companies range from project developers and projects, to technology developers, to product developers that will help grow and maintain the region's vital energy and water sectors.

Investment Portfolio – July 2019²⁹

 Investor Type	 Status	 Professionals	 No. of Investments	 Portfolio	 Exits
Private Equity	Active	3	3	1	3

²⁹ "Catalyst Home Page." Catalyst, Catalyst, www.catalystpe.com/.

Private Equity Firms



Focus Areas or Sectors:

Aviation, Education, Financial Services (Conventional/Islamic Banking and Insurance), Food and Beverage, Hospitality, Logistics, Manufacturing, Pharmaceuticals and Renewable Energy, etc.)



Primary Country of Investment:

Levant & North Africa



Ticket Size:

-



Financing type: Equity Investment



Foursan Group

Establishment Year: 2001

Location: Jordan

Website: www.4san.com

Organization Brief:

Foursan Group is a private equity firm with a primary focus on the Middle East region. The firm seeks to invest in the aviation, education, financial services, food and beverage, hospitality, logistics, manufacturing, pharmaceuticals and renewable energy sectors.

Investment Portfolio – July 2019³⁰

Investor Type	Status	Professionals	No. of Investments	Portfolio	Exits
Private Equity	Active	4	12	3	7

Microfinance Institutions

Microfinance institutions (MFIs) operate like banks, with a few key differences, including the generally smaller size of their loans, the shorter timeframes in which they are disbursed, and the less stringent requirements in terms of collateral, guarantees, and supporting documentation.

Microfinance Institutions



Branches:
61



Licensed under CBJ:
Yes



Tanmeyah Member:
Yes



Additional Services:
- Marketing Support
- Insurance
- Training Support
- Awareness Education
- Services

MICROFUND FOR WOMEN
Empowering Every Ambitious Woman



Microfund for Women (MFW)

Type: Private Non-profit org
Establishment Year: 1999
Website: www.microfund.org.jo

Organization Brief:

MFW is a micro-finance institution that provides sustainable financial and non-financial services to the entrepreneurial poor, especially women, in order to empower them socially and economically, and to help them achieve a better quality of life.

 Product Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Months)
Tatweer	Focuses on micro and small independent businesses, available for men and women to purchase fixed assets or working capital	900 – 10,000	Up to 36
Intilaqati	Provides financial services for entrepreneurs with projects ideas, or individuals with existing projects and need to develop and improve their projects, by purchasing assets and/or expand their project's capital.	500 – 10,000	Up to 60

Microfinance Institutions

 **Branches:**
36

 **Licensed under CBJ:**
Yes

 **Tanmeyah Member:**
Yes

 **Additional Services:**
- Marketing Support
- Training Support







Jordan Micro Credit Company (Tamweelcom)

Type: Private Non-profit org
Establishment Year: 1999
Website: www.tamweelcom.org

Organization Brief:

Tamweelcom is a microfinance firm that provides financial and non-financial services to the low-income and productive-poor to improve their social and living standards by adopting and implementing best practices. Mentoring international microfinance.

 Product Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Months)
Individual Loans	<ul style="list-style-type: none"> · Unlicensed or home businesses · Financing of micro and small licensed enterprises · Working capital financing · Fixed Asset Finance 	1,000 – 50,000	Up to 36
Cheques Product	Financing for the owners of existing projects licensed and classified as small as projects or micro	7,000 – 20,000	Up to 12
POS Product	Financing existing projects licensed and classified as small or micro, E-payment customers at MEPS	7,000 – 20,000	Up to 18

Microfinance Institutions



Branches:
61



Licensed under CBJ:
Yes



Tanmeyah Member:
Yes



Additional Services:
- Marketing Support
- Insurance
- Training Support
- Awareness
- Education Services



Ahli Microfinance Company
الشركة الأهلية للتمويل الأصغر

Ahli Microfinance Company (AMC)





Type: For profit

Establishment Year: 1999

Website: www.ahlimicrofinance.com

Organization Brief:

Ahli Microfinance is a private microfinance company that targets customers who do not benefit from the services of commercial banks; therefore, the company's services take into account the social, economic and financial dimensions of its products professionally tailored to suit a varied assortment of businesses and social segments.

 Product Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Months)
Ambition Loan	finance an idea to establish a business licensed or unlicensed, micro startup business or home-based businesses	425 – 5,000	Up to 24

Microfinance Institutions



Branches:
31



Licensed under CBJ:
Yes



Tanmeyah Member:
Yes



Additional Services:
- Marketing Support
- Training Support

الوطني لتمويل المشاريع الصغيرة
NATIONAL MICROFINANCE BANK







National Microfinance Bank (Alwatani)

Type: Private Non-profit org
Establishment Year: 2006
Website: www.nmb.com.jo

Organization Brief:

National Microfinance Bank is a microfinance institute that finances income generating projects for underserved segments of society, spreading a culture of micro credit and entrepreneurship and carries out mission driven activities.

 Product Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Months)
Watani	Home-base unlicensed activities targeting women	200 – 1,000	Up to 20
Mashrouee	Very small businesses either registered or unregistered for the purposes of establish or develop their project	1,001 – 5,000	Up to 36
Estethmari	registered Small/businesses in need for working capital, assets acquisition	5,001 – 50,000	Up to 48

Microfinance Institutions



Branches:
25



Licensed under CBJ:
Yes



Tanmeyah Member:
Yes



Additional Services:
- Marketing Support
- Training Support







Vitas Jordan

Type: Limited Liability Non-Profit
Establishment Year: 2003

Website: www.vitasjordan.com

Organization Brief:

Vitas Jordan offer financial opportunities to those who are not well served by traditional banks or lenders through providing comfortable and easy financial solutions that enable them to become self-sufficient and great contributors to the growth of their communities.

 Product Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Months)
Agricultural loans	Financing needs of agricultural entrepreneurs and animal wealth projects	601 – 75,000	Up to 48
Commercial Business Development Loan	Finance working capital required for individuals who have individual projects over one year old and wish to develop, expand and improve these projects by purchasing goods or raw materials and purchasing the necessary equipment, machinery and equipment	601 – 24,999	Up to 48
Commercial	<ul style="list-style-type: none"> · Working Capital Loans · Fixed Asset Loan · Factoring of Accounts Receivable Loans 	1,001 – 75,000	Up to 48

Microfinance Institutions



Branches:
8



Licensed under CBJ:
No



Tanmeyah Member:
Yes



Additional Services:
- Marketing Support
- Training Support







FINCA Microfinance

Type: non-profit institution
Establishment Year: 2003
Website: www.finca.jo

Organization Brief:

FINCA provides socially responsible financial services and enables low income entrepreneurs and small business owners to invest in the future by funding loans to increase the productivity of individuals and to support small and medium businesses in Jordan.

 Product Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Months)
Commercial Micro Loan Individual	Micro and Small home ongoing businesses	300 - 2000	Up to 24
Experience Loan	Small and medium products or services businesses	2,001 – 10,000	Up to 48
Opportunity Loan / SME Loan	Small and medium products or services businesses Minimum 1 year of business history	10,001 – 40,000	Up to 60

Microfinance Institutions



Branches:

9



Licensed under CBJ:

Yes



Tanmeyah Member:

Yes



Additional Services:

-



Ethmar for Islamic Microfinance





Type: Jordanian LLC

Establishment Year: 2015

Website: www.ethmar.jo

Organization Brief:

Ethmar is the first Islamic microfinance institution to fight poverty, unemployment and to provide financial solutions to low-income individuals (employees, workers and retirees), licensed businesses and individuals (employees, workers and retirees), and household businesses.

 Product Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Months)
Licensed Existing Businesses	Procurement of Raw Materials & Goods, Machinery & Equipment	500 – 25,000	Up to 24
AI YUSR Finance	Raw Materials & Goods	3000 – 10,000	Up to 12

Microfinance Institutions



Branches:

11



Licensed under CBJ:

Yes



Tanmeyah Member:

No



Additional Services:

-



Namouthajiyah Islamic Microfinance





Type: Non-profit organization

Establishment Year: 1999

Website: www.mifm.org

Organization Brief:

Namouthajiyah Islamic Microfinance is an Islamic microfinance institution that aims to contribute to narrowing the funding gap in the poorest regions through the use of innovative means in the Islamic finance industry for small businesses.

 Product Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Months)
Business Loan	Financing existing entrepreneurs licensed for one year and more to develop their projects through the purchase of goods, raw materials, machinery and special supplies	Up to 25,000	NA
Startup Loan	Startup projects and enterprises less than a year old	Up to 10,000	NA
Home Based Project Loan	To enable licensed and unlicensed entrepreneurs to start and develop their home businesses, to increase family income and improve the standard of living	Up to 3,000	NA

Banks

Banks are financial institutions that provide funding and other financial services to individuals and companies. Banks provide loans, account services, working capital, and other services occasionally required by businesses. While some of their services may be suitable to businesses at all stages (account services, for instance), many of their products (such as loans and working capital) are suitable for more mature businesses that can service debt and have healthy levels of cash flow.

Banks



Branches:
47



Licensed under CBJ:
Yes



Nonfinancial Services:

- Networking Event
- Mentorship
- Accelerate SME
- Access to digital tools



Bank Al Etihad

Establishment Year: 1978

Website: www.bankaletihad.com

SME and Startup Loans and Programs:

 Loan Name	 Loan Purpose	 Loan Amount	 Loan Tenure (Years)
Shorouq Loan	Start and grow businesses businesses	250,000	Up to 5 years
Ventures program	This is an investment funding for entrepreneurs who wants to launch or grow a business	Average ticket size is \$100k – \$500k	Not applicable

Banks



Branches:
84



Licensed under CBJ:
Yes



Nonfinancial Services:





- Consultancy to SMEs and entrepreneurs
- Direct SME customers to areas where professional courses are conducted.
- SME Training in financial, administrative, marketing, and human resources field



Amman Cairo Bank

Establishment Year: 1960
Website: <http://www.cab.jo>

SME and Startup Loans and Programs:

 Loan Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Years)
SME's loans	Provide the finance needed for the expansion of existing enterprises, financing operating capital, purchase of equipment, fixed assets, and machines which help in increasing the productivity of ventures that seek to expand and have obvious marketing prospects	Up to 1,500,000	Up to 7 years
Venture financing	Venture financing are loans granted to individuals, companies, or business owners (professional, industrial and handicrafts)	Up to 50,000	2 - 5 years

Banks



Branches:
63



Licensed under CBJ:
Yes



Nonfinancial Services:

- Advisory services
- Portfolio management
- SME rewards program





البنك الأهلي الأردني
Jordan Ahli Bank



Jordan Ahli Bank

Establishment Year: 1955
Website: www.ahli.com

SME and Startup Loans and Programs:

 Loan Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Years)
Al Nashmiat Loan	Financing small and medium businesses owned, partially owned, or managed by women who need to purchase raw material, stock material, as well as commodities necessary for production or providing services to customers.	5,000 – 100,000 JOD	Up to 1 Year
Finance your needs loan	Financing gaps needed to make payments before you have collected money from debtors.	Maximum loan amounts Up to 250,000 JOD	Up to 9 months
My project loan	Financing Small and medium enterprises to facilitate and expand business by financing its working capital needs.	50,000 JOD maximum loan amount	Up to 4 Years repayment Period

Banks



Branches:
79



Licensed under CBJ:
Yes



Nonfinancial Services:
- Expert-Led Workshops





البنك العربي
ARAB BANK

Arab Bank


Establishment Year: 1930
Website: www.arabbank.jo

SME and Startup Loans and Programs:

 Loan Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Years)
Business lending and working capital solutions	Support SME clients' business operations as well as growth plans	NA	NA
loan facilities for SMEs under the agreement with the European Investment Bank (EIB)	Meeting the needs of SMEs	NA	Up to 7 Year
Trade finance products and services	Support SME trade finance business, locally and across borders	NA	NA

Banks

 **Branches:**
90

 **Licensed under CBJ:**
Yes

 **Nonfinancial Services:**
-







Bank of Jordan

Establishment Year: 1960

Website: www.bankofjordan.com

SME and Startup Loans and Programs:

 Loan Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Years)
Overdraft	Financing SMEs needs with the required liquidity to continue operations and activities, with specific ceilings that correspond with their commercial business volume.	NA	Renewing the overdraft ceiling annually
Commercial Loan	Financing SMEs working capital as well as various activities and commercial operations.	Amount corresponds with needs & commercial business volume	NA
Financing Letter of Credits	Finance letters of credits and bills as well as discounted commercial bills to finance import letters of credit, transfers or bills	-	-

Banks



Branches:
193



Licensed under CBJ:
Yes







Nonfinancial Services:
-



The Housing Bank for Trade and Finance

Establishment Year: 1973
Website: www.hbtf.com

SME and Startup Loans and Programs:

 Loan Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Years)
Business loan program	Finance trade and business sector; small companies, vocational individuals, individual businessmen in various economic sectors	Up to JOD 50,000	Up to 5 years
Start-ups business loan program	Finance new registered projects in all economic sectors that started its activities since not exceeding 3 years.	Up to JOD 100,000	Up to 6 years
Productive loans program	Finance new and outstanding projects (including extensions, developments and improvements) for small and medium companies' customers doing business in various economical productive sectors that generate income	Up to JOD 250,000	Up to 6 years
Second central Bank program in cooperation with IBRD to support MSME's	Finance the micro, small and medium companies within various economical sector to practice their business through competitive interest rates and in cooperation with the central Bank	Up to 300,000.00 JODs	In accordance to the bank policy in time of grating loans.

Banks



Branches:
45



Licensed under CBJ:
Yes



Nonfinancial Services:
-







البنك العربي الإسلامي الدولي
ISLAMIC INTERNATIONAL ARAB BANK


Islamic International Arab Bank


Establishment Year: 1998
Website: iiabank.com.jo


SME and Startup Loans and Programs:

 Loan Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Years)
Ibda'a	First Islamic product specialized in Startup financing in cooperation with Central Bank of Jordan and Jordan Loan Guarantee Cooperation	Up to JOD 100,000	Up to 5 years
Bader	Finance growth of small businesses to buy goods or new assets	Up to JOD 100,000	NA
Wasel	Finance continuous growth of businesses to be able to move to the next level	Up to JOD 550,000	NA
Tamakani	Finance-women owned businesses to expand businesses and develop a startup business through SME banking solutions	Up to JOD 550,000	NA

Banks

 **Branches:**
-

 **Licensed under CBJ:**
Yes

 **Nonfinancial Services:**
-







Capital Bank of Jordan


Establishment Year: 1995


Website: www.capitalbank.jo


SME and Startup Loans and Programs:

 Loan Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Years)
SME Loan	Serving Small and Medium Enterprises with excellence and innovative products and services	10,000 – 150,000	-
Revolving Credit Facility	Provide commercial customers with a loan amount that can be withdrawn, repaid, and redrawn again any number of times, until the contract expires	Freedom to choose the financing value	Freedom to choose the financing tenor
Commercial Loan	One-time loan granted to clients, typically for the purpose of expanding the business premises or financing fixed assets	Loan value is consistent with the needs and size of the business	Loan tenor up to 7 years (depending on purpose of the loan)

Banks

 **Branches:**
33

 **Licensed under CBJ:**
Yes

 **Nonfinancial Services:**
-








Invest Bank


Establishment Year: 1982

Website: www.investbank.jo


SME and Startup Loans and Programs:

 Loan Name	 Loan Purpose	 Guarantees	 Loan Amount (JOD)	 Loan Tenure (Years)
Equity Release	Offer a loan against a property	<ul style="list-style-type: none"> · Loan percent of total value up to 100% · Age range 21-70, on maturity date · Valid identification card for Jordanians. · Salary slip or certificate. · Updated statement of account (6 months) 	25000 - 300,000 (Inside Amman) 25000 - 200,000 (outside Amman)	1 – 8 years Grace period up to 45 days

Banks

 **Branches:**
64

 **Licensed under CBJ:**
Yes

 **Nonfinancial Services:**
-



Jordan Kuwait Bank


Establishment Year: 1976


Website: www.jkb.com


SME and Startup Loans and Programs:

 Loan Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Years)
SMALL BUSINESS BANKING	Jordan Kuwait Bank provides products and services that aim to grow business activity and increase efficiency through financing working capital, fixed asset financing (Machinery & Equipment), maintenance & décor financing, supply chain finance, as well as providing financing for business expansion, purchasing shares from partners, purchasing raw materials, investing in new projects and any other purposes permitted under the provisions of the law and international conventions	NA	NA

Banks


Branches:
 21


Licensed under CBJ:
 Yes


Nonfinancial Services:
 -







BLOM Bank

Establishment Year: 2004

Website: www.blom.com.jo

SME and Startup Loans and Programs:

 Loan Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Years)
Business loan	Financing new project or developing an existing one	250,000	Up to 8 years
Tujjar Amman loan	Granting credit facilities against the commitment of the customer and the electronic payment company to transfer points of sale	50,000 - 100,000	At least one year
Office loan "Maktabi"	Buy, expand or refurbish office or place of work in Jordan	Up to 250,000	Up to 8 years

Banks



Branches:
31



Licensed under CBJ:
Yes



Nonfinancial Services:
-





البنك التجاري الأردني
Jordan Commercial Bank 

Jordan Commercial Bank

Establishment Year: 1977

Website: www.jcbank.com.jo

SME and Startup Loans and Programs:

 Loan Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Years)
SME Projects Financing	<ul style="list-style-type: none"> · Financing renewable energy project · Financing educational projects · Financing industrial projects · Financing IT projects · Financing Architectural projects · Financing Entrepreneurs start-up projects 	NA	Up to 7 years
Tejari business loan	Tejari Business Loan from Jordan Commercial Bank is designed to help small businesses to get ahead in the competitive markets they face	Up to 100,000	2 - 5 years

Banks

Additional Bank Names	Year	No. of Branches	CBJ Licensed	Website
Societe Generale de Banque	1965	19	Y	http://www.sgbj.com.jo/sgbj/en/Home
National Bank of Kuwait	2004	1	Y	https://www.nbk.com/nbkgroup/aboutgroup/ournetwork/jordan.html
Egypt Arab Land Bank	1951	15	Y	https://www.aqaribank.jo/
Bank Audi	2004	14	Y	http://www.bankaudi.com.jo/jordan/home
ABC Bank	1990	28	Y	https://www.bank-abc.com/world/Jordan/en/Pages/default.aspx
AJIB Bank	1978	33	Y	https://www.ajib.com/node/202
Stander Chartered Bank	1952	6	Y	https://www.sc.com/jo/
Jordan Islamic Bank	1978	78	Y	https://www.jordanislamicbank.com/
Al Rajhi Bank	2011	6	Y	https://www.alrajhibank.com.jo/en/media-centre/news/pages/welcome-to-al-rajhi-bank-jordan.aspx
Safwa Islamic Bank	2010	35	Y	https://www.safwabank.com/en/
Rafidain Bank	1957	4	Y	https://www.rafidainamman.com/

Development & Other Finance Institutions

Development finance institutions (DFIs) are financial institutions established (mainly by government) with the mission of providing financing and support to micro, small and medium businesses to help generate employment, strengthen value chains, and develop markets to bring about inclusive growth and improved living conditions in low and middle-income societies. DFIs provide a mixture of instruments including debt, equity, quasi-equity (or mezzanine finance), and Islamic finance, however, debt financing is most common type.

DFIs usually offer 'soft loans', which come with easier terms and requirements, including zero or low interest rates, interest 'holidays' (a period of time when interest doesn't have to be paid back), longer amortization rates (period through which debt is reduced through regular repayments), the absence of a need for collateral, and other features that reduce the burden on the borrower.

Development & Other Finance Institutions



Branches:

4



Licensed under CBJ:

No



Nonfinancial Services:

- Capacity Building in Marketing
- Social Events
- Consultancies in Accounting
- Companies registration and licensing

SANADCOM
for business finance



سندكم
لتمويل الأعمال

Sanadcom for Business Finance

Establishment Year: 1991

Website: sanadcomjo.com


Organization Brief:


Sanadcom is a financing institution that finances projects and private businesses for the purposes.

SME and Startup Loans and Programs:

Loan Name	Loan Purpose	Loan Amount (JOD)	Loan Tenure (Years)
Osool Finance	<ul style="list-style-type: none"> · Expansion works and opening new branches · Decors · Financing machinery and equipment 	Up to 75,000	Up to 5 years Grace Period: Up to 1 year
Tayseer Finance	<ul style="list-style-type: none"> · Purchasing goods · Purchasing raw materials 	Up to 75,000	Up to 2 years
Sahel "Discounted Cheques"	<ul style="list-style-type: none"> · Drawn cheques on the working banks in the Kingdom · Post-dated cheques for 12 months maximum 	10,000 - 70,000	Up to 1 year or discounted checks due date
Joud Finance	Financing fixed assets, goods, and raw materials for non-Jordanians	Up to 75,000	Up to 5 years GP: Up to 1 year

Development & Other Finance Institutions

 **Branches:**
1

 **Nonfinancial Services:**
- Business Support through the GroFin Step Program



GroFin





Establishment Year: 2004

Website: www.grofin.com

Organization Brief:

GroFin is a pioneering private development finance institution specialising in the finance and support of small and growing businesses (SGBs). The institution provides Small and Medium Enterprise (SME) finance and business loans in South Africa, Zambia, Nigeria, Ghana, Ivory Coast, Senegal, Uganda, Tanzania, Kenya, Rwanda, Egypt, Iraq, Jordan and Oman. The firm combines medium term loans and specialized business support to grow emerging market enterprises.

SME and Startup Loans and Programs:

 Loan Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Years)
SME Financing	Start or grow a business	100K – 1.5M	3 to 8 years

Development & Other Finance Institutions



Branches:
18



Licensed under CBJ:
No



Nonfinancial Services:

- Feasibility Studies through IRADA
- Life Insurance
- Specialized training



ريادة
صندوق التنمية و التشغيل

Development and Employment Fund (DEF)

Establishment Year: 1991

Location: Jordan

Website: www.def.gov.jo

Organization Brief:

DEF is a governmental development fund that aims to finance the low-income groups and the unemployed, who are skilled with a profession, to establish their own projects in the areas of industry, crafts, services or tourism, for the purpose of creating sustainable employment opportunities that provide them with suitable income.

SME and Startup Loans and Programs:

 Loan Name	 Loan Purpose	 Loan Amount (JOD)	 Loan Tenure (Years)
Startup Loan	Start a new business	Up to 20,000	Up to 7 years
SME growth Loan	Develop and grow and existing business	Up to 15,000	Up to 7 years
Entrepreneurship loan – New business	Start a new and innovative business	25,000 – 75,000	Up to 7 years
Joud Finance	Develop and grow and existing business	25,000 – 75,000	Up to 7 years

Leasing Firms

A lease is a contract through which the owner (lessor) of an asset, grants another individual or entity (lessee) the exclusive right to possess or use that asset for a period of time in exchange for payment. Leases are more appropriate for long term rentals, and are tied to a tangible asset. The advantages of leases are that their terms are much less restrictive than bank loans, they reduce the risks and costs of ownership for the lessee, require no collateral (as the asset being leased is the collateral), have fixed payments, and in most cases require no deposits.

Leasing Firms



Branches:
NA



Licensed under CBJ:
No



Tamkeen Leasing Company

Establishment Year: 2011

Website: www.tamkeenleasing.com

Organization Brief:

Tamkeen Leasing Company is Subsidiary of INVESTBANK's group. Tamkeen was established to cater to increased leasing demands realized in the Jordanian market. Tamkeen offers a full set of financial and operational leasing services with a sector specific approach. Addressing the retail, SME markets and corporates.

SMEs and Startups Products:

Product Name	Purpose	Amount (JOD)	Tenure (Years)
Equipment Leasing	<ul style="list-style-type: none"> Individuals along with companies Financing all kinds of equipment required for the operations Targeting modernization programs of trucks Focus on the asset as the basic collateral for the lease and the main source for monthly payments 	90% of value	Up to 6 years
Industrial Leasing	Providing startup existing companies with new assets that are suitable for expansion with a focus on the productive sector	85% of value	Up to 6 years

Leasing Firms



Branches:
2



Licensed under CBJ:
No



EJARA LEASING COMPANY
MEMBER OF JORDAN KUWAIT BANK GROUP

Ejara Leasing Company





Establishment Year: 2011

Website: www.ejaraleasing.com

Organization Brief:

Ejara is a Leasing Company that provides innovative and high-quality leasing solutions for fixed assets to individuals, SMEs and corporate clients. Ejara is a subsidiary of the Jordan Kuwait Bank.

SMEs and Startups Products:

 Product Name	 Purpose	 Amount (JOD)	 Tenure (Years)
Corporate Loans	Financing new and used machinery and equipment according to special arrangements	80% of the asset value	Leasing period corresponding with the production life of the leased asset

Leasing Firms


Branches:
3


Licensed under CBJ:
No



Specialized Leasing Company





Establishment Year: 2005

Website: www.slcjo.com

Organization Brief:

The Specialized Leasing Company was founded by the Housing Bank to complement the Bank's mission in providing innovative banking and financing services of high quality to cope with developments in banking markets to meet customer needs, to support the various economic activities and encourage expansion and modernization processes and to develop the concept of funding and provide various alternatives to it.

SMEs and Startups Products:

 Product Name	 Purpose	 Amount (JOD)	 Tenure (Years)
Equipment and Industrial Machinery	Financing new and used machinery and equipment according to special arrangements	100% of the asset value	Funding periods aligned with the useful life of the leased asset
Machinery, Equipment and Trucks	Finance leasing productive assets (new and used assets) in the construction and transportation sectors		
Medical Equipment	Financing needs of medical entities for medical equipment to perform their activities which are considered productive assets and their main source of income.		

Leasing Firms


Branches:
 NA


Licensed under CBJ:
 No







Tamallak Leasing Company

Establishment Year: 2014
 Website: www.tamallak.jo

Organization Brief:

Tamallak offers a full range of leasing services, through a number of programs tailored to fit the nature of the lessee's activities, needs and cash flows, serving various economic sectors.

SMEs and Startups Products:

 Product Name	 Purpose	 Amount (JOD)	 Tenure (Years)
Industrial Equipment, Machines and Production Lines Financial Leasing	Provide companies and factories (existing and new) with new assets that are necessary for expansion or the commencement of their operations	100% of the asset value	Leasing period matches up with the potential lifespan of the asset.

Leasing Firms



Branches:

4



Licensed under CBJ:

No



The Comprehensive Leasing Company (CLC)





Establishment Year: 2004

Website: www.c-leasing.com

Organization Brief:

The Comprehensive Leasing Company (CLC) is a financial and professional services firm, specializing in providing high quality leasing services. From vehicles, machinery and medical equipment to real estate, the company provides financing solutions that really make a difference.

SMEs and Startups Products:

 Product Name	 Purpose	 Amount (JOD)	 Tenure (Years)
Industrial Equipment, Machines and Production Lines Financial Leasing	Provide companies and factories (existing and new) with new assets that are necessary for expansion or the commencement of their operations	100% of the asset value	Leasing period matches up with the potential lifespan of the asset.



ANNEX

The Term Sheet³¹

A term sheet is like a map. It highlights the main broad points founders and investors (or shareholders) agree on. It is close to a memorandum of understanding (MOU) which is not binding except for a few clauses (mainly, confidentiality, governing law and any other provision that the parties agree to make binding). Therefore, it can be said that term sheets do not impose a direct obligation on investors to actually invest, which is usually conditional on completing certain formalities and conducting financial and legal due diligence on the company by the investor. However, term sheets usually determine and organize the relationship between the investor and the startup, the valuation of the company, the investment amount, price per share, and the rights and obligations associated with each class of shares and voting mechanisms. There are many possible components and negotiables, but the following are usually included in Term Sheets:

THE TERM SHEET

- **Valuation**
- **Amount of investment/financing**
- **Anticipated time frame to close the deal and issue the investor's shares**
- **Distribution of dividends**
- **Liquidation preference**
- **Anti-dilution agreement**
- **Various protective rights provided to investors, starting from the right of first refusal, pre-emptive rights, drag along and tag along rights, and scaling to put and call options**
- **Control and voting powers**
- **Information rights**
- **Exclusivity (termed 'no shop'), and provisions which may impose certain restrictions on the founder's shares and commitment with the company (termed the 'lock up period'), and which are meant to ensure full commitment of the founder for a specific period of time**

It is between the investor and the startup to agree on the depth of and customization of a term sheet. Having said that, and from a legal perspective, it will be much easier for parties to agree on any subsequent arrangements, such as the shareholder agreement, the share subscription or sale purchase agreement, if the term sheet was detailed.

A lot of information on term sheets can be found online, and entrepreneurs can always conduct a basic search on term sheets and seek to increase their understanding. However, it is necessary to obtain a legal opinion from a licensed lawyer in the jurisdiction of operation. The clauses and articles of term sheets carry real legal risks and irreversible effects. Term sheets can determine what are known as "Deal Breakers" and "Real Killer" clauses, the points that must be included and cannot be waived or otherwise amended during negotiations, even if a final agreement between startups and investors was not reached in the first place.

³¹ The input on this section was provided by Atwan & Partners, a law firm with a specialization in startups and their legal representation.

The Term Sheet

Company:	[_____], a Jordanian corporation.
Securities:	Series A Preferred Stock of the Company (“Series A”).
Investment Amounts:	\$[] million from [_____] (“Lead Investor”) \$[] million from other investors Convertible notes and safes (“Convertibles”) convert on their terms into shadow series of preferred stock (together with the Series A, the “Preferred Stock”).
Valuation:	\$[] million post-money valuation, including an available option pool equal to []% of the post-Closing fully-diluted capitalization.
Liquidation Preference:	1x non-participating preference. A sale of all or substantially all of the Company’s assets, or a merger (collectively, a “Company Sale”), will be treated as a liquidation.
Dividends:	6% noncumulative, payable if and when declared by the Board of Directors.
Conversion to Common Stock:	At holder’s option and automatically on (i) IPO or (ii) approval of a majority of Preferred Stock (on an as-converted basis) (the “Preferred Majority”). Conversion ratio initially 1-to-1, subject to standard adjustments.
Voting Rights:	Approval of the Preferred Majority required to (i) change rights, preferences or privileges of the Preferred Stock; (ii) change the authorized number of shares; (iii) create securities senior or pari passu to the existing Preferred Stock; (iv) redeem or repurchase any shares (except for purchases at cost upon termination of services or exercises of contractual rights of first refusal); (v) declare or pay any dividend; (vi) change the authorized number of directors; or (vii) liquidate or dissolve, including a Company Sale. Otherwise votes with Common Stock on an as-converted basis.
Drag-Along:	Founders, investors and 1% stockholders required to vote for a Company Sale approved by (i) the Board, (ii) the Preferred Majority and (iii) a majority of Common Stock [(excluding shares of Common Stock issuable or issued upon conversion of the Preferred Stock)] (the “Common Majority”), subject to standard exceptions.

The Term Sheet

Other Rights & Matters:

The Preferred Stock will have standard broad-based weighted average anti-dilution rights, first refusal and co-sale rights over founder stock transfers, registration rights, pro rata rights and information rights. Company counsel drafts documents. Company pays Lead Investor’s legal fees, capped at \$30,000.

Board:

[Lead Investor designates 1 director. Common Majority designates 2 directors.]

Founder and Employee Vesting:

Founders: [_____].
Employees: 4-year monthly vesting with 1-year cliff.

No Shop:

For 30 days, the Company will not solicit, encourage or accept any offers for the acquisition of Company capital stock (other than equity compensation for service providers), or of all or any substantial portion of Company assets.

The “No Shop” is legally binding between the parties. Everything else in this term sheet is non-binding and only intended to be a summary of the proposed terms of this financing.

[COMPANY]

[LEAD INVESTOR]

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