

**Achievement of Market-Friendly Initiatives and Results Program  
(AMIR 2.0 Program)**

**Funded By U.S. Agency for International Development**

**National Linkages Program Design Update**

**Final Report**

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## ABSTRACT

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This report updates a previous (May 2000) design and implementation plan for a national backward linkage program in Jordan. It takes into consideration developments since that time in international best practice related to backward linkage programs and in Jordan's national effort for investment promotion and enterprise development, as well as lessons learned since that time from the Jordan Investment Board's Enterprising Connections Program.

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## ABBREVIATIONS AND ACRONYMS

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AMIR	Achievement of Market-friendly Initiatives and Results Program
APC	Arab Potash Company
CEO	Chief Executive Officer
ECP	Enterprising Connections Program
EPP	Enhanced Productivity Program
EJADA	Euro-Jordanian Action for the Development of Enterprise
FDI	Foreign Direct Investment
IDB	Industrial Development Bank
JAED	Jordanian Authority for Enterprise Development
JD	Jordanian Dinar
JEDCO	Jordan Export Development and Commercial Centers Corporation
JEDCO	Jordan Enterprise Development Corporation
JIB	Jordan Investment Board
JMCC	Jordan Microcredit Corporation
JUMP	Jordan Upgrading and Modernization Program
JUSBP	Jordan-U.S. Business Partnership
MIT	Ministry of Industry and Trade
PSPI	Private Sector Policy Initiative
SME	Small- and Medium-sized Enterprise
TSG	The Services Group
USAID	United States Agency for International Development
ZCI	Zarqa Chamber of Industry

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## EXECUTIVE SUMMARY

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This report updates the original design and implementation plan for a national backward linkage program set out in May 2000. This update reflects developments since that time in Jordan and in international best practice related to linkage programs.

Backward linkages are inter-firm relationships in which large firms purchase intermediate goods and services as its production inputs on a regular basis from one or more local small- or medium-sized enterprises (SME) in the production chain. Backward linkages have the potential to achieve the following.

- ☒ Generate additional economic activity
- ☒ Strengthen local SMEs through technology transfer and skills upgrading
- ☒ Give local SMEs a foothold in international markets
- ☒ Attract foreign direct investment (FDI) by offering an adequate local supply base

Backward linkage programs facilitate and enable such inter-firm relationships. A backward linkage program is defined as one that is

- ☒ demand-driven by large purchasing companies,
- ☒ selective in participation by and upgrading of SME supplier companies, and
- ☒ oriented towards SMEs becoming accredited suppliers to large companies.

There is currently no backward linkage program as such operating in Jordan.

The steps of the backward linkage program process can be summarized as follows.

- ☒ Identification of demand company
- ☒ Identification of demand requirements
- ☒ Identification of potential supply companies
- ☒ Audit of supply company
- ☒ Preparation of supply company deficiency report
- ☒ Upgrading of supply company
- ☒ Achievement of accredited supplier status

The following significant developments have occurred since the original program design in May 2000.

- ☒ Successful business-to-business activity under Enterprising Connections Program (ECP)
- ☒ Passage of new laws for Jordan Investment Board (JIB) and Jordan Export Promotion and Commercial Centers Corporation (JEDCO)
- ☒ Imminent initiation of Jordan Upgrading and Modernization Program (JUMP)
- ☒ Disappointing development of large industry

While much of the original program design is still valid (e.g., program rationale and strategy, budget and staffing requirements), the following changes are recommended based on these developments.

- ☒ Inclusion of linkage based on business-to-business transactions, in addition to SME supplier upgrading
- ☒ Location of program at JEDCO, instead of JIB
- ☒ Broadening of program scope to all sectors, rather than selected sectors

It is recommended that an 18-month pilot program be initiated at JEDCO, in coordination with the JUMP Program. Staffing requirements include three executives, two of which might be drawn from current JEDCO staff. Resource requirements include an annual estimated budget of JD175,000-255,000, much of which might be covered by JEDCO's regular budget.

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## CHAPTER 1: INTRODUCTION

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### 1.1 Purpose of Study

The Services Group (TSG) was contracted by the United States Agency for International Development (USAID) under the AMIR Program to update the original design and implementation plan for a national linkage program prepared in May 2000.

This review is to be based on developments since that time in Jordan related to the national effort for investment promotion and enterprise development and in international best practice related to linkage programs, as well as the lessons learned since that time from the Jordan Investment Board's (JIB) Enterprising Connections Program (ECP) experience in Zarqa.

### 1.2 Methodology

In fulfilling this assignment, the consultant has applied four main techniques in developing the linkage program now being recommended for Jordan.

- ✍ Carrying out detailed background reading of reports relating to developments in Jordan since the original report
- ✍ Reviewing successful linkage programs world wide to ensure best practice techniques are incorporated
- ✍ Conducting interviews with relevant persons to get a good understanding of the current situation in Jordan related to the development of a linkage program
- ✍ Using knowledge gained from setting-up linkage programs in different countries

### 1.3 Compliance with Scope of Work

Following discussions with AMIR Program executives in Amman, the scope of work for the consultant was amended to take account of the following changes.

- ✍ The requirement to “target goods and services” based on analysis of trade statistics was removed.
- ✍ The requirement to “draft documents for subsequent steps” was removed.

### 1.4 Definition of Backward Linkage Program

The consultant, during his visit to Amman, met a number of people who talked about linkage programs and the fact that there are a number of linkage programs already in operation, such as the ECP being managed by JIB, the displays being organized by the Chambers of Industry, and the business-to-business database being launched by the Jordan Microcredit Corporation (JMCC), with support from the MEI Component of the AMIR Program. This raised the question of why to initiate another linkage program.

In effect, none of the programs currently being run in the country is a “classical” linkage program similar to the model now being proposed. The main characteristics of a backward linkage program are the following.

- ✍ The backward linkage program is **demand-driven**. Demand companies identify a component requirement and help to upgrade supply companies to satisfy that requirement. Supplier companies are not simply upgraded because they desire upgrading.
- ✍ Participation in the backward linkages program is **selective**. Only those supply companies that display the characteristics of being able to make a quantum leap to become accredited suppliers to large (esp. international in scope) companies can participate. Supply companies that do not fully implement the upgrade program are dropped from participation.

- ✍ The successful conclusion of the program cycle is for a supply company to become an **accredited supplier** to a large company.

The detailed workings of a backward linkage program are the following. (See Figure 2.1 for illustration.)

**Program Establishment.** A linkage team, comprising technically professional people, is established in a suitable host organization.

**Identification of Demand Companies.** Companies with large, imported purchasing requirements are requested by the linkage team to participate in the program. This involves getting commitment from the Chief Executive Officer (CEO) and empowerment to the Purchasing Manager to disclose purchasing requirements to the linkage team.

**Identification of Demand Requirements.** The Purchasing Manager, along with technical staff in the purchasing company, identify component requirements that they feel could be manufactured locally.

**Identification of Potential Supply Companies.** The purchasing company is then requested to identify local companies that it feels, given an active program of upgrading, could achieve the standards and specifications to become accredited suppliers to the purchasing company.

**Audit of Supply Companies.** A detailed audit of the potential supplier company is carried out by a team comprising staff from the linkage team, along with technical staff from the purchasing company. Senior staff from the supplier company also takes part in the audit.

**Preparation of Deficiency Report.** Following the audit, a deficiency report is prepared setting out the areas in which the supplier company will be required to upgrade, in order to meet the standards of the purchasing company. This may involve some or all of the following.

- ✍ Training for management
- ✍ Training for staff/operatives
- ✍ Introduction of new systems for inventory control, pricing, and production management
- ✍ Finance for capital expenditure
- ✍ Purchase of new machinery
- ✍ Acquisition of new technology

The deficiency report also sets out exactly how the supplier company will upgrade itself and what processes/mechanisms will be utilized to achieve the required outcome.

**Upgrading.** Following the deficiency report, the supplier company upgrades itself with the assistance of the linkage program and the purchasing company.

The mechanisms used to upgrade the supplier company can include the following.

- ✍ Training supplied by professional providers, the purchasing company, and so on
- ✍ Staff from supplier company placed in the purchasing company, so as to fully understand the quality standards required
- ✍ Technical staff from the purchasing company working in the supplier company to help set up new systems, assist with training staff, and so on
- ✍ Access to finance so as to purchase new machinery, increase stock levels, acquire new technology, and so on
- ✍ Acquisition of new technology from the purchasing company or through licensing or technology transfer agreements with third parties

**Achievement of Accredited Supplier Status.** At the end of the program, the supplier company becomes a supplier to the purchasing company. In many cases, the supplier

company, having achieved a recognized accreditation standard, can expand to supply other companies and move into export markets.

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## CHAPTER 2: REVIEW OF ORIGINAL PROGRAM DESIGN

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The linkage model for Jordan proposed in the AMIR Program report entitled “Analysis and Recommendations for the Establishment of a National Backward Linkage Program in Jordan” (May 2000) was based on a review of best practice linkage programs world wide and took into account local conditions in Jordan. It was recommended on the basis of the consultant’s best view at that time of what would succeed, given the prevailing circumstances and the information available. It is now deemed important to revisit these recommendations and proposed linkage mechanisms to ensure that, given the passing of over three years, they are still relevant and applicable.

This chapter comprises extracted material from the previous report and comments indicating the consultant’s current view. It should be noted that the material is not in every case a direct quotation from the previous report. In some cases the data has been updated in order to take into account changes and correct for instances where the original text would now be misleading.

### 2.1 Rationale

The strategy underlying the development of a linkage program for Jordan is to improve the capacity of Jordanian companies to enable them to supply components that are currently being imported and to increase their potential to move into export markets.

*This strategy is still correct. The primary focus of the program will be a radical improvement of a limited number of supplier companies to the point where they become suppliers to major purchasing companies both in Jordan and in export markets. Another component, however, namely business-to-business matchmaking based on import substitution, is now also being recommended.*

The program that is being proposed for Jordan is based on the tried and tested mechanisms of the highly successful Irish model with modifications to take into account the Jordanian economy and available support systems.

*The approach and mechanisms of the Irish model are similar to (and have been replicated by) a number of other successful models worldwide. Further study shows that they are robust and are suited for adaptation to the Jordanian economy.*

Due to the lack of a well-defined sub-supply sector, a critical element of this strategy is aimed at developing indigenous companies and helping to overcome their deficiencies.

*This assumption is still valid.*

The rationale for the proposed strategy is as follows.

- ✍ Increase the local factor content associated with large purchasing companies and, in particular, the development of Jordanian-owned sub-suppliers.
- ✍ Decrease the import intensity of raw materials and company inputs.
- ✍ Transfer the benefits of increasing technical capabilities, improved standards, skill development, and similar spillovers from multinationals to the host economy.
- ✍ Support the growth of the Jordanian-owned sub-supply industry by using the market potential of Jordanian-based multinationals and large purchasing companies as a base for sales growth and a possible door to becoming a global supplier.
- ✍ Increase the attractiveness of the Jordanian economy for both foreign and domestic enterprises: the more developed the sub-supply base, the easier it is to attract companies to Jordan and to help them develop.

*While the above rationale underpinning the supply side of the proposed strategy is still accurate, the consultant is concerned at the lack of growth in the demand side of the “linkage equation.” When the model was proposed in May 2000, it was put forward on the assumption that there would be a fairly rapid increase in the number of large purchasing companies setting up in the country and that these would be the feed stock for the on-going development of the program. This has not happened. Should the inflow of new companies to increase the number of critical mass supply opportunities continue to be weak, it will be necessary to examine other areas of demand opportunity.*

## **2.2 Elements of the Strategy**

The factors affecting corporate decisions on outsourcing and on purchasing domestically or abroad are both complex and dynamic. The elements of the strategy to influence these corporate purchasing decisions are aimed to achieve the following.

- ✍ Provide a developmental program aimed at improving the capacity of domestic companies to the point where they achieve the minimum standards and specifications set by the purchasing company to become an accredited supplier
- ✍ Increase the motivation of companies to purchase locally
- ✍ Provide information on the current sub-suppliers in the Jordanian economy, especially for new companies coming into Jordan who tend to be more familiar with overseas suppliers.
- ✍ Provide information on and introductions to potential purchasers for domestic sub-suppliers.
- ✍ Help build up individual Jordanian-owned sub-suppliers both for the generalized inputs required by particular sectors within Jordan and for specialist company inputs that can lead to the sub-supplier being adopted as a global supplier to a multinational’s plants worldwide.

*The mechanisms and outcomes of the strategy, as indicated above, are still valid targets of achievement for the linkage program.*

## **2.3 Location of Linkage Program**

It is recommended that the linkage program be located within the Jordan Investment Board. A number of possible locations for the program were reviewed and in making their recommendation the consultants considered that JIB was the best option.

*In May 2000, the following three potential hosts for the linkage program were considered*

- ✍ Jordan Investment Board
- ✍ Jordan Export Development and Commercial Centers Corporation (JEDCO)
- ✍ A private sector organization, such as the Amman Chamber of Industry

*It was pointed out to the consultants that the focus of JEDCO was to increase exports and that improving the capacity of Jordanian companies was not within its remit. While the Amman Chamber of Industry expressed some interest in becoming involved in the program, it was the opinion of the consultants that it would not be a credible performer. Accordingly, JIB was selected. It should also be pointed out that the following reasons made JIB a logical choice.*

- ✍ JIB management was anxious to host the program and undertook to make resources available.
- ✍ JIB’s network within the country was seen as a valuable asset in achieving coordination and national coverage.

*The arguments relating to the involvement of the country's main FDI promotion agency in a national linkage program, in the absence of a real viable alternative, were considered to be compelling.*

*The consultant reconsiders this position in the recommendation made later in this report regarding the location of the linkage program. (See Chapter 4 for further information.)*

## **2.4 Private Sector Participation**

For this program to succeed, the participation of the private sector in its design and operation is essential. It is neither desirable, nor feasible for a program of this nature to be driven totally from within the public sector. It is best practice to involve relevant trade and/or industry associations representing the sector(s) suitable for inclusion in the program. However, in the case of Jordan, associations in the sectors suitable for participation in the program either do not exist or, if they exist, appear to be non-representative.

In addition, while there are well-established Chambers of Industry located in the main industrial areas (i.e., Amman, Aqaba, Zarqa, and Irbid), there is no single umbrella organization that could represent all their interests. Accordingly, it will be necessary to develop the program outside the structure of these organizations and instead request their support.

*Since May 2000, a new law has been passed relating to Chambers of Industry and Chambers of Commerce. According to this law, a new entity, the Jordan Chamber of Industry, is created with the mandate of developing policies relating to industry and acting as an umbrella organization for the other Chambers of Industry in the country. The consultant considers this development in the recommendation made later in this report regarding the location of the linkage program. (See Chapter 4 for further information.)*

## **2.5 Sector Selection**

It is important to recognize that the linkage program has the greatest potential in sectors with the largest capacity to source components and services within the domestic market. Based on experience with linkage programs elsewhere and the situation in Jordan, including current import requirements, the following sectors seem to offer the best opportunities to develop backward linkages in Jordan.

- ✍ Large, capital-intensive companies
- ✍ Heavy engineering
- ✍ Electronics and electrical appliances
- ✍ Electrical engineering
- ✍ Construction

These industry sectors require a wide range of components and other intermediate inputs, many of which can be supplied by domestic companies. Experience has shown that opportunities exist also at the construction stage. Accordingly, it is recommended that these sectors form the basis of the initial thrust of the program.

*The basic assumptions in this paragraph are correct. However, given the concern expressed above by the consultant regarding the potential of the demand side to create sufficient critical mass demand, the consultant reconsiders these assumptions in developing the implementation plan later in this report. (See Chapter 4 for further information.)*

## 2.6 Supplier Company Selection

It needs to be stressed that the program being developed is a highly-focused, company-specific one, which involves a great deal of “hands-on” time allocated to each company. This requires that only selected companies (i.e., those meeting defined criteria) can participate in the program. There is obviously a political issue involved here. For the success of the program, it is essential that companies without potential be excluded from the program. Apart from utilizing valuable staff resources, they would bring the success of the program into question.

Participation in the linkage program will be limited to supplier companies that are either identified by the purchase company or selected by the linkage team and demonstrate some or all of the following characteristics:

- ✍ Have management that is committed to the concept of development and who are willing to assign a member of the senior management team (or owner) to oversee the implementation of the development plan in full
- ✍ Have an existing manufacturing facility. The program is not suitable for startup entrepreneurs.
- ✍ Have funds available or access to funds to finance part of the development plan.
- ✍ Manufacture a sub-component or end product.
- ✍ Be willing to undergo a rigorous technical audit by a team comprising auditors from purchaser companies.
- ✍ Accept that the non-achievement of the targets set in the development plan will exclude the company for further participation in the linkage program.
- ✍ Have the vision to understand that participation in the linkage program will open up markets other than those immediately identified.
- ✍ Be willing to produce a product to the standards and specifications demanded by companies operating in the international marketplace.

*The criteria specified above are vitally important and critical to the success of the program. It needs to be clear that the national linkage program is a demand-driven process with the aim of improving the capacity of domestic companies to the standards necessary to become suppliers of identified products (and services).*

*There are a number of other developmental programs operating in the country, such as the Jordan-U.S. Business Partnership (JUSBP) and the Euro-Jordanian Action for Enterprise Development (EJADA). However, while they improve the capacity of companies, they do not do so in conjunction with a company that may ultimately purchase product from the company.*

*The involvement of other developmental programs as service providers to the linkage program will greatly facilitate the success of the program and avoid possible duplication.*

There is currently no structured supply sector evident in Jordan. Naturally, there are linkages, but these happen in an ad hoc manner and are facilitated by the small size of the business community in the country. While it is difficult to get precise information about the capacity of certain sectors, there is evidence that capacity does exist within the indigenous sector to supply the requirements of some companies within the country.

The real issues are the following.

- ✍ The scale and numbers of such indigenous companies
- ✍ Their technical ability
- ✍ The quality of the management and operatives

✍ The ability and/or willingness of these companies to upgrade their facilities

These questions can only be answered through a vigorous technical audit carried out by professionals fully qualified and experienced to do so. This will be one of the key tasks of the linkage team as part of their technical audits.

*While there are good data available on the number, size, and category of companies in the country (through the Chamber of Industry, due to its mandatory registration requirement), there are no data available on the capacity, level of output, technical ability, and markets of these companies. This type of data, along with the four issues cited above, can only be ascertained as a result of company visits and diagnostic audits.*

One of the main requirements of a successful linkage program is the element of selectivity. Given the intensity of the interaction with the companies, it is essential that only those companies with the ability and desire to upgrade are included. This is a difficult issue in that the companies excluded from the program may feel aggrieved and could make their views known through the media and/or politically. In addition, it is possible for selected companies to be competitors of those not selected, thus complicating the situation further.

*The issue of selectivity is critically important to the success and credibility of the program. The linkage program is not a general capacity building program. As stated earlier, it is a demand-driven program in which the purchasing companies (and sometimes the linkage team) identify the companies for participation. In this respect, it is completely different to the approach of JUSBP or EJADA, which are open for companies themselves to apply for inclusion.*

Some companies in Jordan manufacture components themselves, which companies in other economies would simply import. A good example of this is Middle East Complex for Engineering, Electronics and Heavy Industries PLC, which manufactures washing machines, televisions, heaters, and refrigerators. As part of its manufacturing plant, which is located at Al-Hassan Industrial Estate, the company does its own metal pressing, injection-moulding, and enamel baking. The company stated that it does so due to the lack of supply companies that can produce to their specifications. This company would normally be classified as a purchasing company, due to the diverse range of components it requires. In this case, however, it is interesting to note that it should also be classified as a supplier company, due to the excess capacity that it has for injection moulding and other component production.

*These comments are still valid.*

## **2.7 Purchasing Company Participation**

Preliminary research has failed to identify a sufficiently large critical mass of purchasing companies, within one sector, to be the driving force for the development of local supply companies. In this case, it will be necessary to work with a range of companies in different sectors in order to accumulate sufficient demand. However, it is clear that there is currently an opportunity for limited linkage interaction even without company development mechanisms being put in place.

*It is in response to the above observation and current developments regarding the potential of linkages being achieved without company development mechanisms that the consultant now proposes a second component for the program. (See Chapter 4 for further information.)*

As Jordan attracts more and more FDI, the opportunities for an enhanced linkage program will expand, as a dynamic effect will be created.

- ✍ The more FDI that locates in Jordan, the better the opportunity to develop a worldclass supply sector.
- ✍ The better the supply sector, the more attractive Jordan will become for FDI

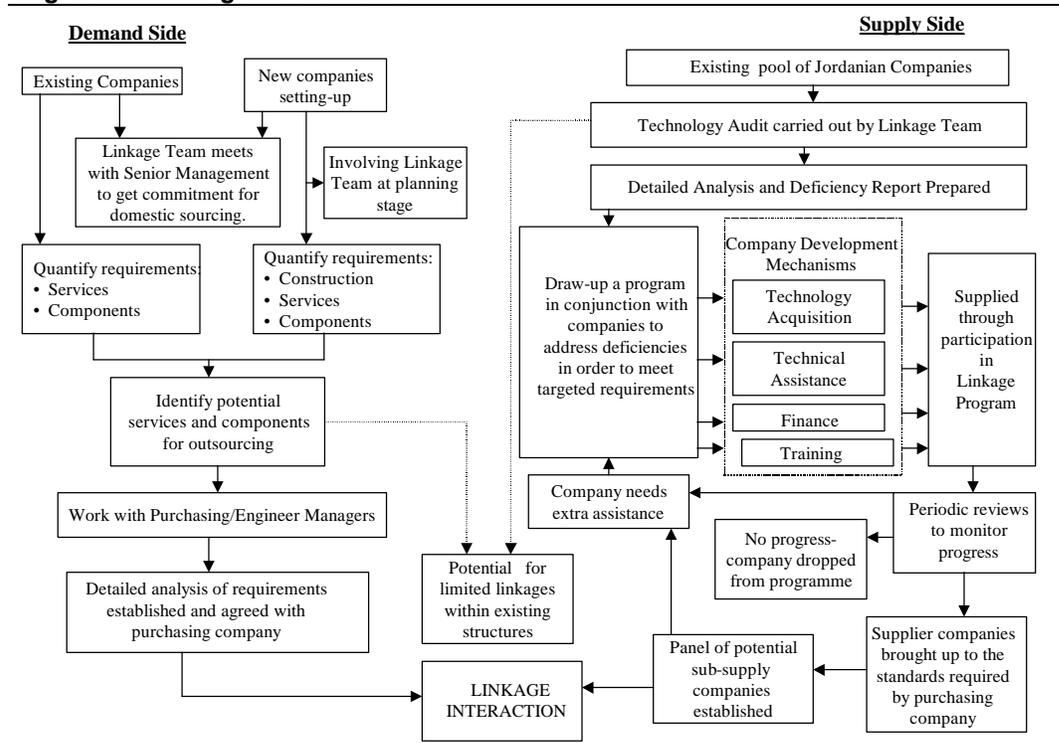
It is important that the linkage team be involved at the early stages of the investment process, so that all potential opportunities (i.e., from construction to production and ultimately required services) are identified. This will require close cooperation between the agency given responsibility for the linkage program and all the other entities that can contribute to it.

*These statements are still valid.*

## 2.8 Linkage Mechanisms

This section outlines the mechanisms that will be used in the linkage program in Jordan. Figure 2.1 sets out in schematic form how the program will work and the various stages involved.

**Figure 2.1: Linkage Mechanisms**



*All of the mechanisms and procedures set out in Figure 2.1 are still valid.*

There are a number of technical assistance projects currently operating in Jordan. The critical issue in designing the linkage program is to ensure that the program does not duplicate facilities already available. Instead the program sets, as an objective, the utilization of these other resources to achieve the aims of the linkage program.

*This observation is still valid.*

Following is a summary of the main areas in which the linkage program can assist a company.

### 2.8.1 Technology Acquisition

The company can acquire its identified technology requirements through two methods.

**Technology acquisition.** In this case, an existing technology is identified, and a technology transfer arrangement is made. This can be facilitated through technology transfer agreements, licensing arrangements, and so on.

**Technical assistance.** In this case, we are dealing with the “software” of technology enhancement. This form of assistance is delivered through advice from companies and/or persons familiar with the technology being developed in the company. There are a number of ways in which this can be effected.

- ✍ Technical staff from the purchasing company can work with the staff in the supplier company. In May 2000, the consultants noted that a system similar to this was already operated by the Arab Potash Company (APC), whereby they assign some of their technical staff to work on a regular basis with a potential supply company in order to help it achieve the required standards to become APC suppliers. This is a system that has worked well in other countries and is an effective method of assisting potential supply companies to understand the requirements of purchasing companies.
- ✍ Technical staff from the supplier company can spend time in the purchasing company in order to understand exactly what standards and specifications are required, and why.
- ✍ Technical experts from other sources can be used.

*These observations are still valid.*

### 2.8.2 Availability of Training

The enhancement of skills, both for management and operatives, is an important element of the program and can be effected in a number of ways

- ✍ Placement of supplier company staff in a purchasing company
- ✍ Formal training programs (e.g., Vocational Training Corporation, JUSBP, EADA)
- ✍ Commercial management training programs (e.g., Jordan Management Institute)

*These observations are still valid.*

### 2.8.3 Availability of Finance

The ability to provide some form of preferential access to finance would be a highly desirable feature of the linkage program. Experience has shown that supplier companies, implementing a program of development, have a requirement for funding to achieve the following.

- ✍ Purchase technology
- ✍ Pay for wages of staff while on training
- ✍ Pay for training
- ✍ Purchase new equipment
- ✍ Extend premises
- ✍ Increase working capital

Many other countries operating linkage programs provide financial support to assist supplier companies to make the expenditure necessary to achieve the targets set in their development plans. For example, in Ireland, Enterprise Ireland, the state agency charged with the task of promoting indigenous industry, provides grants (i.e., non-interest bearing and non-refundable finance) to help companies acquire the fixed assets deemed necessary. In addition, grants are given to offset the costs of training both management and operatives.

An examination of the situation in Jordan indicates that cheap money is not readily available. The commercial banks in Jordan have very onerous collateral requirements. These requirements, coupled with the norm of providing project funding through overdraft facilities, rather than long-term debt, make it very difficult for Jordanian companies to fund expansions.

In May 2000, the Industrial Development Bank (IDB) indicated that it would be interested in participating with the linkage program as a preferred supplier of finance. It is recommended that this be pursued and a formal arrangement be entered into between the IDB, the linkage program, and any other provider of finance who is willing to participate in the program and provide preferred facilities (e.g., EJADA).

*These observations are still valid.*

The linkage program should not cut across any other donor projects and duplicate their facilities, with the exception of the technical audits, which may have to be carried out by each program because they are evaluating against different criteria. Nevertheless, it would be desirable to coordinate these technical audits as far as possible.

*These observations are still valid.*

#### **2.8.4 Linkage Audit Teams**

The auditors that carry out the company audits should be comprised of technically competent professionals. In addition, it is essential that they are sufficiently experienced in production engineering so as to enable them to quantify deficiencies in the supplier companies and develop an integrated program to remedy them.

*These observations are still valid.*

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## CHAPTER 3: DEVELOPMENTS SINCE ORIGINAL PROGRAM DESIGN

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### 3.1 New Entity Laws and Structures

In June 2003, the Government of Jordan passed into law three new pieces of legislation establishing or re-establishing three public entities: the Jordan Authority for Economic Development (JAED), the Jordan Enterprise Development Corporation (JEDCO) and JIB.

This legislation is based on the Irish model and designed to give clear mandates to each entity. JIB is mandated with the promotion of investment. JEDCO is mandated with the development of enterprise and promotion of export. Both of these entities will operate within a policy framework established by JAED. The establishment of this new structure alleviates one of the difficulties encountered in preparing the original backward linkage program design, namely that of a suitable host agency for the program.

Given the mandate of JEDCO under its new legislation for the development of domestic enterprise, the linkage program fits perfectly within the scope of its activities and functions. It is also worth noting that the linkage program in Ireland is managed and operated by Enterprise Ireland, the Irish equivalent of JEDCO.

Despite the passing of the legislation, however, the “new” JEDCO has yet to be formed. As a result, there is a question about its resources, and staff are unsure of their futures. In addition, the entity, during the *interregnum*, is not empowered to recruit staff or take on new responsibilities. Given this situation, it is difficult to see how JEDCO can assume responsibility for the linkage program in the short term until it is constituted in reality, as well as in law.

### 3.2 JUMP Program

The objective of the Jordanian Upgrading and Modernization Program (JUMP) is to provide technical assistance, training, and partial grants to strengthen the capability and capacity of assisted SMEs, in order to enhance their competitiveness in domestic and export markets. It is hoped that the program will be initiated in early 2004 and ultimately located with JEDCO.

Capability will be built through the use of external consultancy and/or training support across the major strategic business functions. Capacity will be built through support for capital expenditure for expansion and/or to replace existing technology with improved technology. The net result will be to enhance the competitiveness of the SME sector.

The funding to finance the programs will come through a joint contribution by the Government of Jordan (JD 5million) and the European Union (€5million). Similar amounts will be provided each year.

Assistance to SMEs will include both technical and financial assistance. Technical assistance will be offered in the following areas.

- ✍ Human resource development
- ✍ Business strategy and planning
- ✍ Production operations including R & D and product design
- ✍ Marketing and export development
- ✍ Financial accounting and management information systems
- ✍ Building strategic alliances
- ✍ Technology transfer
- ✍ Capacity building grants
- ✍ Backward and forward linkages

Financial assistance will be offered in the form of cash grants (up to 30percent).

The facilities and services available under JUMP will be of major assistance to the linkage team in implementing the upgrading of companies selected for participation on the linkage program. In this context, one of the early priorities of the linkage team should be devoted to establishing a memorandum of understanding with the JUMP Program, so that the two programs can work alongside each other, rather than duplicate facilities. Naturally, the location of both programs within JEDCO will greatly facilitate this process, especially if both are within the same directorate.

### **3.3 New Chamber of Industry Legislation and Structures**

New legislation has recently been passed that greatly affects the structure and functions of the Chambers of Industry in Jordan. The legislation creates a new entity, the Jordan Chamber of Industry, which will be responsible for coordinating the functions of the other chambers and for developing policy. The other chambers—Zarqa, Irbid, and Aqaba—will look after local administrative functions, as well as provide training for members.

In the desire to ground the linkage program in the private sector, it was felt that the new structure would afford the opportunity for the chambers to play a greater role in development and implementation. However, following discussions with the Amman Chamber, which expressed great interest in becoming involved, it is the opinion of the consultant that it is not in a position to become actively involved at this time. This is due to the fact that the new legislation greatly alters the manner in which it will work and will actually diminish its scope of activities. In this context, it will be necessary for it to shed staff and refocus its activities. Given all this disruption, it would be inappropriate to consider having the chamber as the host of the linkage program.

### **3.4 Review of JIB Enterprising Connections Program**

The ECP, which was initiated as a pilot program in September 2001, is managed by the JIB and hosted by the Zarqa Chamber of Industry (ZCI). The target audience is the 2,600 ZCI member companies.

Currently, JIB is providing part-time staff: Mr. Mousa Ziabat, the JIB representative at ZCI, who is responsible for the implementation of the program and Ms. Marwa Abed Al Haq, who provides data entry support.

To date, over 200 companies have participated in the program, with food (61), chemicals (37), garments (19), plastics (18), engineering, and packaging (12) being the most prevalent sectors.

The lessons that have been learned from this program are as follows.

The program is basically a business-to-business operation, whereby Mr. Ziabat, through a questionnaire, identifies a business opportunity that can be satisfied by another company in the Zarqa area. The successes to date can mostly be attributed to Mr. Ziabat's commitment to the project and his personal knowledge of the companies in the area, rather than the successful operation of any sophisticated database or systems.

Mr. Ziabat has achieved a small number of linkages that involve supplier companies upgrading themselves in order to acquire new business. There are two good examples of this.

1. A local printing company established a new company with new equipment in order to supply the identified requirements of another local company. As a consequence, the printing company has won other new business providing packaging for the poultry industry.

2. A local manufacturer of cardboard upgraded his process to manufacture a heavier quality board in order to supply the poultry industry.

Mr. Ziabat has encountered the following impediments and barriers to local sourcing.

- ✍ Reluctance to give information to a government official
- ✍ Too many government officials calling on companies, which is disruptive and confusing for the companies
- ✍ Non-competitive taxation and license fee structure for local companies. For example, a company in Zarqa makes ink and supplies a company in Egypt. A sister company of the Egyptian company is located in Zarqa. Nevertheless, the company in Zarqa cannot sell ink to this neighboring company, as it can be imported more cheaply from Saudi Arabia.

While the ECP is clearly not a backward linkage program, the following lessons should be learned from it and born in mind when implementing a national linkage program.

- ✍ The linkage program should have an additional dimension, namely gathering information on issues affecting the competitiveness of local companies and passing this information to JAED for formulation into policy recommendations to government.
- ✍ The linkage program should have two elements:
  - 1) The operation of the classical linkage model as described in detail in this document
  - 2) The operation of a business-to-business program to assist those companies that do not meet the criteria for participation in the linkage program

Both of these elements are explained in more detail in Chapter 4.

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## CHAPTER 4: RECOMMENDATIONS

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### 4.1 Structure of Program

In the original backward linkage program design, a classical linkage model was recommended. Following a review of developments (or, in some cases, the lack of developments), it is now the opinion of the consultant that a more holistic approach to linkages should be pursued. The reasons for this change are as follows.

There is concern about the sustainability of the program if it based solely on working with large purchasing companies. The existing stock of large companies, while sufficient to fuel the program for a few years, is not being added to at a rate so as to present a continuing flow of new areas of opportunity for linkage interaction.

The experience of the JIB pilot program in Zarqa has shown that there is demand for a business-to-business matchmaking program to help companies source products and also identify new customers for SMEs.

There are a number of businessto-business matchmaking programs currently operating in the Kingdom. It makes sense not only from a program perspective, but also from a client point of view that they be combined, in order to present one comprehensive program of assistance to SMEs in this area.

For these reasons, it is recommended that the linkage program be structured as follows.

#### Linkage Program 1

This is the classical linkage model, as originally recommended in May 2000 and whose criteria, mechanisms, and working arrangements are discussed in Chapter 2 and illustrated in Figure 2.1.

#### Linkage Program 2

This will be the provision of a businessto-business matchmaking program, aimed specifically at identifying local manufacturers of components/inputs for companies that are currently importing such. A guiding principle of this component is that under no circumstances can the program work to identify an alternative supplier to an existing Jordanian supplier. It will work solely to identify Jordanian producers of components being imported. In essence, it is an import substitution program. The inclusion of this component will add substance and sustainability to the program, as well as provide a service that is required in the marketplace.

### 4.2 Location of Program

Originally, it was recommended that the linkage program be located in JIB. Given the passing of the new legislation and the functions now allocated to JEDCO, the clear and logical location for the linkage program is now JEDCO. There is the added synergy in that the JUMP program will be located in JEDCO. If possible, these programs should be located within the same directorate, in order to maximize the potential support and assistance to domestic enterprise.

Given the desire to get the linkage program operational as soon as possible, however, there is a difficulty in using JEDCO. This is due to the current embargo placed on the agency to the effect that it cannot take on new responsibilities or hire new staff. This presents three options for going forward in implementing the program.

1. Proceed with the concept of initiating the program in JEDCO. Use the period until the new entity is constituted with the necessary powers, staffing, and resources, in order to put in place the agreements and arrangements that will be necessary ultimately to run the program in JEDCO. It would be necessary to seek Ministerial approval to locate the linkage program in JEDCO and for the current management to commence recruiting a program manager.

The advantages of this approach are as follows.

- ✍ The program is located in JEDCO right from the start without the disruption of transferring it from some other short-term location.
- ✍ The program will be seen as a significant component of JEDCO's functions and can be incorporated into JEDCO's structure from the beginning
- ✍ The lack of an interim arrangement will minimize confusion in the market place

The disadvantages of this approach are as follows.

- ✍ Approval may not be given in a timely manner, thereby delaying the implementation
- ✍ The current JEDCO, given the *interregnum*, could have a credibility problem in the marketplace.
- ✍ The necessary resources to recruit the program manager may not be made available

2. Sub-contract out the operation of the linkage program to a company of private sector consultants. A model for this already exists whereby the Ministry of Planning has contracted out the implementation of their Enhanced Productivity Program (EPP) to a firm of consultants. Reports on the initiative are positive, with the Ministry expressing satisfaction at the arrangements. However, it should be stressed that the implementation of a linkage program is far more complex than the level at which the EPP operates.

The advantages of this approach are as follows.

- ✍ There is the possibility of availing of a USAID grant (administered through the AMIR Program) that could be used to prime the operation, recruit the program manager, and fund the first 12 to 18 months of the program
- ✍ It would be seen as a private-sector driven initiative.
- ✍ It could commence fairly rapidly.

The disadvantages of this approach are as follows.

- ✍ It could be difficult to assimilate the linkage program into JEDCO after it is restructured and its systems are established.
- ✍ It could be difficult for the linkage program to establish the desired working relationships with the JUMP Program and other programs of assistance if it is outside JEDCO.
- ✍ There could be a conflict of interest in that the purchasing companies may be reluctant to pass on their confidential purchasing information to a firm of consultants, where the information could be used in other circumstances

It is the opinion of the consultant that the preferred option is to establish the linkage program in JEDCO from the beginning. In order to achieve this objective the following steps should be taken.

- ✍ Seek whatever approvals are required to introduce the linkage program into JEDCO. This should include the budget required to recruit the program manager and incur other expenses as required.
- ✍ Commence the process of recruiting the program manager and other staff.
- ✍ Establish working relationships with the required service provider partners to the linkage program.
- ✍ Inform the large purchasing companies of the program and get their agreement to participate. The chambers of industry could assist in this process.

Following these steps, it should be possible to commence the full operation of the linkage program. If the above option is not feasible, an alternative would be to approach the JUMP Program to see if the “backward and forward linkages” element of their program could be accelerated, so as to provide the required resources necessary to implement the linkage program.

### 4.3 Pilot Program

Originally, it was recommended that the backward linkage program be initiated on an 18 month pilot basis. In this way, the mechanisms and overall operation of the program would be evaluated after 18 months and a decision would be made regarding the continuation of the program.

It is still recommended that the backward linkage program be initiated on an 18month pilot basis and that program mechanisms and overall operation be evaluated at the end of that period. In addition, it is recommended the option of extending the program into identifying demand opportunities in neighboring countries for sourcing from Jordan be considered at the end of the pilot period and factored into the decision of continuing the program. While such foreign opportunity identification would not normally be regarded as “classical linkage,” if it improves the capacity of Jordanian companies and helps increase production and exports, it is worth exploring.

Originally, it was recommended that the backward linkage program be implemented in the following sectors, which were judged to represent the best potential for linkages.

- ✍ Heavy industry and infrastructure
- ✍ Engineering and electrical
- ✍ Construction

It is now recommended that the backward linkage program not be limited to specific sectors, so as to maximize the potential of establishing critical mass demand opportunities for domestic sourcing.

Originally, it was recommended that the pilot program be run nationally for the following reasons.

- ✍ Industry and associated commerce are widely dispersed throughout the country. By limiting the program to one or two regions, the potential for linkages would be minimized.
- ✍ Jordan is small geographically, and distances between the main centers are not great.
- ✍ The number of companies (both demand and supply) that will be able to participate in the program is very limited. By limiting the program to a particular area, a number of good companies would be excluded, which could mean the difference between the program’s success and failure.

It is still recommended that the backward linkage program cover the entire country and be a *national* linkage program.

### 4.3.1 Budget

Following is an estimate of the annual costs involved in running the pilot program.

**Table 4.1: Annual Budget Estimate**

Line Item	Budget (JD)
Salary: Program manager	40,000-80,000
Salary: Program executives (2)	50,000
Salary: Administrator	7,000
Salary: Driver	3,000
Consumables	10,000
Car	20,000
Traveling expenses	15,000
Other expenses (e.g., seminars, promotions)	20,000
Equipment (e.g., computers, furniture)	10,000
<b>Total Annual Budget</b>	<b>175,000-255,000</b>

The assumptions for this estimate are as follows.

- ✍ The salary range for the program manager depends on whether a suitable person is available in Jordan (JD40,000) or will have to be attracted from abroad (JD80,000)
- ✍ The salary figure for linkage executives is based on attracting first-rate candidates.
- ✍ Figures for car, equipment, and consumables are best estimates

It is worth noting that, if the program is located initially in JEDCO, many of the listed expenses might be covered by the entity's regular budget (e.g., program executives, administrator, and driver; consumables; car; and equipment).

### 4.3.2 Pilot Program Targets

The primary output of this pilot program will be new business generated through supplier companies upgrading themselves. Accordingly, the volume and value of this business should be the primary measure of its performance.

A secondary output will be business-to-business transactions generated without upgrading. Accordingly, the volume and value of these transactions should be the secondary measure of its performance. Normally, such activity would not be recorded by backward linkage programs. Given the current state of the sub-supply industry in Jordan and the lead times involved in actually effecting linkages, however, it is felt justifiable to record it as it will produce results in the short-term.

It is difficult to establish a realistic target for new business development. However, it is necessary to establish and work towards some targets. If necessary, these targets can be modified as the pilot program progresses. Accordingly, it is recommended that the following targets be adopted for the 18-month pilot program.

**Table 4.2: Pilot Program Targets**

Criteria	Linkage 1	Linkage 2
Number of participating purchaser companies	30	200
Number of identified potential supplier companies	20	80
Number of technical audits completed	15	Not applicable
Number of development plans drawn up	10	Not applicable
Number of development plans completed	5	Not applicable
Value of new production from linkages achieved as a result of development plans	JD 5,000,000	Not applicable
Value of new business achieved through import substitution	Not applicable	JD 5,000,000

### 4.3.3 Database Requirements

It is recommended that the database requirement for the linkage program be kept to the minimum.

In the case of Linkage 1, it should be maintained purely for administrative purposes, as its processes and mechanisms are people-driven rather than database-driven. The type of data to be recorded is as follows.

- ✍ Name and details of the purchasing company
- ✍ Details on the products identified with potential for sourcing
- ✍ Name and details of the supplier company
- ✍ Details of the technical audit, including agreed package of assistance
- ✍ Progress against targets in development plan
- ✍ Details on audits completed and quantification of new business generated

The collection of the above data allows for the proper management of the program and the preparation of data for evaluation and reporting, as well as future policy development.

In the case of Linkage 2, the database requirements are greater. Under this component, a data base, as well as personal knowledge will be used to identify potential suppliers of products currently being imported. A good example of how this can work is the database that has been developed and launched by JMCC. This database records company capacity and is used by JMCC clients to identify suppliers of needed products. It is possible that this system could be expanded to become the database for the Linkage 2 component of the linkage program.

### 4.3.4 Staffing Requirements

The success of the linkage program will depend on the quality of the staff recruited to run and manage it. They will need to be of a quality and display a knowledge that will command respect from both the demand and supply companies.

It is recommended that at least three executives be recruited to run the program initially. One program manager must manage the linkage process, as well as concentrate on Linkage 1 by participating in audits. One linkage executive must focus on Linkage 1, while another linkage executive must focus on Linkage 2. It is recommended that these two linkage executives, as well as the program manager, be either mechanical or production engineers with extensive knowledge of production processes. It is envisaged that these executives will form the management of the linkage program with other experts joining them, as required, to undertake audits. These other auditors would ideally come from the technical areas of the purchasing companies participating in the program and other relevant donor programs.

Their background and qualifications for the program staff should encompass the following.

#### **Linkage Program Manager/Senior Production Engineer**

The executive assigned to the position of program manager should be a production engineer with at least 15-20 years of practical production experience at manufacturing companies. The program manager should possess sufficient hands-on experience to be able to accomplish the following.

- ✍ Lead technical audits on supply companies
- ✍ Diagnose, with the assistance of other technical experts, the technical deficiencies in selected supply companies and draw-up action plans (using the linkage mechanisms) to remedy those deficiencies.
- ✍ Liaise effectively with the technical departments of the demand companies, so as to ensure their participation in the program.

☞ Relate to international best practice in all aspects of subcomponent supply requirements

This key person will need to be recruited by JEDCO. A job description is located in Annex 3. It will be necessary to pay in excess of current JEDCO pay scales in order to attract a person of the right caliber, experience, and qualifications. It cannot be stressed enough that this person is the key to the success of the program. It is a lesson that has been learned at a cost in other national linkage programs, where it was decided to use public sector officials. This person must be accepted by the private sector, be able to work with the private sector, and command the respect of the private sector.

### **Linkage Program Executives**

It will be necessary to assign two other executives to the linkage program. These program executives should possess the following characteristics.

- ☞ Be familiar with the workings of JEDCO, the public sector, and the various donor programs that can assist with the program.
- ☞ Have a good knowledge of the business sector in Jordan and be able to relate to and work with senior management in companies
- ☞ Be able to organize seminars and conferences, as well as give general backup assistance to the program manager.
- ☞ One program executive should have a good knowledge of the construction sector

### **Program Administrator**

It will be necessary to assign a secretary to support the linkage executives and to manage the administration of the program. The person selected should have good secretarial and administrative experience. Ideally, this person should have worked in a senior administration position in private industry.

### **Driver**

As a consequence of the program being developed nationally and the need for the linkage executives to spend a large portion of their time visiting companies, it will be necessary to have a driver assigned to the project.

### **4.3.5 Liaison with Other Donor Programs**

A key feature of the linkage program is that it does not duplicate the services offered by others. Instead, it focuses on pulling these facilities together in order to provide a fully integrated package to assist Jordanian enterprise. Accordingly, it will be necessary for the program to create links and coordinate its activities with other key organizations and donor programs engaged in capacity building using technology acquisition, manpower development, management training, and access to finance.

## ANNEX 1: SCOPE OF WORK

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Activity:	514.01.01 Program Design Update
SOW Title:	National Linkages Program Design Update
Modification:	2
SOW Date:	04 September 2003
SOW:	Final
Total LOE:	15
Task and Consultant:	LOE/F/National Linkages Pilot Program Design Update DJL David Lovegrove

### I. Specific Challenges Addressed by this Consultancy

Relatively low levels of local sourcing by large firms in Jordan is often attributed to the significant technological and managerial gaps between the large firms and the potential local small and medium enterprise (SME) suppliers, which prevent the latter from meeting the needs and requirements of the former. According to a cross-section of foreign employers who were interviewed in 1999 for a study undertaken by the AMIR Program, large firms in Jordan complain about the lack of adequate response from local SME suppliers in the following areas.

- ✍ Quality control
- ✍ Time of delivery
- ✍ Flexibility of production
- ✍ Ability to design parts and components
- ✍ Competitive price
- ✍ Long-term commitment

Other countries such as Ireland, Thailand, and Taiwan have successfully addressed this same problem through backward linkages programs. Backward linkage programs facilitate inter-firm relationships in which large firms purchase intermediate goods and services as its production inputs on a regular basis from one or more local SMEs in the production chain.

Backward linkages have the potential to:

- ✍ Generate additional economic activity,
- ✍ Strengthen local SMEs through technology transfer and skills upgrading,
- ✍ Give local SMEs a foothold in international markets by exposing them to international production and quality standards, and
- ✍ Attract foreign investment by offering the advantage of a local supplier base capable of offering quicker delivery times and reduced transportation and inventory costs.

The need for a backward linkages program in Jordan has long been recognized. In 1999 the AMIR Program commissioned a linkages expert from Ireland to design such a program, based on international best practice and tailored to Jordan's particular needs. Although the program designed by this expert was sound and affordable, it was never fully implemented. Instead, in 2001, the Jordan Investment Board and the Zarqa Chamber of Industry have initiated pilot program in the Zarqa area named the "Enterprising Connections Program."

In June 2003, the government of Jordan passed Interim Law No (72) for the Year 2003: The Jordan Enterprise Development Corporation, as one of five laws in a legislative reform package to modernize Jordan's national effort for investment promotion and enterprise development. This law re-establishes the Jordan *Export* Development Corporation as the Jordan *Enterprise* Development Corporation (JEDCO), expanding the role of the previous organization beyond simple export promotion to a full range of business development services to enterprises of all sizes, including backward linkages. It is hoped that JEDCO will

fulfill this new mandate and launch a National Linkages Program in 2004. In order to achieve this, however, JEDCO first requires a comprehensive and updated design and implementation plan for such a program.

## **II. Objective**

The objective of the proposed consultancy is to update the original design and implementation plan for a national linkage program, based on the developments since that time in Jordan related to the national effort for investment promotion and enterprise development and in international best practice related to linkage programs, as well as the lessons learned since that time from the Enterprising Connections Program experience in Zarqa.

## **III. Specific Tasks of the Consultant(s)**

Under this Scope of Work, the Consultant shall perform, but not be limited to, the tasks specified under the following categories.

### **A. Background Reading Related to Understanding the Work and Its Context**

Consultant shall read, but is not limited to, relevant sections of the following materials to understanding fully the work specified under this consultancy.

DJL

1. AMIR Program. “Backward Linkages Program” (1999)
2. AMIR Program. “Backward Linkages, Enterprising Connections Program Pilot Program Assessment” (2002)
3. JIB. “Enterprising Connections Program Presentation” (2002)
4. AMIR Program. “A Sustainable Institutional Framework for Investment Promotion and Enterprise Development in Jordan” (2002)
5. AMIR Program. “Moving Towards an Integrated Trade and Investment Information System in Jordan” (2002)
6. AMIR Program. “Backward Linkages Database Inventory” (2003)
7. AMIR Program. “TIJARA Strategy National Action Plan” (2002)
8. AMIR Program. “Strengthening the TIJARA National Strategy Action Plan” (2002)
9. UNCTAD. “World Investment Report 2001–Promoting Linkages” (2001)
10. Recent publications regarding the most successful backward linkage programs around the world including, but not limited to, the following.
11. Ireland’s National Linkage Program (NLP)
12. Singapore’s Local Industry Upgrade Program (LIUP)
13. Taiwan’s Center Satellite Program (CSD)
14. Thailand’s BUILD Program

### **B. Background Interviews Related to Understanding the Work and its Context**

The Consultant shall contact personally, by e-mail, or by telephone the following individuals in order to fully understand the work specified under this consultancy.

DJL

1. Greta Boye, PSPI Team Leader, AMIR Program
2. Barry O’Connell, Investment Promotion Advisor, AMIR Program
3. Brad Fusco, Investment Promotion Advisor, AMIR Program
4. Suhair Khatib, Business Management Specialist, AMIR Program
5. H.E. Mohammad Abu Hammour, Minister, Ministry of Industry and Trade
6. Amer Al-Hadidi, Director, Industrial Development Directorate, Ministry of Industry and Trade

7. Reem Badran, Director General, Jordan Investment Board
8. Musa Zibat, Enterprising Connections Program Manager, Jordan Investment Board
9. Salah Ghunaim, Acting Director General, Jordan Export Development Corporation
10. Ahmad Hindawi, Director General, Jordan Institute of Standards and Metrology
11. Juma Abu-Hakmeh, Director General, Amman Chamber of Industry
12. Abdulla Dannoun, Director General, Aqaba Chamber of Commerce and Industry
13. Ghazi Said Haddad, Manager, Irbid Chamber of Industry
14. Mohammed Arsalan, General Manager, Zarqa Chamber of Industry
15. Officials from at least one international bestpractice linkages program
16. David Holt, Chief of Party, Jordan-U.S. Business Partnership (JUSBP)
17. Bill Winning, Director, Euro-Jordanian action for the development of enterprise (EJADA)
18. Abdel Raouf Taher, Program Manager, National Aid Fund for Enterprise Support (NAFES)
19. Monica Carco', Investment Promotion Expert, United Nations Industrial Development Organization (UNIDO)
20. Khaled Muhaisen, Program Officer, Enhanced Productivity Program, Ministry of Planning
21. Bassam Al-Khatib, Project Manager, MMIS/Enhanced Productivity Centers
22. Jumana Salti, Research Officer, Royal Hashemite Court, Economic Department
23. Mustafa Mustafa, Economic Specialist, Embassy of the United States of America
24. Zeina Goussous, FTA Unit Coordinator, American Chamber of Commerce in Jordan (JABA)
25. Appropriate representatives from public and private industrial estates and free zones
26. Jamal Al-Jabiri, Project Management Specialist, U.S. Agency for International Development (USAID)

### **C. Tasks Related to Achieving the Consultancy's Objectives**

The Consultant shall use his education, considerable experience, and additional understanding gleaned from the tasks specified in A. and B. above to:

#### **1. Review Recent Developments**

In order to update the original design and implementation plan for a national linkage program, the consultant will review developments since that time in areas including, but not limited to, the following.

- ✍ International best practice related to linkage programs, including program approaches, structures, and operations
- ✍ Investment climate and trends in Jordan
- ✍ Jordan's national investment promotion and enterprise development effort
- ✍ Import requirements and supply capacity of Jordanian industry
- ✍ Lessons learned from the Enterprising Connections Pilot Program experience
- ✍ Relevant donor activity, including firm-level technical assistance

#### **2. Update Program Design**

Based on this review of recent developments, the consultant will update the original design and implementation plan for a national linkages program, in areas including, but not limited to, the following.

- ✍ Program approach, structure, standard operation, and indicative budget options.

Such options should include, but not be limited to, the following.

- (1) Initial implementation by JEDCO as a part of its annual work plan and budget

allocation

(2) Initial outsourced implementation by private firm under JEDCO administration and a build-operate-transfer arrangement

☒ Target goods and services

Based on the most recent data from the Jordan Department of Statistics and other relevant entities, a number of goods and services, based on current import requirements and existing supply capacity, that appear to provide opportunities for linkages in the Jordanian economy should be identified for a subsequent, comprehensive analysis of demand and supply potential.

☒ Program targets

Such targets should be quantified in terms of the number of linkage projects and their value.

☒ Donor participation

☒ Recruitment of personnel (under JEDCO implementation option)

Including detailed job descriptions and recruitment guidelines

☒ Training of personnel (under JEDCO implementation option)

Depending upon the best judgment of the consultant, this program design and implementation plan might be for either a pilot program or a complete, ongoing program.

### 3. Present to Stakeholders

Present the methodology and recommendations of the study to relevant stakeholders.

### 4. Draft Documents for Subsequent Steps

4.1 Draft indicative Scopes of Work for any appropriate subsequent consultant inputs.

4.2 Draft indicative Request for Proposal to support outsourced implementation option.

## IV. Time frame for the Consultancy

Unless otherwise specified in writing, the time frame for this consultancy is specified by the expenditure start and end dates shown in Annex C

## V. LOE for the Consultancy

The days of level of effort are allocated by location in Annex C.

## VI. Consultancy Qualifications

The Consultant shall have the following minimum qualifications to be considered for this consultancy.

### 1. Educational Qualifications

☒ At least a Bachelor's degree in a relevant discipline

### 2. Work Experience Qualifications

☒ Previous involvement in the design and/or management of a national linkages program that is recognized for international best practices

☒ Previous experience advising governments in developing countries on design and/or management of national linkages programs

☒ Previous knowledge of Jordanian investment environment

## VII. Notes

The body of the final report should not exceed thirty pages. Additional material may be included as annexes.

## ANNEX 2: INTERVIEWS

The following is a list of interviews held by the consultant during his fieldwork in Jordan. The names appear in the order of the meetings.

### List of Interviews

Barry O'Connell	Investment Promotion Advisor, AMIR Program
Greta Boye	PSPI Team Leader, AMIR Program
Steve Wade	Program Director, AMIR Program
Salah S. Ghunaim	Acting CEO, JEDCO
Ghaith K. Bakri	Director, Technical Assistance and Projects Department, JEDCO
Abed Fattah Kayed	Director, Information Department, JEDCO
Amer Al-Hadidi	Director, Industrial Development, Ministry of Industry and Trade
Yarub Qudah	Head, SME Development & Industrial Subcontracting, Ministry of Industry & Trade
Rodney Osborn	Component Manager, Direct Support to SMEs, EJADA
Rebecca Sherwood	Program Administrator and Grants Manager, AMIR Program
Brad Fusco	Manager, Investment Promotion Subcomponent, AMIR Program
Ala Shaban	Advisor, Direct Support to SMEs, EJADA
Reem Badran	CEO, JIB
Leen Alam	Senior Program Advisor, Centers of Excellence Program, AMIR Program
Suhair Khatib	Business Management Specialist, AMIR Program
David Holt	President and CEO, JUSBP
Nayef Stetieh	Director, Business Services SMEs and BDO Assistance, JUSBP
Wafa Aranki	Director, Business Standards and Business Enabling Environment, JUSBP
Maha Shawareb	Director, Trade and Export Development, JUSBP
Bryn K Johnson	Director, Finance and Administration, JUSBP
Mousa Zibat	Manager, Enterprising Connections Program, JIB
Juma Abu-Hakme	Director General, Amman Chamber of Industry
Khaled Muhiesen	Program Officer, Enhanced Productivity Program, Ministry of Planning
Nesreen Barakat	Senior Advisor, Policy Support & Institutional Strengthening, EJADA
Zaki M Ayoubi	Senior Advisor, EJADA
Bassam Khatib	Director, EPP
Jamal Al-Jabiri	Project Management Specialist, USAID

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## ANNEX 3: JOB DESCRIPTION

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Following is a brief job description for the position of **Linkage Program Manager**.

### Key Tasks

- ✍ Assess the capacity and capability of potential sub-supply companies
- ✍ Carry out, with other professionals, audits of selected potential supply companies
- ✍ Based on audits, shortlist potential suppliers for development
- ✍ Work with purchasing company technical staff to review capabilities, targeting companies for development
- ✍ Assist suppliers in drawing up business plans aimed at winning new business contracts
- ✍ Assist suppliers in drawing up development plans aiming at becoming accredited suppliers
- ✍ Assist suppliers in gaining access to finance, technology, and training
- ✍ Manage the linkage program
- ✍ Be responsible for the achievement of the program's targets
- ✍ Represent the linkage program as required

### Key Skills

- ✍ Initiative *and* teamwork
- ✍ Communications
- ✍ Project management
- ✍ Departmental management/Interpersonal

### Practical Experience

- ✍ Background in production engineering with at least 15 years of practical experience in manufacturing industry
- ✍ Experience in developing business plans, including an understanding of finance
- ✍ Experience working with/in multinational companies
- ✍ Experience of working with small and medium sized companies
- ✍ Knowledge of existing supply infrastructure and local institutions