

“SME financial inclusion – Role of Banks and Credit Guarantee schemes” Amman, Jordan – 24 August 2016 – Intercontinental Hotel

Programme

1. Introduction

Jordan has established overall policies as well as a number of financial institutions and instruments to enhance and more fully support the growth of its MSMEs. The final objective of this policy is that Jordanian MSMEs operate within a business environment enhancing their development from which jobs will be created.

This notwithstanding, formal and informal entrepreneurs continue to experience difficulties when seeking financing for their businesses. This occurs at all points of an enterprise’s life cycle, but most specifically during the start-up and first growth stages. As such, financing instruments need to be enhanced at these enterprise life points. Furthermore, studies showed that access to finance for MSME remains insufficient. In Jordan, only 10% of bank credits are provided to MSMEs with the Southern Mediterranean countries average being around 20%.

2. Context

The “Enhancement of the Business Environment in the Southern Mediterranean” project (henceforth called the EBESM project) is a partnership between the European Union (EU) and the South European Neighbourhood (ENP-South) region composed of ten countries namely, Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria¹ and Tunisia (MED countries). It contributes to addressing Micro, Small and Medium Enterprises (MSMEs) development at the macro level and aims to foster the development of a favourable business environment in line with EU best practices (i.e. the Small Business Act for Europe (SBA)).

During its second year of operation, in 2016, the EBESM project launched the Access to Finance for MSME Activity. The overall objectives of this Activity is to raise awareness and to share information and good practices among policy makers, practitioners, representatives of the private sector in the MED countries about existing public policies, mechanisms and instruments supporting MSME financial needs for development (e.g. bank loans, guarantees, risk capital, microfinance, etc.) in their country.

Its goal is to contribute to unlock Access to Finance for MSME in the MED region as current studies clearly indicate that access to finance remains insufficient compared to overall MSME needs (in most MED countries, less than 20% of credit financing goes to MSME).

Implementing such policies will expand the private sector through the development of more robust, inclusive and sustainable growth, by raising MSME capacity, creating employment and improving competitiveness.

¹ The EU cooperation with government and public institutions from Syria is temporarily suspended.

The Project, in collaboration with its MED partners, carried out a mapping study to identify existing public programmes, operational financing mechanisms and instruments supporting the development of MSME at country level, as well as assessed public policies, identified best practices at country level and provided policy recommendations of these existing financial mechanisms and instruments.

The primary results and conclusions of the report will be presented and discussed during a National one-day workshop, capitalising MSMEs access to finance in a durable and inclusive manner.

3. National Seminar Objectives

This one-day workshop will bring together around 50 participants, representing a mix of high-level public authorities, financial institutions specialists, entrepreneurs and business development support services, including the persons who participated to the focus groups organised while drafting the in-country report on A2F.

The workshop aims to:

- Inform national stakeholders of available financing schemes, programmes and instruments in Jordan;
- Share good practices (regional, European and international) on public policies, mechanisms and instruments on key topics relevant or of particular interest for Jordan (e.g. guarantee schemes, risk sharing mechanisms, venture capital, etc.);
- Discuss policy recommendations at national level and formulate country-specific actionable recommendations to contribute to unlock financing opportunities for MSMEs in a sustainable manner.

Building on an analytical examination of identified financial public policies, mechanisms and instruments for MSMEs in Jordan, the seminar aims at drawing conclusions and recommendations about the reforms needed in this area. Specifically, it is expected that the resulting discourse will deepen the understanding of the main challenges faced by MSME to access finance, what are the policies and the measures needed to overcome these challenges and help them grow, be more competitive and create jobs.

Agenda

09h00-09h30	Registration - Coffee, tea
09h30-09h50	<p>Introduction and welcome remarks Introductory remarks to outline workshop goals, welcome participants, and provide leadership vision from the organising institution.</p> <ul style="list-style-type: none"> - Mr. Basheer Salaytah, SBA Coordinator, JEDCO - Dr. Adli Kandah, Director General of the Jordanian Association of Banks - Ms. Marie-Jo Char, Project Leader, EBESM/GIZ
09h50-10h30	<p>Session 1: Key findings of the assessment of Jordanian and MED countries' policies to facilitate access to finance for MSMEs (national and regional levels)</p> <ul style="list-style-type: none"> - Mr. Christophe Malherbe and Ms. Lamia Dabbas, Experts EBESM/GIZ <p>Presentation of the "Access to Finance Database at JEDCO" – a project funded by the MENA Transition Fund</p> <ul style="list-style-type: none"> - Mr. Doug Aitkenhead and Mr. Abedelhadi Shajrawi - EIB Experts <p>Questions and Answers</p>
10h30-11h15	<p>Session 2: Summary of priority actions as identified by the study and testimonials This session will be organised in the form of a debate involving representatives of the financial sector and end-users to discuss the priority reforms and associated instruments needed as identified by the study.</p> <p><u>Testimonials</u></p> <ul style="list-style-type: none"> - Ms. Rawan Bitar - Intermediaries Mystery shopping and consultation - Mr. Mohammad Ibdah - Xpertier <p><u>Panel discussion</u></p> <ul style="list-style-type: none"> - Mr. Mohamed Amaireh - Central Bank - Mr. Marwan Shahatit - Ahli Bank - Representative from the Ministry of Finance - Mr. Rami Al-Karmi - F03 Venture Partners - Mr. Faisal Hakki - Oasis 500 <p>Moderator: Mr. Christophe Malherbe</p>
11h15-11h30	Coffee break
11h30-12h30	<p>Session 3: Guarantee funds and risk sharing mechanisms This session will focus on guarantee funds and risk sharing mechanisms. Representatives from Jordanian relevant institutions will inform about their strategy and reforms needed in this area. This session will be facilitated by an EU expert who will share with the panellists and audience international good practices in this domain and discuss on how to improve the situation.</p> <p><u>Testimonials</u></p> <ul style="list-style-type: none"> - Ms. Yara AL Khatib - Matraban - Ms. Ola Farawati - Printati <p><u>Panel discussion</u></p> <ul style="list-style-type: none"> - Dr. Bassam Bitar - Jordan Chamber of industry - Dr. Mohsen Abu Awad - Arab International Islamic Bank - Dr. Mohamed Al Jafari - General Jordan Loan Guarantee Crop. - Dr. Waleed Qasrawi - Central Bank <p>Moderator: Mr Majdi Abu Arja - EBESM/GIZ</p>
f12h30-13h30	<p>Session 4: Incentive package for SME financing This session will be organised in the form of a debate, focused on financing SMEs via the adoption of an SME incentive package resulting from financial sector reforms. (Incentives for financing SMEs are very limited in Jordan, as opposed to Lebanon, Egypt or Morocco). This session will be facilitated by an EU expert who will share international good</p>

	<p>practices in this area and discuss with selected representatives relevant reforms and the creation of an incentive package for financing SMEs.</p> <p><u>Testimonials</u></p> <ul style="list-style-type: none"> - Ms. Maha Al Dergham - Jordan Social Marketing Center, - Ms. Omamah Sarayrah - Middle East payment services (MEPS) <p><u>Panel discussion</u></p> <ul style="list-style-type: none"> - Dr. Bassam Bitar - Jordan Chamber of Industry - Mr. Ashraf Huidi - Housing Bank - Ms. Maha Abdullat - Central Bank <p>Moderator: Mr. Richard Crayne - Expert EBESM/GIZ</p>
13h30-14h00	<p>Wrap up Session - The way forward. What are the initiatives that could support the government efforts to address challenges?</p> <p>Objective: Selection of priority actions to implement in the short run (quick wins) to help unlock Access to Finance for MSMEs and the type of support needed from EBESM for implementation.</p> <ul style="list-style-type: none"> - Dr. Adli Kandah, Mr. Basheer Salaytah, Ms. Marie-Jo Char
14h00-15h00	Lunch

(* Simultaneous translation will be available in English & Arabic