

**The European Union's Project for ENP South Countries  
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**Enhancement of the Business Environment in the  
Southern Mediterranean**

**Assessment of Jordanian Policies to Facilitate  
Access to Finance for MSMEs**

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## Abbreviations and Acronyms

AMC	Ahli Micro Financing Company
CAB	Cairo Amman Bank
CBJ	Central Bank of Jordan
DEF	Development and Employment Fund
DFID	UK Department for International Development
GOJ	Government of Jordan
JEDCO	Jordan Enterprise Development Corporation
JLGC	The Jordan Loan Guarantee Corporation (JLGC)
JLGF	Jordan Loan Guarantee Facility
MSMEs	Micro, Small, Medium sized Enterprises
LENS	Local Enterprise Support Project
LMDF	Luxembourg Microfinance and Development Fund
MFI	Microfinance Institutions
MFW	Micro-Fund for Women
NAFES	National Fund for Enterprise Support
OPIC	Overseas Private Investment Corporation
QRCE	Queen Rania Center for Entrepreneurship
USAID	United States Agency for International Development

## List of Annexes

Annex1                      List of the participants to the Focus group

## 1. INTRODUCTION

### **Description of the study**

This study aims to provide a clear overview of Jordanian policies to facilitate MSMEs access to finance. It is divided into two sections as follows:

#### ***Section 1: Mapping of existing access to finance instruments***

An in-depth desk research has been performed to identify and select the instruments presented. For each instrument, detailed characteristics are presented and practical links are displayed for the use of MSMEs seeking more detailed and practical information.

All instruments are presented in the form of fact sheets which were designed to cover the required information. To have a closer view on the situation in Jordan, the instruments fall into six (6) categories:

1. Bank loans and facilities
2. Guarantee funds and risk-sharing mechanism
3. Private equity and venture capital
4. Leasing, factoring and Islamic finance
5. Microfinance and innovative finance
6. Others (e.g. grant schemes, honour loans)

#### ***Section 2: Assessing the effectiveness of existing access to finance instruments***

A focus group meeting, gathering representatives of the demand and the supply side, was organized to obtain a balanced assessment of Jordan's performance in terms of Access to Finance for MSMEs and to assess the impact and effectiveness of government policies and programmes in that respect. During the focus group meeting, participants were asked to provide views and evidence concerning the status of implementation and effectiveness of the financial instruments under review.

Participants included representatives from banks, banks association, risk sharing mechanisms, venture capital and private equity funds, as well as other non-bank instruments such as Micro Finance Institutions (MFI).

On the demand side, the focus group gathered representatives from private sector organisations, such as chambers of commerce and industry, business associations, enterprise clusters, women and youth associations; businesses, as well as entrepreneurs or direct beneficiaries of financial instruments/loans.

The participants list is annexed to this document.

### **Definition and overview of the state of SMEs in Jordan**

The private economy in Jordan is almost entirely comprised of MSMEs that represent nearly 99.6% of all firms outside the agricultural sector.

This number is based on the latest Department of Statistics Enterprise Survey and measures all firms with 99 employees or less as a percentage of the total number of firms.

In September 2005, the definition for industrial SMEs was endorsed by the Prime Ministry as a national standardized definition to be used among all relevant governmental departments, as follows:

- Small enterprises employ between 10 and 49 employees and have a registered capital of more than JOD 30,000
- Medium enterprises employ between 50 and 249 employees and have a registered capital of more than JOD 30,000

The Central Bank of Jordan also issued an SME definition on 13th January 2011 based on the following:

For Small companies:

1. That its assets are less than JOD 1 million or that its annual sales are less than JOD 1 million
2. That it has between 5-20 employees

For Medium companies:

1. That its assets are between JOD 1 - 3 million or that its annual sales are between JOD 1 - 3 million
2. That it has between 21-100 employees

An SME can't be a public shareholding company, or an insurance company, or a financial intermediary company

Most Jordanian SMEs work within the formal sector and are registered, as specified by law. However, a sizeable percentage of self-employed firms are in the unregistered (informal) sector (that is, firms that deliver lawfully permitted services and products without registering with the proper authorities).

In terms of employment, formal SMEs play a significant role in employment, as they employ approximately 71.4% of the private sector's workforce and almost 49.4% of all the personnel in the country's private and public sectors.

Jordanian SMEs face several problems where access to finance is concerned; access to credit was rated as the second most significant impediment to business growth and competitiveness in Jordan, after government bureaucracy, as indicated by the Global Competitiveness Report 2011 to 2012

## Jordan Fact Sheets

### 1. Bank loans and facilities

None

## 2. Guarantee funds and risk-sharing mechanism

<b>Guarantee</b>	
<b>Programme</b>	Jordan Loan Guarantee Facility
<b>Characteristics</b>	<p>This facility was established with the support of the United States Agency for International Development (USAID) and the Overseas Private Investment Corporation (OPIC) to provide partial loan guarantees and technical assistance to enable creditworthy but previously underserved Small and Medium Size Enterprises (MSMEs) obtain bank financing for start-up and expansion.</p> <p>JLGF currently works with seven partner banks: Bank Al Etihad; Cairo Amman Bank; Capital Bank; Jordan Ahli Bank Housing Bank Arab Bank Jordan Kuwait Bank</p>
<b>Total Amount committed</b>	JOD 212.7 million (EUR 283,5 million) for 5 years. Origin of fund (JLGF)/USAID and OPIC
<b>Application procedure</b>	Apply to one of the partner banks either via its website or its branches and follow the bank loan application procedures. Upon bank approval, businesses are asked to fill JLGC application form.
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• 50% or more privately owned</li> <li>• Registered in Jordan.</li> <li>• At least two of the following must be true:               <ol style="list-style-type: none"> <li>(a) Total employees less than 300.</li> <li>(b) Total assets less than JOD 10.5 million (EUR14 million).</li> <li>(c) Total annual revenues less than JOD 10.5 million (EUR 14,000,000).</li> </ol> </li> </ul>
<b>Terms</b>	<ul style="list-style-type: none"> <li>• Loan size: not less than JOD 19 000 (EUR 25 000).</li> <li>• Loan tenor: not less than 90 days; not exceeding 7 years.</li> <li>• Loan repayment: Term declining, revolving.</li> <li>• Loan currency: Jordanian Dinars</li> </ul>
<b>Contact</b>	Amman, Haram Bin Qutbah Street   Amman Gate Building Office # 409   Tel: +962 6 585 0375   Fax: +962 6 585 0356 P.O. Box: 852645 Postal Code 11185
<b>Link</b>	<a href="http://www.lgfjordan.com">http://www.lgfjordan.com</a>

<b>Guarantee</b>	
<b>Programme</b>	The Jordan Loan Guarantee Corporation (JLGC)
<b>Characteristics</b>	The Jordan Loan Guarantee Corporation (JLGC) was established as a public shareholding company in 1994. JLGC aims to provide the necessary guarantees to facilitate financing of MSMEs and national export, to contribute to the process of economic growth, job creation and national export encouragement.
<b>Total Amount committed</b>	JOD 70 million (EUR 93 million) for the past 3 years
<b>Application procedure</b>	Apply to one of the partner banks by either via its website or its branches and follow the bank loan application procedures. Upon bank approval, businesses are asked to fill JLGC application form.
<b>Eligibility</b>	Open for micro, small and medium enterprises
<b>Terms</b>	The insured percentage is up to 90% of loss against commercial risks and non-commercial risks.
<b>Contact</b>	Amal Al Jafari <u>tel:00962796333125</u> email : jjafari@jlgc.com
<b>Link</b>	<a href="http://www.jlgc.com">www.jlgc.com</a>

### 3. Private equity and venture capital

<b>Equity</b>	
<b>Programme</b>	Oasis500
<b>Characteristics</b>	Oasis500 is a leading early stage and seed <i>investment</i> company, the first of its kind in Jordan and the <b>MENA</b> region. Oasis500 programs includes <i>entrepreneurship</i> training, mentorship guidance, business incubation and acceleration, and additional follow-on <i>investment</i> and funding if required, turning new business ideas into <i>start-ups</i> and helping existing entrepreneurs grow their companies with angel investor and mentor networks.
<b>Total Amount committed</b>	N/A
<b>Application procedure</b>	<ol style="list-style-type: none"> <li>1. <b>The Online Entry Form</b></li> <li>2. <b>General Assessment Form</b></li> <li>3. <b>Face-to-face Interview</b></li> <li>4. <b>The Oasis500 Boot Camp</b></li> </ol>
<b>Eligibility</b>	Fund technology-oriented companies, typically in the areas of Information Technology (IT), Mobile and Digital Media.
<b>Terms</b>	Average initial investment is JOD 22 500 (EUR 30 000), of which about JOD 10 000 (EUR 13,000) are in cash and JOD 12 500 (EUR 17,000) are in services. In return Oasis500 becomes a partner in the business with a share of 20% (for already established businesses, partnership percentage may vary according to the start-ups valuation in the market, and current achievements)
<b>Contact</b>	Oasis500 King Hussein Business Park Building 7 P.O. Box 851222, Amman, 11185, Jordan Telephone: +962 (6) 5805680, Fax: +962 (6) 5805462 Email: info@oasis500.com
<b>Link</b>	<a href="http://www.oasis500.com">www.oasis500.com</a>

#### 4-Leasing, factoring and Islamic finance

<b>Islamic Murabaha</b>	
<b>Programme</b>	<b>FINCA Islamic Murabaha</b>
<b>Characteristics</b>	Provides financial services to the world's lowest-income entrepreneurs so they can create jobs, build assets and improve their standard of living. FINCA Jordan Islamic Murabaha technology is designed to deliver Islamic rules to expand micro and small businesses. Islamic Murabaha lending is designed for businesses that need working capital and seek quick and easy financial solution under Murabaha and Islamic rules.
<b>Total Amount committed</b>	2012 JOD 7.5 million (EUR10 million) 2013 JOD11.2 million (EUR 15 million) 2014 JOD11.2 million (EUR15 million)
<b>Application procedure</b>	To apply, businesses shall directly contact FINCA (either via its website or its branches), fill an application which is the first step in the process ( no documents are required at this stage) the loan officer will follow up on the process.
<b>Eligibility</b>	The Scheme is open for micro and small businesses.
<b>Terms</b>	<ul style="list-style-type: none"> <li>• Loan Specifications:</li> <li>• Currency of Lending : Jordanian Dinar</li> <li>• Minimum Murabaha Size : JOD 1000 (EUR1333)</li> <li>• Maximum Murabaha Size: JOD 20 000 (EUR26,650)</li> <li>• Murabaha Terms: The maximum term is 36 months</li> <li>• Repayment Frequency : Monthly</li> </ul>
<b>Contact</b>	<b>Nada Abu Mtawi</b> Email <a href="mailto:nabumtawi@finca.io">nabumtawi@finca.io</a> Tel: +962 6 566 4627
<b>Link</b>	<a href="http://www.finca.io">www.finca.io</a>

<b>Islamic loan</b>	
<b>Programme</b>	Arab Islamic International Bank
<b>Characteristics</b>	The business centres of Islamic International Arab Bank provide a wide range of solutions and banking products compliant with Islamic Sharia' to meet the growing needs of all corporate clients, opening business centres meets the Bank objectives in supporting and developing the small enterprise sector, by addressing the growing demands of Islamic banking services.
<b>Total Amount committed</b>	N/A
<b>Application procedure</b>	To apply, businesses shall directly contact the bank (either via its website or its branches), fill an application which is the first step in the process the loan officer will follow up on the process. .
<b>Eligibility</b>	Subject to Shar'iah-compliant
<b>Terms</b>	<p><b><u>Mudarabah Financing:</u></b> Mudarabah Financing is a profit-sharing contract consisting of a capital investment from the Bank (as a Principal) and a labour investment from the client (as Mudarib). In accordance with its terms, the Bank puts forward the necessary funds to finance a specific project, whether partially or in full. The client undertakes the necessary labour so the profits are divided through agreed upon percentages. The client can only face a loss if any negligence or infractions are revealed; in the case of unsuccessful project, the client loses the labour invested, while the Bank loses its funds invested wholly or partially, as applicable.</p> <p><b><u>Istisna' Financing:</u></b> The client approaches the bank with a request for financing a specific technical/industrial project, presenting all technical designs and plans, as well as all general and specific conditions related to the project after consulting a specialized engineering consultancy firm. After the Bank approves the request, a contract is prepared detailing the project specifications, as well as the cost of the project and the payment schedule to which the client commits, whether monthly installments or full payment. A separate contract is prepared between the bank and a "contractor", by which the contractor commits to carry out the project in accordance with the design and specifications previously outlined by the client.</p> <p><b><u>Musharakah Financing:</u></b> Musharakah is defined as a contractual agreement between the partners with regard to both capital and profit. Musharakah is one of the most important models of Islamic investment practiced by the bank.</p>
<b>Contact</b>	00962(6)5694901ext(145)e-mail: corporate.dept@iiabank.com.jo
<b>Link</b>	<a href="http://www.iiabank.com.jo">http://www.iiabank.com.jo</a>

## 5. Microfinance and innovative finance

<b>Microfinance</b>	
<b>Programme</b>	AMC Ahli Micro Financing Company
<b>Characteristics</b>	<p>Ahli Microfinance Company (AMC), one of Jordan Ahli Bank subsidiaries, established in July 1999, derived from the sharp vision of Jordan Ahli Bank management and their firm belief of the importance of supporting the national economic activities in the Hashemite Kingdom of Jordan, and promoting all aspects of development process.</p> <p>AMC has distributed, since establishment, up to JOD 98 Million worth of loans for 108 thousands local small businesses' clients, As part of the ambitious plan in expanding its outreach, via launching more braches covering new regions and reaching a wider client base.</p>
<b>Total Amount committed</b>	2012 JOD 9.75 million (EUR 13 million) 2013 JOD 10.5 million (EUR 14 million) 2014 JOD 10.5 million (EUR 14 million)
<b>Application procedure</b>	To apply, businesses shall directly contact AMC (either via its website or its branches), fill an application which is the first step in the process (no documents are required at this stage) the loan officer will follow up on the process.
<b>Eligibility</b>	The scheme is open to Micro, small, individual's enterprises
<b>Terms</b>	<p>AMC provide the following financial services, mainly loan programs, tailored to suit all types of businesses and social segments.</p> <p><b>"Group" Loan:</b> 1. Targets home-based businesses owned by a group of women. 2.The funding amount starts from JOD 500 (EUR 670) until JOD 750 (EUR 1000) for each member of the group, 3.repayment period of up to 15 months 4.Interest rate 5%</p> <p><b>"Ambition" Loan:</b> 1. Target existing licensed and non-licensed (Home-based) businesses 2. Financing ranging from JOD 600 (EUR800) to JOD 8000 (EUR 10660). Repayment period of 8 to 24 months. 4. Interest rate 5%</p> <p><b>"Development" Loan:</b> 1. target existing licensed businesses. 2. The funding amount borders from JOD 3000 (EUR 4000) to JOD 15000 (EUR20,000), 3. repayment periods of 4-18 months. 4. Interest rate 5%</p>
<b>Contact</b>	<p>Tamer Halaseh Financial Manager <a href="mailto:tamer.halaseh@amc.com.jo">tamer.halaseh@amc.com.jo</a> +962 65865970 ext127</p> <p>P.O.BOX 23543 Amman 11115 Jordan Phone: +962 65 86 59 70 Fax: 00 962 6 586 5952 Email: <a href="mailto:amc@amc.com.jo">amc@amc.com.jo</a></p>
<b>Link</b>	<a href="http://www.amc.com.jo">www.amc.com.jo</a>

<b>Microfinance</b>	
<b>Programme</b>	Development and Employment Fund ( Reyada)
<b>Characteristics</b>	Reyada is a fund established by the government of Jordan in 1989 as an independent government institution targeting MSMES and aiming to create work opportunity to decrease the number of poor and unemployed by granting them loans, technical and administrative support to establish small and medium projects.
<b>Total Amount committed</b>	Between 1991 and 2007 DEF total lending amounted to JOD 75 million (EUR 100million) to finance more than 33250 projects, created 41048 seasonal and permanent job opportunities.
<b>Application procedure</b>	To apply, businesses shall directly contact Reyada (either via its website or its branches), fill an application which is the first step in the process and provide the following documents: <ol style="list-style-type: none"> <li>1. Copy of their identity cards</li> <li>2. Valid license for practicing a profession or craft, issued by the Chamber of Commerce and/or the Municipality</li> <li>3. Up to date electricity bill for the applicant home</li> <li>4. Feasibility study for the project</li> </ol>
<b>Eligibility /</b>	The scheme is open to Micro, small, individual's enterprises especially at the underprivileged areas
<b>Terms</b>	Reyada provide the following financial services, mainly loan programs, tailored to suit all types of businesses and social segments, through twelve offices and branches, <ol style="list-style-type: none"> <li>1. Finance Start-up Projects: 1. Target unemployed individuals who are vocationally or professionally 2. Maximum loan amount million 3. Repayment period 7 years 4. Interest rate 5%</li> <li>2. Finance existing projects: 1. Target existing projects as well as creating new employment opportunities, 2. Maximum loan amount million 3. Repayment period 7 years 4. Interest rate 5%</li> <li>3. Group Lending: 1. targeting a group of partners to establish a medium-sized projects as a joint liability company, 2. maximum loan range of 133,311 JOD 100 000 (EUR 133 000) for each project.3. Repayment period 7 years4.Interest rate 5%</li> <li>4. Pioneer Projects: 1. Target pioneer projects which carries new ideas or services and techniques and in turns provide at least four jobs opportunities, 2. an average loan size of for JOD 75 000 (EUR 100 000) 3. Repayment period 8 years 4. Interest rate 4%-5%</li> </ol>
<b>Contact</b>	Mr. Abdullah Firaj, General Manager Mones Al-Rzaz Street Po 922708 Amman, Jordan 11192 Phone: 00962-6-4618851 Fax: 00962-6-4618845 Email: <a href="mailto:a.freij@def.gov.jo">a.freij@def.gov.jo</a>
<b>Link</b>	<a href="http://www.def.gov.jo">www.def.gov.jo</a>

### Innovative finance

<b>Programme</b>	<b>Governorate Development Fund</b>
<b>Characteristics</b>	<p>In July 2011, His Majesty King Abdullah announced the creation of a JOD 150 million (EUR200 million) Fund targeting the Governorates to be implemented in partnership with the private sector. The Fund aims at creating sustainable jobs, leveraging the public-private partnership to improve the social development and enhancing the living conditions and standards of the governorates by introducing innovative financing tools and investing in income generated projects identified by the local community and expected to generate the maximum economic development, social welfare and financial returns.</p> <p>In July 2012, by the Prime Ministry resolution number (617) JEDCO was mandated and instructed to design the overall structure of the Fund, to manage the day to day activities of the Fund "Fund Manager" and to be the Anchor Investor by representing the Government interest.</p>
<b>Total Amount committed</b>	JOD 150 million (EUR 200million) for 5 years
<b>Application procedure</b>	To apply, businesses shall directly contact JEDCO(either via its website or its branches), fill an application which is the first step in the process ( no documents are required at this stage) the loan officer will follow up on the process.
<b>Eligibility</b>	Productive and income generating projects (SMEs and large projects) located in the governorates, whether start-ups or existing companies operating in the services, manufacturing, industrial and agro-business sectors.
<b>Terms</b>	<ul style="list-style-type: none"> <li>• The Fund will invest in projects with a minimum project cost of JOD 100,000 (EUR 133, 300)</li> <li>• The Fund's investment share ranges from 26% to 49% of the project's total cost in case of investing in equity shares.</li> <li>• The Fund's maximum share of investment in any project using convertible bonds or quasi equity is 80% of the project cost.</li> <li>• The Fund will invest in projects/companies that are expected to generate moderate rates of returns to cover the Fund's operating costs and to distribute moderate profits and returns to the investors.</li> </ul>
<b>Contact</b>	P.O.Box 7704, Amman 11118 Jordan, Tel: (+962 6) 5603507 Fax: (+962 6) 5684568, E-mail: <a href="mailto:crm@jedco.gov.jo">crm@jedco.gov.jo</a>
<b>Link</b>	<a href="http://www.jedco.gov.jo">www.jedco.gov.jo</a>

<b>Microfinance</b>	
<b>Programme</b>	FINCA Commercial Micro Loan
<b>Characteristics</b>	FINCA Jordan starts its operations on 2007 by opening its Head Office in Amman. It aims to provide financial services to the world's lowest-income entrepreneurs so they can create jobs, build assets and improve their standard of living. FINCA Jordan individual lending technology is designed to deliver loans to established micro and small enterprises.
<b>Total Amount committed</b>	2012 JOD 7.5 million (EUR 10 million) 2013 JOD 11.25 million (EUR 15million) 2014 JOD 11.25 (EUR 15million)
<b>Application procedure</b>	To apply, businesses shall directly contact FINCA(either via its website or its branches), fill an application and provide the following documents: <ol style="list-style-type: none"> <li>1. Copy of the national ID, family registration book.</li> <li>2. Business registration</li> <li>3. Occupancy permit and business rental contract (if exist)</li> <li>4. Income verification is required</li> </ol> the loan officer will follow up on the process
<b>Eligibility</b>	The Scheme is open for micro and small businesses.
<b>Terms</b>	<b>Loan Specifications:</b> <ul style="list-style-type: none"> <li>• Currency of Lending: Jordanian Dinar</li> <li>• Minimum Loan Size: JOD 300 (EUR 400).</li> <li>• Maximum Loan Size: JOD 2000 (EUR 2,660)</li> <li>• Loan Terms: <ul style="list-style-type: none"> <li>• From JOD 300 (EUR 400)– JOD 1000 (EUR 1300): The maximum term is 18 months</li> <li>• From JOD 1000 (EUR 1300)– JOD 2000 (EUR 2,660): The maximum term is 24 months</li> </ul> </li> <li>• Repayment Frequency : Monthly</li> </ul>
<b>Contact</b>	<b>Nada Abu Mtawi</b> , Email <a href="mailto:nabumtawi@finca.jo">nabumtawi@finca.jo</a> tel: +962 6 566 4627
<b>Link</b>	<a href="http://www.finca.jo">www.finca.jo</a>

<b>Microfinance /Loans</b>	
<b>Programme</b>	MFW <i>Microfund for Women</i>
<b>Characteristics</b>	<p>Microfund for Women (MFW) is a leading microfinance institution in Jordan. It is a pioneer in microcredit, both nationally and regionally.</p> <p>Microfund for Women (MFW) began as a pilot lending program initiated by Save the Children in Jordan in 1994. Later, in 1996, it operated as a local NGO known as the Jordanian Women's Development Society (JWDS) which took over the Group Guaranteed Lending Program with the dual purposes of testing the feasibility of group lending in Jordan and providing poor women with access to credit mechanisms. And finally, in 1999 Microfund for Women was registered as a not-for-profit limited liability company.</p>
<b>Total Amount committed</b>	<p>Gross Loan Portfolio , 2013: JOD 32 million (EUR 42.7 million)</p> <p>Number of active borrowers 2013: 100,507</p> <p>Assets 2013: JOD 36 million (EUR 48.2 million)</p>
<b>Application procedure</b>	To apply, businesses shall directly contact MFW (either via its website or its branches), fill an application which is the first step in the process the loan officer will follow up on the process.
<b>Eligibility</b>	Primarily, MFW targets female entrepreneurs who require financing to expand or improve their existing income-generating projects or businesses.
<b>Terms</b>	<p>MFW provide the following financial support, mainly loan programs at 5% interest rate, tailored to suit all types of businesses and social segments:</p> <p><b>“Al Tadamun” Loan:</b></p> <p>1. Target women with existing income-generating projects who want to invest in the expansion or improvement 2. Repayment terms are simple and agreeable.</p> <p><b>“Al Tatweer” Loan:</b></p> <p>1. target entrepreneurs with established micro or small enterprises who want to invest in the expansion or improvement 2. the repayment terms are agreed upon depending on the loan size and the enterprise’s cash-flow.</p> <p><b>Seasonal Loans:</b></p> <p>1. target client’s enterprise which may require additional working capital to women within a solidarity group. 2. repaid within a short period.</p> <p><b>Bedaya Loans:</b></p> <p>1. Target women only and provide solidarity groups of 2-members the opportunity to receive 2. loan ranging between JOD 100 (EUR 133) – JOD 200 (EUR 266)</p>
<b>Contact</b>	Amman 11196 Jordan Wadi Saqra Arrar street P.O. Box 962854, Phone: 00 962 6 51666 100, Fax: 00 962 6 5167128 Email: <a href="mailto:info@microfund.org.jo">info@microfund.org.jo</a>
<b>Link</b>	<a href="http://www.microfund.org.jo">www.microfund.org.jo</a>

<b>Innovative finance</b>	
<b>Programme</b>	IPark
<b>Characteristics</b>	<p>iPARK specializes in enabling and accelerating the growth of start-up 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.</p> <p>Through its range of programs, including the Queen Rania Center for Entrepreneurship (QRCE), the Intellectual Property and Commercialization Office (IPCO), and the Bedaya Business Angel Network, iPARK offers unique and comprehensive services that greatly increase the opportunities for success for technology start-ups through better access to markets, finance and talent. These services include: Incubation services, Intellectual property and commercialization service, Entrepreneurship development and investment.</p> <p>Through its Bedaya Business Angel Network, iPARK connects entrepreneurs in need for funding to accelerate the growth of their companies with a large network of local and international Angel investors and VC Firms keen to invest in start-ups and early-stage businesses.</p>
<b>Total Amount committed</b>	2014 JOD 35,25 million (EUR 47 million)
<b>Application procedure</b>	To apply, businesses shall directly contact Ipark (either via its website or its branches), fill an application which is the first step in the process; Ipark will then follow up on the process
<b>Eligibility</b>	<p>Start-ups and early stage businesses with:</p> <ul style="list-style-type: none"> <li>• Solid business plan and marketing plan</li> <li>• Sustainable competitive advantage and compelling differentiators</li> <li>• Strong growth potential</li> <li>• Skilled and experienced management team</li> </ul>
<b>Terms</b>	N/A
<b>Contact</b>	Amman – Jordan El Hassan Science City Tel : +962 (0)6 533 9726 Fax : +962 (0)6 533 9728
<b>Link</b>	<a href="http://www.ipark.io">http://www.ipark.io</a>

<b>Microfinance</b>	
<b>Programme</b>	<i>Vitas Jordan</i>
<b>Characteristics</b>	Vitas started as a CHF affiliate program in 1998, transforming in 2003 into a Limited Liability Company, with plans to operate in rural areas.
<b>Total Amount committed</b>	Gross Loan Portfolio 2013: JOD 23,25 million (EUR 31 million) Number of active borrowers 2013: 23,099
<b>Application procedure</b>	To apply, businesses shall directly contact Vitas(either via its website or its branches), fill an application which is the first step in the process Vitas will follow up on the process
<b>Eligibility</b>	The Scheme is open for Micro and small enterprises and individuals
<b>Terms</b>	Repayment period 6 years Interest rate 4%-5%
<b>Contact</b>	General administration offices Farah Building 3rd floor Al-Wakalat Street / Sweifieh PO Box 142356 Amman 11844 Jordan Tel: +962 6 5831188 Fax: +962 6 5826146
<b>Link</b>	<a href="http://www.vitasjordan.com">http://www.vitasjordan.com</a>

<b>Micro-Finance</b>	
<b>Programme</b>	Alwatani (National Microfinance Bank) <i>National Microfinance Bank</i>
<b>Characteristics</b>	Is a Jordanian private shareholding non-profit company established in March 27, 2006 that primarily finances income generating projects for underserved segments of society, spreading a culture of micro credit and entrepreneurship and carries out mission driven activities.
<b>Total Amount committed</b>	Loans Disbursed 2012 : JOD 30 million (EUR 40 million) 2013 :JOD 37.5 million (EUR 50 million) 2014 : JOD 33.75 million (EUR 45 million)
<b>Application procedure</b>	To apply, businesses shall directly contact Al Watani (either via its website or its branches), fill an application which is the first step in the process ( no documents are required at this stage) the loan officer will follow up on the process.
<b>Eligibility</b>	The scheme is open to Micro, small, individual's enterprises and start up business for young professionals interested in entrepreneurship.
<b>Terms</b>	Al Watani provides the following financial services, mainly loan

	<p>programs, tailored to suit all types of businesses and social segments.</p> <p><b>"Mashroei" Loan:</b></p> <ol style="list-style-type: none"> <li>1. Target independent businesses which are Business registered licensed (Life-of-business should be at least 9 months)</li> <li>2. Funding Amount: Up to</li> <li>3. Flexible repayment periods, and affordable instalments</li> <li>4. Interest rate 5%</li> </ol> <p><b>"Istithmari" Loan</b></p> <ol style="list-style-type: none"> <li>1. target the owners of medium-sized projects, in which it finances the working capital or the purchase of fixed assets, and it is granted for the projects that have solid cash flows, stable and run by skilled professionals with high efficiency and experience</li> <li>2. Funding Amount: Up to JOD 5,000 (EUR 6500).</li> <li>3. Flexible repayment periods, and affordable instalments</li> <li>4. Interest rate 4%-5%</li> </ol>
<b>Contact</b>	<p>Bassem Khanfar, General Manager, email: <a href="mailto:bassem.k@nmb.com.jo">bassem.k@nmb.com.jo</a> phone 00 962 79 55 95 181</p>
<b>Link</b>	<p><a href="http://www.nmb.com.jo">www.nmb.com.jo</a></p>

<b>Microfinance</b>	
<b>Programme</b>	<b>Jordan Trade Facilities Company</b>
<b>Characteristics</b>	Offers a variety of products and services covering several areas: Personal loans, financing Private vehicles, financing public vehicles, financing trucks and trailers, housing finance, real estate finance, lease finance, Islamic Murabaha, Credit Cards, commercial business and heavy machinery financing. All are catered to serve the needs of individuals.
<b>Total committed Amount</b>	JOD 27,25 million (EUR 37million) for 5 years 2012-2017
<b>Application procedure</b>	<ul style="list-style-type: none"> <li>• Obtain a written request from the company to get the financing it seeks and the purpose of the loan.</li> <li>• The company must be registered in the ministry of trade and industry, and to obtain a copy of the registration certificate to clarify the name of the partners and their shares...etc</li> <li>• The company should hold a valid license and to obtain a copy of it.</li> <li>• Obtain bank statement for the company for a period not less than 6 months.</li> <li>• Obtain bank statement for individuals for a period not less than 12 months.</li> </ul>

<b>Eligibility</b>	The Scheme is open for Micro and small enterprises and individual
<b>Terms</b>	<ul style="list-style-type: none"> <li>• Repayment period reaches 60 months</li> <li>• Un limited loan amount</li> <li>• Suitable grace period</li> <li>• 5% interest rate</li> <li>• Islamic Murabaha method is available</li> </ul>
<b>Contact</b>	Shmeisani, Abdullah bin Masoud St. building No. 53 Tele: 5671720 / 5686278 / 5672833 / 5623480 Fax: 5672255
<b>Link</b>	<a href="http://www.jtf.com.jo">http://www.jtf.com.jo</a>

#### 6. Others (e.g. grant schemes, honour loans)

<b>Grants</b>	
<b>Programme</b>	<b>Local enterprise support project ( LENS)</b>
<b>Characteristics</b>	<p>The USAID Jordan Local Enterprise Support Project (LENS) is a five-year project (2013-2018) to encourage the long-term economic growth and development potential of underserved Jordanian communities. The project will help empower local communities to design and implement collaborative local economic development (LED) initiatives and will support the vitality and competitiveness of micro and small enterprises (MSEs) that are often at the heart of individual, family and community livelihood within vulnerable populations.</p> <p>The USAID LENS grants fund will support qualifying initiatives in support of these objectives proposed by public and private sector institutions. The USAID LENS project is an integral component of USAID Jordan's strategy to support comprehensive development. Its focus on MSEs and LED will complement and pursue spill-over effects from other projects within USAID's portfolio in Jordan and other donor-funded projects.</p>
<b>Total committed Amount</b>	JOD 27,75 million(EUR 37million) for 5 years
<b>Application procedure</b>	To apply, businesses shall directly contact LENS website fill an application which is the first step in the process LENS will follow up on the process

<b>Eligibility</b>	<p>In order to be eligible to apply for a grant, the applicant must be:</p> <ul style="list-style-type: none"> <li>• Micro or Small Enterprise (MSE) with less than 49 employees</li> <li>• An existing business whether registered or non-registered</li> <li>• Located in one of USAID LENS project's targeted geographical areas (Irbid, Zarqa and Amman, specifically in areas outside of Greater Amman Municipality)</li> </ul>
<b>Terms</b>	<p>Funding Limit: The requested amount from USAID LENS must not exceed JOD 12 400 (EUR 16 500)  Implementation Period: The implementation period must not exceed six (6) months</p>
<b>Contact</b>	<p><u><a href="mailto:LENSGrants@jordanlens.org">LENSGrants@jordanlens.org</a></u>,</p>
<b>Link</b>	<p><u><a href="http://www.jordanlens.org">www.jordanlens.org</a></u></p>

<b>Grants</b>	
<b>Programme</b>	<b>Business and Export Development Project for Jordanian Enterprises – Tatweer</b>
<b>Characteristics</b>	<p>Tatweer is a project managed by BDC and funded by USAID. The project focuses on enhancing the competitiveness of Jordanian MSMEs and maximizing the benefits of free trade agreements. To date Tatweer has provided more than 750 financial grants in the form of: technical and marketing assistance, business plans and strategies, market analysis and assessment, product and process development, market outreach and backward linkages, export facilitation, and capacity building of middle management.</p> <p>Financial and technical assistance was given to 300 SME's (throughout the Kingdom's governorates) out of which 75 were women-owned and managed businesses. Additionally BDC enabled Jordanian companies to access and successfully compete in international markets as well as create linkages between MSMEs and larger companies for outsourcing opportunities with the aim of increasing exports to the United States and Europe. In its sector support, BDC helped establish 8 private non-profit business associations and helped develop their organizational structure and capacity.</p>
<b>Total Amount committed</b>	JOD 14,2 million (20 million USD)
<b>Application procedure</b>	To apply, businesses shall directly contact its <b>Tatweer</b> website, fill an application which is the first step in the process <b>Tatweer</b> will follow up on the process
<b>Eligibility</b>	Financial grants in the form of: technical and marketing assistance, business plans and strategies, market analysis and assessment, product and process development, market outreach and backward linkages, export facilitation, and capacity building of middle management.
<b>Terms</b>	N/A
<b>Contact</b>	Tel. 962 6 586 5002 Fax. 962 6 586 5003 Toll Free. 080022285 Email. info@bdc.org.jo Location 7th Circle - Zaza Building no:8 , Paris st., Amman, Jordan
<b>Link</b>	<a href="http://www.bdc.org.jo/MSMEs_Supports.aspx">http://www.bdc.org.jo/MSMEs_Supports.aspx</a>

<b>Micro-Finance</b>	
<b>Programme</b>	Alwatani (National Microfinance Bank) <i>National Microfinance Bank</i>
<b>Characteristics</b>	Is a Jordanian private shareholding non-profit company established in March 27, 2006 that primarily finances income generating projects for underserved segments of society, spreading a culture of micro credit and entrepreneurship and carries out mission driven activities.
<b>Total Amount committed</b>	Loans Disbursed 2012 : JOD 30 million (EUR 40 million) 2013 :JOD 37.5 million (EUR 50 million) 2014 : JOD 33.75 million (EUR 45 million)
<b>Application procedure</b>	To apply, businesses shall directly contact Al Watani (either via its website or its branches), fill an application which is the first step in the process (no documents are required at this stage) the loan officer will follow up on the process.
<b>Eligibility</b>	The scheme is open to Micro, small, individual's enterprises and start up business for young professionals interested in entrepreneurship.
<b>Terms</b>	Al Watani provides the following financial services, mainly loan programs, tailored to suit all types of businesses and social segments. <b>"Mashroei" Loan:</b> 1. Target independent businesses which are Business registered licensed (Life-of-business should be at least 9 months) 2. Funding Amount: NA 3. Flexible repayment periods, and affordable instalments 4. Interest rate 5% <b>"Istithmari" Loan</b> 1. target the owners of medium-sized projects, in which it finances the working capital or the purchase of fixed assets, and it is granted for the projects that have solid cash flows, stable and run by skilled professionals with high efficiency and experience 2. Funding Amount: Up to JOD 5,000 (EUR 6500). 3. Flexible repayment periods, and affordable instalments 4. Interest rate 4%-5%
<b>Contact</b>	Bassem Khanfar, General Manager, email: <a href="mailto:bassem.k@nmb.com.jo">bassem.k@nmb.com.jo</a> phone 00 962 79 55 95 181
<b>Link</b>	<a href="http://www.nmb.com.jo">www.nmb.com.jo</a>

## 2. KEY FINDINGS OF THE FOCUS GROUP MEETINGS

### 2.1 Introductory remarks

Two (2) focus groups were conducted on Thursday 12<sup>th</sup> of November 2015 at Jordan Enterprise Development Corporation (JEDCO); the list of participants is set forth in Annex 1.

#### 1. *Demand side focus group:*

The meeting gathered 12 representatives from Private sector including business associations, enterprise clusters, women and youth associations; Businesses, direct beneficiaries of financial instruments/loans; Academic institutions and research organizations/think tanks that are involved in access to finance issues and civil society groups such as national NGOs attended the meeting).

#### 2. *Supply side group:*

The meeting gathered 15 representatives from the private sector, including Bank credit managers / officers, Jordan Bank Association; guarantee mechanisms and program; the venture capital private equity funds and other non-bank instruments (e.g. MFI).

#### **Key findings of the focus group:**

- Access to finance for MSMEs is a challenging issues; this is due to various reasons, including:
  - Shortage of reliable collaterals
  - Insufficient reliable guarantors.
  - Absence of track records for MSMEs
  - Lack of awareness of financing barriers.
  - Lack of business management and skills.
  - Non comprehensive capacity of the SME banks' credit officers
  - Credit decisions are based on collaterals/guarantees rather than to be based on the cash flow analysis of the projects
  - High interest rate impeding MSMEs business feasibility.
  - No proper communication with lenders.
  - Lender's risk management and concern of loan default (risk averse policies)
  - Lender's high requirements of financing
- The financing gap between supply and demand was also recognized as a key concern.
- The communication gap between the supply and the demand was identified as a weakness.
- Capacity of the supply side is low and constrains the amount of finance extended to MSMEs (i.e. increasing the percentage of MSEM's lending out of the total bank's portfolio); in specific issues such as: MSMEs credit and financial analysis and project evaluation in certain sectors such as energy and environment.,
- Need to raise the awareness of the demand side of the available Access to Finance instruments.

- The disbursement of Central Bank programs and projects directed for MSMEs financing through banks should be monitored

## 2.2 SWOT Analyses

This section presents the SWOT analysis by type of instruments as well as for the supply and demand sides in general.

### A. Instruments

#### 1. Bank loans credits and financing facilities

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Commercial banks have produced and identified systematic products and banking solution for MSMEs and established SMEs windows</li> <li>• Trained employees to raise their capacity for MSMEs lending</li> <li>• MSMEs sector is taken into consideration in short, medium and long run strategic plans.</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Interest rates and the cost of lending are often very high, not affordable by MSMEs</li> <li>• Repayment periods are relatively short, generally 4-5 years which is very tight for a newly established company</li> <li>• Grace periods on loans are short, if any (generally do not exceed 9 months), which is barely enough to start operations for newly established companies and to generate positive cash-flow</li> <li>• The unavailability of instruments needed to manage risk.</li> <li>• Excessive Paperwork Requirements</li> <li>• Decisions are being taken based on collaterals and guarantees</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Relatively large number of private commercial banks (25) operating in Jordan</li> <li>• Financial inclusion strategy adopted with Central Bank and other stakeholders.</li> <li>• Availability of excess liquidity at banks</li> <li>• Guarantee programs are being introduced and linked directly with banks</li> <li>• The establishment of the Credit Bureau, increased transparency in banking system</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• MSMEs in Jordan receive only 10% of the overall credit facilities extended by commercial banks</li> <li>• There is communication gap between MSMEs and the banks</li> <li>• Banks do not rely on business plans when evaluating a loan, and often do not have the needed expertise to evaluate a new or innovative idea</li> <li>• Non-uniform credit scoring systems</li> </ul>

## 2. Guarantees and risk-sharing mechanisms

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Accredited guarantee programs/companies working based on the international best practices</li> <li>• Collaboration with banks on providing training programs for bank credit officers to raise their awareness on decision making (cash flow vs. collateral and guarantee)-</li> <li>• Well established relationships with banks</li> <li>• Availability of funds for the guarantee programs/companies</li> <li>• Innovative guarantee tools dedicated and directly linked with the needs of MSMEs</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Communication gap between guarantee programs and banks</li> <li>• Only 2 programs (JGLF) (JLGC) are operating in Jordan</li> <li>• Products needs improvement</li> <li>• Low leverage multiplier</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Increased donors interest (availability of funds for guarantees)</li> <li>• Introduction of guarantee tools for Islamic finance.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Low level of market competition</li> <li>• Medium term project for the JLGF</li> </ul>

## 3. Equity and venture capital

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• There is potential for investments and growth, should the necessary capital be provided (quality deal sourcing).</li> <li>• Catalyse entrepreneurial ecosystem</li> <li>• Experienced teams in managing fund</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Not regulated market</li> <li>• Equity financing is mainly limited to ICT companies</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Promotes profit-and-loss sharing between financiers and entrepreneurs</li> <li>• Increased risk sharing and fostering entrepreneurship especially of seed and early-stage start-ups</li> <li>• Upcoming start-up funds (between central bank, banks, and international donors).</li> <li>• Venture capital law is currently being drafted that shall regulate the market and provide incentives to have an industry regulated in accordance with the international best practices, accordingly international funds to register in Jordan</li> <li>• The introduction of Crowdfunding</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Difficulty in forming connections with other Angel Investors</li> <li>• Lack of exit strategies</li> <li>• Not enough amount of seed and venture capital funding available to promising start-ups and early-stage growth and innovative enterprises</li> <li>• Reluctance for accepting equity financing, as high percentage of SMEs are family owned businesses and/or unawareness of the importance of equity financing</li> </ul>

#### 4. Leasing, factoring and Islamic finance

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Use of movable collaterals</li> <li>• Fixed financing rate during financing term</li> <li>• Ideally overcomes collateral requirements through enforcing sale of asset in the case of default</li> <li>• Simple documentation and processes</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Still relatively small in terms of size compared to conventional finance,</li> <li>• Limited to meet demand of Islamic oriented MSMEs</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Growth rate is increasing</li> <li>• Increased demand especially in rural areas</li> <li>• A study has been undertaken to introduce factoring industry in Jordan</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Lack of factoring instruments</li> <li>• not enough specialized human resources</li> </ul>

#### 5. Micro-finance and innovative finance

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Increased ability to service rural areas, through the branches and mobile financing</li> <li>• MFIs are currently being regulated by CBJ</li> <li>• Innovative financing tools</li> <li>• DEF has signed an agreement with JLGC</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Supply of credit not meeting demand</li> <li>• Excessive Paperwork Requirements</li> <li>• Credit decisions are based on collaterals and guarantees</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Large number of points of service</li> <li>• Increased interest of donors</li> <li>• Increased amounts of funds available to MFIs, through Central Bank of Jordan (CBJ) credit lines, after being regulated by CBJ</li> <li>• Reduction in interest rates imposed by MFIs after being regulated by CBJ</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Funding challenge</li> <li>• High operating costs, that limits the reduction in interest rates</li> </ul>

## B. Supply & Demand

### 1. Demand Side

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• The most significant drivers of economic growth( 98% of total number of register companies in Jordan)</li> <li>• Contribution to Jordan economic development</li> <li>• Quality of ideas</li> <li>• Motivated entrepreneurs with innovative and new ideas</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Lack of credit histories and collateral</li> <li>• Lack of entrepreneurship skills</li> <li>• Not unified definition of MSMEs</li> <li>• Limited managerial and technical skills</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• High growth rate</li> <li>• Increase Government and donor interest</li> <li>• The introduction and availability of different mentoring programs that provide managerial and technical skills to increase the capacity of the project owners</li> <li>• The introduction of entrepreneurial skills at elementary schools and university education</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Deficient of one stop shop service</li> <li>• The governmental and regulatory approvals harms the development and establishment of projects</li> <li>• High investment costs</li> <li>• The unavailability of funding</li> <li>• The unavailability of infrastructure at the governorates might hinder the development of projects, increase establishment costs, and increase costs</li> </ul>

### 2. Supply Side

<p><b>Strength</b></p> <ul style="list-style-type: none"> <li>• Liquid banking system, excess liquidity at banks</li> <li>• The availability of international funds directed to SMEs</li> <li>• Innovative financing tools</li> <li>• Strong banking system</li> <li>• Large number of point of services ( 700 banks branches)</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• -eligibility criteria</li> <li>• -complicated Application forms</li> <li>• Unskilled labour</li> <li>• Risk averse managerial decisions</li> <li>• Credit decisions are based on the availability of collaterals and guarantees</li> <li>• The unavailability of the early stage funding (between seed finance and capital for growth funds)</li> </ul>
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Opportunities	Threats
<ul style="list-style-type: none"> <li>• High donor interest</li> <li>• Incentives are being introduced by CBJ to motivate SME lending</li> <li>• Changing mind set of the banking sector to have the lending decision based on future cash flows rather than on the availability of collaterals and guarantees</li> <li>• Activating the Credit Bureau will lead to more transparent banking system</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of Legal Supervisory Consistency there is currently no Eligibility under the Jordanian law that limits the types of institutions that can engage in microfinance lending.</li> <li>• lack of data and information sharing</li> <li>• Insufficient risk sharing mechanisms</li> <li>• No credit scoring system</li> </ul>

## 2.3 Identified good practices

The participants to the focus groups identified the following programmes / instruments as good practices:

### 1. CBJ/World Bank programs

The World Bank extend a low interest, long-term EUR 66 million loan to Jordan in order to facilitate the financing of micro projects and small and medium enterprises (SMEs).

The loan administered by the Central Bank of Jordan (CBJ) as it on-lends funds to local banks, who will then allocate funding to micro projects and SMEs. The SMEs will pay 5% interest rate.

### 2. CBJ/ Arab fund program

The CBJ signed a EUR 95 million loan agreement with the Arab Fund for Economic and Social Development to extend credit to SMEs via local banks, The total volume of credit available to SMEs at very low interest; the SMEs will pay 5% interest rate for the bank loans.

## 3. POLICY RECOMMENDATIONS

Based on the analysis of the instruments, SWOT and the good practices, the following policy recommendations could be drawn:

### *On the supply side:*

- Activating range of Incentives to encourage supply to direct more loan funds to MSMEs such as taxes exemptions
- Strengthening risk sharing mechanisms to encourage supply to invest more capital for MSMEs financing.
- By developing an enabling environment for asset-based and equity-based finance, markets could attract excess liquidity available in Islamic financial markets especially in the Middle East seeking attractive investment opportunities.
- Creating a unified data centre of available sources of finance and grants to financial institutions.
- Building the capacity of the financing sector: by providing the credit officers trainings on financial and credit analysis for SMEs, and to change the mind-set of the managerial level staff to have lending decisions based on the projects' cash flows rather than the availability of collaterals and guarantees.

### *For the demand side:*

- Creating a business directory targeting the demand side that includes all the information about the available access to finance instruments (including costs, repayments and type of financing).
- Building the Capacity of MSMEs: it is important that the government provides capacity-building for MSMEs to improve their skills and capabilities. This could be done at two different levels by:
  - Providing mentoring and training programs on technical, managerial and financial skills; and
  - Enhancing their creditworthiness through the introduction of credit guarantee schemes, state banks and funds, and supply chain finance linked to public procurement and payments.
- Enabling environment for MSMEs finance: this includes providing the legal and regulatory framework in support of MSME access to finance. The government of Jordan already reduced reserve requirements to lower interest rates for MSMEs, but it could design more tools to make finance more affordable to MSMEs.

#### **4. CONCLUSION**

MSMEs Access to finance in Jordan needs to be improved thanks to joint efforts of the government, the private sector and the international donor community. This cooperation is important for reducing the financing and communication gaps between supply and demand. This could be accordingly various interventions on different level of effort should be implemented. This could be translated into the following action:

##### ***In the short term:***

- Building the capacity of the supply side on SME lending techniques and opportunities;
- Strengthening risk sharing mechanisms;
- Attracting more donors' funding.

##### ***In the medium term:***

- Improving the regulatory and incentives provided for MSMEs
- Reinforcing the guarantees and venture capital facilities
- Reducing the information gap faced by MSMEs in accessing finance and
- Facilitating their access to capital markets.

##### ***In the long term:***

- Establishing the legal framework including the appropriate legal and tax treatments in accordance with international best practices.

					
<b>Annex 1</b>					
<b>Access to Finance Meeting</b>					
<b>12/11/2015 JEDCO</b>					
<b>List of Participants</b>					
<b>#</b>	<b>Name</b>	<b>Function</b>	<b>Institution</b>	<b>Telephone</b>	<b>Email address</b>
1	Samer Taber	CEO	Focus Soutlion	795866868	<a href="mailto:samer.jabari@focus.com">samer.jabari@focus.com</a>
2	Ahmad Asfour	Executive Director	Young Entrepreneur s Association	795596400	<a href="mailto:director@eyea.com.jo">director@eyea.com.jo</a>
3	WaJODi Makhamra	Board Member	Young Entrepreneur s Association	0796306300	<a href="mailto:waJODi@eyea.com.jo">waJODi@eyea.com.jo</a>
4	Nidal Khoury	Marketing Manager	Mowgli Mentoring	0796868823	<a href="mailto:nidalkoury@mowgli.org.uk">nidalkoury@mowgli.org.uk</a>
5	Ala Suliman	Mentor/ cofounder	Mowgli Mentoring	0795864184	<a href="mailto:ala.suliman@masmoo3.com">ala.suliman@masmoo3.com</a>
6	Basil Fawzi Abdel Mo'ti Al Jawhari	Founder	Injaz for Recycling Industrial Products	079-9907019	iljawhari@gmail.com; Injaz.recycling@gmail.com
7	Suzan & Sally Ba'albaki	Managing Partner	Decoration One	079 5550072	Decoration.one@gmail.com ; decorationone@gmail.com
8	Hanin Omari	CRM	JEDCO	799919993	<a href="mailto:haneen.alomari@JEDCO.gov.jo">haneen.alomari@JEDCO.gov.jo</a>
9	Ibrahim Taher	Finance	JEDCO	789070005	<a href="mailto:ibrahim.taher@JEDCO.gov.jo">ibrahim.taher@JEDCO.gov.jo</a>
10	Abeer Obeidat	Chairperson	Pella Pharmaceutical	079 5558099	<a href="mailto:abeer@kindids.com">abeer@kindids.com</a>
11	Jamal Al Jafari	Manager	Jordan Loan Guarantee Corporation (JLGC)	0796333125	<a href="mailto:jjafari@jlgc.com">jjafari@jlgc.com</a>
12	Razan Zawawi	Credit Officer	Jordan Loan Guarantee Corporation (JLGC)	0790565613	<a href="mailto:rzawawi@jlgc.com">rzawawi@jlgc.com</a>
13	Adnan Afaneh	Head of Credit	Jordan Loan Guarantee	5850375	<a href="mailto:aafaneh@chf.org.jo">aafaneh@chf.org.jo</a>

			Facility (JLGF)		
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