

Sustainable Microfinance in Jordan

WEBINAR

20 September, 2023



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En:

Quick housekeeping

Interpretation is offered in French and Arabic; please click on the language you want to listen to.

Please introduce yourself in the **chat** and feel free to ask questions there throughout the workshop- Select everyone

A friendly reminder to speakers – Please **mute** yourself when you are not speaking

Fr:

Informations importantes:

L'interprétation est offerte en Français et en Arabe ; Veuillez cliquer sur la langue que vous souhaitez pour l'écouter.

Veillez-vous présenter dans le **chat** et n'hésitez pas à poser des questions tout au long de l'atelier – sélectionnez « tout le monde » avant d'envoyer.

Rappel aux intervenants – Veuillez vous mettre en **mute** sauf si vous allez présenter.

:Ar

معلومات مهمة:

للاستماع إلى الترجمة المباشرة باللغتين الفرنسية و/أو العربية. يرجى النقر على اللغة التي ترغب في الاستماع إليها.

نطلب منكم تقديم أنفسكم في المكان المخصص للدردشة, يمكنكم أيضا طرح الأسئلة و تعليقات طوال ورشة العمل – يرجى تحديد "الجميع" قبل الإرسال.

تذكير للمتحدثين - يرجى كتم الصوت إلا عند التحدث

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WEBINAR HOSTS



Kateryna Morton
Finance in Motion for
SANAD Fund for
MSMEs Technical
Assistance Facility



Nisreen Al Khasawneh
TANMEYAH Jordan
Microfinance Network



Dr.-Ing. Natalia Realpe Carrillo
HEDERA Sustainable Solutions
Moderator



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Bdour Al-Hyari
Microfund for Women



Abeer Obwah
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SANAD Fund for MSME's Technical Assistance Facility

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Nisreen Al Khasawneh

The Microfinance Sector Development in Jordan



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Introduction

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Intro

Jordan Microfinance Network – Tanmeyah – was established and formally registered as a non-profit institution at the Ministry of Industry and Trade in 2007. It is incepted as the official representative for the microfinance institutions (MFIs) in Jordan.

Importance

Microfinance institutions (MFIs) are a crucial component of the financial sector in many countries, particularly in developing economies. MFIs provide financial services, such as loans, to low-income individuals and small businesses that lack access to traditional banking institutions.

Objectives

Tanmeyah’s main objective is to develop a sustainable microfinance industry to become an integral part of the national financial system in Jordan.

Rules

Tanmeyah plays an active role in supporting the further development of the microfinance industry, providing advocacy and awareness-raising on behalf of its members, promoting information, and new development and trends in the industry.

Tanmeyah supports the implementation of an appropriate regulatory environment and gathers performance and benchmarking data for the sector.

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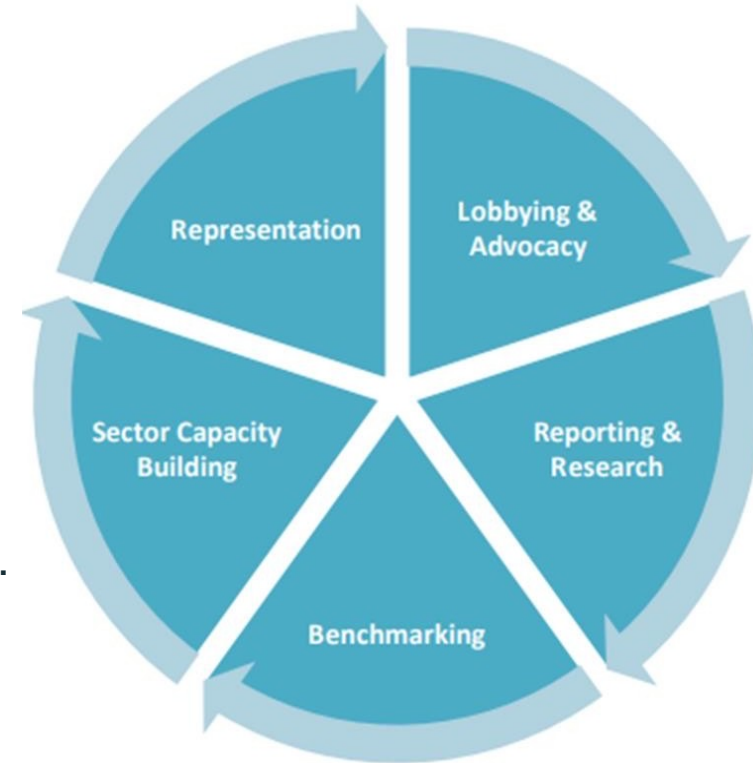


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Tanmeyah's Objectives

1. Enable the network to ensure the sustainability and quality of the services provided to members
2. Provide customized training to the staff of microfinance and clients
3. Increase transparency in the sector
4. Promote good governance in the sector
5. Facilitate improvement of existing products and new delivery channels
6. Develop partnerships with regional and global networks.
7. Information gateway and underline the importance of the sector
8. Advocate for the sector's best interests and practices
9. Respond to growing financing needs



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Tanmeyah's Members



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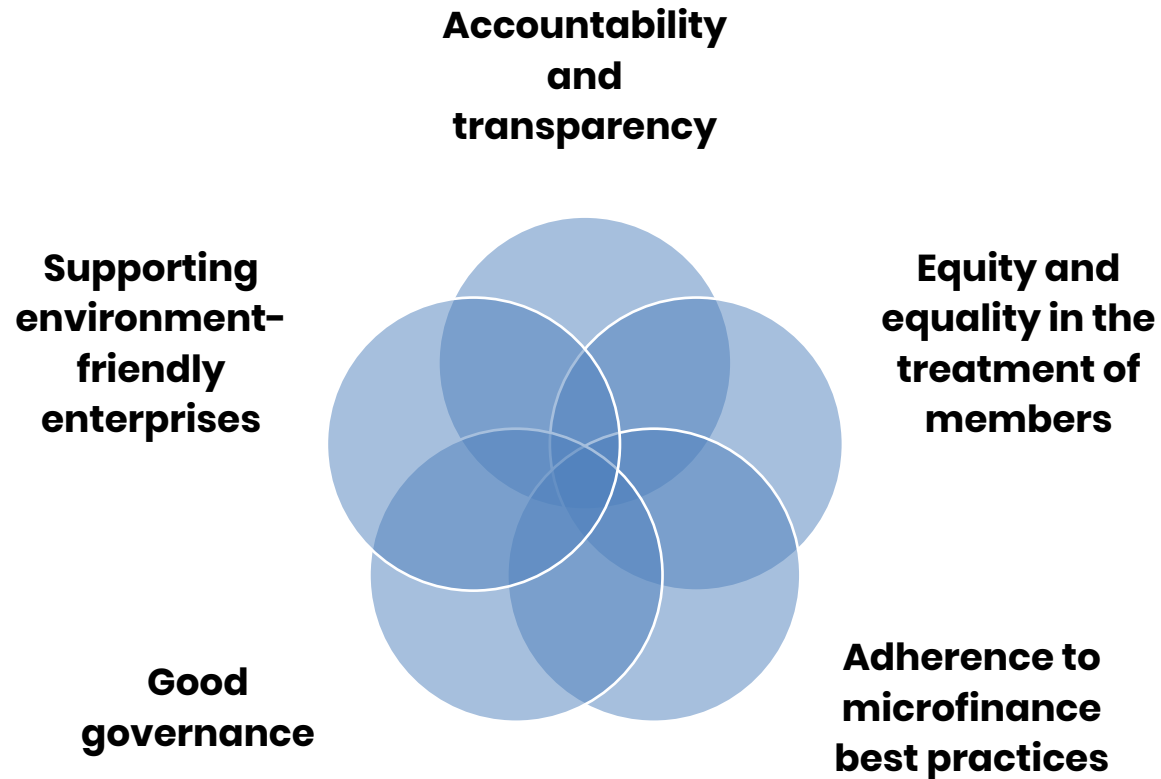
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Tanmeyah's Core Values



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Sustainable Finance Strategies

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Sustainable Finance Principles

Environmental
Responsibility

Social
Inclusion

Governance &
Transparency

Risk
Management

These factors are significant in driving sustainable finance practices because they help investors evaluate companies based on their ESG practices and encourage companies to adopt sustainable practices that can help mitigate risks and improve long-term financial performance.

Environmental Responsibility

- Evaluates how a company safeguards the environment, including corporate policies addressing climate change, energy use, waste, pollution, natural resource conservation, and treatment of animals
- Helps evaluate any environmental risks a company might face and how the company is managing those risks
- Limits harmful pollutants and chemicals, seeks to lower greenhouse gas emissions and CO2 footprint, and uses renewable energy sources



Social Inclusion

- Represents practices that benefit the company's employees, consumers, and the wider community
- Examines how a company manages relationships with employees, suppliers, customers, and the communities where it operates
- Helps investors evaluate a company's social impact and its commitment to ethical business practices



Governance & Transparency

- Refers to maintaining honest and transparent accounting practices and regulatory compliance
- Deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights
- Helps ensure that companies are led by accountable managers and are responsible stewards of the environment
- Provides a way to measure business risks and opportunities in various sustainability and ethical issues



Risk Management

- Helps investors evaluate a company's risk management practices and how it is managing environmental and social risks
- Provides a way to measure business risks and opportunities in various sustainability and ethical issues
- Encourages companies to adopt sustainable practices that can help mitigate risks and improve long-term financial performance



Sustainable Finance Strategies in Jordan

Economic Modernization Vision

- Jordan's Economic Modernization Vision includes sustainability as a cornerstone of the vision, and the green bond initiative further aligns with this vision.

Green finance products for the industrial sector:

- MFIs have started to develop inclusive green finance products for the industrial sector
- Our sector focuses on adding new products aligned with creating job policies,
- We should consider solely renewable energy products

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Sustainable Finance Strategies in Jordan

Coherent sustainable investment strategies:

- Jordan can implement more coherent sustainable investment strategies by strengthening coordination across ministries and by engaging in public-private and sectoral dialogues.

Building capacities to raise awareness in the financial sector:

- MFIs must focus on building capacity, both in terms of human resources and infrastructure, to operate efficiently and effectively. Despite these challenges, MFIs provide many benefits to individuals and small businesses, including access to financial services, improved livelihoods, and increased economic growth and development.

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Thank you!

Nisreen Al Khasawneh | General Manager

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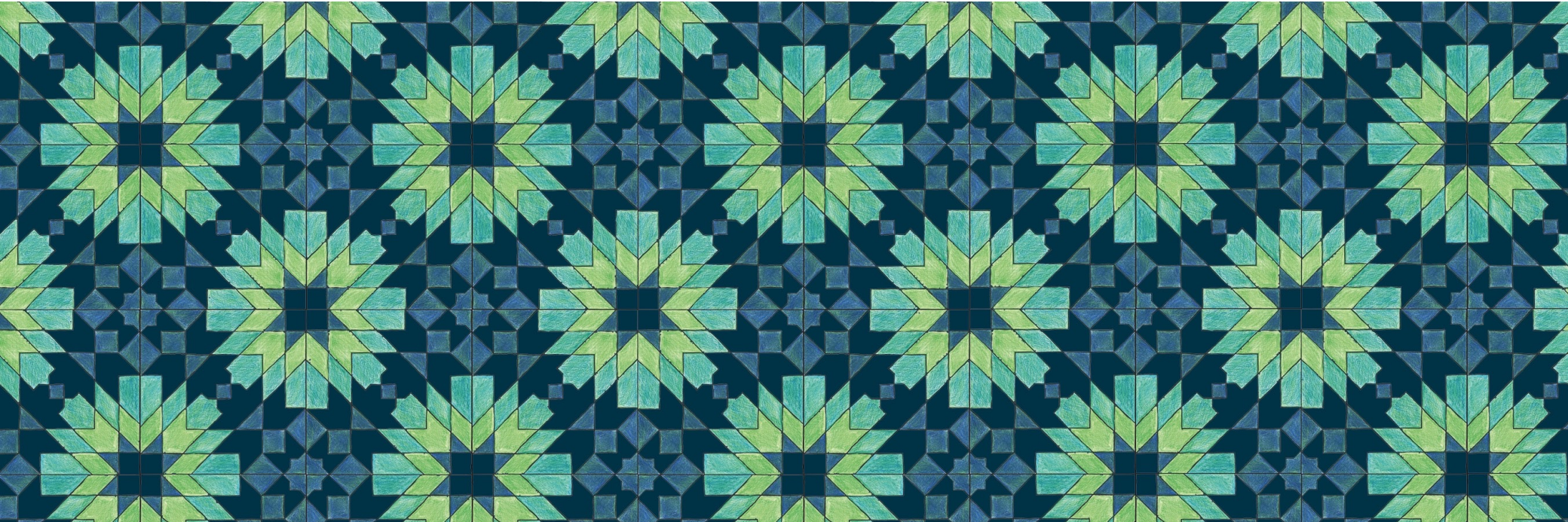


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Dr.-Ing. Natalia Realpe Carrillo

Study Results of Sustainable Microfinance in Jordan



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Sustainable Microfinance in the MENA Region



<https://sanad.lu/events-press/sustainable-finance-in-the-mena-region-state-of-development-challenges-opportunities-for-microfinance-insitutions>

July – October 2022

Sectorial Study

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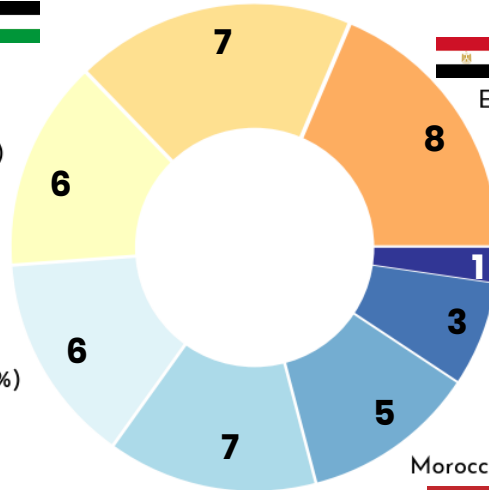


Participant MFIs

N = 45
 40 MFIs
 1 NGO
 1 Startup
 3 Networks



Palestinian Territories (8, 18.6%)



Egypt (8, 18.6%)



Syria (1, 2.3%)



Tunisia (3, 7.0%)



Morocco (5, 11.6%)



Yemen (6, 14.0%)



Lebanon (6, 14.0%)



Jordan (6, 14.0%)



Measuring Framework

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The Green Microfinance Penetration Index



Objective:

Understand the penetration of green inclusive finance in a region, considering the work of the financial institutions and the enabling environment where their work evolves.

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Enabling Environment

How vital is the context in which the MFI operates to green finance development?

INDICATORS

Demand

Level of demand for green products and services

Regulations

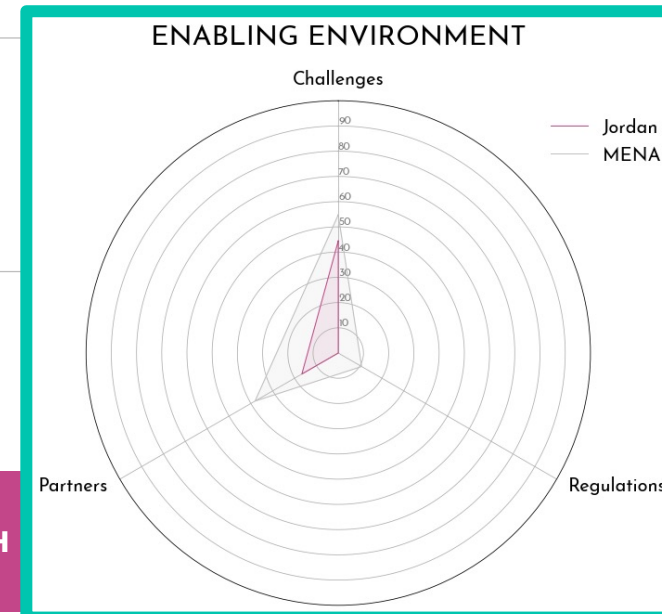
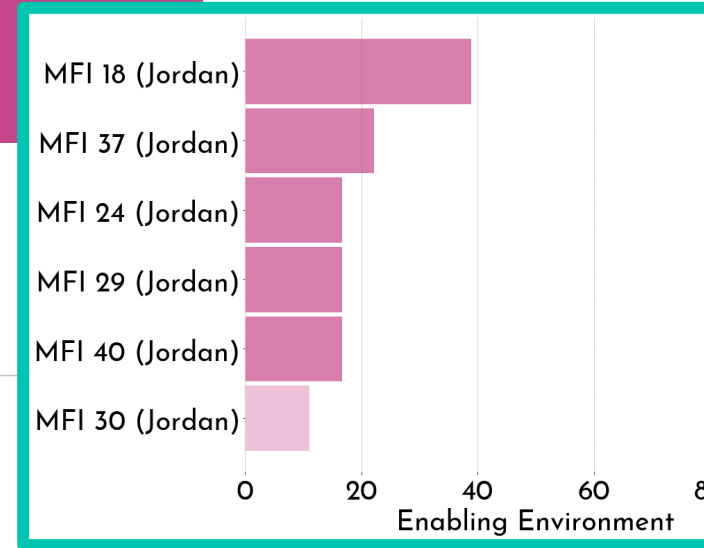
Directives for MFIs in place at the national level that encourage/oblige them to offer green finance in favorable conditions

Partners

Partners supporting MFIs in developing green finance projects

Dedicated programs

Ongoing initiatives for MFIs to develop green finance



NONE

LOW

MEDIUM

HIGH

Execution

Environmental Strategy & Risk Management

How in-depth are MFIs implementing their environmental policy and risk management procedures?

INDICATORS

Institutions' business & aspirations

Institutional commitment to implementing an environmental strategy

Reporting

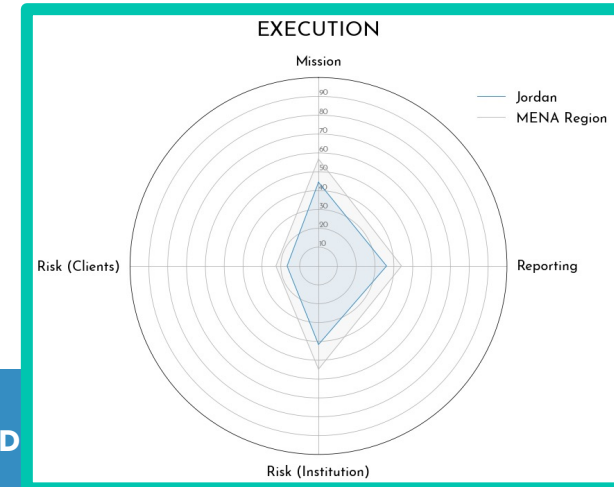
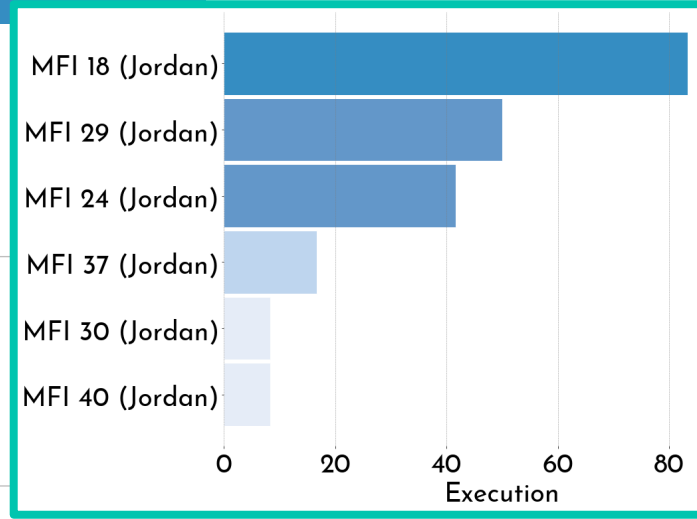
Institutional transparency on achieved KPIs related to environmental initiatives at the client and institutional level

Risk management at institutional level

Strategies and actions to manage the institution's adverse environmental impact and reduce its vulnerability

Risk management at client level

Strategies and actions to reduce clients' vulnerability and the negative environmental impact of their activities



BEGINNER

BASIC

PROFICIENT

ADVANCED

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Offer

Green financial and non-financial products

What are MFIs offering to enhance the climate resilience of their institutions and clients?

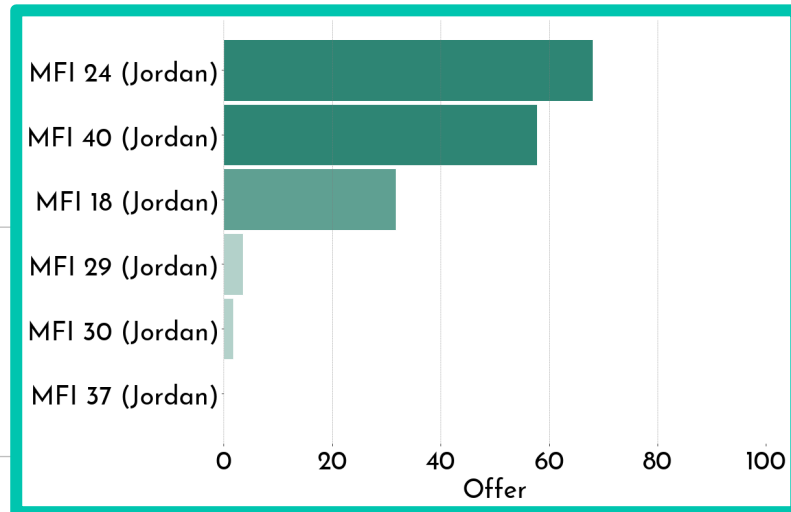
INDICATORS

Financial products

Outreach of financial products

Non-financial services

Outreach of non-financial services



BEGINNER

BASIC

PROFICIENT

ADVANCED

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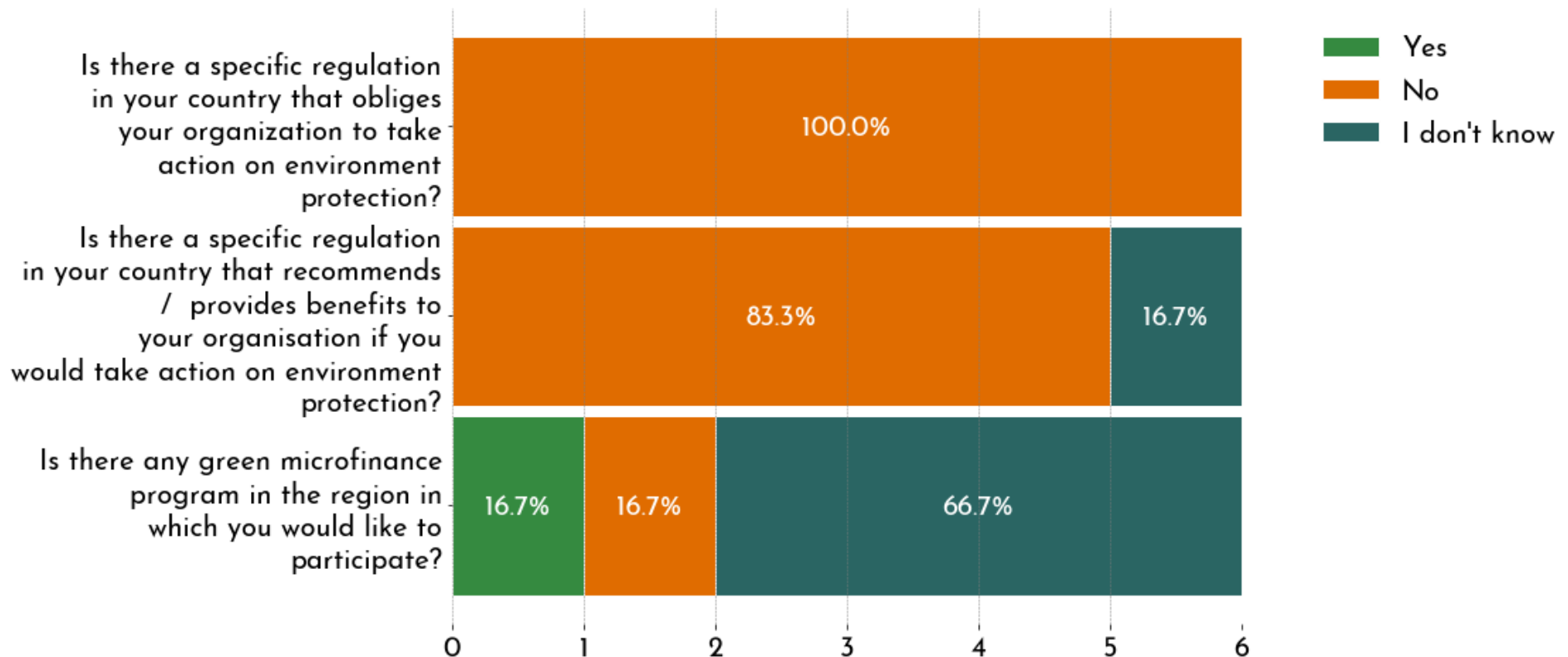
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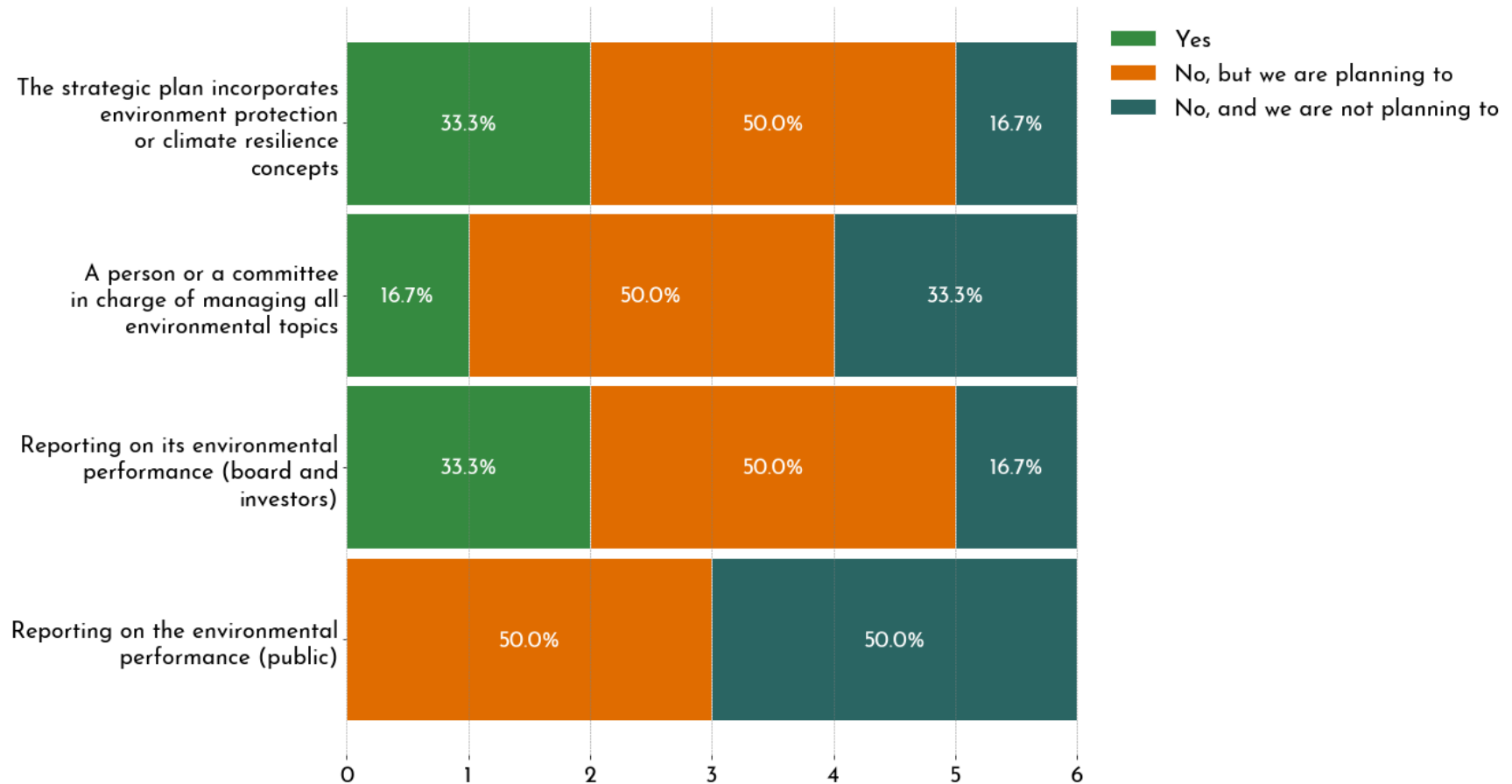
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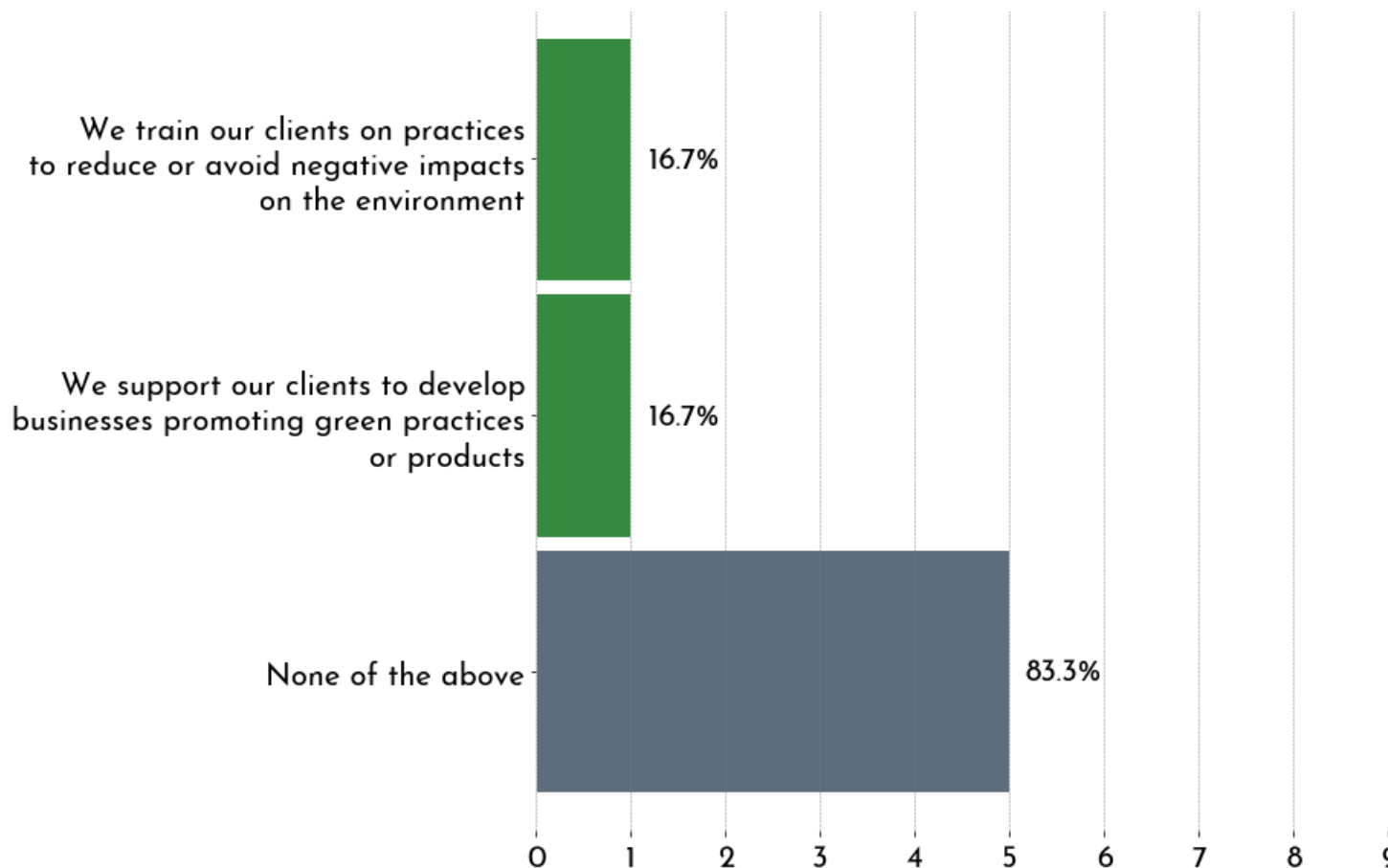
Context



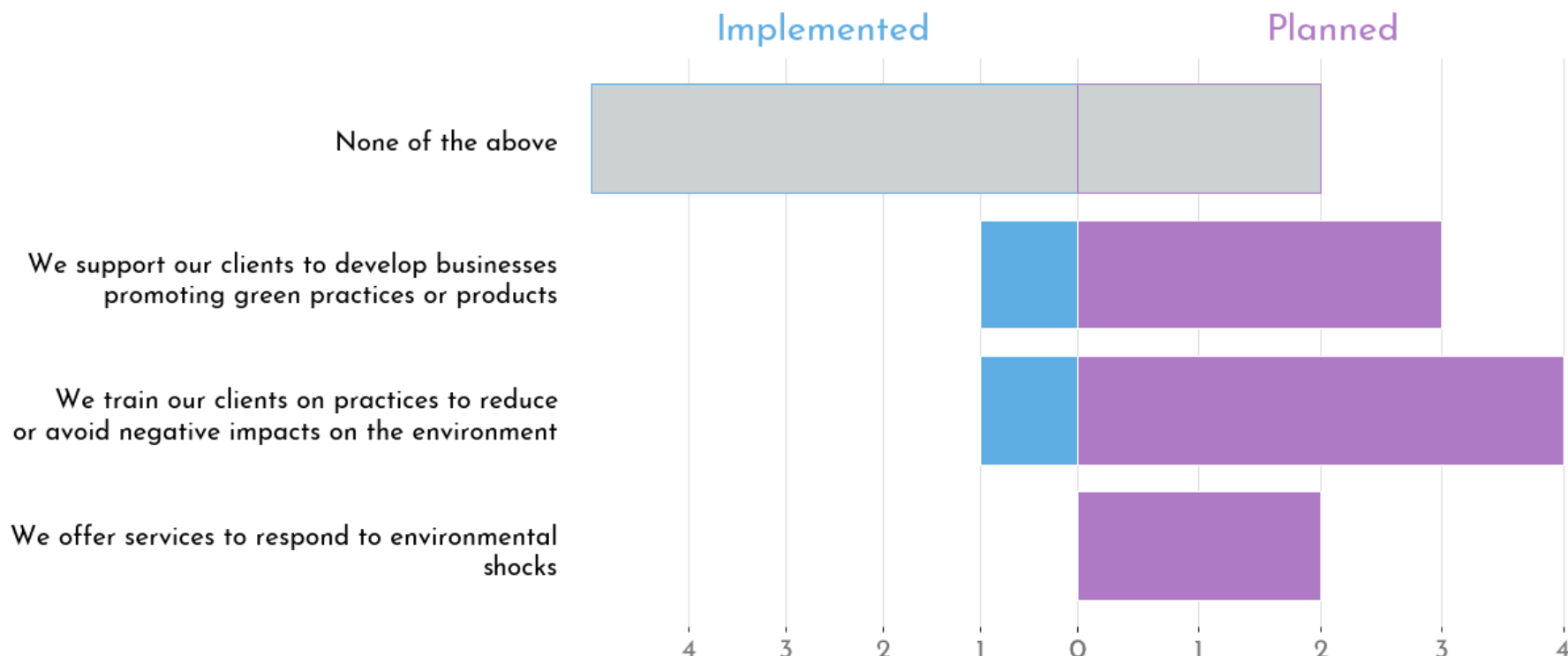
Strategy



Activities related to risk management (at the client level)



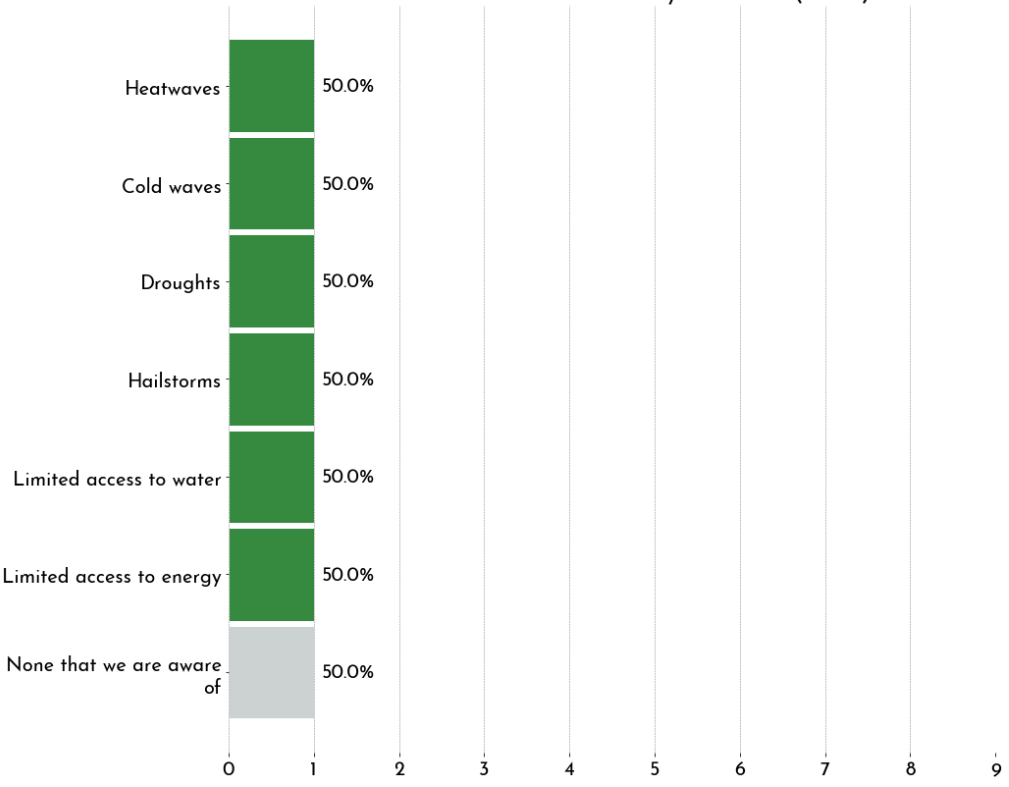
Activities related to risk management (at the client level)



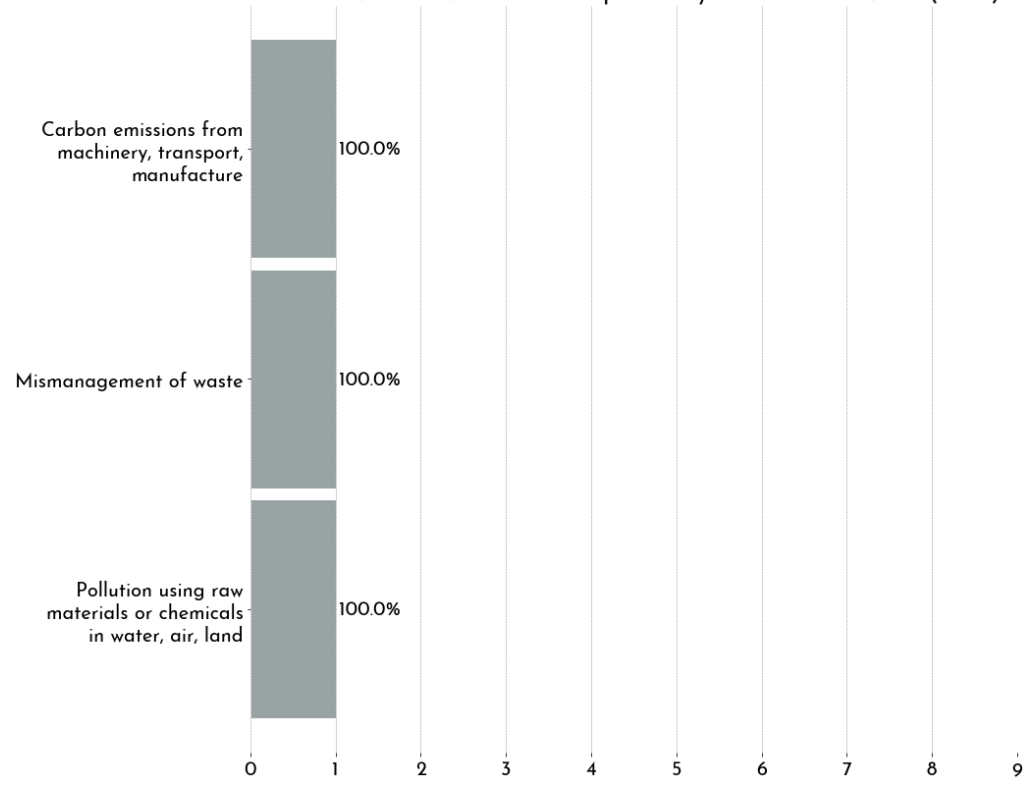
Awareness of Climate Risks

Awareness on Environmental Impacts

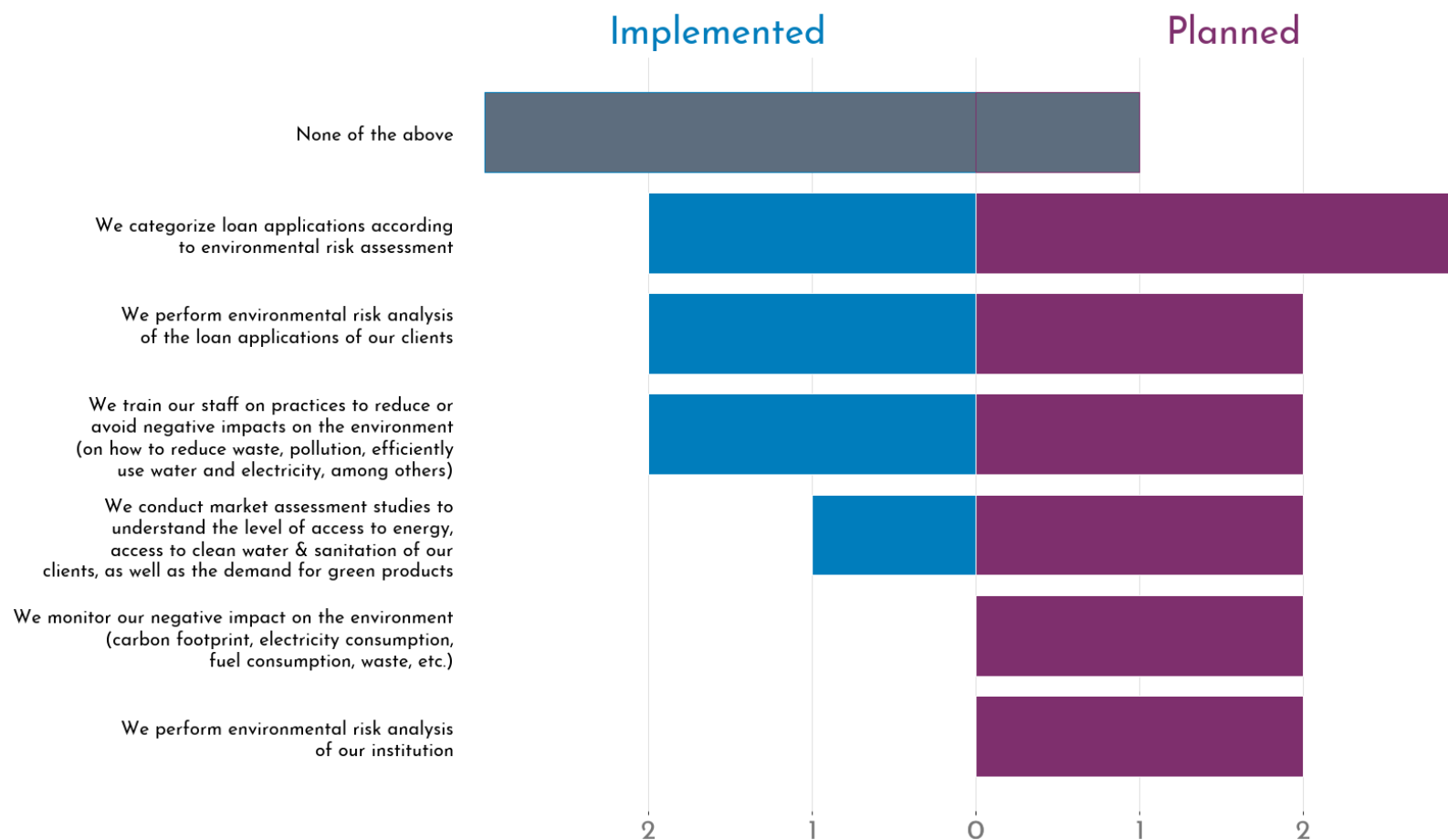
Main climate related risks of your clients (n = 2)



Main adverse environmental impacts of your clients' activities (n = 1)

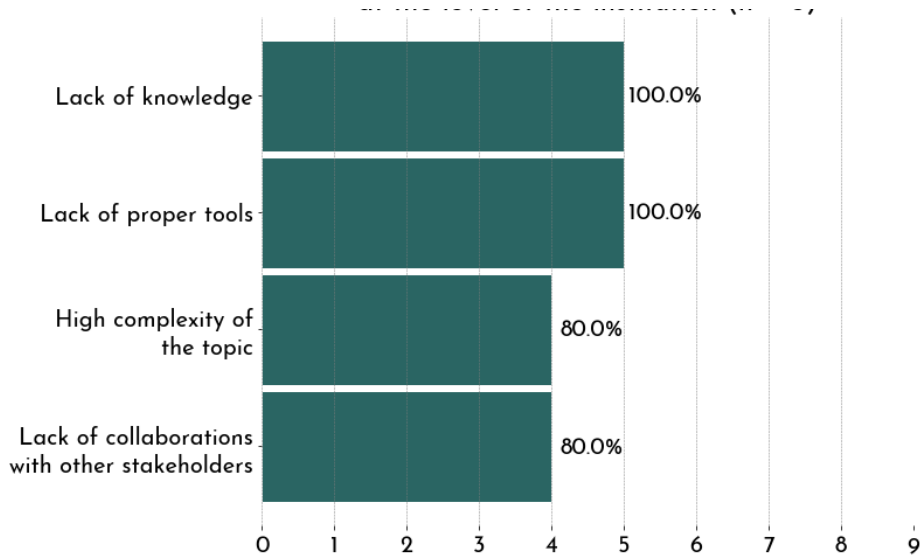


Activities related to risk management (at the level of the institution)

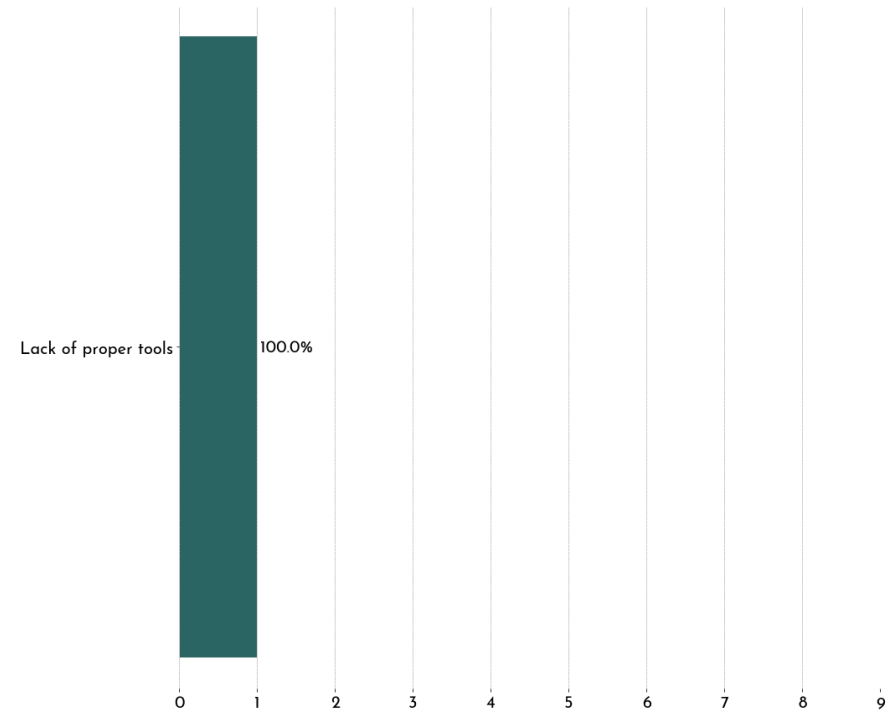


Main challenges for the implementation of risk management practices

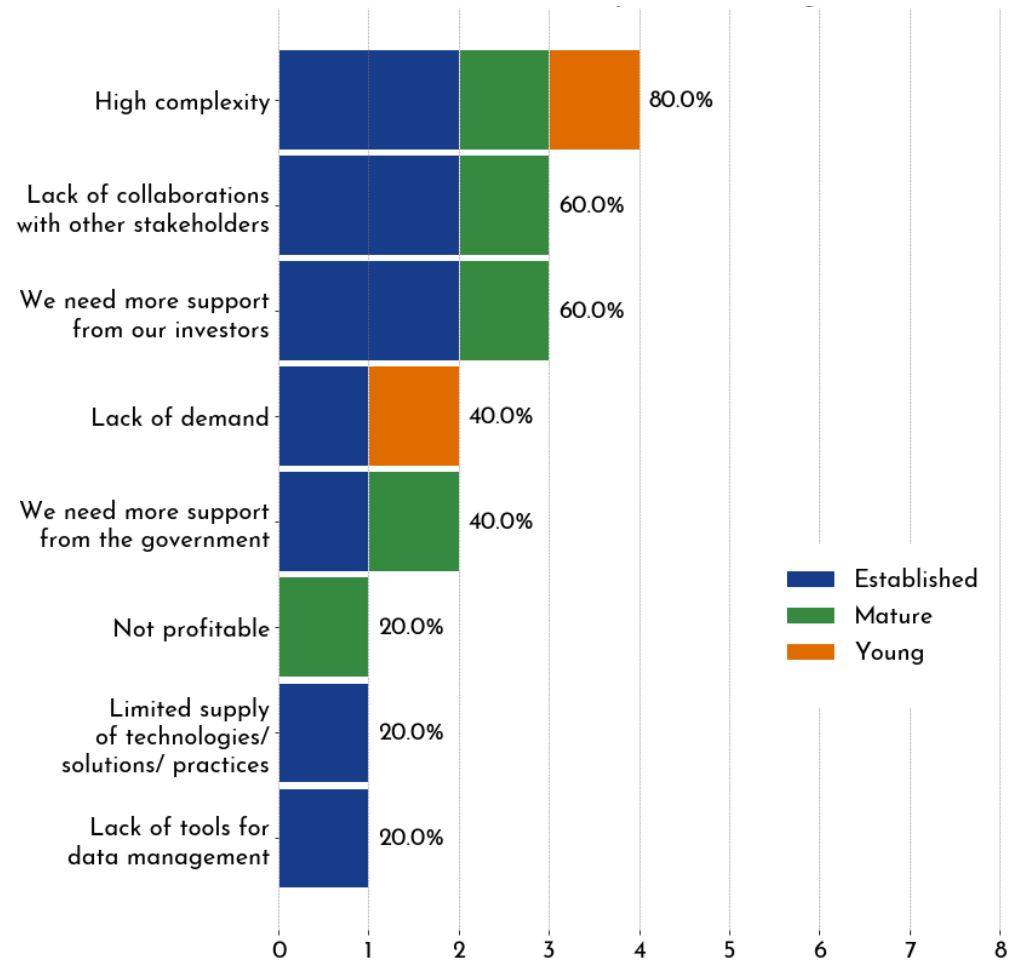
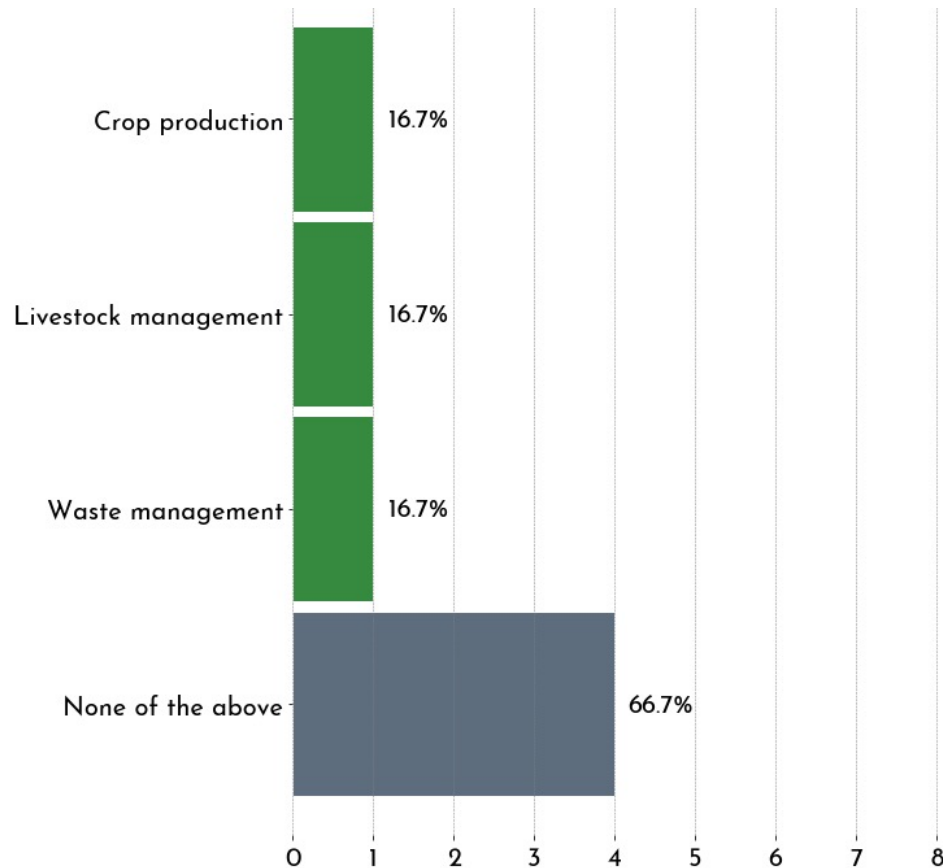
(at the level of the institution)



(at the level of the clients)

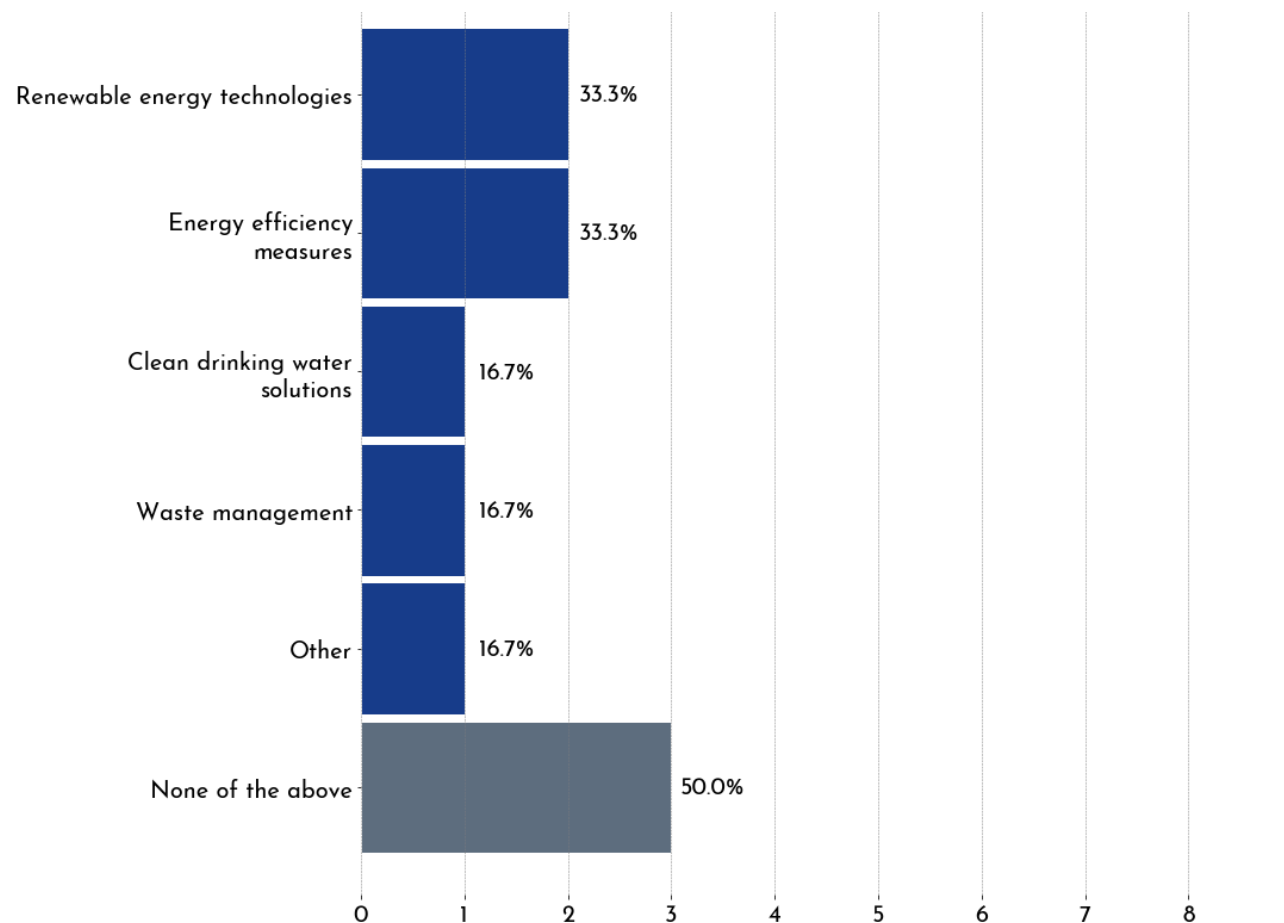


Offer in Sustainable Agriculture & Barriers



Offer of Green Financial Products

HH & MSMEs



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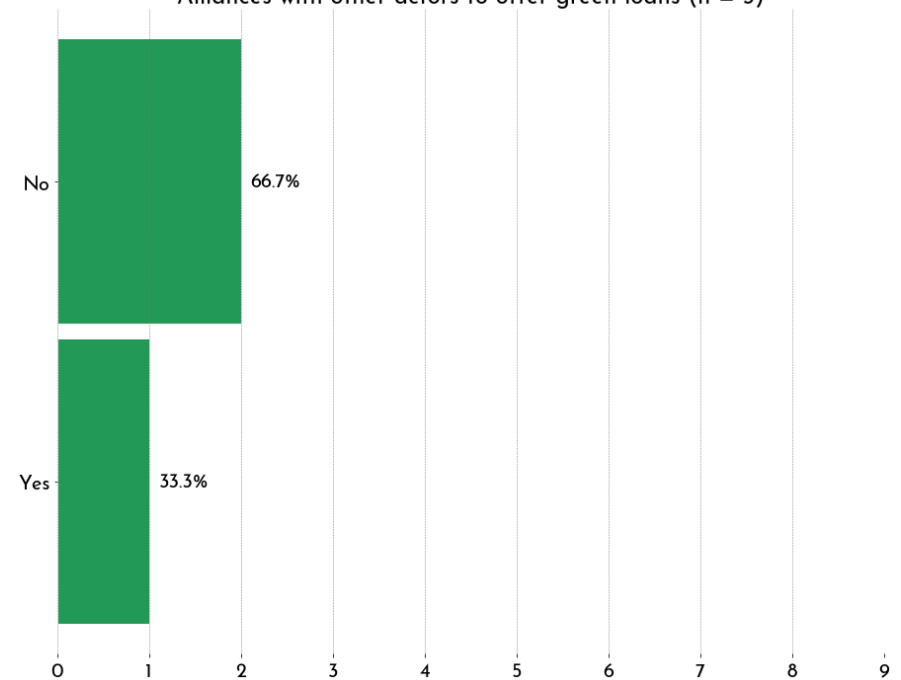
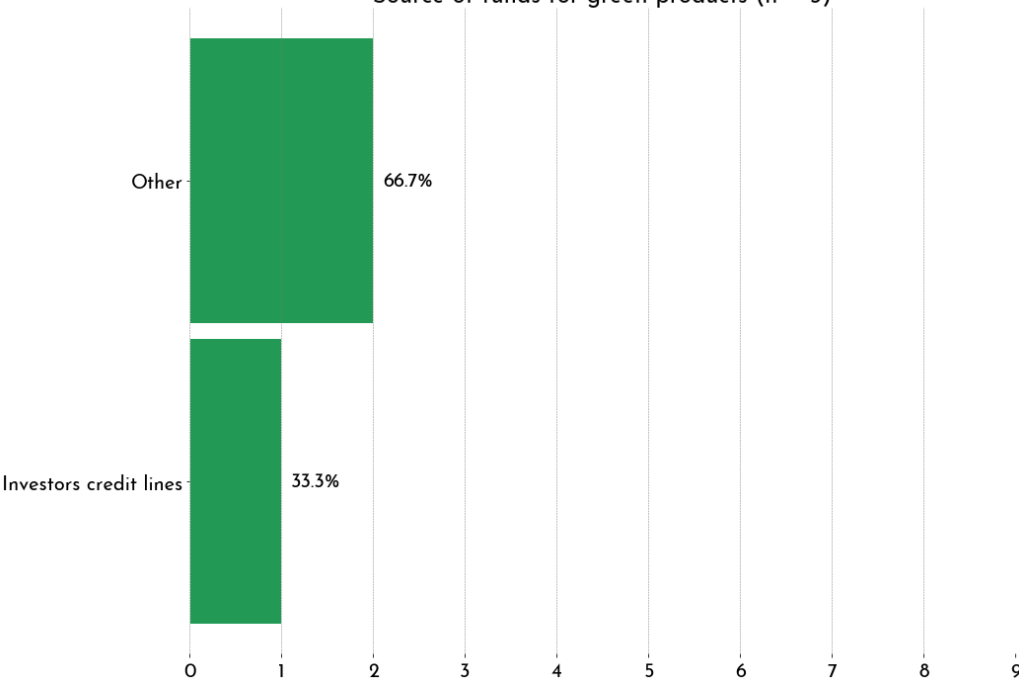


Source of Funds for Green Products

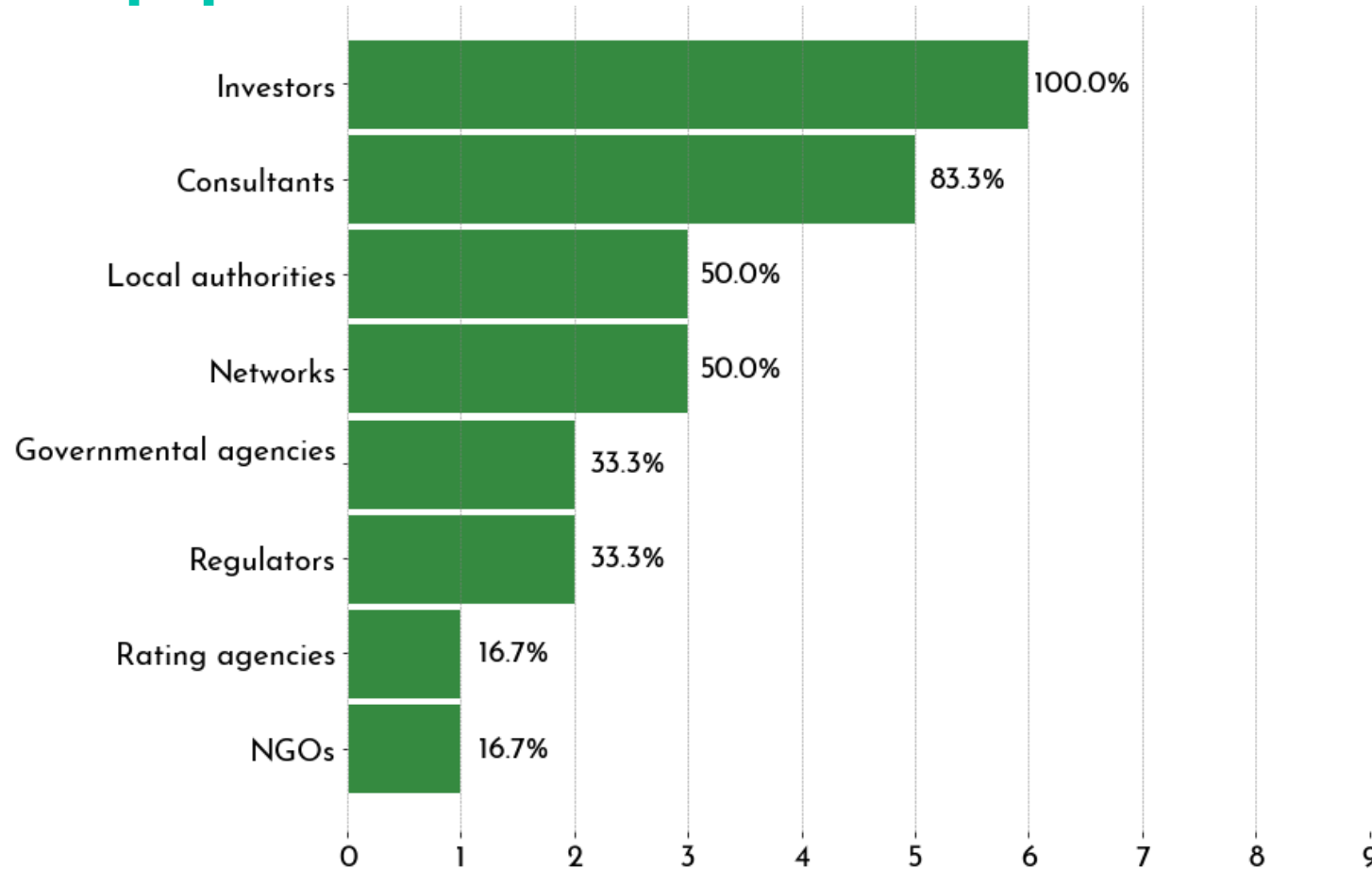
Alliances

Source of funds for green products (n = 3)

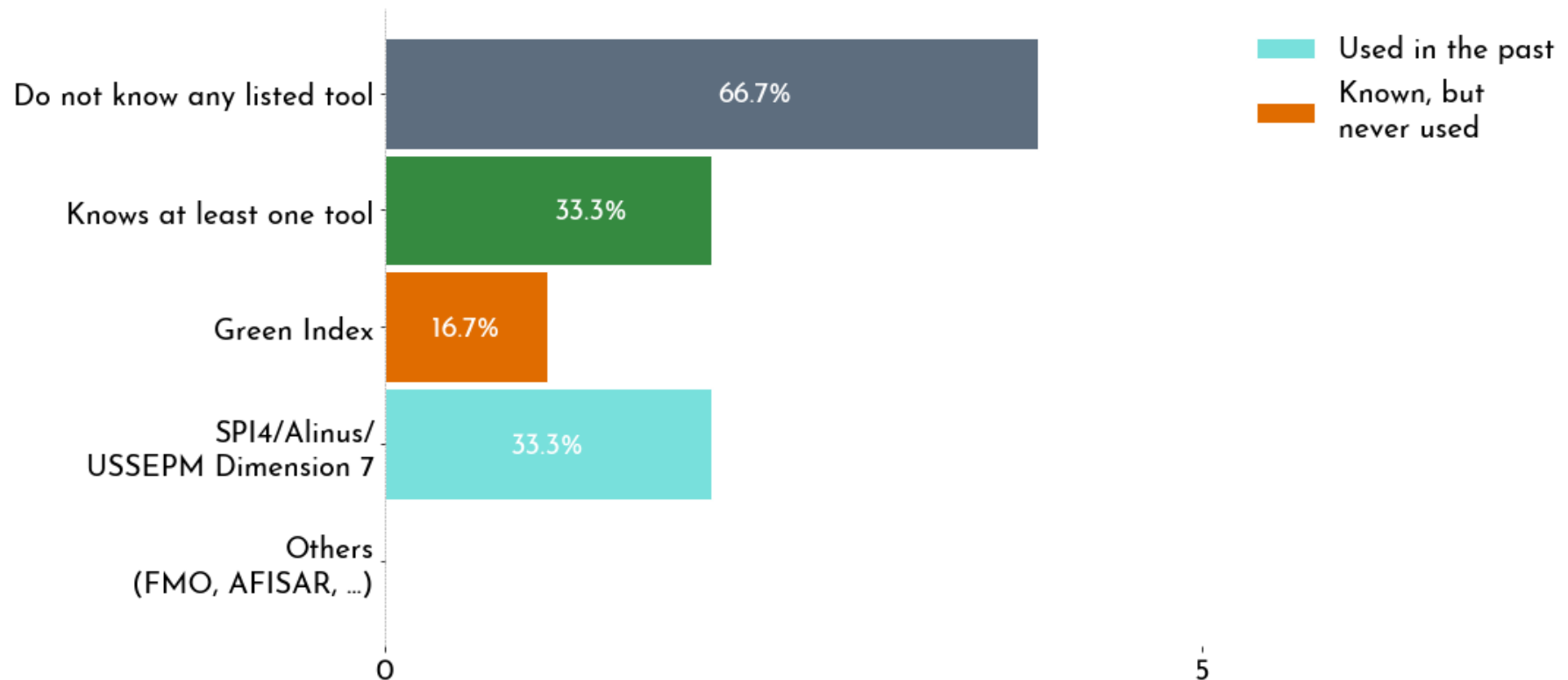
Alliances with other actors to offer green loans (n = 3)



Stakeholders that could support



Tools Knowledge on Environmental Performance Management



Thank you!

Natalia Realpe Carrillo | CEO

Natalia@hedera.online

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Abber Obwah



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About Tamweelcom

Tamweelcom (Jordan Microfinance Company) started with JD 30,000, five employees, and one branch in 1999. Today, after 24 years, has JD 63 million portfolio, serving over 98,000 active clients and enterprises through over 500 employees spread across a network of 39 branches.



NUMBER OF DISBURSED LOANS

Since Inception

+ 1,107,014



NUMBER OF BENEFICIARIES

Since Inception

+ 402,599



AMOUNT OF DISBURSED LOANS

Since Inception

+ 702,474,533

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Drivers toward climate risk and environmental strategy

Driven by the Board of Directors & management's interest in the implementation of environmental initiatives that could contribute to core values. Believe that an Environmental Management Systems (EMS) can be used to reduce the organization's environmental impacts and improve operating efficiencies.

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Internal Environmental Initiatives

Wheeling PV



Fact: In terms of electricity consumption (not Renewable Energy) at headquarters and branches every year (in kWh/FTE), the Wheeling project saved 587,000 KW/hr.

Fact: The fuel consumption at headquarters and branches reduced in 2019 from 28,800 L to 12,800 L which is expected to achieve 11,000 L.



Hybrid Cars

Environmental and Social (E&S) Assessment

In 2018, Tamweelcom trained its Relationship Managers and back-office staff on implementing the Environmental and Social (E&S) Assessment policy for the projects financed.



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Digital Transformation vs. Environmental Responsibility

The implementation of the digitization strategy contributed to the decrease of paper use in daily operations at the head office and during the relationship with clients.

Fact: the volume of paper printed reduced from 6900 to 900 files.



Additional Environmental Initiatives



Using of LED, inverter AC's, energy efficiency appliances

Paper recycling with partnership of Jordan Environment Society



What's Next?

Regarding the market and client level, Tamweelcom is planning develop & implement ESG Strategy, in addition to launching specialized green and agriculture products through partnerships with suppliers and vendors, including:

- Funders (international)
- Local technologies providers
- Capacity-building

Thank you!

Abeer Obwah

aobwah@tamweelcom.org

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Bdour Al Hyari

Green Offers



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About MFW



Leading MFI in Jordan



140K active borrowers, Highest market share with 30%



96% Female borrowers



80 Million, Highest market share with 26%



31 local and international awards

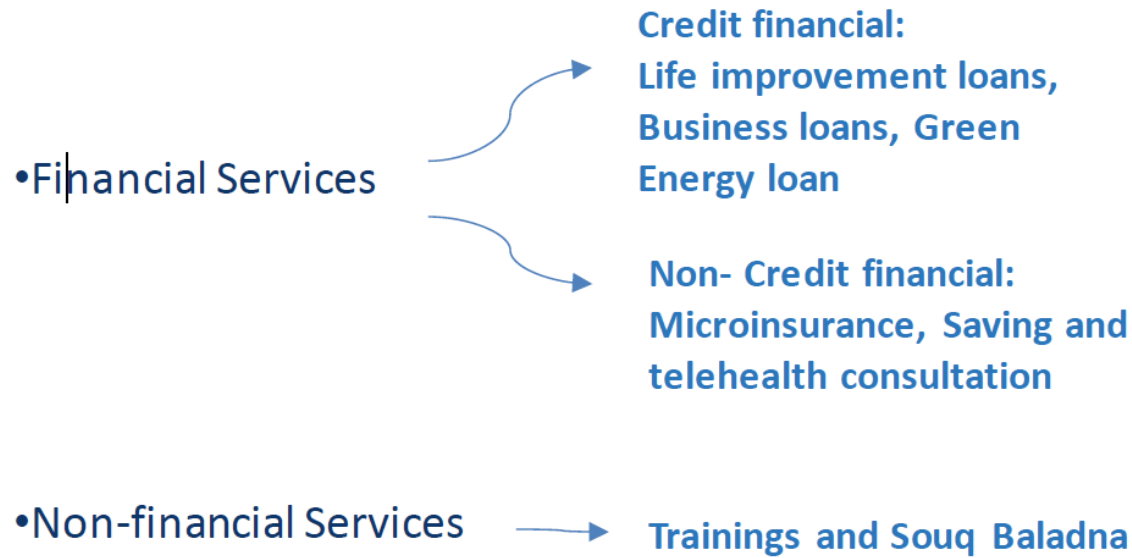
Mission:

provide sustainable financial and non-financial services for underserved entrepreneurs, and women in particular, in order to empower them socially and economically and to help them achieve a better quality of life.



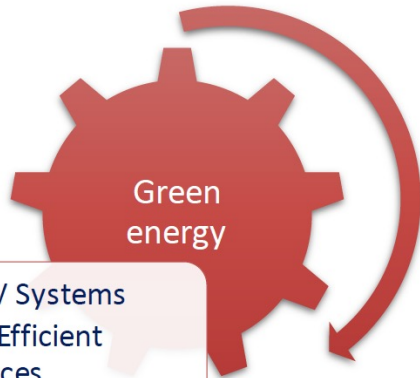


Offer





Green Energy Loan “Taqati”



- Solar PV Systems
- Energy Efficient Appliances
- Electric Cars
- Solar Water Heaters



Empowered more than 1k beneficiaries to save their energy bills, buying the appliances they need, and decreasing the gas emissions & pollution



1.5 millions disbursed during three years for the green loans



Awareness sessions on energy; how to save energy and money and reduce electricity bills



Thank you!

Bdour Alhyari | Senior Director of the Strategic Planning and Business Development Planning

b.hyari@microfund.org.jo

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Nisreen Al-Khasawneh

Challenges in the MF Sector in Jordan hindering sustainable finance



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Access to Funding

MFIs in Jordan need help accessing affordable funding sources, which can limit their ability to expand operations and serve a more extensive client base.

Limited access to capital can also affect their ability to offer competitive interest rates to borrowers.



Risk Management

Managing credit risk in microfinance can be challenging, especially when dealing with clients with limited credit histories.

Ensuring responsible lending practices and preventing over-indebtedness is crucial but can be complex.



Outreach to Underserved Populations

While there has been progress in expanding access to microfinance in Jordan, reaching the most vulnerable and marginalized populations, such as refugees and women in rural areas, remains a challenge. These groups often face additional barriers to accessing financial services.



Industry Performance

• Comparison Table Q2 2022 – Q2 2023:

Performance	Q2 2023	Growth
Active Borrowers	465,482	8%

Performance	Amman	Outside Amman	Total
Active Borrowers	149,056	316,426	465,482
%	32%	68%	100%
Active Loans	149,199	316,638	465,837
%	32%	68%	100%
Total Gross Loan Portfolio (GLP) JD	128,187,949	190,173,578	318,361,527
%	40%	60%	100%
Number of Branches	68	153	221
%	31%	69.2%	100%

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Economic and Political Stability

The stability of the economic and political environment can impact the microfinance sector.

Economic downturns or political instability can lead to increased default rates and financial instability within the sector.



Technology and Infrastructure

Expanding access to digital financial services in rural areas can be challenging due to limited infrastructure and low levels of technology adoption among some target populations.



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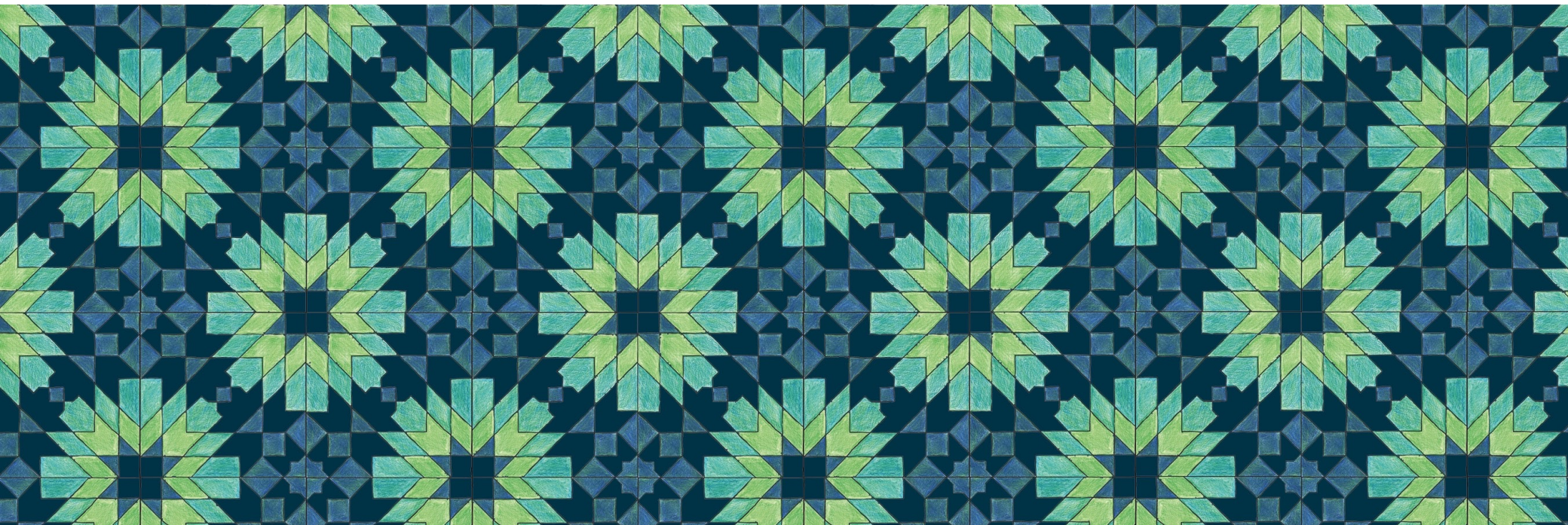
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To address these challenges, it is essential for stakeholders, including the government, MFIs, donors, and development organizations, to work collaboratively to create a supportive regulatory environment, enhance financial literacy, improve access to funding, and develop tailored solutions that meet the unique needs of Jordan's microfinance clients.



Opportunities for the Microfinance Sector in Jordan



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Financial Inclusion

Jordan has made progress in increasing financial inclusion, but a significant portion of the population remains unbanked or underbanked.

Microfinance institutions (MFIs) can play a crucial role in reaching these underserved segments and providing them with access to financial services.



MSME Development

Supporting micro, small, and medium-sized enterprises (MSMEs) is essential for economic growth in Jordan.

MFIs can offer loans and financial services tailored to the needs of entrepreneurs and small businesses, helping them grow and create jobs.



Women's Empowerment

Promoting gender equality and women's economic empowerment is a priority in Jordan.

MFIs are focusing on offering financial products and services that specifically target women entrepreneurs, helping them start and expand their businesses.



Industry Performance

- **Comparison Table Q2 2022 – Q2 2023:**

Performance	Q2 2023
Women Borrowers (%)	67%

Technology and Digital Services

The adoption of digital financial services is on the rise in Jordan.

MFIs can leverage technology to expand their reach and offer mobile banking, digital payments, and online loan applications, making financial services more accessible and convenient.



Social Impact Investment

There is a growing interest in social impact investing, where investors seek financial returns and positive social outcomes.

MFIs in Jordan can attract impact investment capital to expand their operations and reach more clients.



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Partnerships

Collaborations between MFIs, banks, fintech companies, and other stakeholders can create synergies and expand the reach of microfinance services.

Partnerships can help MFIs access new funding sources and technology solutions.



Refugee Support

The refugee crisis in Jordan presents a challenge and an opportunity for the microfinance sector as Jordan hosts a significant number of refugees, and many of them face economic challenges. Many refugees seek self-employment opportunities, representing a largely untapped market for microfinance. MFIs can collaborate with humanitarian organizations to provide financial assistance and support to refugees, enabling them to become financially self-reliant.



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To capitalize on these opportunities, stakeholders in Jordan's microfinance sector should work together to develop innovative solutions, expand outreach, and ensure that the sector remains responsive to the evolving needs of its clients and the broader economy.

Thank you!

Nisreen Al Khasawneh | Managing Director

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Q&A

Let's discuss!

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Weekly Webinar Series

Sustainable Microfinance in the MENA Region

From 6 September to 25 October,
every Wednesday
10 am to 11:30 am CET

Live translations into Arabic and French

DATES: Yemen, 6 Sept | Tunisia, 13 Sept | Jordan, 20 Sept |
Egypt, 4 Oct | Morocco, 11 Oct | Lebanon, 18 Oct | Palestine, 25 Oct

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WEBINAR

Sustainable Microfinance in Egypt

Wednesday, 4 October
11 am Cairo time/10 am CET

*Live translations into
Arabic and French*



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