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Promoting Financial Inclusion in Jordan - FIMENA

The European Union supports the Ministry of Planning and International Cooperation, the Central Bank of Jordan, the Development and Employment Fund, and the microfinance association Tanmeyah in promoting financial inclusion in Jordan. GIZ provides complementary technical assistance.

Context

Greater access to financial services promotes social stability, stimulates economic growth and employment, and stabilises the financial system. Yet, only a very limited number of people and businesses in Jordan have access to financial services. Microfinance is a means to advance financial inclusion. The sector, however, needs concerted public and private efforts under a common strategy, laws and regulations, and an efficient financial infrastructure to ensure its stability and outreach to a wider segment of the population.

Objectives

The objective is to improve the framework conditions for access to adequate financial services for the low-income population to promote sustainable and inclusive growth by strengthening the regulation of the microfinance sector, consolidating its governance system and its financial infrastructure, and by improving outreach of microfinance institutions (MFIs) in rural areas.

Approach

The European Union (EU) supports the Government of Jordan in "Promoting financial inclusion through improved governance and outreach of Microfinance in Jordan". The EU Action foresees budget support and complementary support of a total of EUR 35 million for implementing the national microfinance strategy and developing the national financial inclusion strategy (NFIS). The complementary support covers financial and technical assistance for the sector stakeholders in Jordan.

Tanmeyah, the national microfinance association, receives financial and technical assistance of a total of EUR one million to support in its institutional capacity development.

On behalf of the EU and the Federal Ministry for Economic Cooperation and Development (BMZ), the GIZ Programme "Financial Inclusion in the MENA Region" (FIMENA) provides the authorities with technical assistance to support:

- International knowledge and experience exchange
- The Microfinance Steering Committee chaired by the Ministry of Planning and International Cooperation (MoPIC) in revising the national microfinance strategy;
- The CBJ in developing and implementing the NFIS; in strengthening the regulation and supervision of microfinance to safeguard financial stability and consumer protection.
- The reform of the Development and Employment Fund (DEF) in strengthening the financial infrastructure for MFIs.

Partners	Ministry of Planning and International Cooperation Central Bank of Jordan Development and Employment Fund Tanmeyah
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Duration	December 2014 – December 2019

Achievements

A new microfinance bylaw issued in 2015 mandates the CBJ to license and supervise MFIs.

The CBJ set up the Credit Bureau and Microfinance Supervisory unit. Its staff completed trainings on microfinance, developed a supervisory tool, participated in international knowledge exchange visits to Morocco, Germany and Tajikistan.

The Microfinance Steering Committee updated the Action Plan (2016-18) of the national microfinance strategy.

The Prime Minister established the high-level Financial Inclusion Steering Committee (FISC); launched the policy process for the national financial inclusion strategy (NFIS). The FISC chaired by CBJ developed a governance structure and roadmap for the NFIS. The CBJ committed internationally to measurable financial inclusion objectives and targets (Maya declaration 2016).

The CBJ, the Arab Monetary Fund, GIZ hosted regional policy forums on financial inclusion in 2015 and 2016 following the Deauville Partnership's 2015 Action Plan for FI in the MENA.

In cooperation with GIZ, the CBJ conducted the Financial Inclusion Diagnostic Study in Jordan 2017, followed by the launch of the NFIS 2018-2020 by end of 2017.

DEF developed its business plan (2016-20) to increase outreach to poverty pockets and remote areas, focus on SMEs lending, and entrepreneurship, improve its portfolio quality and risk management, develop staff capacity and increase the scope of its non-financial services.

