About Jordan Valley Links

MEDA’s Jordan Valley Links Project (JVL) is working with local partners to economically empower 25,000 women and youth in the Jordan Valley and increase their contribution to Jordan’s economic growth. Women and youth are supported with training and mentorship to improve their business acumen and are linked to markets where they can sell their products and services. To increase access to finance, JVL partners bring together Savings and Loan Groups (SLGs), self-replicating, member-driven groups that meet regularly to save small amounts of cash which can be lent to members.

JVL focuses on three sectors (please see graphic, below):

- **Clean technology** – women and youth are being supported to start businesses promoting waste management/composting, solar/photo-voltaic systems and other energy-efficient technologies
- **Community-based tourism** – a model that empowers community members to actively engage in offering unique experiences for tourists to explore local traditions and ways of life, while stimulating economic growth and protecting cultural heritage and natural resources
- **Food processing** – one of the largest subsets of agricultural activity in the Jordan Valley, this sector is popular among women entrepreneurs. JVL supports women and youth to improve production systems and facilitates access to higher value, sustainable end markets.

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Why SLGs for the Jordan Valley

JVL is increasing women and youth’s access to finance through the creation of Savings and Loan Groups (SLGs), self-regulating groups that meet regularly to save and take small loans from those savings.

Groups typically operate in cycles of about 9 to 12 months, after which the accumulated savings and the loan profits are distributed back to members in proportion to their savings. Where possible, JVL links these groups with microfinance institutions (for credit) and banks (for savings) to increase access to formal financial services after groups have completed at least one cycle of saving and lending on their own. MEDA, through its local partners, is forming SLGs and delivering training to group members on basic financial literacy and household financial management skills. This helps targeted women and youth to mitigate risks and manage their finances more effectively in order to generate enough cash flow to reinvest savings and utilize credit to purchase inputs and possibly appropriate technologies for their businesses.

In February 2017, MEDA undertook an assessment of financial inclusion and the availability and uptake of savings services in Jordan. The analysis identified a need for more convenient savings mechanisms for project clients. It showed that there is high demand to save money among women and youth, with savings serving to smooth irregular income patterns and, in some cases, establish small businesses. Current statistics show that there still exists a sizeable gender gap in access to financial services (see textbox below).

SLGs were chosen as the best option for women and youth partially because of similarities to the jamaaya2 that are prevalent throughout Jordan. JVL wants clients to become informed financial decision-makers and SLGs are an ideal stepping stone to more formal financial inclusion with MFIs and banks. In addition, SLGs bring financial services to rural communities that lack ‘brick and mortar’ bank and MFI branches.

As group savings accumulate over time, the security of the money can become a challenge and the need for the safety of a formal financial institution may grow. SLGs therefore offer a stable springboard from which to begin the path to formal financial inclusion. Moreover, the MEDA assessment found that SLGs can support youth to prepare for economic opportunities by cultivating savings habits, personal discipline, social capital, leadership and financial management skills.

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**Financial Inclusion in Jordan**

The gender gap is still persistent as women (27.2%) are much less likely than men (37.6%) to have an account at a financial institution. Similarly, young people (aged 18-24; 23.6%) are less likely to have an account than older people (aged 25+; 38.6%). […] Women tend to be less included in the formal financial system for account and remittances products. […] Women had a higher borrowing rate (12.1%) than men (8.2%) for the year 2017 and are also more likely to have insurance (31.5% of women vs. 28.6% of men).


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1. The National Financial Inclusion Strategy

2. Jamaaya are informal savings groups that are common in Jordan. Similar to an SLG, they collect money on a periodic basis from all members, and each member receives the full amount on a monthly rotation. This financial mechanism functions differently from SLGs in that they do not provide loans, and their ability to increase beyond the sum of the deposits is limited. Jamaaya focuses on providing single payouts to a single member, unlike SLGs, which result in a payout to all members at the end of the cycle.
The Journey of a Typical Savings Loan Group

1. Awareness Raising (2 - 4 weeks)
   - Orientation of local leaders and Government Officials.
   - Community outreach to introduce the project and the SLG methodology.

2. Enrollment (2 - 4 weeks)
   - Client Registration
   - 15 - 25 self-selected community members form new SLG

3. Start-Up
   - Election of SLG leaders
   - Establishment of constitution
   - Share purchase
   - Loans

4. Development Phase (12 weeks)
   - Share-purchase
   - Loans
   - Intensive training (Financial Education, Gender Equality, Environment, Business, marketing)

5. Maturity Phase (12 - 26 weeks)
   - Share-purchase
   - Loans
   - Awareness on MFIs and available financial services
   - BDS Linkages
   - Business plan competition

6. Share-out and Graduation
SLGs on the JVL project typically follow these steps, shown in the preceding diagram, and described in more detail here:

1. **Awareness Raising:** JVL’s partners hold meetings and community events to raise awareness on the benefits and processes of Savings and Loan Groups to stimulate interest among prospective members. Awareness-raising sessions are key for explaining the project and building trust in the community. These sessions, facilitated by JVL’s key facilitating partners, include community theater presentations, needs assessments, and initial meetings with local leaders and government officials.

2. **Enrollment:** Once there are willing and motivated participants within the community, the registration phase begins. Groups are self-selecting, meaning that clients choose to come together into an SLG. Ideal participants are individuals who have trust in each other; are able to attend meetings regularly; live close to one another; and have a cooperative personality and background to reduce the chance of conflict.

3. **Intensive Phase:** After registration of 15 to 25 self-selected clients, the intensive phase begins. Over a period of 14 weeks, the SLG is fully formed and expected to meet weekly. The group elects the leaders (Chairperson, Record Keeper, Box keeper and 2 Money counters), selects 3 key keepers and establishes their constitution with rules and procedures to be followed by all members. The group also decides whether to create a social fund, which is a separate pool of money that is set aside to provide small grants to assist group members in an emergency. At this stage, clients begin to benefit from several trainings on specific SLG modules, selected in consultation with the field officer and the project team. These modules include financial management and governance. The group sets the share value and proceeds with share purchase during regular weekly meetings. As the amount invested (savings amount) grows, SLGs hold loan disbursement meetings on a monthly basis.

4. **Development Phase:** For the next 18 weeks, clients continue to meet weekly, buy shares and borrow money, further increasing the group fund. Clients continue to receive intensive training in financial literacy, as well as socio-cultural learning sessions with a focus on gender equality and environmental awareness. There is also training provided on business and marketing, with a focus on assisting clients to successfully launch or improve their businesses.

5. **Maturity Phase:** The group continues to save and lend through the end of the cycle. This period is when clients are introduced to micro-finance institutions (MFIs) for the first time as part of general awareness sessions on financial institutions and financial services available in their area. They are also provided with linkages and access to business development services. In this phase of the project, clients with small businesses are encouraged to participate in JVL’s business plan competition for a small business grant.

6. **Graduation and Share Out:** Finally, at the end of the SLG’s cycle, usually approximately 9–12 months, the groups are ready to share-out and the clients graduate. After share-out, members review their constitution, elect a new management committee and initiate a new cycle. Some members of the SLG are given support to serve as leaders in their community to help form new SLGs.