

JLGC



# EMGN Autumn Academy 2024

23<sup>rd</sup> October 2024  
Steinberger Hotel Cairo – Egypt

By: Ihab Jebreen & Wafaa' Rabiee

# Jordan Loan Guarantee Corporation (JLGC)

The Jordan Loan Guarantee Corporation (JLGC) was established in 1994 as a result of public - private partnership as a shareholding company .

JLGC current capital is JD 29,080,310

JLGC manages 2 major programs to improve SME access to finance and provide a better risk coverage to national exports as follows:

1. Loan Guarantee Program.
2. Export Credit and Domestic Sales Insurance Program.





## Our Vision

To build the optimal model for credit guarantees and support to MSMEs.

2

## Our Mission

Enhancing the opportunities for MSMEs to obtain appropriate credit by providing loan guarantee and enhancing Jordanian exports and domestic sales by providing credit insurance at sustainable basis.

## Our Values

Professional Commitment  
Integrity  
Empowerment  
Transparency  
Team Work  
Social Responsibility  
Trust

1

3

# Strategic Objectives

1

To expand the guarantee coverage for micro, start-up, SMEs, and expand the outreach of the Jordanian export credit guarantee.

2

Achieving a high-quality guaranteed portfolio for various programs and within the risk levels for JLGC

3

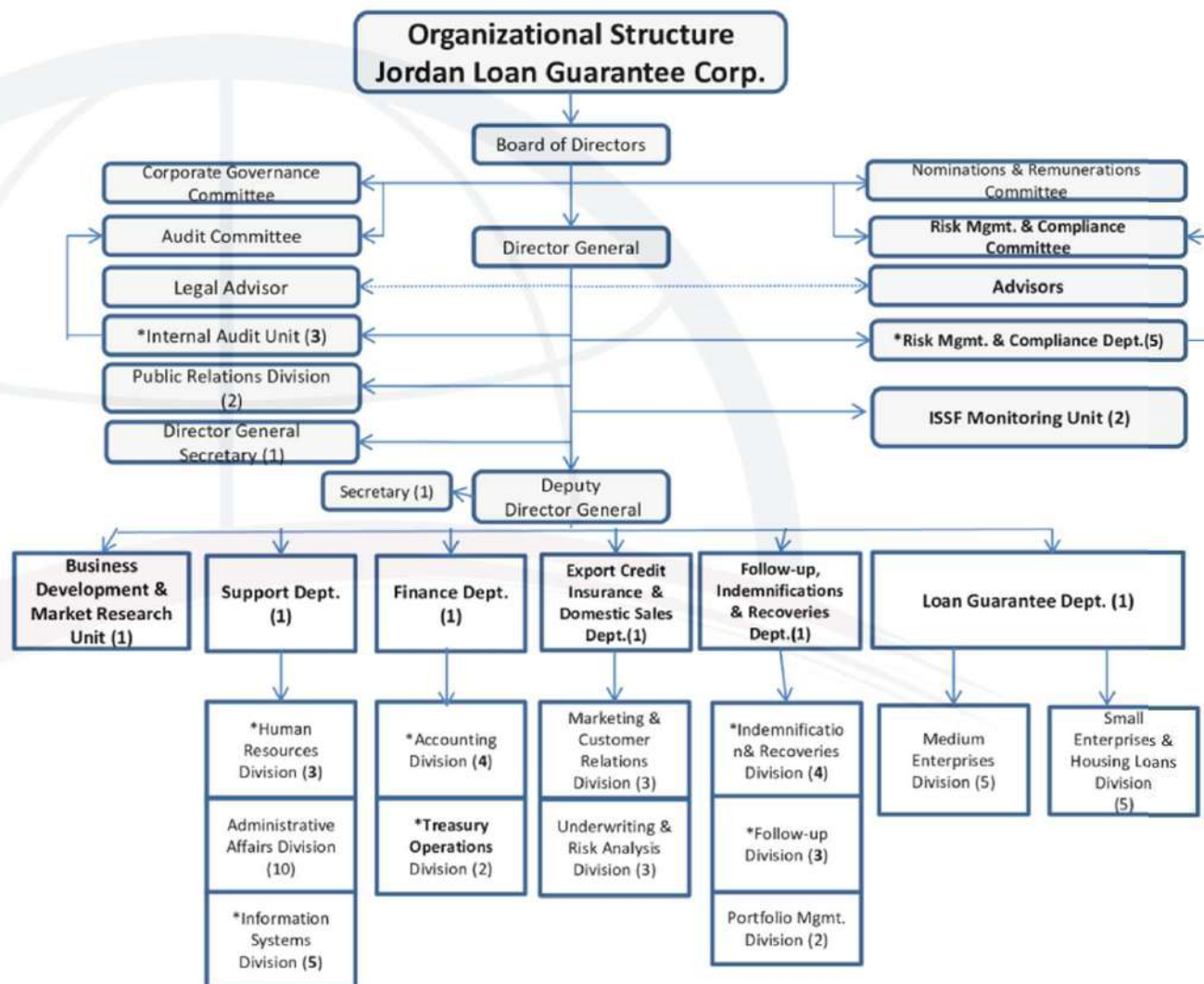
Achieving financial sustainability of JLGC

4

To reveal JLGC's image as a supporter for micro, start-up, small and medium projects and Jordanian exports.

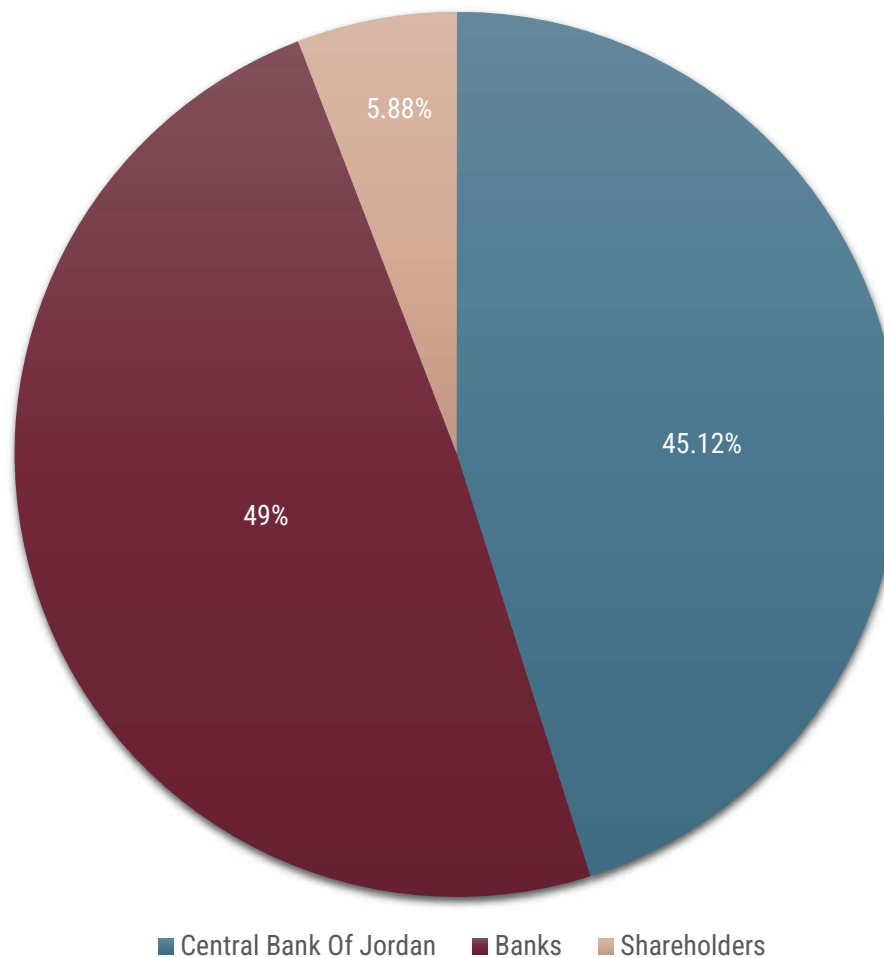
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To raise JLGC's efficiency and implement a comprehensive digital transformation plan.

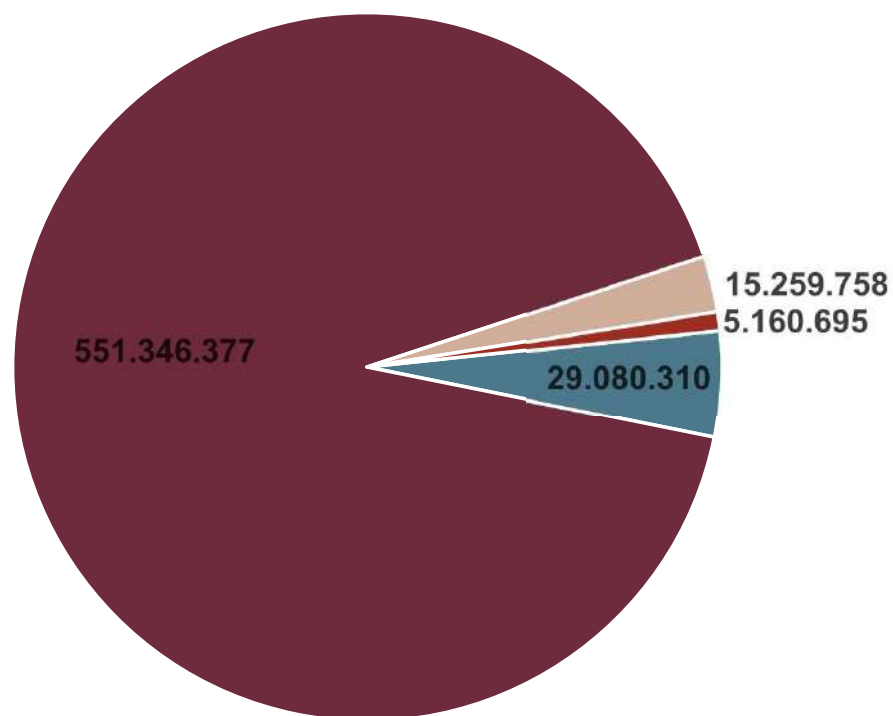


\* Amended according to BOD resolution no. 19-2021 dated 28<sup>th</sup> April, 2021

## JLGC Main Shareholders



# JLGC Funding Sources



- Subscribed and paid up capital
- Loans granted by the Central Bank of Jordan
- Loans granted by banks operating at the Kingdom
- Loan granted by the European Commission in 2006



## Loan Guarantee Programs



Small Enterprises Financing  
Guarantee Programs

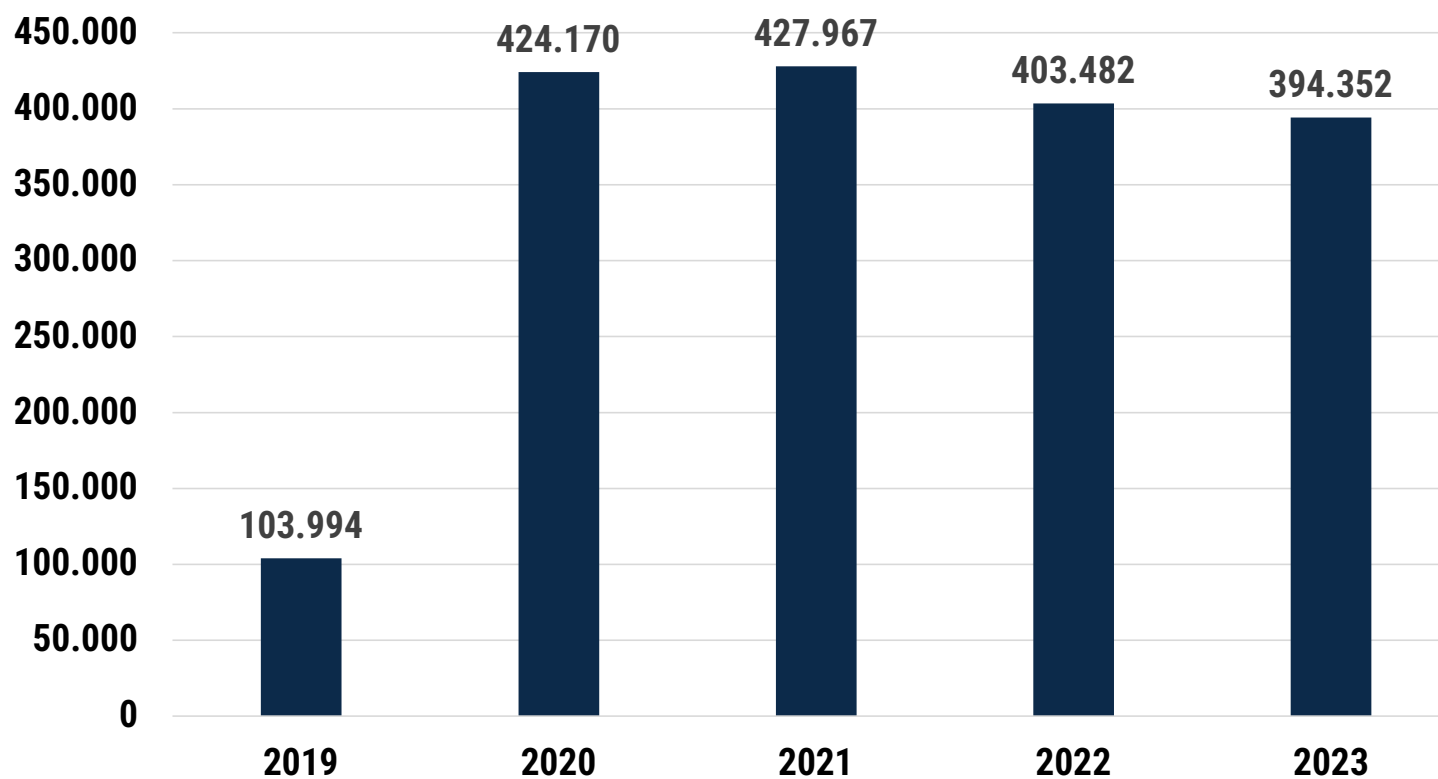


Microfinance Loan Guarantee  
Program (Corona)



Medium Enterprise Financing  
Guarantee Programs

## Outstanding Guaranteed Portfolio (in thousands)



## **Export Credit and Domestic Sales Insurance**

**Export Credit Insurance**

**Domestic Sales Insurance**

## Program Objectives:

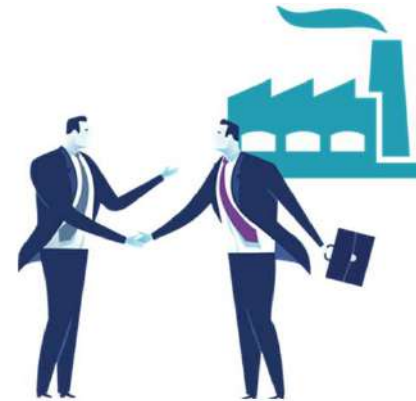
Encouraging Jordan exports and supporting national products by providing insurance against the risk of non-payment by buyer for the goods and commercial and non-commercial risks.

### Export Credit guarantee program

- Guarantee Percentage is 90%.
- Maximum Shipment Amount is 30 Million USD.

### Domestic sales guarantee program

- Guarantee Percentage is 80%.
- Maximum Shipment Amount is 4 Million USD.

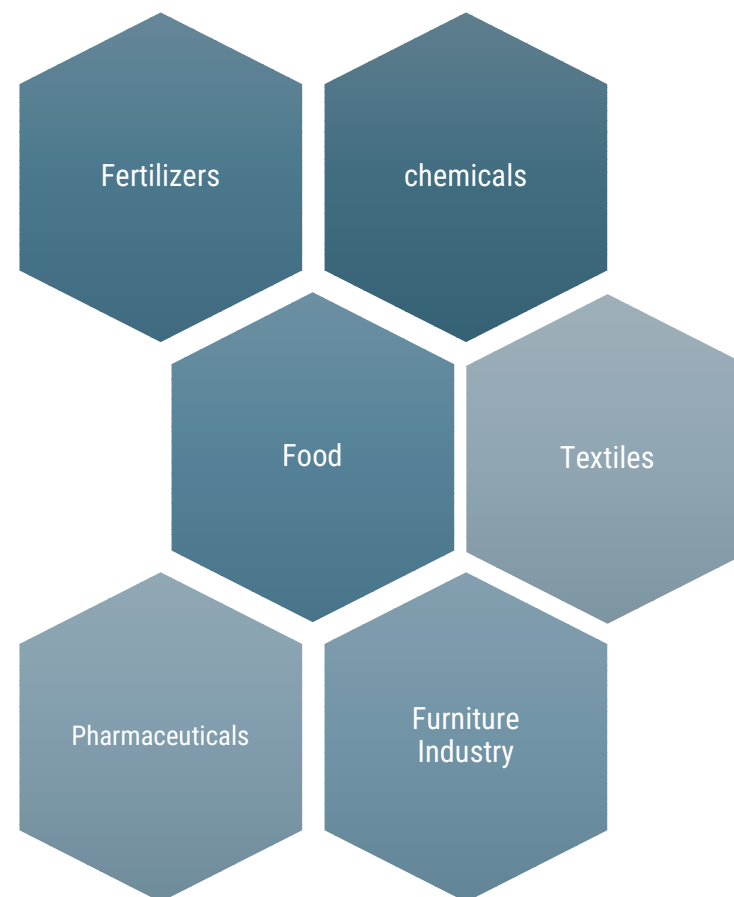


# Main Sectors Covered by JLGC programs

## Loan Guarantee

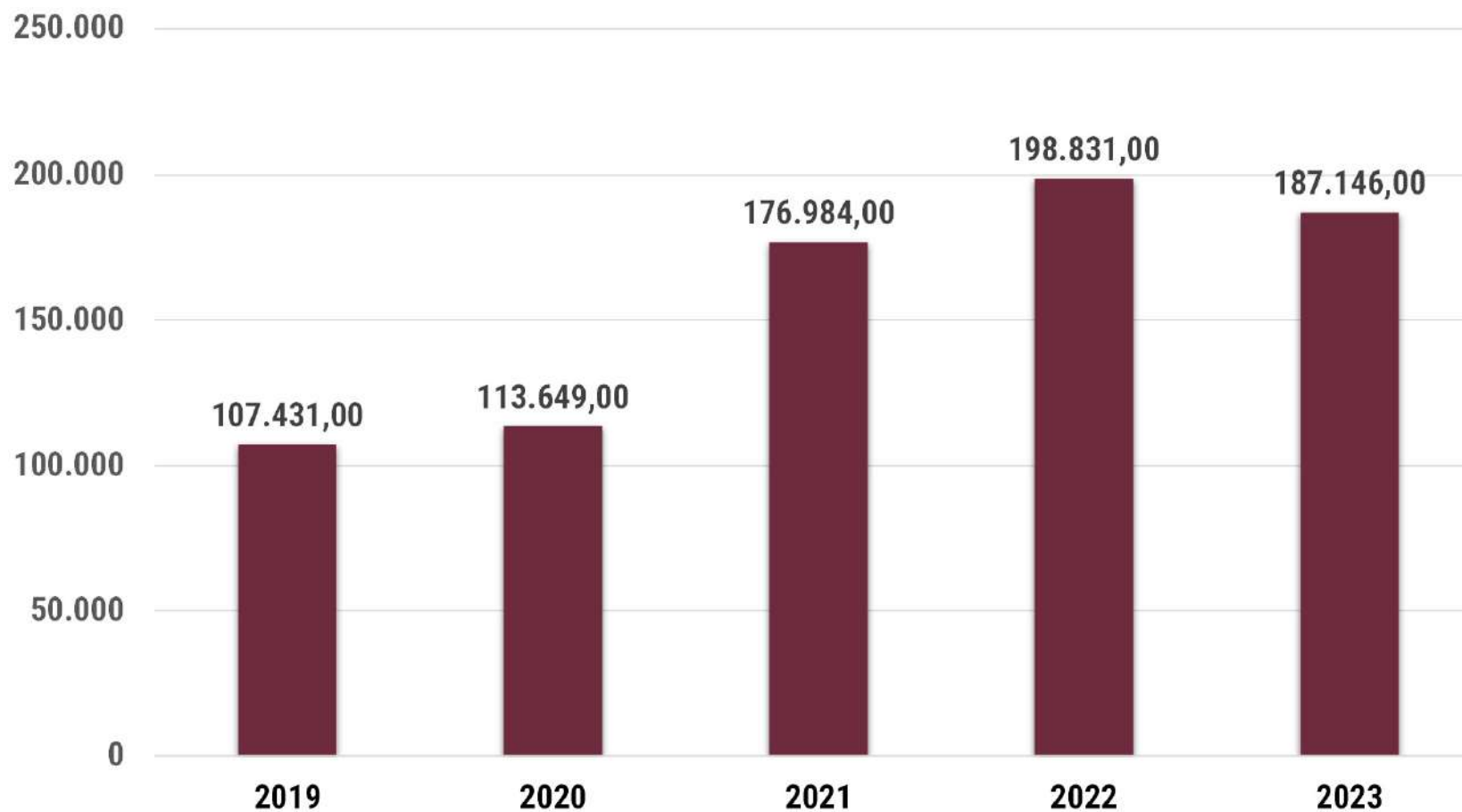


## Export Credit and Domestic Sales Insurance





## Value of Guaranteed Export shipments in JOD (in thousands)



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## JLGC Communication Strategies with the Central Bank of Jordan

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## JLGC 30<sup>th</sup> years Journey of Success

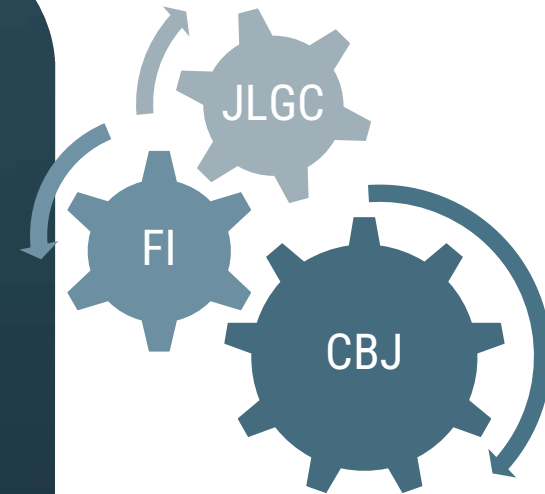


JLGC is celebrating its 30<sup>th</sup> anniversary this year and its continuous support to SMEs and exports in Jordan.

The Central Bank of Jordan is the founder and still the main supporter of JLGC next to a number of leading Jordanian banks.

The core business of the company to support project owners and entrepreneurs who lack sufficient guarantees to obtain the necessary facilities to establish their projects or develop existing ones.

JLGC contributed approximately 11% of the total facilities provided to SMEs with more than half a billion dinars of the total facilities granted.



## Central Bank of Jordan (CBJ)

- CBJ Programs in cooperation with JLGC contributed to launching a number of initiatives that helped small and medium-sized companies to obtain appropriate financing at a lower cost on easy terms through a number of financing windows with JLGC guarantees.
- CBJ also increased the amount of the fund established by JLGC to guarantee startup loans from 50 million Jordanian dinars to 83 million Jordanian dinars, and expanded its scope.
- The program targets the export sector (noting that the sectors currently covered by the program are industry, tourism, agriculture, renewable energy, information technology, transportation, health, technical and vocational education, and engineering consulting).
- CBJ expanded the definition of small projects and startups within this program to officially registered small institutions that have started operating for a period not exceeding 5 years instead of 3 years.



## CBJ Most Important Programs

### 1) Inhad Program

- The program targets young people within the age group (18-45) years, and the financing value ranges from 5 thousand dinars to a maximum of 50 thousand dinars, and the Central Bank can increase the financing value to reach 250 thousand dinars based on the beneficiary's request.
- This is in light of the economic feasibility study and the number of job opportunities created by the project.
- Financing with appropriate terms and at low costs and at a fixed interest rate throughout the financing life.
- Loan guarantee up to 85%.





## 2) National program to confront the Corona crisis

- The program aims to help companies continue their work and retain their employees, as an amount of 500 million dinars has been allocated. The program's advantages include:
  - Low financing costs.
  - Loan guarantees up to 85%.



### 3) Microfinance Guarantee Program :

The program's goal is to assist microbusiness owners in starting new ventures, growing current ones, or boosting productivity in order to enhance income from these projects, create more employment possibilities, and boost employment across the nation.

Encouraging commercial banks and specialized financing institutions to provide these projects with the appropriate funding based on their financial viability and cash flows, all under the protection of the company's financing guarantee.

- The financing ceiling is 15,000 dinars.
- Loan guarantees up to 70%.



## JLGC Future Plans

- Continuing to review and develop existing programs.
- Providing new programs for various economic sectors.
- Strengthening communication with all economic sectors.
- Develop internal work policies and procedures.
- Continuing to cooperate with international institutions and bodies to provide support for Loan Guarantee and Export Credit Guarantee programs to support national economy.

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## JLGC Experience with International Funds

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## New initiatives and programs

### 1. **Guarantee for Employment (GFE) with the German Development Bank KFW**

Work is underway to launch a project in the first quarter of 2024 in partnership with the German Development and Credit Bank KFW called **“Guarantee for Employment”**

The program includes linking financing to employment by changing the concept of traditional guarantee to direct communication with the customer so that his financing needs and creditworthiness are studied and evaluated and linked to employment.

One of the most important goals of the project is to employ the unemployed, especially those not involved in the labor market, focusing on rural areas and governorates and encouraging the empowerment of women in those areas by supporting them to establish income-generating projects, which will positively reflect on the targeted families, as the program seeks to employ more than 2,000 unemployed people within 5 years.



## **2. Green Finance Guarantee (GFG) with the Central Bank of Jordan**

Given the global trend towards a green economy to reduce the negative effects of climate change in general and the Kingdom's vision towards promoting the green economy and sustainable development SDG in particular, the company saw the importance of promoting green finance by supporting environmentally friendly investment projects and an opportunity to create job opportunities such as the sectors of transportation, innovative agriculture, waste treatment, green tourism and renewable energy. Accordingly, the company is working to allocate an amount of 100 million dinars to guarantee green finance by providing a guarantee of 85% to bank customers wishing to transform green and enhance their competitiveness and confront the risk of climate change.

### **3. Supply Chain Finance (SCF) with the USAID**

It is a set of solutions that improve cash flow by allowing companies to extend payment periods to their suppliers, while providing an option for their large suppliers and SME suppliers to get paid early. Supply chain finance is applied to the opening of a trade account that is activated once supply chain operations are initiated on it. SCF methodologies work by automating transactions and tracking invoice approval and settlement processes from start to finish. The supply chain of a particular commodity is linked from the purchase of raw materials to the production of intermediate and final products. The company's role is to ensure that these invoices are paid through an innovative mechanism and in coordination with the supporting parties.

#### **4. Agricultural Sector Financing Support Initiative:**

The initiative aims to facilitate financing for entrepreneurial farmers, non-traditional agriculture to enable them to obtain financing on easy terms and costs to help these groups cover their financing needs

#### **5. Central Bank Loan Guarantee Initiative**

All loans within the program shall be granted with the guarantee of the Jordanian Loan Guarantee Corporation and with a guarantee ceiling of 80% of the loan value

#### **6. USAID programs for SMEs (Iqlaa ,Business Growth Actives)**

JLGC has a partnerships to support Micro & medium enterprises in technical support and sharing the information and experiences as well as the first Jordanian exporters

## Previous Grants

### **1. European commission 2006**

European commission has granted the company JOD (5,160,695) under supervision of Central Bank of Jordan to develop industrial sector in Jordan .

### **2. World Bank Grant 2014**

The World Bank has granted the company JOD (1,000,000) under supervision of Central Bank of Jordan to develop certain areas in the Company (market research, risk management, product development, marketing, analysis and systems, human resources management).

### **3. GIZ 2022**

GIZ has granted the company EUR (397,000) to contribute to the cost of digital Transformation implantation .

## Challenges Facing SMEs in Jordan

One of the most important challenges facing the small and medium-sized enterprises sector is not only access to appropriate financing, but there are a number of other factors that limit their establishment and the progress of their work, including:

- **The legislative environment:** which showed a number of challenges facing these establishments at the level of the regulatory framework, represented in the following: the absence of a legislative framework for small and medium enterprises, the multiplicity of regulatory and inspection bodies on the establishments, bureaucratic procedures, and failure to take into account the specificity of these establishments in terms of taxes, incentives, etc.



- **Access to finance:** This is one of the most prominent challenges that hinder the work and growth of these establishments, especially through the difficulty of the requirements and guarantees required from banks and financing funds, the lack of awareness among these establishments about the many available financing programs, the lack of specialized programs for the industry, in addition to the banks' failure to provide financing allocated to these establishments according to internationally recognized principles.
- **Access to markets:** The marketing and promotional process for the industrial product is of great value, and faces challenges, the most prominent of which are: weak support for small projects to participate in local and foreign exhibitions, high production costs, weak benefit from trade agreements, and the need to develop the packaging sector.

# JLGC Partners

## Banks



**Cairo Amman Bank**



**Ahli Bank**



**Bank of Jordan**



**Housing Bank for Trade and Finance**



**Jordan Commercial Bank**



**Egyptian Arab Land Bank**



**Invest Bank**



**Arab Bank**



**Capital Bank**



**Arab Jordan Investment Bank**



**Arab Banking Corp**



**Islamic International Arab Bank**



**Jordan Kuwait Bank**

## International Partners



**Coface**



**The Arab Investment &  
Export Credit Guarantee  
Corporation**



**The Islamic Corporation for  
the Insurance of Investment  
and Export Credit**



**World Bank Group**



**International Finance  
Corporation**



**European Bank for  
Reconstruction and  
Development**



**The German Development Bank**

# Memberships



# Thank You !

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