



German Financial Cooperation
with the Hashemite Kingdom of Jordan



Credit guarantees for private sector employment

Accompanying Measures (AM) for JLGC

Tentative Terms of Reference (TOR)

Nov 20th, 2023

Provided with PQ510048

Table of content

1	Definitions and Glossary.....	3
	1.1 Definitions.....	3
	1.2 Glossary.....	3
2	Background and introduction.....	4
	2.1 Envisaged Program.....	4
	2.2 Program Status.....	6
	2.3 Project Executing Agency and Employer for the Accompanying measures.....	6
	2.4 Subject of this tender.....	6
3	Objectives, general requirements and tasks of the Assignment.....	7
	3.1 Objectives.....	7
	3.2 General requirements and overview of the consultant’s tasks.....	7
	3.3 Tasks.....	7
4	Action and Deliverables.....	9
	4.1 Schedule of deliverables.....	9
	4.2 Phases.....	10
5	Location of Services and corresponding aspects.....	10
	5.1 Location.....	10
	5.2 Communication - Language.....	10
	5.3 Security Clearance.....	10
	5.4 Law.....	11
6	Time and Duration of Services.....	11
7	Team Composition & Qualification Requirements.....	11
	7.1 Positions - Team Matrix.....	11
	7.2 Requirements for key positions.....	13
8	Relations with the Employer and other Stakeholders.....	14
	8.1 General relation with the Employer and Stakeholder.....	14
	8.2 Employer’s Input and Counterpart Personnel.....	14
9	Other Aspects.....	15

10	Annexes	16
10.1	Annex 1: Profile of JLGC.....	17
10.2	Annex 2: Work Flow Guarantee with Job Creation Premium.....	20
10.3	Annex 3: Components of the Technical Assistance Project.....	21
10.3.1	A1: Overall Support (IC on site / Intermittent)	22
10.3.2	A2: Support for Electronic Platform/ Acquisition of Digital Applications.....	23
10.3.3	A3: Digitized, Smart Application and Filtering Scheme	24
10.3.4	A4: Support for Operational Manual.....	25
10.3.5	A5: Investment Strategy	26
10.3.6	A6: Assessment of Loan Guarantee Applications.....	27
10.3.7	A7a: Financial Simulation.....	28
10.3.8	A7b: Risk Management Tools	29
10.3.9	A8: E&S risk assessment and policy	30
10.3.10	A9: Accreditation of Banks.....	33
10.3.11	A10: Training.....	34
10.3.12	B1: Monitoring	35
10.3.13	B2: Reporting	36
10.3.14	B3: Procurement Support	37
10.3.15	B4: Backstopping.....	38
10.3.16	C: Training for Banks.....	39
10.3.17	D: Training for SMEs	40

1 Definitions and Glossary

The following definitions are applicable throughout the terms of reference

1.1 Definitions

- The "Assignment" refers to the services the "Consultant" is required to perform.
- The "Employer" refers to the "Project Executing Agency".
- The "Consultant" refers to the consultant who shall perform and implement the Assignment (subject of these ToR).
- The "Program" or "Facility" refers to the "Credit guarantees for private sector employment"
- The "Project" refers to the whole subject of the Assignment of the Implementation Consultant and includes 'all project components'.
- The "Relevant Standards" refer to international guidelines and requirements and best practice in the financial system.

1.2 Glossary

The following abbreviations may be used throughout the terms of reference.

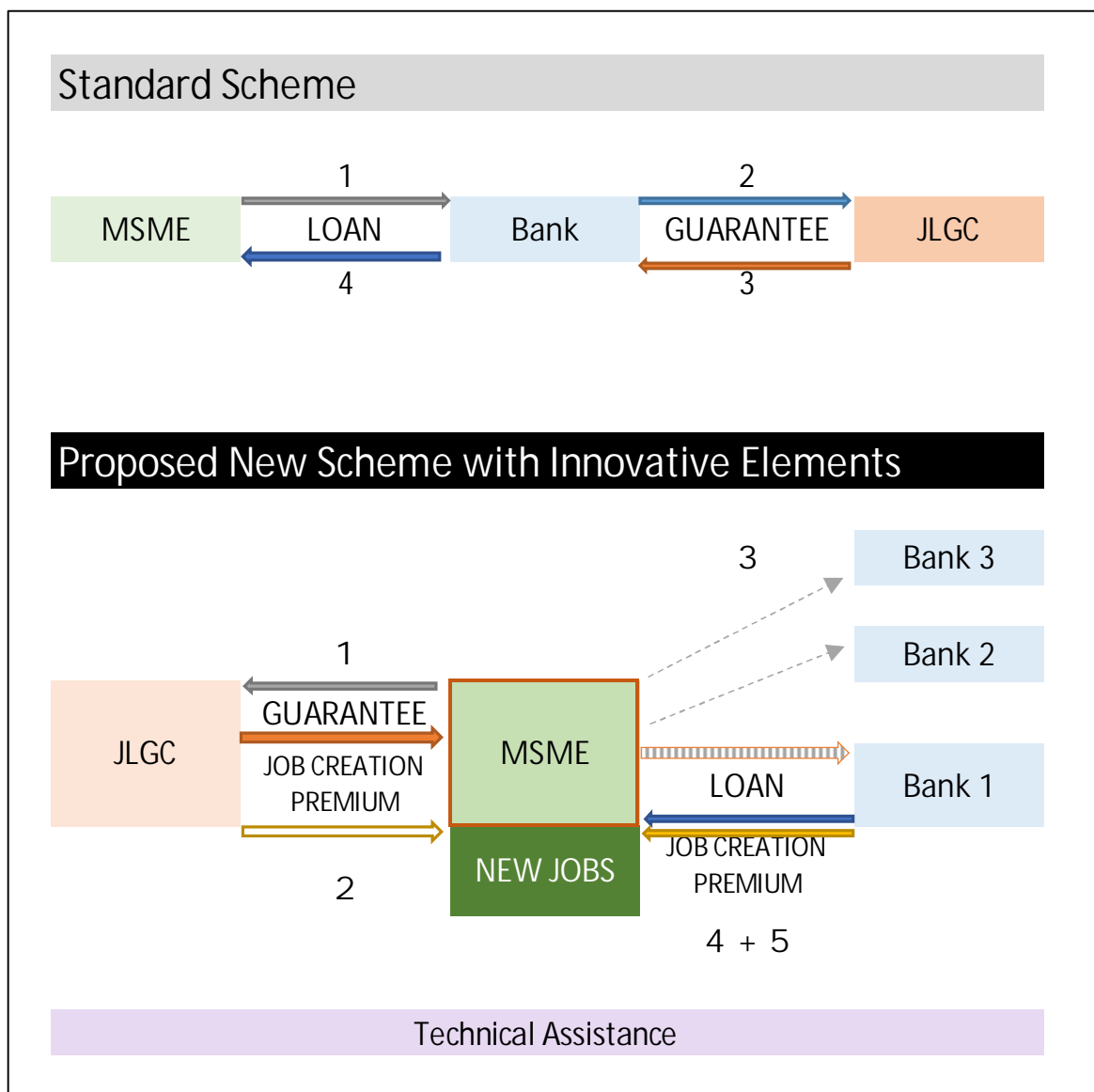
AC	Accompanying Measures
E&S	Environmental and Social
ESCP	Environmental and Social Commitment Plan
ESMS	Environmental & Social Management System
FS	Feasibility Study
IC	Implementation Consultant
JLGC	Jordan Loan Guarantee Corporation
MSME	Micro, Small and Medium Enterprises

2 Background and introduction

2.1 Envisaged Program

To extend the promotion of job creation through SMEs, the Jordan Loan Guarantee Corporation (JLGC) will receive funds of EUR 20 million from German Financial Cooperation for the program “Credit guarantees for private sector employment”.

Innovative elements shall increase the outreach of the guarantees (new clients, new sectors and new type of products). Individual provisional SME guarantees (plus job-creation premia) shall be extended by JLGC to job-creating SMEs to allow them to obtain in the financial market from scheme-participating banks a loan, which is partially secured by the respective guarantee from JLGC. The program involves intensive interaction with banks and SMEs.



The main features of the program can be summarized as follows:

Factor	Description
Target Group	Formally registered job-creating private SMEs with the potential for bankability, especially those belonging to preferential groups (rural, female entrepreneurs, jobs for women) and lacking access to investment loan financing so far
Instruments	Linking directly financial guarantees with job creation (Provisional) loan guarantee plus job creation premium; preferential clients may enjoy higher premium for jobs
Special features	Inverting the general sequence of loan and guarantee, the scheme will open the door of JLGC for the job-creating entrepreneurs to get first a (provisional) guarantee plus indicative payment plan for job creation premium to be used then by the SME for entering into the loan application with one or more of the accredited commercial banks. Thus, JLGC as point of entry for SME financing process
Measures to be guaranteed	SME investment linked to job creation plus the corresponding working capital Sector: private SMEs, wide range of sectors (no limitation), however in line with IFC exclusion list. New sectors such as green economy projects, IT, communication, new services, new technologies, agriculture welcomed.
Guarantee amount	Minimum amount JOD 50.000; maximum amount of individual guarantee is JOD 1m; average amount in the range of JOD 100-200k
Jobs getting premium	NEW jobs, preferably of former unemployed people. Additional formal permanent employment is required and new jobs have to be registered with the Social Security System before disbursement of loan.
Job-creation Premium	JD 2000-3000 per job, paid out over 5 years; cap 20% of investment amount (i.e. max. 20% job creation premium to total cost of investment per job)
Channels	Scheme promoted directly by JLGC and through relevant associations Digital plus direct access to JLGC; digital platform for information and application
Other Features	Close cooperation with banks and Social Security System
Amount available	EUR 20m for job creation premia and compensation of guarantee claims; strongly leveraged (factor about 5) for SME investment by financial features of the scheme.
Objective	Support for at least 230 SMEs and creation of at least 2000 permanent formal jobs
Duration	The program structure and features are designed for a duration of 5-10 years, depending on the intensity of the utilization of funds the program. Thus, the program goes beyond the duration of the Implementation Consultant Contract.

These features serve as first orientation only. Annex 2 shows a flow chart of the scheme. Further details will be shared with the selected consultant.

2.2 Program Status

In 2022/2023 a Feasibility Study (FS) on "Credit guarantees for private sector employment" had been elaborated by a Consultant in cooperation with JLGC and other stakeholders. Furthermore, it developed a scheme for accompanying measures. This Feasibility Study will be made available to the selected bidder.

Based on the project appraisal in 2023 a Contract for the Project "Credit guarantees for private sector employment" between KfW and JLGC has been prepared and is to be signed in the 4th quarter of 2023.

2.3 Project Executing Agency and Employer for the Accompanying measures

JLGC is a well-established private financial institution, owned by the Central Bank and most banks in Jordan as shareholders, providing credit guarantees to facilitate the financing of SMEs and to encourage Jordanian businesses to export. During the Pandemic it acted as well as a key institution to maintain the financial stability of the Jordan economy. Annex 1 provides a profile of JLGC. Furthermore, the website of JLGC offers a very informative Annual Report.

JLGC is carrying out this procurement and will be the employer of the Consultant to be selected as Implementation Consultant.

The project and the accompanying measures are financed by KfW Development Bank. Accordingly, it has been agreed that this procurement will be carried out by JLGC in line with the corresponding Guidelines of Financial Cooperation, especially the "Guidelines for the Procurement of Consulting Services, Works, Plant, Goods and Non-Consulting Services in Financial Cooperation with Partner Countries" (January 2019). JLGC is assisted by a tender agent in the procurement.

2.4 Subject of this tender

Because of the program's innovative nature, complexity and outreach, JLGC shall be supported by an Implementation Consultant (IC) under the form of Accompanying Measures (AC). This tender procures the core of the AC, namely a package of broad and comprehensive support with a hands-on approach and strong presence on-site for services as:

- Technical Assistance for JLGC in the program implementation,
- Targeted training for banks,
- Targeted training for SMEs.

Other measures of the AC are procured by JLGC in separate other future procurements.

3 Objectives, general requirements and tasks of the Assignment

3.1 Objectives

Objective of the Program

- The main objective for the future measures to be financed is the creation of new, formal and sustainable employment opportunities in the private sector through improved access to finance for SMEs

Objective of the Assignment of the Implementation Consultant (Project)

- Strengthen the capacity and capability of JLGC to implement the program and the outreach and impact of JLGC in the field of SME promotion for the purpose of job creation.

3.2 General requirements and overview of the consultant's tasks

An innovative program of 'guarantee-first' plus job creation will require strong support for its implementation. This includes:

1. Technical Assistance for JLGC in the program implementation;
2. Targeted training for banks;
3. Targeted training for SMEs.

of which No.1 is the most complex and largest component (for details see below).

Although the services include a variety of specific works (such as setting up of a digital platform, elaboration of an operation manual etc.), the support by the Implementation Consultant is structured essentially as services and accordingly the contract will be a service contract.

3.3 Tasks

As the program is a medium-long term market- and needs-oriented approach, the fields and details of the required support may change over time. Accordingly, broad competence and flexibility are required from the IC and its expert team.

The support by the IC potentially will have to cover all areas and phases of the program. The following chart presents an overview on selected areas and types of services which require particular attention by the Implementation Consultant from today's perspective and priorities. Thus, elements and tasks of the origination of guarantees not explicitly in the following pages, may as well require the support from the IC in the as the needs occur.

No	Area	Topic
A	Overall Support to JLGC and targeted special services	
A1	Strengthening of program and JLGC	Overall Support (IC on site / Intermittent)
A2	Program Work Flow	Support for Electronic Platform/Acquisition of Digital Applications
A3		Digitized, Smart Application and Filtering Scheme for automatic pre-assessment of SME applications plus later electronic interactions with clients
A4		Support for Operational Manual including all templates, checklists, etc.
A5		Investment Strategy
A6		Assessment of Loan Guarantee Applications
A7	Strengthening of program and JLGC	Financial Simulation and Risk Management Tools and Capacities
A8		Development and Implementation of an ESMS, including capacity development measures
A9		Accreditation of Banks Continuous support for regular reports on cooperation with banks and accreditation of banks, especially for coordination with KfW
A10		Training Training of JLGC staff in Guarantee Institutions abroad (Course Fees plus travel) Training for JLGC staff in all topics A2-A8, especially Training of Loan officers and managers of participating banks in analysis of new sectors, without long credit history
B	Support for Overall Implementation/Management of the Guarantee Program	
B1	Monitoring (incl. monitoring of jobs)	Development of Schemes and Templates for Monitoring Development of Scheme of Reporting by SMEs and banks Set-up and management of corresponding electronic platform Completion/Verification of data of clients, banks and other institutions with case-wise monitoring on-site Monitoring concept to be elaborated & delivered at early stage
B2	Reporting (on Program)	Support for reporting tool and practical support in reporting to KfW; Software/platform enhanced
B3	Procurement	Support for Procurement of other AM-Activities as needed <ul style="list-style-type: none"> • Development of Tender Documents • Assistance in Tender Procedure • Support in Evaluation Support in development of the TOR for further Digitalization of JLGC
B4	Backstopping	Backstopping and other coordination of consultant activities
C	Training for banks	Training of Loan officers and managers of participating banks in <ul style="list-style-type: none"> • analysis of new sectors, and clients without limited credit history • introduction to E&S risk management for FIs and basic capacity development
D	SME training	Acquisition of and Targeted training for SMEs (interested in applying for the facility)

Details for each component are presented in the Annex 3.

4 Action and Deliverables

4.1 Schedule of deliverables

Months after Start of Services	Item	Comments
1	Kick-Off Meeting	
2	Project Inception Report – Draft	
3	Project Planning Report	
4	Operations Manual including all templates (Drafts)	
5	Electronic Platform	
5	Digital Smart Applications	
6	Financial Simulation Model	
6	Reports related to ESMS	Workplan for the E&S assignment, ESMS Gap Analysis (including measures to close gaps), Draft and final ESMS documentation, Action plan for implementing the ESMS including a training plan, Annual E&S progress reporting, E&S appraisal of end loans; E&S training plan for PFIs
1 3 12	Progress Reports	Monthly Activity Report Quarterly as summary report Full Report annually
60	Completion Report	

Note: Depending on the development of the funds of the Guarantee Program, the duration can be shorter or may require an extension of the contract.

4.2 Phases

Tentative schedule			
Phase	Duration (months)	Start	End
Project Inception and Preparation	6	2024 / 4	2024 / 9
Program Implementation	60	2024 / 10	2029 / 9
of which Program Inception	12	2024 / 10	2025 / 9
Monitoring Phase		2025 / 3	2029 / 9
End of Project (IC Services)			2029 / 9

Note: see above

5 Location of Services and corresponding aspects

5.1 Location

Due to its character as an innovative hands-on approach, the importance for the role of JLGC, and the interaction with JGLC and the other stakeholders in general the services will require a very strong presence on-site of the consultant, albeit some elements can be developed in the home country of the consultant, and over the time (especially after 30 months) the intensity and frequency of services and on-site missions are expected to decrease substantially.

Accordingly, the project includes the position of a resident advisor, working most of the time in Jordan, at least during the inception period of 21 months.

5.2 Communication - Language

All communications incl. reports between the Employer, the Consultant and KfW are in English. All professionals of JLGC speak English, as do most of the counterparts at the banks.

However, the cooperation with the SME target group requires communication in Arabic, which refers not only to the corresponding program documents and tools, but as well to the meetings and on-site visits.

Accordingly, the Consultant shall have an Arabic-speaking expert and/or project assistant on site.

5.3 Security Clearance

Is there any security clearance of other formal process requiring authorization to take up services as a consultant and specially as resident expert in Jordan?

5.4 Law

The applicable law for the procurement and the corresponding consulting contract is the Law of the Hashemite Kingdom of Jordan.

6 Time and Duration of Services

The 'Implementation Consultant' shall be contracted for the full period of implementation (i.e. 6 months project inception and program preparation phase + 5 years program implementation, i.e. 66 months).

- As the new guarantee program shall be launched in the last quarter of 2024, the services of the Implementation Consultant shall begin in the second quarter of 2024 (ideally April) to support the practical preparation of the necessary elements for its implementation.
- As accompanying measure to the guarantee program, naturally the services of the IC shall have as well a medium to long-term duration of 5 years.
- It is expected, that especially in the build-up and first year of the program, there will be a strong intensity, while after the development, institutional introduction and first rounds of implementation of the program and the key elements of accompanying measures, the second half of the duration of accompanying measures will require less input for services.
- A mid-term evaluation and review will be conducted after 30 months. This will address the progress of the program and the performance of the Consultant and its team. Depending on the results, the Employer may terminate or continue the contract, and/or requests adjustments in the team.

Bidders are invited to present us their proposal for the time schedule and the field mission components with detailed comments, taking into account the schedules presented in Chapter 4 (Deliverables).

7 Team Composition & Qualification Requirements

The Consultant must demonstrate that he has suitably qualified and experienced experts among its key personnel, who have the appropriate level of academic and professional qualifications and expertise gained in similar projects and countries to recognize and to deliver with respect to the management requirements.

7.1 Positions - Team Matrix

The services will require a broad team with the respective very experienced highly-qualified experts. The Employer expects to present a team filling the following positions for an IC-team:

No	Position	Expertise/ Specialisation	Term	Location	#	Expert months
1	Resident Advisor and Team Leader	Financial Sector Expert (Guarantees)	Long-term	Amman (strong presence – permanent in first 21 months; longer intermediate missions after)	1	40
2	Key Experts					
2.1		Financial Sector Expert (covering as well financials tools and digitalization) Shall be supported by Experts No.2.2 and 2.3, if not covering the respective topics.	Long-term	strong presence in preparation, later on longer intermediate missions to Amman	1	16
2.2		Expert in Financial Modelling and Simulations	Long-term	Intermediate missions to Amman		4
2.3		Expert in Risk Management	Long-term	Intermediate missions to Amman		4
2.4		SME Expert (incl. new sectors)	Long-term	Intermediate missions to Amman	1	4
2.5		Environmental and Social Experts ESMS ESDD / more operative regarding the applications from SMEs, respective assessment with regards to E&S risks etc.)	Long-term	strong presence in preparation; later longer intermediate missions to Amman	2	8
2.6		Monitoring Expert	Long-term	Longer intermediate missions to Amman in monitoring period	1	20
3	Other Experts					
3.1		Financial Sector - Compliance	Long-term	Longer mission in preparation; otherwise home country	1	6
3.2		SME Technical Aspects Specialists	Short- medium	Short-missions to Amman	Pool	7
3.3		IT expert for Financial Institutions	Short	Short-missions to Amman	1	3
4	Project Assistant	International	Long-term	Amman and home country of the Consultant	Pool	12
5	Project Assistant	Local Project Support	Long-term	Amman	1	66
6	Backstopper		Long-term	Home country of the Consultant	1	10
Total					9+ Pool	200

Note: an expert month is the equivalent of 20 expert days

Naturally, the structure and figures are tentative only and the Consultant will have the opportunity to shape a team according their own understanding of the services and allocate the experts days accordingly.

Nevertheless, the above composition represents the expectations of the Employer. Furthermore, as the expert days required are impossible to predict, and as this will be a service contract based on actual days rendered, for the sake of comparability of bids, the

estimate above will be the base for the grid of quantities to be used in the financial proposal of the bidders.

7.2 Requirements for key positions

The requirements for the respective key positions are as follows

No	Position	Expert	Level	Requirement	Comment
1	Resident Advisor and Team Leader	Financial Sector Expert (Guarantees)	Senior	Economist (academic degree) strong experience in management and/or consulting services in the fields of guarantees to SME (preferably in developed and/or advanced emerging financial systems/institutions)	Can be changed in position (>2.1)
2	Key Experts				
2.1		Financial Sector Expert (covering as well financials tools and digitalization)	Senior	Economist (academic degree) Experience in management and/or consulting services in the fields of SME financing competence in financials tools and digitalization	Can be changed in position (>1);
2.2		Expert in Financial Modelling and Simulations	Senior	Economist (academic degree) Solid experience in developing comprehensive simulation tools for financial institutions at program and corporate level (preferably in developed and/or advanced emerging financial systems/institutions)	
2.3		Expert in Risk Management	Senior	Economist (academic degree) Solid experience in risk management in financial institutions (preferably in developed and/or advanced emerging financial systems/institutions)	
2.4		SME Expert (incl. new sectors)	Senior	Economist or Engineer (academic degree) Experience in SME projects, including new sectors	
2.5		Environmental and Social Expert; ESMS	Senior	(International) experience of several years in similar assignments in the period since 2015. Solid and practical experience (consultant and/or E&S manager) - preferably in developed and/or advanced emerging financial systems/institutions – in the following fields and tasks: <ul style="list-style-type: none"> • minimum 2 references of having established a functioning ESMS for financial institutions and/or funds funded by KfW, World Bank, EBRD or other IFIs; • minimum 1 reference of having executed ESDDs for FI's/funds against IFC PS 1/ESS 1 and 9; • providing training on E&S to financial institutions. Furthermore, regional experience in Jordan and/or MENA would be a plus.	
2.4		Monitoring Expert	Senior/ Junior	Academic degree in Economic or Social Science Experience in monitoring/evaluation of financial sector projects and/or SME projects	
3	Other Experts				
3.1		Financial Sector - Compliance	Senior/ Junior	Academic degree in Economics or Law Experience with AML and other compliance requirements of financial institutions and the respective checks	
3.2		SME Technical Aspects Specialists	Senior	Industrial engineers or other relevant degrees Experience in SME projects, including new sectors	

3.3		IT expert Fls	Senior/ Junior	Experience with IT of Financial Institutions (medium sized)	
4	Project Assistant	International	Junior	Relevant academic degree	
5	Project Assistant	Local Project Support	Senior/ Junior	Speaking Arabic and English Experience in cooperation with financial sector	
6	Backstopper		Senior	Relevant academic degree Experience in Backstopping of financial sector project, experience in MENA or with MENA projects	

At least one member of the Consultant team shall speak Arabic, preferably at proficient level and/or as native language.

Usually, the resident advisor would fulfil as well the task of the team leader. Depending on the availability of experts, especially to fulfil the requirement as resident advisor present in Amman, the expert 2.1 can assume the position of the resident advisor, and the Financial Guarantee Expert would work as a key expert.

In general, regional experience is considered an advantage, especially those in the respective financial systems.

8 Relations with the Employer and other Stakeholders

8.1 General relation with the Employer and Stakeholder

As the employer JLGC is a well-established development and finance institution with solid processes and performance and with considerable experience in the cooperation with its international partners, all the details of the services shall be determined and coordinated very closely with JLGC.

JLGC has demonstrated a strong competence in cooperation with consultants allowing for a very interactive and fruitful cooperation and service. Accordingly, there shall be regular progress meetings with the Management of JLGC.

JLGC will provide the IC with all information required for the implementation of the services. Naturally, all information received from JLGC, which is not already published by JLGC itself, is confidential and has to be treated accordingly. The Consultant and each of the member of the team will have to adhere to that code of conduct. To information received from stakeholders such as banks or SME the same applies.

8.2 Employer's Input and Counterpart Personnel

JLGC will provide a permanent working space for the Resident Advisor Consultant during the preparation and inception phase. However, because of the high presence of experts and the corresponding tasks and logistical aspects it seems recommendable that the IC will have their own small office in Amman especially for that preparation and inception period (preferably in the wider neighbourhood of JLGC, run by the local project assistant).

Furthermore, JLGC will nominate a focal point as working counterpart for the Consultant to support the detailed coordination of the services and interaction with JLGC. Mr Ihab

Jebreen (Manager of business development & Market Research Unit) will be the counterpart..

8.3 Performance Reviews

The Employer will review the performance of the Consultant and its team experts.

The employer reserves the right to request the exchange of team members who are not performing satisfactorily for the sake of the program.

9 Other Aspects

Tbd, if any

10 Annexes

Annex 1: Profile of JLGC

Annex 2: Flow Chart for Financial Guarantee

Annex 3: Components of the Technical Assistance Project

10.1 Annex 1: Profile of JLGC

Jordan Loan Guarantee Corporation (JLGC) is a Limited, Public Shareholding Company, established in accordance with the Jordanian Companies Law. JLGC is as well subject to regulations of the Securities and Exchange Commission. Naturally, in all its activities it follows as well the relevant requirements set by the Central Bank.

JLGC offices are located in Amman. The company has no branches in or outside Amman.

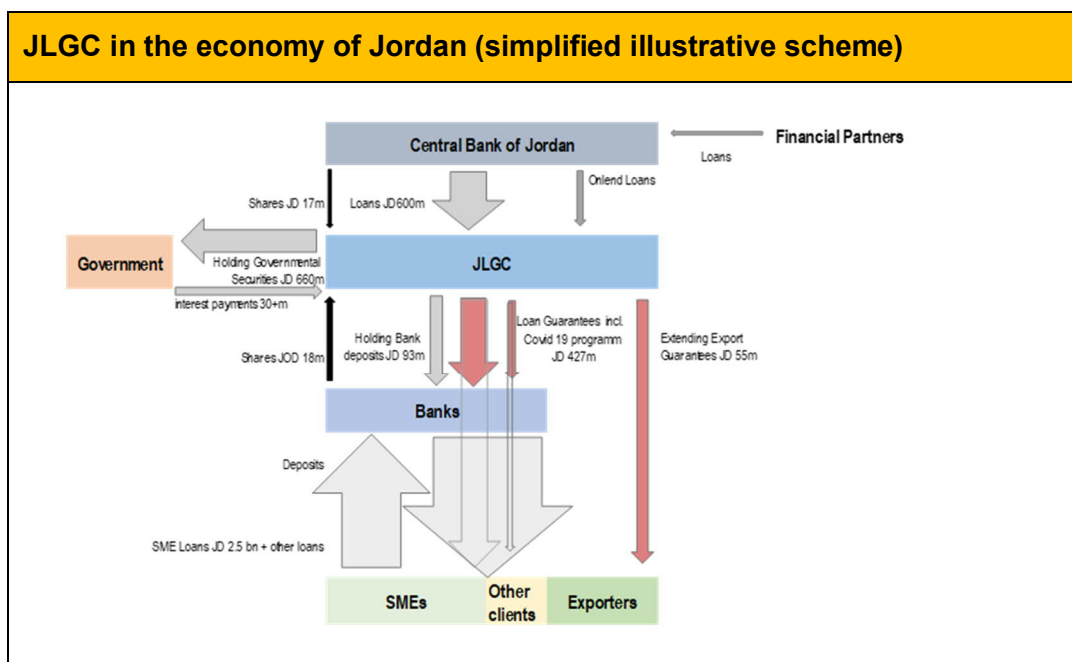
The equity base of JLGC with only JOD 38m is rather limited. However, for the purpose to execute promotional guarantee programs JLGC has received large loans from the Central Bank of Jordan (CBJ), which generate investment income which help to cover the compensations paid on claims from the promotional scheme.

JLGC offers guarantee for two general lines of purposes:

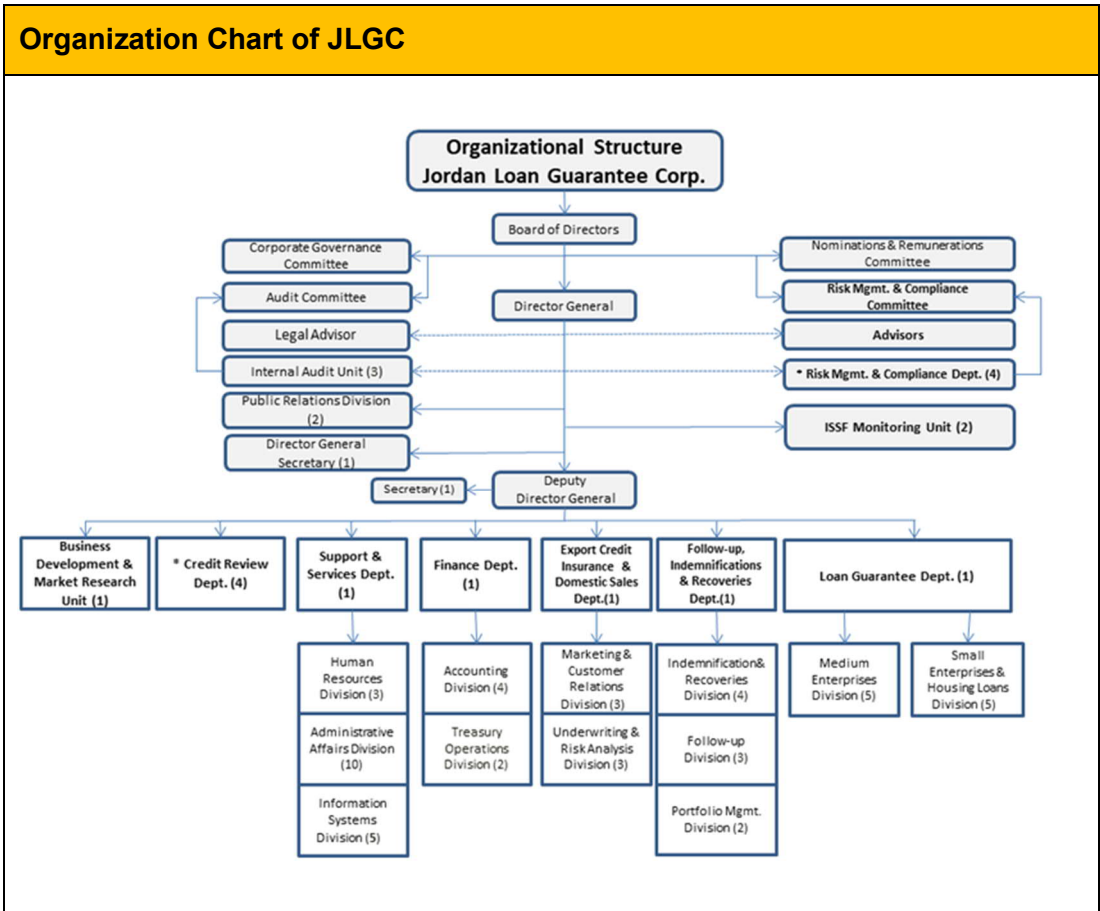
- Sales credit guarantees for export and domestics sales;
- Guarantees for Bank Loans.

The Jordan Loan Guarantee Corporation (JLGC) will be the Project Executing Agency (PEA) of the project. As such it will interact with various institutions, which are part of the future financial scheme of the project.

JLGC is fully embedded in the financial sector and the promotion of the economy in Jordan.



The organisation chart of JLGC reflects with quite a number - of typically small - units the wide range of products and interactions of JLGC and their particular needs plus the corresponding general administrative responsibilities. The most recently approved organizational structure of the JLGC is as follows:



JLGC staff is 60 employees, most of them with academic degrees, earning competitive salaries. The Director General Dr. Mohammed Lutfi Mohammed Al Ja'fari is successfully working in this position since 2011.

JLGC has a comprehensive enterprise resource planning (ERP) business suite in place that includes standard financial and administration modules as well as several customized operational modules for loan guarantees and export guarantees.

To a large extent, JLGC as provider of financial services has to react on trends and needs in the market resulting in corresponding demand. Accordingly, in recent years the level of its activities and the ratios of the sales guarantee programs and the loan guarantee program changed considerably, reflecting changes in the Jordan economy:

JLGC – Outstanding Portfolio at the end of the year 2017-2021							
Outstanding Portfolio		2017	2018	2019	2020	2021	2022
No.	Loan Guarantees	4,349	4,601	4,299	8,757	9,596	-
	Productive Loans	2,657	2,931	2,702	2,094	1,813	
	Industrial Finance Loans	344	482	556	655	920	
	Housing and Personal Loans	1,348	1,188	1,041	938	813	
	National Program - covid-19	-	-	-	5,070	6,050	
	Export Credit Guarantee Results	262	371	1,139	2,427	4,254	-
	Export Credit Guarantees	216	289	501	567	702	
	Domestic Sales Credit Guarantees	46	82	638	1,860	3,552	
	Total	4,611	4,972	5,438	11,184	13,850	-
	Value	Loan Guarantees	93,020,472	104,873,652	103,994,843	424,170,049	427,967,528
Productive Loans		48,873,435	53,471,047	49,027,381	37,204,954	35,808,683	
Industrial Finance Loans		22,170,139	32,073,745	38,087,180	43,874,684	54,901,045	
Housing and Personal Loans		21,976,898	19,328,860	16,880,282	15,504,396	13,850,763	
National Program - covid-19		-	-	-	327,586,015	323,407,037	
Export Credit Guarantee Results		3,418,410	4,142,077	35,739,890	36,594,877	57,287,041	-
Export Credit Guarantees		3,075,519	3,923,926	35,360,400	35,350,755	55,969,839	
Domestic Sales Credit Guarantees		342,891	218,151	379,490	1,244,122	1,317,202	
Total		96,438,882	109,015,729	139,734,733	460,764,926	485,254,569	-
Average Value		Loan Guarantees	21,389	22,794	24,190	48,438	44,599
	Productive Loans	18,394	18,243	18,145	17,767	19,751	
	Industrial Finance Loans	64,448	66,543	68,502	66,984	59,675	
	Housing and Personal Loans	16,303	16,270	16,215	16,529	17,037	
	National Program - covid-19	-	-	-	64,613	53,456	
	Export Credit Guarantee Results	13,047	11,165	31,378	15,078	13,467	-
	Export Credit Guarantees	14,239	13,578	70,580	62,347	79,729	
	Domestic Sales Credit Guarantees	7,454	2,660	595	669	371	
	Total	20,915	21,926	25,696	41,199	35,036	-

Source: Compiled from Annual Reports of JLGC

Over the years the JLGC developed quite a number of windows of their guarantee programs to cater for special groups and purposes.

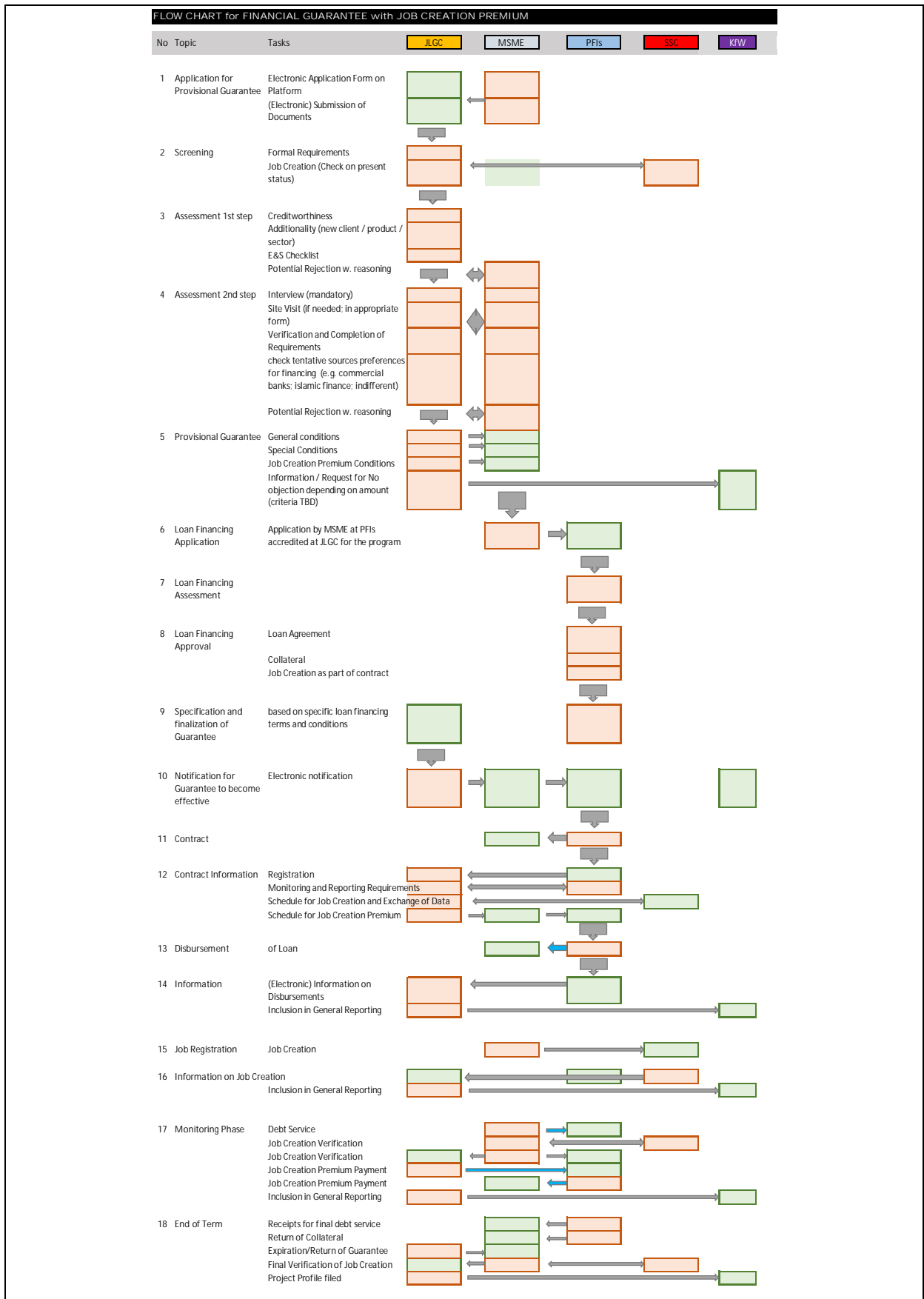
JLGC Guarantees for Productive Loans									
Guarantees	Limits	Max			Outstanding Portfolio Mid 2022				
		Max LOAN Amount	Max Months	Coverage %	Max Guarantee Amount	No	Amount JOD	Average JOD	Average % of Limit
1	National for Loan Guarantee Program to encounter Covid-19	1,000,000	54	85	850,000	6,050	323,407,037	53,456	6%
2	SMEs Loan Guarantees	250,000	72	70	175,000	1,119	19,309,283	17,256	10%
3	Small Startups program	250,000	60	85	212,500	577	18,499,858	32,062	15%
4	Industrial Loan Guarantees (EJADA)	1,000,000	96	80	800,000	120	17,438,217	145,318	18%
5	"Kafala" Program- Islamic Financing (Industries & services)	1,000,000	96	80	800,000	847	33,233,933	39,237	5%
6	Renewable Energy program	350,000	60	70	245,000	9	430,695	47,855	20%
7	Leasing Guarantees (EJADA)	1,000,000	96	70	700,000	9	806,943	89,660	13%
8	Entrepreneurship Financing Program	75,000	90	80	60,000	43	977,377	22,730	38%
9	Micro Loan Guarantees	15,000	36	70	10,500	9	13,420	1,491	14%
10	"Kafala" Program- Islamic Financing (Trade)	250,000	72	70	175,000				
11	Central Bank's Program Guarantee for Financing Micro and Small Companies	25,000	42	85	21,250				
Total						8,783	414,116,763	47,150	

Source: JLGC

The overall default rates of commercial loans and guarantees in pre-corona times was reported to be in the range of 10-13%.

E&S: JLGC has a short document on its Environmental and Social Management System (ESMS) presenting a framework and elements with a rather general character. Key elements in practice are comparisons against JLGCs Exclusion List and checking the approval from the Local Authorities. JLGC does not have a corresponding E&S unit or professionals guiding and guarding the practical and consequent implementation of the system.

10.2 Annex 2: Work Flow Guarantee with Job Creation Premium



10.3 Annex 3: Components of the Technical Assistance Project

Due to the innovative nature of the program these profiles of detailed tasks are tentative only. Their respective details may be adapted to the needs and priorities as agreed between the employer and the IC.

Furthermore, most of the components are depending on others, even with mutual linkages. These relations and the synergy effects shall be taken into consideration for the concept and the services of the IC.

10.3.1 A1: Overall Support (IC on site / Intermittent)

#	A1	
Area	Overall support to JLGC	
Topic	Overall Support (IC on site / Intermittent)	
Status	Not applicable	
Objective	Proper overall development of the program and positive impact on the institutional development of JLGC, enhanced by a transfer of know-how	
Type of Services	Program team leadership and management Advice on Strategy and overall implementation of the Program and its interactions with the institutional development of JLGC	
Details of Tasks	Team leadership of the IC -active hands-on approach Supervision, coordination, management of all efforts of the IC Superior services concerning strategy and approach of the program Direct interaction with management of JLGC	
Duration	5 years. Note: It is not expected that this position will be covered by a single person over the full duration of the project.	
Location	Resident Advisor Strong on-site presence in Amman in the first 21 months; regular and frequent missions in later stages	
Expert Requirements	Profound experience in management and/or consulting <u>in</u> Financial Guarantee Institutions and /or corresponding programs/projects in the context of developed/advanced financial systems Familiarity with modernisation and digitalisation of financial services and institutions	

10.3.2 A2: Support for Electronic Platform/ Acquisition of Digital Applications

#	A2	
Area	Program Work Flow	
Topic	Support for Electronic Platform/ Acquisition of Digital Applications	
Status	Besides its informative website (https://www.jlgc.com/en/jlgc), JLGC does not have any interactive electronic platform to be used by the SME-clients.	
Objective	The program and the new direct contact to SMEs shall be supported by an electronic platform allowing for information, application and first checks of applicants and their applications (Automatic pre-assessment; to be shared with applicant). Comprehensive and secure electronic interaction with applicants and clients.	
Type of Services	This platform must be acquired. Procurement Support	
Details of Tasks	Assessment of needs and development of specifications for hardware and software; taking into account the needs for security and harmonisation with the existing electronic structure and web-approach of JLGC Support in procurement and supervision of installation/implementation Use shall be made of the local market of suppliers to facilitate proper further development and maintenance	
Duration	During preparation and inception period	
Location	Amman	
Expert Requirements	Experience with digital solutions (hardware, general software and applications) in the financial sector Knowledge of the market	

10.3.3 A3: Digitized, Smart Application and Filtering Scheme

#	A3	
Area	Program Work Flow	
Topic	Digitized, Smart Application and Filtering Scheme for pre-assessment of SME applications plus later interaction with client	
Status	As there is no direct application by SME-users yet, JLGC may not have the necessary type of electronic platform so far to be used by the clients for applications and further interactions along the line.	
Objective	The new direct contact to SMEs shall be supported by an electronic platform allowing for information, application (electronic forms and submission) and first checks (completion, consistency etc.) of applicants and their applications. Create effective and efficient point of entry for new approach Shall accommodate as well for further interactions along the line, i.e. with guarantee clients e.g. for reporting etc.	
Type of Services	Design and development of smart electronic platform and applications	
Details of Tasks	Specification of the process of application and first checks (filtering) in close cooperation with JLGC. Transformation of the process into smart digital scheme and applications Detailed design of all elements Implementation into the digital platform Regular adaption and maintenance of the scheme	
Duration	During preparation and inception period; regular adaptation and updates	
Location	Amman plus home country of the consultant/expert	
Expert Requirements	Experience with digital solutions for client platforms in the financial sector and with the assessment of applications for guarantees and/or loans	

10.3.4 A4: Support for Operational Manual

#	A4	
Area	Program Work Flow	
Topic	Support for Operational Manual including all templates, checklist etc.	
Status	JLGC has manuals for their existing programs and products.	
Objective	As the program has completely new elements, a corresponding detailed (electronic) operational manual shall support the future implementation.	
Type of Services	Development of the (electronic) Operational Manual in close interaction with JLGC plus on-the-job training	
Details of Tasks	<ul style="list-style-type: none"> • Draft of all templates (reports, agreements etc.), incl. for Preliminary Conditional Loan Guarantee to incl. conditions of the facility incl. conditions for the job creation premium and to be legally reviewed (2 versions needed (Commercial banks; Islamic banks) • Draft detailed Processes and Work-Flows for JLGC assessment and approval of SME applications incl. terms for eligibility criteria for SMEs as well as the management and disbursement of the Job Creation premium • Design of the Structure, Content and Functions of the Manual as electronic interactive manual. • Development of all necessary and useful elements (templates, checklists, tools, forms). • Implementation of the Electronic Operational Manual • Updates and Maintenance • On the job-training for users 	
Duration	During preparation and inception period; regular adaptation and updates	
Location	Amman plus home country of the consultant/expert	
Expert Requirements	Comprehensive Experience in guarantee and/or loan scheme in all phases	

10.3.5 A5: Investment Strategy

#	A5	
Area	Program Strategy	
Topic	Investment Strategy	
Status	JLGC existing strategy documents and prudential practice	
Objective	Based on JLGC's current practice, the funds provided for this Facility shall be invested to generate income, increasing the stock of funds, thus also the leverage and effective usage of funds available. Support of JLGC in the elaboration of respective principles for a corresponding "Investment Strategy" that will meet as well the requirements of KfW	
Type of Services	Interactive elaboration of strategy document with practical operational elements	
Details of Tasks	Drafting of Strategy based on JLGC practice and objectives of the facility Main principle: Promotional objectives shall be approached under the premise of the prudential practice of JLGC and the financial viability of the facility. Development of a comprehensive set of operational elements (tested for financial viability) to serve as guiding principles/criteria throughout the implementation of the program Shall address and cover among others: Definitions, criteria and principles for <ul style="list-style-type: none"> • SME (types and sizes), • Target groups and sub-groups • Sectors and subsectors • E&S requirements • Cluster and cluster risk • Jobs to be created • Financial instruments and conditions • Cooperation with banks • Cooperation with Social Security Cooperation • Cooperation with (Local) Authorities 	
Duration	6 months - During preparation period	
Location	Amman plus home country of the consultant/expert	
Expert Requirements	Comprehensive Experience in guarantee and/or loan scheme in all phases	

10.3.6A6: Assessment of Loan Guarantee Applications

#	A6	
Area	Program Work Flow	
Topic	Assessment of Loan Guarantee Applications	
Status	JLGC has a systematic and comprehensive assessment procedure and process for bank's applications for loan guarantees, especially for standard sectors.	
Objective	The assessment process is transposed and extended to accommodate for a full assessment of guarantee application directly from SMEs making wider use of risk assessment and electronic tools within the project of Financial Cooperation	
Type of Services	Process Design and optimization On the job practical support Training	
Details of Tasks	In cooperation with JLGC definition/development of elements and content of assessment procedure and process (work flow) for the new type of guarantees and clients Development of tools and on-the job practical support for assessment of loan guarantee applications, especially for new sectors, E&S aspects. On the job-training of JLGC project unit TA for assessment of complex technical aspects, by (local) short-term experts as sub-consultant of implementation consultant Guidance to get specialized information and support In later stage: options of transfer from project to other areas of JLGC	
Duration	5 years	
Location	Amman; strong on-site presence required, albeit with decreasing intensity after 21 months	
Expert Requirements	Experience in financial institutions and/or corresponding program, preferably in developed/advanced financial systems Strong experience in the assessment of creditworthiness and risks of SMEs	

10.3.7 A7a: Financial Simulation

#	A7a	
Area	Strengthening of program and JLGC	
Topic	Financial Simulation	
Status	As a financial institution develops short – and long term plan for the further development. However, JLGC lacks a program for the financial projection and simulation of scenarios	
Objective	Financial Model for the program (including simulation elements) facilitating management and decision making Financial Model for JLGC Both adequate for the size of the program and the Financial institutions	
Type of Services	Financial Modelling Training in the use of the model	
Details of Tasks	Development of tools for simulation of program to enhance management of fund and decisions	
Duration	2 years for development, testing and updating	
Location	Amman plus home country of the consultant/expert	
Expert Requirements	Experience in designing complex financial models and applications in the financial sector	

10.3.8 A7b: Risk Management Tools

#	A7b	
Area	Strengthening of program and JLGC	
Topic	Risk Management Tools	
Status	As a financial institution, naturally JLGC has its own Risk Department. In the assessment and the approval process, risk is analyzed for the individual loan guarantee as well as for the banks.	
Objective	Complete and systematic risk-scoring matrices and systems covering all relevant aspects for default risk Covering new and extended loan guarantees Allowing for continuous and complete management of financial risks of the program and JLGC as an institution	
Type of Services	Design and development of corresponding elements Implementation for the program Training of Program Unit and other relevant staff of JLGC	
Details of Tasks	Further development of the risk scoring for individual loan guarantees Support for development of sectoral risk matrix for the program to avoid cluster risks Support to enhance further JLGC risk-management tools, e.g. based on credit history / JLGC database Further development of risk policy/matrix for cooperation with financial institutions Standardisation, automatization, digitalisation	
Duration	5 years, with most of the activities in the first 21 months	
Location	Amman, plus home country of the consultant/expert	
Expert Requirements	Experience in credit scoring and risk systems for SME loans	

10.3.9 A8: E&S risk assessment and policy

#	A8	
Area	Strengthening of program and JLGC	
Topic	Environmental and Social Risk Management	
Status	<p>An Environmental and Social Commitment Plan (ESCP) has been prepared for the project and forms part of the contractual agreement between JLGC and KfW. The main provisions set out in the ESCP are related to ESMS development, the need for external support from qualified consultants, monitoring and reporting requirements as well as training of responsible staff (by the Implementation consultant as well as through the KfW e-learning platform).</p> <p>At present JLGC does not have a comprehensive ESMS in place. Some elements of an ESMS already exist (some E&S procedures, exclusion list, grievance mechanism, OHS policies), but their adequacy and compliance with IFC PS needs to be confirmed within this assignment.</p> <p>Designated E&S staff will be mobilized before the start of the assignment, comprising a dedicated senior representative (E&S Manager) and environmental and social specialists who will be trained within the project for the day-to-day ESMS implementation.</p>	
Objective	<p>Support JLGC in the implementation of the ESCP. In particular, establish an IFC PS compliant ESMS and support JLGC in its implementation.</p> <p>Contribute to raising awareness of E&S risks within the Jordanian financial sector.</p>	
Type of Services	<ol style="list-style-type: none"> 1. Support JLGC in implementing the ESCP. 2.a The main task under the ESCP is the establishment of an ESMS for JLGC. The ESMS will form part of the Operational Manual for the Project, in accordance with KfW Development Bank's Sustainability Guideline and IFC Performance Standard 1 (using WB ESS 9 as guidance). 2.b Support JLGC in the implementation of the ESMS. 3. Introductory E&S risk management trainings for partner FIs and basic capacity development 	
Details of Tasks	<ol style="list-style-type: none"> 1. Support in implementing the ESCP: <ul style="list-style-type: none"> • Assist JLGC in ensuring the conformity of its internal labor management practices and procedures with the requirements laid out in IFC PS2, including the provisions of the ILO Fundamental Conventions. 	

	<ul style="list-style-type: none"> • Assist JLGC to update and implement a Grievance Mechanism, which is accessible to the general public and in particular to individuals affected by the Program, and to workforce engaged in the implementation of financed projects in line with the requirements of IFC PS 1. • Assist JLGC to monitor the ESHS Performance of End-Loans, and compliance with E&S action plans, as detailed in its ESMS. In this regard, assist JLGC in the preparation of the Annual E&S Performance Report (AESPR). <p>2. ESMS Development and Implementation:</p> <ul style="list-style-type: none"> • Assist JLGC to develop/ update and implement a risk adequate ESMS with clear processes and structure for due diligence and supervision of environmental and social aspects. The ESMS shall include, inter alia, the following elements: <ul style="list-style-type: none"> - E&S policy; - Exclusion List; - E&S management manual, including description of JLGC’s E&S risk profile, E&S requirements, clearly defined procedures for the identification, categorization, assessment, management, and monitoring of the environmental and social risks and impacts of Loans for which the guarantees are issued, organizational capacity and structure, supervision and reporting, external communication. - Grievance Mechanism <p>3. Awareness raising and E&S capacity development within partner FIs:</p> <p>Provide designated training on E&S risk management to partner FIs.</p> <p>Practical Support and capacity building during implementation:</p> <ul style="list-style-type: none"> • Technical screening of (potential) environmental risks • Corresponding monitoring during implementation of investment • Check of compliance with all social regulations and the corresponding conventions • E&S risk classification • Monitoring of E&S 	
Duration	5 years, with most of the activities in the first 21 months	
Location	Amman, plus home country of the consultant/expert	

Expert Requirements	Experience with setting up ESMS for FIs and providing designated training to FI staff. Familiarity with typical E&S risks related to SMEs	
---------------------	--	--

10.3.10 A9: Accreditation of Banks

#	A9	
Area	Strengthening of program and JLGC	
Topic	Accreditation of Banks	
Status	Most of the banks (Commercial and Islamic banks) are <ul style="list-style-type: none"> shareholders of JLGC and are accredited with JLGC and make use of their loan guarantee, albeit at different levels of intensity. 	
Objective	Accreditation for the program in line with the compliance requirements of Financial Cooperation with Germany for financial institutions	
Type of Services	Recollection and evaluation of reports and data from banks Checking of compliance with AML and other requirements	
Details of Tasks	Facility to follow an inclusive approach of the program, i.e. generally open to all banks in Jordan, yet subject to fulfilment of conditions of the loan guarantee agreement which is to be developed during inception phase with IC support; Continuous support for regular reports on cooperation with banks and accreditation of banks, especially for coordination with KfW Checking of compliance with AML and other requirements, especially those of KfW	
Duration	5 years in regular intervals	
Location	Amman, plus home country of the consultant/expert	
Expert Requirements	Experience in the financial sector, especially AML and other compliance requirements	

10.3.11 A10: Training

#	A10	
Area	Strengthening of program and JLGC	
Topic	Specialized Training	
Status	JLGC carries out about 40 specialized internal training courses for small groups per year. However, this does not cover all spheres of the future program, which by its innovative nature defines as well new required capabilities.	
Objective	The staff in charge with guarantee program are all familiarized with the guarantee program and can carry out their task and duties in line with the requirements.	
Type of Services	Training courses for JLGC staff (usually small groups) Training on-the-job Referrals and arrangements of training in Guarantee Institutions abroad	
Details of Tasks	Training for JLGC staff in all topics A2-A8, especially Training of Loan officers and managers of participating banks in analysis of new sectors, without long credit history Training in Guarantee Institutions abroad of JLGC staff (Course Fees plus travel)	
Duration	5 years, especially first 21 months	
Location	Amman, and abroad	
Expert Requirements	Practical experience in financial sector programs and as trainer	

10.3.12 B1: Monitoring

#	B1	
Area	Monitoring (incl. monitoring of jobs)	
Topic	Monitoring of process and impacts	
Status	Not applicable	
Objective	The monitoring covers all areas and spheres (including compliance and monitoring of output and impact, especially on job creation), and feeds into the management information system of the program (MISP)	
Type of Services	Smart recollection and processing of data On-site visits Reports and recommendations	
Details of Tasks	Development of Schemes and Templates for Monitoring (if needed as well creation of proper rules/system for AML compliance check of SME clients) Development of Scheme of Reporting by SMEs and banks Set-up and management of corresponding electronic platform (to be accessible for reading as well by KfW) Completion/Verification of data of clients, banks and other institutions with case-wise monitoring on-site	
Duration	5 years	
Location	Amman, plus home country of the consultant/expert	
Expert Requirements	Experience with monitoring in financial sector programs	

10.3.13 B2: Reporting

#	B2	
Area	Reporting on Program	
Topic	Comprehensive Reporting	
Status	Not applicable	
Objective	The reporting system inform in a comprehensive but compact way on all developments in the program, especially those topics which are defined by the Separate Agreement between JLGC and KfW	
Type of Services	Design of Report system Data recollection Preparation of reports	
Details of Tasks	Design and development of report scheme incl. the corresponding Program MIS with early warning indicators Data recollection and processing Preparation of reports plus corresponding presentations	
Duration	5 years, in the corresponding intervals	
Location	Amman, plus home country of the consultant/expert	
Expert Requirements	Experience in financial sector programs	

10.3.14 B3: Procurement Support

#	B3	
Area	Procurement Support	
Topic	Overall Support (IC on site / Intermittent)	
Status	JLGC has a working procurement system in compliance with its procurement standards	
Objective	Procurement fulfils the standards of JLGC and Financial Cooperation	
Type of Services	Procurement support	
Details of Tasks	<p>Support for Procurement of other AM-Activities as needed</p> <ul style="list-style-type: none"> • Development of Tender Documents • Assistance in Tender Procedure • Support in Evaluation of offers <p>May refer to:</p> <ul style="list-style-type: none"> • Auditing • Marketing and Communication • Digitalization • And others 	
Duration	Mostly first 21months	
Location	Amman, plus home country of the consultant/expert	
Expert Requirements	<p>Experience in financial sector programs</p> <p>Basic experience with procurement in Financial Cooperation</p>	

10.3.15 B4: Backstopping

#	B4	
Area	Backstopping	
Topic	Backstopping and coordination of consultant activities	
Status	Not applicable	
Objective	The project and the activities of the expert team shall be supported by a competent and experienced backstopper in the headquarter/home office of the Consultant	
Type of Services	Supervision and management	
Details of Tasks	Supervision and selected management support Selection of specialized short-term experts, if needed Selection of new key experts, if and when needed Troubleshooting Interaction with JLGC and KfW	
Duration	5 years	
Location	headquarter/home office of the Consultant	
Expert Requirements	Long-standing experience of supervision of financial sector programs	

10.3.16 C: Training for Banks

#	C	
Area	Training for Banks	
Topic	Training for Banks in selected topics	
Status	Not applicable	
Objective	As banks are the financier of the investment of the SME and the direct beneficiaries from the guarantee, the training familiarizes their specialized staff with all features and aspects of the program and creates the knowledges to deal with new sectors.	
Type of Services	Targeted Training	
Details of Tasks	<p>Detailing of concept during Inception Phase</p> <p>Workshops to be provided during implementation</p> <p>Close cooperation with JLGC</p> <p>i) Under JLGC responsibility: Dedicated Workshops with banks on the facility (bank by bank)</p> <p>ii) Conduct workshops (3-4 over first year) for all banks for technical support (e.g. analysis of new sectors, without long credit history, credit review assessment etc.); shall include E&S awareness raising: introduction to ESMS - Optional</p>	
Duration	Mostly first 21 months	
Location	Amman	
Expert Requirements	Practical experience in financial sector programs and as trainer	

10.3.17 D: Training for SMEs

#	D	
Area	Training for SME	
Topic	Training for SME applicants	
Status	Not applicable	
Objective	Improve the applications of SMEs in relation to the facility and thus bankability	
Type of Services	Training Workshops	
Details of Tasks	<p>Detailing of concept during Inception Phase</p> <p>Provision of TA measures during Implementation</p> <p>Targeted TA support for SMEs to improve their applications in all relevant aspects, incl. E&S in relation to the facility and thus bankability; seek for alignment and synergies with other TA initiatives (incl. overview of relevant initiatives and redirect SMEs, where needed and deemed useful)</p> <ul style="list-style-type: none"> - 5 dedicated workshops for selected groups of SMEs (incl. in cooperation with associations for women, and young entrepreneurs) - For green technologies / finance, leverage on and participate in upcoming national initiative for green finance led by CBJ - Expected IC support: IC (e.g. resident advisor + senior mgt advisor) to act as point of contact for selected groups in particular, and provide targeted technical support for the application + train the technical experts at JLGC + develop training materials for workshops 	
Duration	5 years	
Location	Amman	
Expert Requirements	Key role (resident advisor and/or management advisor in project/program)	

END OF DOCUMENT