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**USAID/Jordan Local Enterprise Support Activity
(USAID LENS)**

Associate Award

QUARTERLY REPORT

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USAID/Jordan Local Enterprise Support Activity (USAID LENS)

QUARTERLY REPORT

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Acronyms

AOR	Agreement Officer Representative
AVI	Association Viability Index
BDS	Business Development Services
BDSP	Business Development Service Provider
CAM	Competitiveness Appraisal Matrix
CBO	Community-based Organization
CDS	Cities Development Strategy
CEP	Jordan Civic Engagement Project
CGAP	Consultative Group to Assist the Poor
CLA	Collaboration, Learning, and Adapting
CDCS	Country Development Cooperation Strategy
JLGFP	Jordan Loan Guaranty Facility Program
CIBER	Competitiveness Impacts of Business Environment Reform
CSP	Jordan Civil Society Program
CSR	Corporate Social Responsibility
DEF	Development and Employment Fund
E-TVET	Employment, Technical and Vocational Education Training Fund
EU	European Union
FHI 360	Family Health International 360
FI	Financial Institutions
FLGR	Bulgarian Foundation for Local Government Reform
FSA	Financial Sector Assessment
GIZ	German Society for International Cooperation
GAM	Greater Amman Municipality
GOJ	Government of Jordan
GDP	Gross Domestic Product
ICMA	International City/County Management Association
ICT	Information Communication Technologies

IFC	International Finance Corporation
IR	Intermediate Result
JEDCO	Jordan Enterprise Development Corporation
JEDP	Jordan Economic Development Project
JFRP II	Jordan Fiscal Reform Program II
JIB	Jordan Investment Board
JICA	Japan International Cooperation Agency
JCP	Jordan Competitiveness Program
JLGF	Jordan Loan Guarantee Facility
JOHUD	Jordanian Hashemite Fund for Human Development
JTD III	Jordan Tourism Development III Program
LDD	Local Development Directorates
LDU	Local Development Units
LDVC	Local Development Voluntary Committees
LED	Local Economic Development
LENS	Jordan Local Enterprise Support Activity
LES	Local Economic Scorecard
LGDP	Local Governance Development Program
M&E	Monitoring and Evaluation
MEDA	Mennonite Economic Development Associates
MFI	Microfinance Institution
MSE	Micro and Small Enterprises
MSME	Micro, Small and Medium-Sized Enterprises
MFW	Microfinance Fund for Women
MIT	Mobile Interactive Technologies Group
MOA	Ministry of Agriculture
MOI	Ministry of Interior
MOMA	Ministry of Municipal Affairs
MOPIC	Ministry of Planning and International Cooperation
NAFES	National Fund for Enterprise Support

NBFI	Non-Bank Financial Institution
NGO	Non-Governmental Organization
OIRE	Office of International Research Ethics
OPIC	Overseas Private Investment Corporation
PLEDJ	Promoting Local Economic Development in Jordan
PPD	Public-Private Dialogue
PPP	Public-Private Partnership
RLDP	Regional and Local Development Project
SCALE	System-wide Collaborative Action for Livelihoods and the Environment
SME	Small and Medium-sized Enterprises
SMS	Short Message Service
SNA	Social Network Analysis
TA	Technical Assistance
TrainNet	Training Results and Information Network
UNDP	United Nations Development Programme
USAID	U.S. Agency for International Development
VCA	Value Chain Analysis
WEPIA	USAID Water Efficiency and Public Information for Action project

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I. EXECUTIVE SUMMARY

USAID LENS concluded Year 2 with the launch of two key technical interventions to support micro and small enterprises (MSEs) in the food processing and transport sectors. Following the conclusion of value chain analyses in all three selected sectors (food processing, tourism, transport and logistics), technical teams began designing initiatives for implementation in Year 3 in several subsectors, including adventure tourism and artisanal foods.

In the last quarter, USAID LENS began implementing several grants, ranging from the larger Micro Finance Institution (MFI) grants to several of the smaller New Business grants. As of the end of Q4, a total of 9 MSE (existing and new Business) grants had been approved at value of more than \$550,000. Findings from value chain analyses will support the restructuring of the USAID LENS APS to strengthen overall impact across sectors in Y3. Meanwhile, considerable progress was made in grants and procurements related to grants for microfinance institutions (MFIs), and a new RFA solicitation for MFIs was published in the last quarter of the year, with evaluation of applications expected to commence in the first quarter of Year 3. MSE grants approved under the RFA mechanism are under implementation.

USAID LENS also expanded its key MSE Survey to three new governorates (Aqaba, Tafilah and Kerak). Data collection was completed in Q4 and analysis is ongoing. The project has begun to develop a range of products to facilitate the survey's accessibility, usability and application in the market. USAID LENS is planning a major stakeholder event to introduce the survey, its findings and potential applications late in Q2 or early Q3 of the next year.

Finally, in collaboration with municipal partners and stakeholders, USAID LENS has completed the groundwork for the municipal local economic development planning activity planned for Q1/Y3. This has included the completion of data collection for municipal resources mapping, municipal capacity assessments and a series of municipal stakeholder meetings in all 9 partner municipalities.

With the expansion of value-chain related technical interventions and grant implementation in Year 3, the project will begin to scale up its visibility through a number of communications activities and events.

II. KEY RESULTS AND ACHIEVEMENTS

MSE Strengthening

USAID LENS successfully launched two key technical interventions to support micro and small enterprises (MSEs) in the food processing and transport sectors.

In food processing, USAID LENS signed a memorandum of understanding (MOU) with the Safeway supermarket chain in Q3 to support the integration of food producers and processors into the supermarket's supply chain for at least two product lines: processed dairy products and pickles. The partnership is providing these businesses and cooperatives with the training and support necessary to become Safeway suppliers, which should benefit a total of 142 employees and members of participating MSEs and cooperatives in the Irbid governorate. In Q4, the USAID LENS grants team developed grants programs with 4 cooperatives/MSEs to provide direct support that complements other technical assistance provided through this initiative. At the end of Q4, the dairy products of one of these cooperatives - Al Andalus owned by the Cattle Breeders Association - were being sold in Safeway branches in Amman, with plans to expand the sale of these products to a branch in Zaatari refugee camp in the north. We will continue to work with this grantee to increase production, and expand the number of points of sale, and boost sales from JD100,000 to JD200,000 annually.

In the transport sector, in Q4, a project implementation (PIL) letter was signed between Jordan's Land Transport Regulatory Commission (LTRC) as part of a USAID LENS activity to improve the competitiveness and sustainability of MSEs in Jordan's land transport sector. The activity will increase commercial vehicle drivers' compliance with new safety regulations passed by the LTRC in 2014 by supporting them in acquiring new certifications and safety tools to meet international safety standards. Through this partnership, LENS will provide hundreds of businesses with the training and support necessary to meet the new regulations. The PIL was signed in August by Jordan's Minister of Transport Dr. Lina Shabeeb and USAID Mission Director James Barnhart. The event was covered by 9 media outlets in the kingdom.

Throughout the year, the project also provided nearly 500 person training hours with private sector partners, and began supporting the growth and sustainability of more than 100 MSEs operating in target value chains and geographies through grants and technical interventions. (See also Section III: Grants Implementation and Appraisal)

Access to Finance Strengthening

Progress was made in the finalization of grants or procurements under grants for three Microfinance Institutions (MFIs). These are explained in detail in the Grants Section but in combination total \$1.5 million and are intended to greatly expand the reach of MFIs to LENS target communities, as well as women-owned businesses, and improve the capacity of MFIs to develop products, assess risk, and better serve these constituencies.

In addition, there was progress in several technical assistance initiatives, particularly the development of workshops and conferences including plans to organize Digital Financial Services Public Forum in early 2016 in coordination with key MFIs, the CBJ and other institutions involved in the sector. There was also progress in development of the Tanmeyah database, with Bayan Advisors completing several phases of the preparatory work and continuing discussions with MFIs on the willingness to provide key data for the effort. (See also *Section III: Grants Implementation and Appraisal*)

Local Economic Development Strengthening

The Local Economic Development (LED) planning work made significant progress with consultants actively engaged in all 9 partner MLDUs to develop their plans, with Steering Committees established in all municipalities and the LDUs engaging stakeholders in the creation of community SWOT analysis, mission, vision and strategic goals and activities for each of the identified LED plans. The first stakeholder meeting was held at the end of Q4, with the rest to be completed in October. The USAID LENS team is also nearing completion of the LDU Assessment to establish a baseline for measuring LDU capacity going forward and support design of future support to the LDUs.

In FY 15, the training and technical assistance provided to LDUs reached 144 municipal and governorate level personnel and included 1,002 hours of training to improve the business enabling environment at the local level. The project also supported improvements in the technical and physical infrastructure of LDU premises. (See also *Section III: Grants Implementation and Appraisal*)

III. GRANTS IMPLEMENTATION AND APPRAISAL

In the last quarter, USAID LENS made significant progress in approving and beginning implementation on several grants, ranging from the larger Micro Finance Institution (MFI) grants to several of the smaller New Business grants. As of the end of Q4, a total of 9 MSE (existing and new Business) grants had been approved at value of more than \$550,000. Finally, considerable progress was made in grants and

procurements related to grants for Microfinance Institutions (MFIs), and the previously approved MSE grants under the RFA mechanism are under implementation.

During the last quarter, the following New Business MSE grants had been approved:

- **Manar Harb (Green Kitchen) – Irbid. In-kind Grant (IKG) for the amount of JOD 14,943.** This grant will support an established home-based production kitchen to start working as a registered business.
- **Ala Daibes – Irbid. IKG in the amount of JOD 14,900.** This grant will support the start-up of a Mountain Bicycles Center that will provide a value-added service to the visitors to touristic sites in Barqish (Irbid).
- **Abdullah Al Sharari – Irbid. IKG in the amount of JOD 14,990.** This grant will support a tire repair and changing station in Irbid.
- **Tad'em – Na'ur. IKG in the amount of JOD 16,070.** This business provides catering services of food, beverages and other consumables.
- **Thamer Abu Tayeh – Azraq. In-kind Grant (IKG) for the amount of JOD 10,785.** This grant will equip a small photography studio with the proper equipment.

With regard to the MFIs, several grants were signed and progress made in procurement of services and goods under these grants. These include:

- **Tamweelcom Microfinance Institution. Two In-kind Grants (IKGs) totaling an estimated \$540,000 were approved.** The two grants will provide up to \$240,000 to purchase up to 12 kiosks to in remote areas and an estimated \$300,000 to procure and customize a mobile branch to reach new clients in Karak, Tafilah and Ma'an. The mobile branch procurement will be led by FHI HQ and the kiosks by Tamweelcom with USAID LENS involvement.
- **National Microfinance Bank (NMB). Procurement under two IKGs of more than \$500,000.** Two vendors selected following RFPs for technical assistance grants to the National Microfinance Bank (NMB) in an estimated value of more than \$500,000. These include selection of Frankfurt School to develop an SME Unit for the bank, and the selection of Continuum to conduct research for the use of mobile payments. As of writing, USAID approval has been received for Frankfurt School and the contract is pending signature by Frankfurt School. FHI HQ will finalize the contract and seek USAID approval for Continuum.
- **Microfund for Women (MFW). Procurement for two IKGs totaling more than \$500,000.** MFW led the procurement process for selecting vendors to establish a Learning Academy and a Risk Management Department. FHI HQ will confirm adequate procurement policies and compliance with USAID and FHI requirements.

By the end of September, another 31 grants had been shortlisted for consideration and are undergoing the due diligence process. This includes 4 grants for MSEs, 4 for BSPs, and 23 for New Businesses. This has resulted in a total pipeline of \$617,334 for grants approved and under due diligence.

Another round of MFI grants is under consideration following the new RFA solicitation published in the last quarter of FY 15 to develop new and innovative products. A solicitation workshop was held on August 26 with representatives from Ahli Microfinance Company, King Hussein Foundation/Ethmar, Microfund for Women, National Microfinance Bank, Tamweelcom and VITAS in attendance. Submission deadline for applications was September 16, and a GEC will be held in early FY 16 to evaluate and shortlist proposals.

Also in this quarter, the grants and technical teams worked together to define how to restructure the grants program to be more targeted to priority sectors and geographies. New APSs are being developed for the

MSE and BSP grants, as well as new application forms, to increase the quality and focus of applications in the future. These will be issued in the 1st quarter of FY 16.

IV. IMPACT ACHIEVED AGAINST TARGETS

USAID LENS continues to make steady progress towards the achievements of targets in several areas. As noted in the table below, there are several indicators where results will be achieved through grants, including both MFIs and businesses. Several training and workshop activities have been implemented that have produced the results shown below. The quantification of these results will be demonstrated through the monitoring and evaluation of grantees, direct data collection tools by the project, and ultimately the Targeted MSE Survey, a tool designed to track the responses of project beneficiary MSEs across indicators of firm performance and perceptions of LDU and municipality capacity. This tool was finalized in Year 2 and will begin tracking a rolling sample of project beneficiaries annually in Year 3. As technical and grants activities move to stronger implementation early in Year 3, the project anticipates the pace towards the achievement of targets to accelerate.

USAID LENS KEY INDICATORS October 1, 2014 to September 30, 2015

Indicator	FY 15 Target	Q4 Actuals	Cumulative FY 15 Results	Key Activities in FY 15 that will produce results in FY 16	Estimated Results in FY 16 from Activities started in FY 15
1.1.1 Percentage of targeted MSEs with increased awareness of resources	500	• NA	• 1144	<ul style="list-style-type: none"> • 24 Grants Solicitation Workshops have been held in 21 Municipalities to promote awareness of LENS grants program 	NA
1.1.2 Percentage increase of targeted MSEs with more revenue	500	• 3	• 3	<ul style="list-style-type: none"> • Zyoud Olive Oil grant will support ten (10) olive oil producers to increase revenue • JBA will support 120 members in marketing their products and increasing their revenues • Of 19 MSE grants approved for new businesses, 3 have already generated revenue and another 16 will in early FY 16. 	• 146 MSEs will have increased revenues from activities in FY 15

I.1.3 Number of new jobs created in targeted MSEs in targeted localities	250	<ul style="list-style-type: none"> • 19 	<ul style="list-style-type: none"> • 19 new jobs created through grants, including Cattle Breeders (2), JBA (1), Baraka (1) and 15 New Businesses 	<ul style="list-style-type: none"> • Zyoud Olive Oil grant expecting to hire 5 new employees • Dhulail Pickles is expected to hire 12 new staff • 4 more New Business grant hires expected 	<ul style="list-style-type: none"> • An additional 21 jobs will be created from grants approved in FY 15
I.1.4 Person hours of training completed in private sector productive capacity supported by USG assistance	3,750	<ul style="list-style-type: none"> • 150 	<ul style="list-style-type: none"> • 497 	<ul style="list-style-type: none"> • “Linking Agri-business MSEs to supermarket value Chains” resulted in a training orientation workshop by Safeway on March 12, 2015 in Muath Bin Jabal-Waqqas-rbid that reached 12 participants • The Intel Ideation workshop for innovation skills training included 17 young females from Naour over 3 days • Restaurants Stakeholders Meetings and workshops were conducted with 16 restaurants in Amman and Zarqa. • Climbing, Hiking, cycling and diving Stakeholders meetings were conducted with 50 individuals in Amman and Aqaba 	<ul style="list-style-type: none"> • NA
I.1.5 Percentage of targeted BSPs with increased sales	5	<ul style="list-style-type: none"> • NA 	<ul style="list-style-type: none"> • NA 	<ul style="list-style-type: none"> • Pioneer Women, Cattle Breeders, JBA, Al Zyoud are expected to increase their sales through grants. 	<ul style="list-style-type: none"> • 4 BSPs are expected to generate increased sales based on grants awarded in FY 15

I.1.6 Percentage of targeted BSPs with more clients	5	<ul style="list-style-type: none"> • NA 	<ul style="list-style-type: none"> • NA 	<ul style="list-style-type: none"> • JBA and Baraka are expected to increase clients through new services introduced with grants 	<ul style="list-style-type: none"> • 2 BSPs are expected to increase clients based on grants awarded in FY 15
I.1.7 Number of laws, policies, strategies, plans, agreements, or regulations in development stages of analysis, drafting and consultation, legislative review, approval or implementation	2 policies analyzed	<ul style="list-style-type: none"> • 2 	<ul style="list-style-type: none"> • 2 	<ul style="list-style-type: none"> • The policy agenda identified 10 policies related to LENS activities that will help enabling the business environment, and the HBB registration and pre-approvals for registration were further analyzed in FY 15 	<ul style="list-style-type: none"> • 2 policies will be subject to further drafting, consultation, review and approval in FY 16
I.1.8 Percentage of MSEs assisted that increased vertical linkages (e.g. outsourcing relationships, partnerships, mentoring) and horizontal linkages (e.g. joint procurement of inputs, use of BDS)	100	<ul style="list-style-type: none"> • 1 	<ul style="list-style-type: none"> • Cattle Breeders began selling to Safeway 	<ul style="list-style-type: none"> • RFA Grants to MSEs will integrate other MSEs into vertical and horizontal linkages, including Olive Oil, Pickles, Honey and Tourism • Project initiative with Safeway will provide participants in targeted cooperatives the opportunity to sell to Safeway 	<ul style="list-style-type: none"> • 141 MSEs will be assisted in increased linkages through grants awarded in FY 15, including 120 with JBA, 10 with Zyoud, and 11 with Safeway
I.1.9 Number of firms that have applied improved technologies as a result of USG assistance	150	<ul style="list-style-type: none"> • 22 	<ul style="list-style-type: none"> • 22 MSEs are introducing new technologies with grants 	<ul style="list-style-type: none"> • 19 grants in due diligence but not yet approved will include new equipment and technology 	<ul style="list-style-type: none"> • 19 grants approved, introducing new equipment and technology

I.1.2.1 Number increase in MSE clients of FIs	250	• NA	• NA	<ul style="list-style-type: none"> Grants and technical assistance is being provided to MFIs to reach underserved populations. Key grants for this purpose include mobile banking services, and remote kiosks to serve MSEs 	<ul style="list-style-type: none"> We did not start implementation of any grants to MFIs in FY 15 due to lengthy procurement processes so no estimate provided
I.1.2.2 Number of new products in MFI sector resulting from USG assistance (including new services by Tanmeyah to the sector)	2	• NA	• NA	<ul style="list-style-type: none"> Grants and technical assistance to MFIs will result in introduction of new products. Specific examples include NMB's SME Department and anticipated grants for Innovation to MFIs. 	<ul style="list-style-type: none"> We did not start implementation of any grants to MFIs in FY 15 due to lengthy procurement processes so no estimate provided.
I.1.2.3 Number of women businesses financed	25	• 9	• 9	<ul style="list-style-type: none"> 5 MSE grants applicants in the pipeline are females 	<ul style="list-style-type: none"> 5 New Business grants to women in the pipeline
I.1.2.4 Volume of loans disbursed with USG assistance	0.28 M	•	•	<ul style="list-style-type: none"> Grants and technical assistance to MFIs will result in disbursement of loans once implemented. Specific examples include NMB's SME Department and anticipated grants for Innovation to MFIs. 	<ul style="list-style-type: none"> We did not start implementation of any grants to MFIs in FY 15 due to lengthy procurement processes so no estimate provided.
I.1.3.3 Number of municipal regulations and administrative procedures that have been simplified as a result of USG assistance	One (1)	• NA	• NA	<ul style="list-style-type: none"> Work was done on Home based business policies on the national level that are expected to result in simplified administrative procedures 	<ul style="list-style-type: none"> One (1) new regulation expected to be introduced in HBB due to activities undertaken in FY 15

1.1.3.4 Person hours of training completed in business enabling environment supported by USG assistance	3,570	<ul style="list-style-type: none"> • 150 	<ul style="list-style-type: none"> • 1002 		
1.2.2.1 Number of new formalized businesses among project beneficiaries	50	<ul style="list-style-type: none"> • 11 	<ul style="list-style-type: none"> • 11 New Businesses registered as a result of grants approved in FY 15 	<ul style="list-style-type: none"> • 19 New Business APS grantees in the pipeline will require registration before the grant is awarded 	<ul style="list-style-type: none"> • 19 New Business grants are in the pipeline in the FY 15 that will be required to register
1.2.2.2 Number of MSEs reached with MSE support services	500	<ul style="list-style-type: none"> • 106 	<ul style="list-style-type: none"> • 106 MSEs reached through grants approved in FY 15 including Zyoud (10), Safeway (4), New Business grants (15), MSE grants (3), and value chain technical assistance and training 	<ul style="list-style-type: none"> • 18 total number of MSEs expected to be reached through grants that were shortlisted in FY 15 but have not yet been approved 	<ul style="list-style-type: none"> • 18 MSEs expected to be reached through grants shortlisted but not yet awarded in FY 15
1.2.4.3 Number of targeted LDUs have increased capacity to implement LED activities in targeted localities	13	<ul style="list-style-type: none"> • NA 	<ul style="list-style-type: none"> • NA 	<ul style="list-style-type: none"> • In FY 15, we developed the LDU Capacity Index baseline against which future measures of progress will be based 	<ul style="list-style-type: none"> • 9 LDUs will be have increased capacity from USAID LENS interventions
1.2.4.4 Number of community grants issued that meet growth needs	10	<ul style="list-style-type: none"> • NA 	<ul style="list-style-type: none"> • One (1) grant provided capacity building and infrastructure improvements in 10 municipalities 	<ul style="list-style-type: none"> • 10 MLDUs in selected municipalities received grants to improve their capacity to advance economic growth in these communities. 	<ul style="list-style-type: none"> • One (1) grant was issued to support 10 communities through the MLDUs that will provide continued capacity building support in FY 16

4.2.a Number of laws, policies, or procedures drafted, proposed or adopted to promote gender equality at the regional, national or local level	0	<ul style="list-style-type: none"> • One (1) 	<ul style="list-style-type: none"> • One (1) 	<ul style="list-style-type: none"> • This is a new indicator for LENS so there was no target; however, the HBB policy analysis conducted in FY 15 will promote gender equality into FY 16 	<ul style="list-style-type: none"> • One (1)
4.3.a Number of women and girls benefitting from new or improved USG-supported social services targeted at women and girls	0	<ul style="list-style-type: none"> • 13 	<ul style="list-style-type: none"> • 13 - This is a new indicator so had no target in FY 15 but training for women contributed to results 	<ul style="list-style-type: none"> • NA 	<ul style="list-style-type: none"> • NA
4.3.b Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income or employment)	0	<ul style="list-style-type: none"> • 16 females 	<ul style="list-style-type: none"> • 16 females - This is a new indicator so had no target in FY 15 but grants to women businesses contributed to results 	<ul style="list-style-type: none"> • NA 	<ul style="list-style-type: none"> • NA

V. OVERVIEW OF ON-GOING TECHNICAL ACTIVITIES

a) MSE Strengthening

Value chain analyses conducted by USAID LENS technical teams in the latter half of FY 15 identified key areas for targeted intervention in the project’s selected sectors. The activities described below are on-going and expected to expand in FY 16 and produce significant tangible results.

i) *Food-processing Sector*

USAID LENS has identified the honey value chain as holding great potential for growth. The project worked with industry stakeholders throughout the last half of Y2 to identify constraints to growth and development, leading to the identification of the following needs: modernization of hive management and honey harvesting and processing, enhanced extension services, stronger sectoral organization and collaboration, and better collaboration within the agricultural sector as a whole to minimize the effect of toxic pesticides on colony strength and thus annual yield. At the end of FY 15, the project was in the process of hiring a consultant to design and

implement a comprehensive training program on hive management best practices with the goal of helping bee-keepers to maximize their production. The activity will include the development of a manual on hive management and honey production best practices, a training of trainers (10) and the training of approximately 400 bee keepers throughout Jordan. Stakeholder meetings will also identify approaches to address environmental challenges, including pesticide use and bee forage. The activity will be complemented by support to two BSPs in the sector through the grants program. (See also: *Section III: Grants Implementation and Appraisal*)

USAID LENS also seeks to help small food producers and processors through the strengthening of the artisanal food value chain. The introduction in recent years of artisanal foods reflects Jordan's developing food culture and provides opportunities for niche food processing outside of urban areas and among women-owned businesses. Promotion of hand-crafted, high-value innovative new and traditional foods raise standards for suppliers, adds value for different types of consumers in terms of quality and diversity, and encourage the development and diversification of taste. Consumer and producer surveys conducted by technical teams in September has led to a focus on makdous, jameed, vinegar, essential oils and blossom water and cheese as products with high demand and value-added. Technical teams are now exploring opportunities for a lead firm approach to integrate such producers into supply chains of high-end commercial retailers.

In Q3, the project also initiated a policy activity related to the licensing and registration of home-based businesses (HBB), a segment where small scale food producers and processors are concentrated. The activity seeks to enhance the economic impact of these producers by facilitating their licensing and registration through an instruction change at the municipal level. (See also: *Sub-section d) Strengthening the Enabling Environment, MSE Specific Activities*)

ii) *Tourism Sector*

In the tourism sector, USAID LENS is targeting the adventure tourism subsector, including the diving, hiking, climbing and cycling industries, populated almost exclusively by micro and small enterprises. Throughout Q4, the project held several stakeholder meetings and focus groups to identify the core areas for targeted intervention and grant development.

The project is providing support to the Aqaba Diving Association to become more visible, increase its membership base and to become more financially independent and sustainable. To date, the project has analyzed ADA members' marketing strategies and online presence. This is to help set specific training sessions on marketing strategies to be provided by USAID LENS starting in December. The project's communications team has also delivered basic training in social media usage to enhance engagement across dive companies' social media platforms.

Jordan's hiking and climbing operators are active but lack a cohesive and clear voice, which has resulted in adverse outcomes for the industry as a whole, including the loss of access to various sites, canyons and trails due to authorities' concerns for safety and inability to communicate effectively with multiple industry actors. The project is helping the hiking and climbing industry in Jordan by establishing the first Jordan Alpine Association. This association will help manage the canyons and sites, and provide organizational support and recommendations for the carrying capacity of the country's canyons. The project will assist the association to formally apply to become the representative to the Union of International Alpine Associations (UIAA), and in so doing, allow Jordan to become a major destination for

adventure travelers who can receive the necessary safety and security support and become internationally insured.

The project has also identified geographical areas with high, but unexploited tourism potential as gaps in the national tourism value chain. These areas are best suited for the development of alternative tourism products, which often have strong ties to or overlap with adventure tourism. The project continues to engage with stakeholders in Azraq (Zarqa governorate) and selected areas in the Irbid governorate, and plans to issue an RFA to support cluster development in those areas, as well as others.

iii) *Transport Sector*

In August, USAID LENS procured the services of an STTA for the development and implementation of the LTRC training program. To date, a sector evaluation report, sustainability plan and outreach plan for the purpose of deploying, implementing and sustaining the training mechanism have been completed. Three out of the five modules of the training curriculum have been completed. The remaining will be finalized early in Y3/Q1. A stakeholders meeting with four different government agencies is planned for the same period. The project has begun to meet with stakeholders such as International Road Union (IRU) to discuss possible cooperation in terms of certifying the curriculum. It is anticipated that the ToT program will commence early in 2016.

Following an analysis and survey of the auto-repair sector, USAID LENS, in partnership with the National Guild for Mechanical Profession, identified five areas of collaboration that will support the upgrading and professionalization of the auto mechanics sector, including the development and implementation of classification criteria and the development of an app to improve consistent quality and improve customer service and access. In September, technical teams drafted an RFP for a market segmentation study of the auto repair sector, expected to be published early in Y3/Q1.

The project also began exploring the possibility of supporting an ICT-driven women's transport solution. Inadequate transport is a key barrier to the economic participation of Jordanian youth and women. Mobile proximity matching services (MPMS), a technology designed by a Jordanian MSE, can potentially be adapted to realize safe, affordable, culturally acceptable transport solutions for Jordanian women, while also increasing employment and/or supplementary income for women.

b) *Access to Finance Strengthening*

At the end of Q4, the project was nearing the finalization of the design of the Tanmeyah information-sharing database. The design and implementation RFP are expected to be complete early in Y3. The database will help combat willful default and over-indebtedness, as well as support enhanced sector reporting, expected to be of benefit to MFIs and the Central Bank of Jordan, where a credit bureau is expected to come online in early 2016. The database diagnostics and design is being carried out by Bayan Advisors.

The project continued discussions with the National Microfinance Bank and Central Bank of Jordan on mobile banking. The central bank has agreed in principle to support the program. The project also met Zain (mobile carrier) to discuss Zain's capacity to begin operations in the digital services ecosystem.

In conjunction the project is discussing the potential for a 2-3 day forum/workshop related to the current environment for electronic payments and challenges within the e-banking eco-system. It is anticipated that a fairly large national event will be held in early 2016.

Technical Assistance initiatives developed during the Q4 of FY 15 include a risk management workshop and “Ibda Youth” capacity building and financial literacy at NMB, Product Development support for MfW and assistance with strategic planning for MfW. Both are to be held in early FY 16 with MFI staff.

c) LED Strengthening

Technical teams spent much of Q4 preparing the groundwork for LED planning in Y3. The project hosted LDU staff and mayors for a three-day introductory LED Planning workshop to introduce the action plan, strategic outline and prospective roles and responsibilities to validate the process and obtain support of LDU staff and mayors.

Five consultants worked with the project’s nine partner municipalities on preliminary planning activities. These included municipal resource mapping (See also: *Section VI: Research and Learning*), the formation of steering and executive committees in partner municipalities and the development of a framework for public-private dialogue with local stakeholders from public institutions, local businesses, associations, CBOs, women and youth. The LDUs will engage stakeholders in the creation of community SWOT analysis, mission, vision and strategic goals and activities for each of the identified LED plans. The first stakeholder meeting was held at the end of Q4, with the rest to be completed in October.

d) Strengthening the Enabling Environment

A policy agenda was submitted by a consultant in Q3 and has been reviewed and approved. The agenda describes the recommended approach for addressing policy issues through the USAID LENS project, and outlines 10 areas for potential impactful policy intervention, and two areas have been selected for more in depth analysis and advocacy in FY 16 including registration for HBBs and simplifying the pre-approvals registration processes and requirements.

i) MSE-Specific Activities

Four LENS activities target interrelated aspects of business registration and licensing that adversely affects MSEs’ entry into the market.

LENS has completed the text of a business registration service manual that clarifies the registration process for different types of business entities, outlines the tangible and intangible costs/benefits of registration and answers FAQs about the Companies Control Department (CCD) services and units for different registration requirements. This activity will facilitate MSEs’ understanding of business registration requirements, and it is anticipated that the manual will be translated into Arabic and published in the coming quarter. The Ministry of Industry, Trade and Supply will be the institutional home of this document and the ministry will assume responsibility for its regular updating.

In conjunction, a grant for the procurement of a new CCD server was approved in Q3. The server procurement will support the CCD’s capacity to serve business registrants and other governmental and civil entities by minimizing downtime, direct and indirect maintenance costs and inefficiencies in the registration process.

A PIL to formalize the implementation of these activities will be signed in early Y3/Q1.

Meanwhile, the project is also working with stakeholders on a reform initiative to reduce the burden of establishing a formal entity for MSEs by addressing aspects of the pre-approvals process related to business registration. At the end of the quarter, USAID LENS began preparing for a policy analysis of the pre-approvals process in coordination with representatives and department heads from Ministry of Industry, Trade and Supply, Central Registration Directorate and Online Services Directorate.

The project has also completed a concept paper for presentation to stakeholders on the application of instructions regarding home-based business registration and licensing. The project seeks the extension of an instruction applied in Amman municipality to a pilot municipality (Zarqa). The instruction allows the registration and licensing of certain home-based businesses by the municipality. The concept paper includes a strategy for applying the instruction in a pilot area and the potential economic impact for businesses and communities and will be presented to stakeholders in October. LENS anticipates that the extension of the instruction to other municipalities will be especially impactful for women, particularly those in the food processing sector.

ii) *LED-Specific Activities*

The project has hired an additional policy consultant to analyze the new Municipalities and Decentralization laws passed by Jordan's Lower House in the past year. The project seeks to understand how these laws will facilitate or constrain local economic development, and support or undermine the institutionalization of local economic development units throughout the country.

VI. RESEARCH AND LEARNING

LENS supports evidence-based decision making in Jordan as part of its research and learning agenda. Its research and learning agenda includes support to businesses and institutions to collect, assess, and use quantitative and qualitative information for improved business planning; foundations for business cooperation; understanding of markets; and strategic setting for investment and policymaking. In the past year, the project has undertaken several significant research and data collection activities to inform its own interventions, understand the complexity and nuances of its targeted sectors, and to support partners in their own growth and development efforts.

MSE Survey: The project has surveyed more than 5,000 MSEs in targeted governorates. The survey has informed approximately 50 activities in ten value chains in the transport, food processing and tourism sectors. Data collection was carried out in two phases and concluded mid-summer. Data analysis is ongoing and expected to be complete by end of Y3/Q1. The MSE Survey is a complex research tool. In order to make this tool more accessible, USAID LENS has begun to develop a range of products to facilitate its usability and application in the market. These include interactive dashboards to address key themes (such as gender, access to finance, the informal sector, governorate profiles, policy, and others). In conjunction, a graphic designer has been hired to produce infographics that make the data instantly accessible and provide key numbers to a more diverse group of stakeholders to encourage the use of data and information

by municipalities and BSPs to help improve their penetration rates in MSE markets. At the end of Q4, the project was also in the process of producing Technical Briefing Papers to examine key market development issues in detail. The briefs will target various stakeholders, including domestic and international practitioners as well as wider audiences reached through preparation of articles for submission to international publications.

Value chain analyses: In preparation for the Y3 work plan, technical teams conducted extensive industry analysis and stakeholder outreach in sub-sectors of LENS' selected sectors, including the adventure tourism industry, bee keeping and honey production, auto mechanics, home-based businesses. The technical team developed a template for analyzing and structuring value chain interventions, determining resources needed and estimating grants and results from all interventions. An industry-sizing template was also developed and completed for several value chains to estimate market size and potential impact of project interventions.

LDU Assessments: LENS developed and deployed a tool to track and measure the performance of beneficiary municipalities in order to inform project implementation, and completed the baseline measure of nine partner municipalities, and three control municipalities (those that are not receiving support from USAID LENS). Results will be used to measure project impact on a yearly basis, while helping beneficiary LDUs track their own performance against themselves, other beneficiaries and the non-beneficiary controls. At the end of Q4, the assessment report was being finalized for submission to USAID/Jordan, and the project had initiated internal discussions on potential technical interventions derived from an analysis of assessment outcomes.

Municipal Resource Mapping: The project concluded the initial round of municipal resource mapping in partner municipalities. Project consultants supported municipalities in the collection of data about number of businesses and location, natural resources, land registration, zoning, private sector human resources, skills and current demand, socioeconomic conditions, financial resources and potential local, national and/or international investors. Data collected will be used to support the LED planning activity in partner municipalities in Y3/Q1. LENS seeks to establish a sustainable process of data collection, analysis, and dissemination that will further the project goals to promote a culture of evidence-based decision making in Jordan, improve the sustainability of the LED planning, and draw investment at the municipal level. It is currently exploring the potential institutional partners able to house the data and sustain the data collection process.

VII. CHALLENGES ENCOUNTERED & PROPOSED REMEDIAL ACTIONS

MSE Strengthening: Low capacity of counterparts to drive economic development hampers MSE growth in all value chains. The project is using industry sizing and quantitative analysis to demonstrate potential impact of interventions and build support of stakeholders, while also targeting policy work on specific value chains.

Access to Finance: Recruitment for A2F technical advisors has been difficult; few candidates have demonstrated the specific technical qualifications and experience with microfinance and/or grants necessary. Recruitment criteria has been revised and the project has re-launched recruitment for junior and senior positions.

Local Economic Development Strengthening: USAID LENS is working to mitigate several LED challenges. Data collection in support of LED planning and resource mapping has been inhibited by a lack of data at the municipal level, as well as the accuracy and/or datedness of data extant at the district, governorate or national level. This was especially reflected in efforts to understand population numbers. USAID LENS consultants instead relied on more contemporary research and studies supplied by other donor projects as well as the Department of Statistics in order to complete the profiles of its nine partner municipalities. The project also discovered that MLDU staff frequently lacked the capacity to collect data and/or apply it to city profile development, requiring more LOE from project consultants.

The project recognizes the competitive nature of public bodies at a national and municipal level and is identifying LED champions at all levels of government to minimize the effect of competing interests on project impact. It is also countering donor saturation within local communities by demonstrating the results-focused nature of USAID LENS.

Grants: The New Business APS received an unexpectedly high number of applications (4,000+), which required months to process. The project is restructuring the grants program solicitations to strengthen its strategic alignment with project objectives and discourage frivolous applications. The project will also ensure maximum control over the messaging around its grants program in the future. The project also plans to institute a capacity building program into the grants mechanism to address modest capacity of many beneficiaries, including MSEs and BSPs, to meet requirements.

Gender: Women's economic empowerment through greater economic participation in the MSE universe and in selected value chains faces numerous barriers, not all of which are fully understood by the project or other stakeholders. The project will develop a focused gender research agenda to explore these obstacles. To address known barriers the project plans to hire a gender advisor in Y3/Q1 to begin implementing an activity plan to more firmly integrate gender across project activities. The project also plans to develop a new APS to support women's economic empowerment by encouraging women's entrepreneurship, enlisting institutional partners to apply a gender perspective to their work, and by addressing aspects of the enabling environment specifically related to women.

Enabling environment/policy: There is an urgent need to hire a policy advisor to carry out the project's policy reform agenda. The project has procured the services of an employment agency to find a suitable candidate for the position.

VIII. NEXT QUARTER ACTIVITIES

Access to Finance:

- IBDA Youth workshop with National Microfinance Bank (mid-October)
- Finalization of contracts and commencement of work with Frankfurt School and Continuum (October)
- Conclusion of Microfund for Women's selection process for risk management department technical assistance and learning academy and begin drafting contracts and conducting due diligence on selected service providers.
- Grants evaluation committee meeting to evaluate applications received under the second MFI RFA (early October)
- Completion of Bayan Advisers' business diagnostic and analysis, RFP for establishment of the database at Tanmeyah

- Integration workshop to be completed by consultant and NMB (October); new financial capabilities material will be developed and ready for field testing by early 2016.

Local Economic Development:

- LED Stakeholder meetings in 8 municipalities (October)
- Completion of LED plans for 9 partner municipalities (late December)
- Project management professional training for GLDUs and MLDUs (late November)

Value Chains:

- Publication of RFAs for local tourism cluster development
- Publication of RFPs for procurement of services for BSP to train and upgrade restaurants; training of hiking guides; marketing services for adventure tourism; training of HBBs in B2B models and food processing; event management company services to conduct scuba expo.
- Naour Restaurants Training in financial literacy (late October)
- Home Based Businesses stakeholders workshop (mid-November)
- Social media training for diving companies (mid-October)
- Marketing trainings for diving companies (mid/late November)
- Signing of the MOU with the Aqaba Diving Association (late November)
- Design and implementation of hive management ToT program (November-December)
- Completion of bee-keeping/hive management extension manual (December)
- Stakeholder meetings on hive management challenges (November and December)
- Completion of LTRC training model (November)
- LTRC activity stakeholders meeting with four government agencies (November/December)

Enabling Environment:

- Signing of PIL with CCD (mid October)
- Delivery and installation of CCD server (late October)
- Conclusion of translation of business registration manual and initiation of manual design (late October)
- Conclusion and submission of analysis of municipality and decentralization laws.

Grants:

- Zarqa grantees meeting and lunch with Governor of Zarqa (early November)

Gender:

- Finalization of Gender Strategy and Action Plan
- On-boarding of Gender Advisor
- Publication of Women's Economic Empowerment APS to address different constraints on women's economic participation

Communications:

- Training grantees on branding requirements (early October)
- Roll-out of new website (end December)
- On-boarding of communications and events officer and content development officer (November)
- RFP for podcasts/radio shows as part of strategy to highlight stories of MSEs around the country (November)

- Events planning and finalization for three events to take place in December/January: LED plans launch, digital financial services conference and launch of CCD business registration manual

IX. BUDGET INFORMATION

X. SUCCESS STORIES AND COMMUNICATIONS HIGHLIGHTS

e) USAID LENS Event Highlights:



October 26, 2015: Adasiyah Restaurant Owners Training Workshop. USAID LENS held a 2-day training workshop for restaurant owners in Adasiyah area (Naour) in partnership with Naour Municipality's Local Development Unit on October 25-26 to support them in building their skills in business management. This workshop was part of a larger initiative USAID LENS is carrying out to support and develop small businesses in Naour's restaurant sector.



October 18, 2015: LED workshop in Hashmiyyah municipality- Zarqa governorate.

The project's 9 partner municipalities held in September and October 2015 a series of workshops to prepare a strategy for local economic development. These workshops brought together people from the public and private sectors in each community to set a long-term plan that will encourage business growth and investments. A 5-year plan for each municipality will be ready by beginning of 2016, which will put forth specific initiatives that will boost economic development in these communities including partnerships with the private sector.



October 8, 2015: Grants Management Workshop. USAID LENS held a grants management session for its first round of grant recipients from Irbid and Zarqa governorates, who are receiving support to start new businesses or develop their existing ones.



October 8, 2015: Grants Orientation Workshop. [REDACTED], a USAID LENS grantee, attends the grants orientation workshop organized by USAID LENS. [REDACTED] is the first woman to register a business with the Chamber of Commerce in the northern governorates and has several small businesses that she manages with her husband. Currently, [REDACTED] runs a factory that produces plastic and paper cups. “I applied for a grant from USAID LENS in order to be able to purchase loading and storage machines for the factory that will increase productivity and reduce costs.”



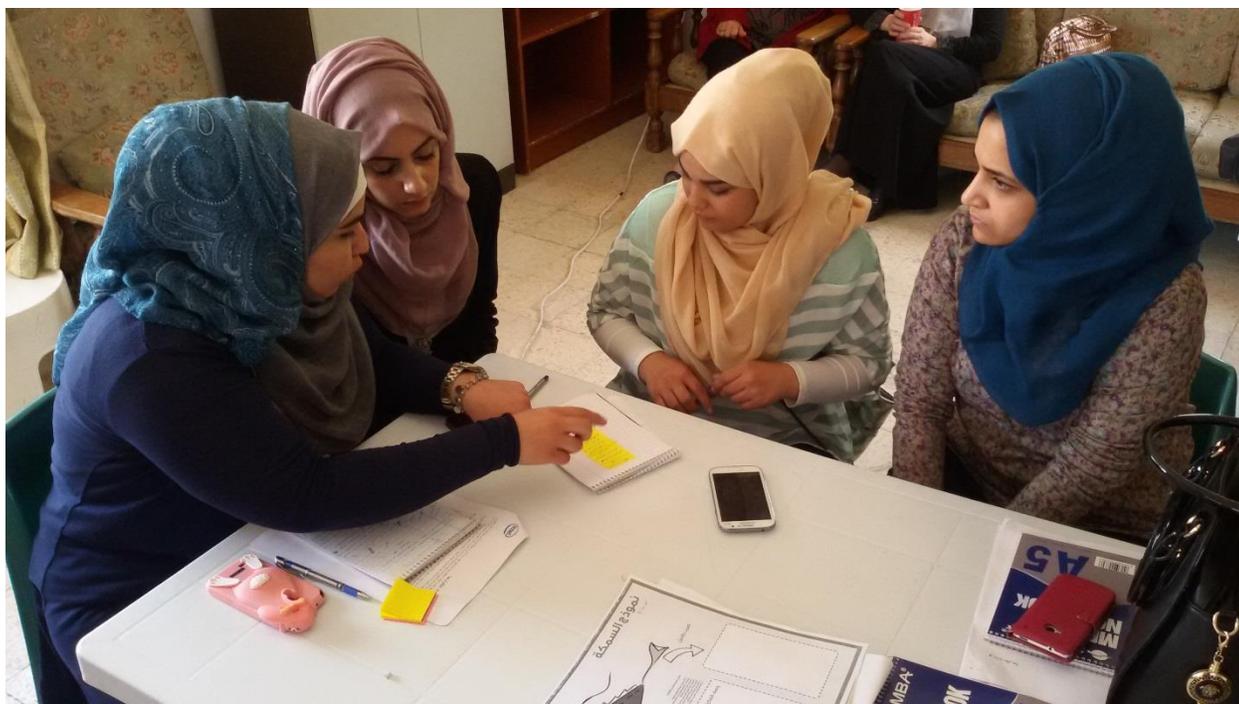
August 31, 2015: Minister of Transport H.E Dr. Lina Shbeeb and USAID/Jordan Mission Director Jim Barnhart during the Project Implementation Letter signing ceremony with the Land Transport Regulatory Commission. Under the patronage of H.E the Minister of Transport Dr. Lina Shbeeb, the USAID Jordan Local Enterprise Support Project (LENS) signed an agreement on August 31, 2015 with the Land Transport Regulatory Commission (LTRC) to support the competitiveness and sustainability of micro and small enterprises (MSEs) in Jordan's land transport sector. The partnership will provide hundreds of businesses with the training and support necessary to meet new regulations passed by the LTRC in 2014, mandating that commercial vehicle drivers acquire new certification and safety tools to guarantee international safety standards.



October 11, 2015: Ibda Youth Training at National Microfinance Bank. USAID LENS is providing assistance to National Microfinance Bank (NMB) to develop a dedicated program named Ibda Youth that will provide skills training for Jordanian youth so that they may better adapt to Jordan's increasingly competitive economic environment. The training will provide life skills training useful for successful participation in Jordan's economy, particularly in the private sector, as well as training modules designed to encourage youth entrepreneurship. An integration workshop was held between the 11th and 13th of October to develop the vision and strategy for NMB to ensure the successful integration of youth focused programs into their activities. A second phase based on focus group discussions and individual interviews will comprise the development of the appropriate curriculum and staff training so that they can effectively deliver this training.



USAID LENS Project Director William Seas and Safeway Jordan General Manager [REDACTED] sign a memorandum of understanding. The USAID Jordan Local Enterprise Support Project (LENS) signed an agreement on May 4, 2015 with Safeway Jordan to support the competitiveness of micro and small enterprises (MSEs) and cooperatives in Jordan's food-processing sector. The partnership will provide four businesses with the training and support necessary to become suppliers for Safeway, benefitting a total of 142 employees and members of participating Irbid MSEs and cooperatives. Partner MSEs will initially include producers of packaged and processed dairy, vegetable, and pickled goods in the Irbid Governorate.



Naour Entrepreneurship Training for Women. Among activities that engaged youth, USAID LENS supported an entrepreneurship training for 17 women in Naour (13 of them youth) in April 2015. During the training, participants were encouraged to generate ideas that would not only address challenges in their local community, but also mobilize businesses or community-based organizations to solve them. After this exercise, the participants were trained to create a simple business model for their ideas and to pitch it to potential investors. The training program was based on the Intel Ideation camp, which is part of Intel's Youth Enterprise Program for developing and scaling ideas.

[End of Quarterly Report]