



IMAGE: ISLG MEMBERS COUNTING GROUP ASSETS

USAID LENS INFORMAL SAVING & LENDING PRACTICE

Evaluation of Impact for Women

VERSION 1.0
2019-09-06

PREPARED BY: NOOR ABU JBARA AND AMY HENDERSON

The USAID Local Enterprise Support (LENS) Project is funded by the United States Agency for International Development (USAID) and implemented by FHI 360. This report is made possible by the generous support of the American people through USAID. The contents are the responsibility of FHI 360 and do not necessarily reflect the views of USAID or the United States Government.

CONTENTS

INTRODUCTION	2
PROGRAM DESCRIPTION	2
STATE OF WOMEN'S FINANCIAL INCLUSION	3
INFORMAL SAVING AND LENDING PRACTICE	4
INTERVENTION OVERVIEW	4
THEORY OF ACTION	5
VILLAGE SAVING AND LENDING ASSOCIATION METHODOLOGY	5
USAID LENS INFORMAL SAVING AND LENDING PRACTICE ACTIVITY	6
GROUP PROFILES	8
RESEARCH OBJECTIVES	8
RESEARCH METHODS	9
DATA COLLECTION AND ANALYSIS	9
EVALUATING EMPOWERMENT	10
RESEARCH LIMITATIONS	11
KEY FINDINGS	12
ASSESSMENT OF WOMEN'S ECONOMIC EMPOWERMENT	12
WOMEN UTILIZE ISLGS TO EARN, NOT TO BORROW	15
INVESTMENT	15
LENDING AND SOCIAL FUND USAGE	17
PROFITS	18
GROUP SUCCESS AND FAMILY/COMMUNITY PERCEPTIONS	19
WOMEN'S CAPABILITIES EXPANDED	21
TRAINING FOR GROUP MEMBERS	23
TRAINING FOR GROUP MANAGERS	24
SUSTAINABILITY AND INTEGRITY	25
OUTCOMES, CHALLENGES AND RECOMMENDATIONS	27
FUTURE OPPORTUNITIES	30

INTRODUCTION

International evidence shows that access to financial services promotes household welfare, reduces income inequality, encourages small enterprise activities, and promotes real economic growth. Financial inclusion is also an essential component of women's economic empowerment. However, despite recent gains, financial inclusion in Jordan remains relatively low, with the most pronounced gaps occurring on a gendered and geographical basis.

The geographical and gendered dimensions of financial inclusion occurring at a national level are also apparent in the micro and small enterprise (MSE) segment of Jordanian economy targeted by the USAID Local Enterprise Support Project (LENS). The USAID LENS Survey of Micro and Small Enterprises (MSE Survey) found that 81% of MSEs were unbanked; only 7% of MSEs operated by women reported having an account, compared to 26.6% of women nationally.¹ The survey also reflected numerous gaps in financial capabilities, and a general reluctance to engage with formal financial institutions stemming from a lack of capabilities and religious belief, among other factors. Other research has shown that among women, in particular, lack of trust in the formal financial sector, and engagement with the formal sector can sometimes increase women's vulnerability, signaling the importance of not conflating indicators of financial inclusion with indicators of women's empowerment.

These findings illuminated opportunities for USAID LENS to address aspects of both financial inclusion and women's empowerment through the utilization of informal saving and lending practices as a means to increase women's empowerment through enhancing their financial capabilities, with a longer-term goal of achieving greater inclusion in formal financial practices.

In late 2017, USAID LENS began implementing an informal saving and lending practice activity in five areas of the project's implementation; all women in the first round of the activity were part of the USAID LENS network, were all owners/operators of micro and small enterprises and worked in a variety of sectors. The project facilitated the formation of five pilot groups, utilizing CARE's Village Saving and Lending Association (VSLA) methodology, and layered on several capacity building trainings. The five original groups replicated in early 2019, resulting in the formation of seven new groups, grouping approximately 200 women. At the time this paper was being prepared, the groups anticipated the formation of four new groups by October 2019. As of August 2019, the 12 groups had amassed collective savings of JD 30,281, with anticipated savings of JD 53,452 by December 2019. In addition to the impressive accumulation of savings over a short period of time, the activity resulted in several unanticipated outcomes, including the integration of a mechanism for making collective investments into the model and the innovation of solutions to build group credibility and trust among members.

The purpose of this paper is to present the results of the activity, assess its impact for women's empowerment and highlight the potential opportunities to build on the results and achievements of this pilot to advance the financial inclusion of unbanked and underserved women.

PROGRAM DESCRIPTION

The USAID LENS is a five-year project to encourage the long-term economic growth and development potential of underserved Jordanian communities. The project supports the vitality and competitiveness of MSEs that are often at the heart of individual, family and community livelihood within vulnerable populations and helps empower local communities to design and implement collaborative local economic development initiatives. The project works in the governorates of Irbid, Zarqa, Amman (outside of the Greater Amman area), Kerak, Tafilah and Aqaba. Within the above scope, USAID LENS is mandated to support the economic empowerment of Jordanian women, whose economic

¹ USAID Jordan Local Enterprise Support Project (2015). "Survey of Jordanian Micro- and Small-Enterprises." version 2.3.1. <http://www.jordanlens.org>

disenfranchisement has direct and adverse impacts on the country's economic prosperity and development at the national, regional and community levels. Through its work, USAID LENS seeks to support women's access economic opportunities and resources and enhance their agency in the utilization of each.

STATE OF WOMEN'S FINANCIAL INCLUSION

According to Findex 2017, account ownership at financial institutions has increased from 24.6% in 2014 to 42.1% in 2017. Mobile money accounts among all adults reached at 1.1% in 2017 from 0.5% in 2014. Account ownership by the lower income population or the poorest has increased to 32.9%. Financial Inclusion has reached 46.1% in rural locations. Despite the progress, Jordan has a low level of financial inclusion; only 42 out of every 100 Jordanians over the age of 15 have a bank account.²

It is commonly understood that the main groups experiencing low financial inclusion are predominantly found in rural areas, are people with low income or are less educated, and more specifically, tend to be women. Nationwide, only 26.6% of women own a bank account, compared to 42.5% among men.³ The USAID LENS MSE Survey, which surveyed MSEs in 6 governorates, excluding the capital Amman, indicates the extent of geographical disparity in financial inclusion: in the MSE segment of the economy targeted by the project, only 7% of MSEs operated by women utilize a bank account for their business, compared to 12% of MSEs operated by men.⁴

Even though women tend to be less included in the formal financial system, according to the Central Bank of Jordan, women have higher borrowing rate (12.1%) than men (8.2%), and are also more likely to have insurance (31.5% of women vs. 28.6% of men), indicating significant opportunities to increase women's financial inclusion in Jordan. Figure 1 shows the women's population who own an account at a financial institution, as it reaches 26.6 comparing to all other adults.

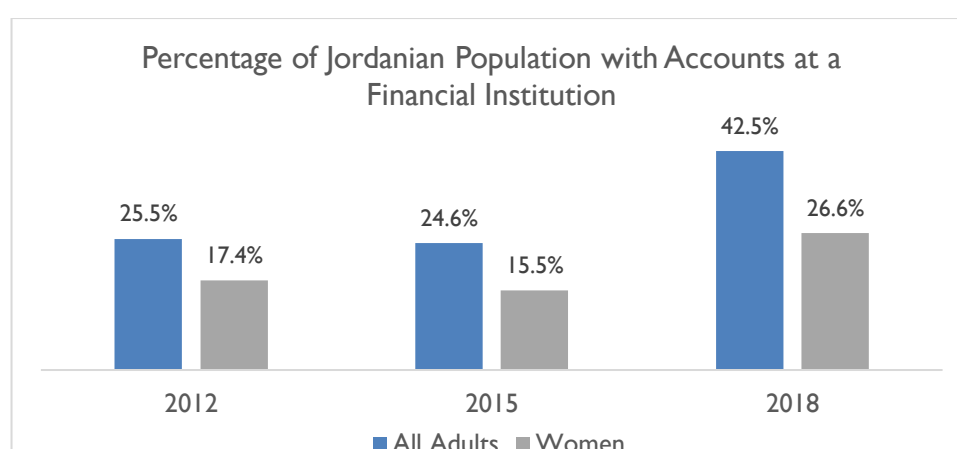


Figure 1: Jordanian population with an account at a financial institution

Primary reasons cited for low levels of financial inclusion include:

- Self-exclusion related to religious belief
- Vulnerability due to lack of knowledge and skills (financial literacy) and anxiety about ability to manage debt
- Lack of assets, steady income stream, credit history or savings
- The unsuitability of traditional financial products to their needs

² Findex (2017). Annual report. <https://findexmedia.co.uk>

³ Findex (2017). Annual report. <https://findexmedia.co.uk>

⁴ USAID Jordan Local Enterprise Support Project (2015). "Survey of Jordanian Micro- and Small-Enterprises." version 2.3.1. <http://www.jordanlens.org>

- The remoteness of branches of financial institutions
- Cost of credit as lack of information and information asymmetries, and relatively small loan amounts, increase operational and credit approval efforts

Several initiatives have been undertaken by the Government of Jordan (GoJ) and different stakeholders, including donor organizations such as USAID LENS, to improve financial inclusion by addressing these challenges. These efforts mainly target the formal financial sector through initiatives that target the development financial products, mostly targeting youth and MSEs through micro finance institutions and mobile payment providers and are target-driven with an emphasis on volume.

Meanwhile, research conducted by the civil society organization Al Nahda found that a combination of expanding borrowing opportunities through microfinance organizations, as well as questionable informal lending practices, were – along with family dynamics – contributing to a debt burden in the country being primarily born by women. The organization notes that this is particularly acute with regards to micro-entrepreneurship. Al Nahda found that financial inclusion strategies in the country have encouraged women in Jordan to take on debt from microfinance institutions, noting that:

Poor awareness of the implications of signing loan documents along with limited support from legal institutions compounded women's risk of indebtedness. The push for money-lending comes from the simplified understanding that women would be more efficient in paying off debt than men, as well as the conventional understanding of women's economic empowerment that fixates on women's participation in the labor market; that provided with the capital, women would somehow be able, through a combination of ingenuity and entrepreneurship, to transform these financial resources into a successful money-generating enterprise that would lift them out of their situation.⁵

From the above, it is clear that more and diverse efforts are needed to enhance the financial inclusion of women in ways that support their empowerment. Financial inclusion can increase the empowerment of women by giving them the access to resources and tools that help them to live better, enhance their opportunity to earn income, and allow them to ensure against risks and borrow to meet unexpected expenses.⁶ However, access is not a sufficient condition for either inclusion or empowerment. Women's financial inclusion occurs when women have “effective access to a range of financial products and services that cater to their multiple business and household needs and that are responsive to the socioeconomic and cultural factors that cause financial exclusion in women and men to have different characteristics.⁷ Therefore, financial inclusion is not only linked with giving women access to financial products and services; it requires improving women's financial literacy and economic skills to help ensure that their participation in financial systems is informed and skillful and that their inclusion and access enhances their empowerment rather than exacerbates their vulnerability.⁸

INFORMAL SAVING AND LENDING PRACTICE

INTERVENTION OVERVIEW

Informal saving and lending practices are utilized worldwide to develop financial capabilities and to provide financial products, services and other support to the unbanked and underserved, both women and men. However, USAID LENS observed that these mechanisms have rarely been deployed by the

⁵ *Between Poverty and Prison: The Challenges of Debt Among Vulnerable Jordanian Women*, Arab Renaissance for Democracy and Development (Al Nahda), June 20, 2019. p18

⁶ Napier, M., Melamed, C., Taylor, G. and Jaeggi, T., 2013. Promoting Women's Financial Inclusion: A Toolkit. GIZ and Department for International Development.

⁷ Ibid

⁸ Ibid

development community in Jordan concerned with economic development and financial inclusion, in spite of their popularity and utility elsewhere. As well, a widespread extant practice of informal lending through rotating savings groups (*jamia'at*) evident in almost every socio-economic and geographic component of Jordanian society has been largely unleveraged as a development tool. USAID LENS theorized that the already common and accepted informal practice of *jamia'at*, especially among women, could be built on to enhance women's financial capabilities and provide women with a variety of financial services and resources to which women might not otherwise have access, thereby positively affecting their empowerment.

THEORY OF ACTION

USAID LENS' theory of action for the informal saving and lending groups (ISLGs) can be stated as:

IF the formation of informal saving and lending groups is facilitated,
THEN women will need capacity building in:

- Informal saving and lending group formation and operations
- Financial literacy
- ICT
- Leadership and management
- Informal saving and lending group replication;

THEN women have safe access to relevant financial services;
THEN women's financial literacy and knowledge will be strengthened;
THEN women will be able to manage and grow their groups;
THEN women will be able to gain additional income;
THEN women will be more empowered and economically independent.

Accordingly, USAID LENS designed, piloted and implemented the Informal Saving and Lending Group program, mainly drawing on and adapting to the local context the international VSLA methodology introduced by CARE in 1991 in Niger. This methodology has emerged as an international standard, delivering unique advantages to underserved communities, including low-cost delivery of basic financial services and opportunities to increase income through interest payments and services fees on loans that are channeled back to the savings of the group. The VSLA model provides a method for regular savings and growth while providing flexibility to respond to fluctuations in local economic conditions and members' income, thereby reducing or off-setting vulnerability. The VSLA model can be particularly empowering for women, as women not only receive economic support through the group but administer it to others, while building financial capabilities. VSLAs also provide a unique platform for building trust and solidarity among women, two key foundations of empowerment.

VILLAGE SAVING AND LENDING ASSOCIATION METHODOLOGY

USAID LENS's work with ISLGs draws extensively on the techniques and methodologies of CARE's VSLAs. A VSLA is a group of 15-25 people (most often women) who save together and take small, low interest loans from those savings. VSLAs are self-formed and managed, with donor field staff playing an important role in helping to form, train and coach the groups. Members in a VSLA save through the purchase of shares of between 1-5 shares every meeting. The share value is decided by the members themselves, and documented in a written constitution, when the group is formed.

The group loan fund is comprised of share money and loan profits (from interest) and all the members have the right to borrow up to 3 times the value of their shares. All transactions take place at meetings in the presence of members. To ensure that transactions do not take place outside the association meetings, cash and passbooks are locked in a cash box which is secured with padlocks. Standard

practice is for the lockbox to be secured with three padlocks, with three group members each holding one of the keys. All members have an individual passbook where all their shares and loans are recorded during each meeting.

Every VSLA has a five-member management committee comprised of a chairperson, treasurer/box keeper, secretary/record keeper and two money counters. These positions are elected at the beginning of every cycle by the group, but members have the power to replace a member for

TABLE 1: COMPARISON OF VSLAS AND USAID LENS-FACILITATED ISLGS

FEATURES	VSLA	ISLG
Member managed	.Yes	Yes
Elected management committee	Yes	Yes
Written constitution	Yes	Yes
Documented transactions	Yes	Yes
Sharia compliant	Optional	Yes
Loan fund	Yes	Yes
Social fund	Yes	Yes
Investment fund	No	Yes
Frequency	Bi-weekly	Monthly
Defined cycle	36 weeks	52 weeks

Direct Mentorship. The project provided mentorship to all five groups through the first full savings and payout cycle which lasted approximately a year. Mentorship helped to support the operation of the groups, ensure the proper application of the methodology its concepts, and prepared the groups for group replication responsibilities by building the training capacity of selected board members and leaders from each group through the provision of a basic 3-day ToT.

Development of Materials. USAID LENS developed a training manual and relevant training materials (handouts, worksheets, etc.) for group formation/replication to be utilized by trainers, and relevant templates for group record keeping and materials.

Capacity Building. Sustained financial capability is a global challenge for the sustainability of informal savings groups. To mitigate this risk, USAID LENS invested in the development of all groups' management and operational capacities through the following activities:

- USAID LENS utilized the Microfund for Women's Learning Academy to provide customized financial literacy and financial management training to both ISLG board members and groups members.
- USAID LENS partnered with Migrate to support groups to acquire basic ICT skills and equipment to utilize ICT for group management, operations, and communication.
- USAID LENS partnered with IFAD's local partner, CARDNE, to deliver an intensive, 2-week training of trainers in accordance with the standards of Nenamta, an IFAD-supported leadership and management training program. The project targeted 24 group leaders with the aim of developing a cadre of "super trainers" able support the continued replication of groups at the community level. The training was followed by theoretical and practical exams in the field conducted by CARDNE, and resulted in 8 women becoming certified master trainers, 4 as trainers and 8 as co-trainers.

GROUP PROFILES

Table 1 gives an overview of the profile of each group, including location, name, number of members, age range of members and sectors represented in each group.

TABLE 1: ISLG PROFILES

AREA	ISLGS	STARTING DATE	NUMBER OF MEMBERS	AGE	BUSINESS SECTOR
Sheikh Hussein	Tadamon Mothor	Dec. 2017	18	35- 50	
	Tadamon 2	Apr. 2019	23	25- 50	Food, trade, retail, handicrafts
	Tadamon 3	Apr. 2019	14	25- 50	
Al Khafren	Nashmeyat Wadi Al Urdon Mother	Mar. 2019	10	20- 45	Food, retail, Soap
Tafilah	Nisaa Al Kheir	Jul. 2018	12	25- 60	Dairy, trade, food, photography
	Nisaa Al Kheir I (not started)	Apr. 2019	15	-	-
Irbid	Mobdeat Al Shamal Mother	Nov. 2018	18	20- 60	Dairy, food, sewing, trade, handicrafts, art
	Baraka Mubdeat Al Shamal I- Mughaer	Mar. 2019	8	30- 55	Dairy, food, sewing, trade, education, art
	Baraka Mubdeat Al Shamal 2	Mar. 2019	12	30- 55	Dairy, food, sewing, trade, education, art
Zarqa	Rusaifeh Plumbers Mother	Feb. 2018	9	35- 60	Plumbing
	Khota Al Zarqa I	Apr. 2019	9	35- 55	Food, arts, handicrafts, sewing
	Zarqa Plumbers (Sundooq Al Kheir) 2	Apr. 2019	13	21- 68	Handicrafts, dairy, fashion retail, sewing, goods retail, accessories

RESEARCH OBJECTIVES

As the USAID LENS project ends, USAID LENS seeks to evaluate the extent to which informal saving and lending groups, including those directly facilitated by USAID LENS and those replicated – can provide a pathway to women’s financial inclusion and their economic empowerment. To this end, the impact assessment examines the following questions:

1. To what extent have informal saving and lending groups proven to be a useful tool for women’s financial inclusion and capabilities?
2. To what extent has participation in an informal saving and lending group impacted women’s economic empowerment?
3. What are the opportunities and challenges to utilization of this model for advancing women’s financial inclusion and empowerment?

The findings of this study are meant to be shared within USAID and with the broader development community to contribute to the body of knowledge about the role of and pathways to financial inclusion in the economic participation and empowerment of Jordanian women. The research is intended to support informed decision-making within international development.

RESEARCH METHODS

This study undertook a mixed-methods approach, utilizing primary quantitative and qualitative data collected through key informant interviews and focus groups between June 16th – 27th, 2019, as well as secondary data from other USAID LENS assessments and monitoring data collected over the life of the project. The dataset is analyzed within an empowerment framework to identify the relationship between participation in ISLGs and women’s financial inclusion and empowerment.

DATA COLLECTION AND ANALYSIS

In the intermediate phase of impact evaluation, quantitative research can help measure tangible outcomes; i.e., as the direct economic outcomes of participation in an ISLG, such as the actual achievement of savings, access to loans and enhanced income. Qualitative research, however, fosters an understanding of less tangible benefits, such as empowerment, self-esteem and confidence, and social standing within the family and community. All qualitative data collection was audio-recorded and analyzed by the USAID LENS team.

Three semi-structured key informants interviews (KIs) were held with: 1) Microfund for Women, which conducted the financial literacy and financial management training with group leaders and members; 2) Migrate, which provided ICT training to support group financial management, operations and communications; and 3) the USAID LENS Gender Advisor who introduced the women to the VSLA concept, provided the initial training to facilitate group formation and delivered mentorship to the original 5 groups throughout the first savings cycle and into the replication phase. Additionally, we conducted 15 focus groups with a total of 87 women. These groups were formulated in a way that took into consideration the diversity of invited women, in terms of age, types of owned businesses, date if joining ISLG and benefits gained from ISLGs, such as loans, investment and social funds. The following table indicates how many focus group discussions (FGDs) were held in each location and with which types of representatives.

TABLE 3: FOCUS GROUPS BY PROFILE AND LOCATION

LOCATION	GROUP MEMBERS	MANAGEMENT COMMITTEE	REPLICATED GROUPS	LOAN RECIPIENTS	SOCIAL FUND GRANTS
KAFRAIN					
ZARQA					
IRBID					
SHEIKH HUSSEIN					
TAFILAH					

These focus groups sought to understand the implications for informal saving and lending mechanisms to provide relevant financial products and services to women, while also assessing their impact on women's empowerment.

The focus groups helped to answer the research questions by analyzing women's financial capabilities improvement, measuring family and community support, identifying the results that women gained from ISLGs, and exploring women's perception regarding the future of their groups, in addition to defining opportunities that could be utilized as a model for future groups.

For the purpose of quantitative data collection, four categories of surveys were distributed to 76 women: one survey was distributed to 29 group members from the 5 originally formed ISLGs; a second was shared with 17 management committee members from the 5 original ISLGs; a third to 10 members from newly replicated groups; and a fourth answered by 20 management committee members in newly replicated groups. The four surveys were predominantly similar, with minor changes in each to reflect specific components relevant to the different target groups.

The survey inquired about the relevance of participation in the group to the development of personal skills, financial skills, empowerment, the use of loans social funds and training courses. The aim of the surveys was to capture quantitative data on the empowerment level of women and the impact of ISLG, such as the development of: financial skills, managerial skill, personal skills, family and community support, movement freedom, decision-making, and knowledge improvement.

The study utilizes data from the 2015 USAID LENS MSE Survey, as well as data collected through a survey of ISLG members as a starting point for assessing the impact of this mechanism on key USAID LENS indicators such as access to finance and access to economically productive resources.

EVALUATING EMPOWERMENT

Many of USAID LENS' projects are broadly concerned with increasing women's economic participation and empowerment. There is much debate around the definition of empowerment, but the gender and development field's approach to understanding empowerment is significantly informed by Kabeer's work which defines women's empowerment as "the process by which those who have been denied the ability to make strategic life choices acquire such an ability."⁹ Kabeer details the connection between poverty and empowerment and explains that "an insufficiency of the means for meeting one's basic needs often rules out the ability to exercise meaningful choice."¹⁰ As such, resources (material, human, and social resources) must then become a pre-condition for empowerment with agency as the process by which empowerment is achieved, including through freedom of movement, decision-making, leadership, etc. Through this explanation, we see that having economic resources is an essential pre-condition for one's agency, and any evaluation of empowerment must include these components.

In evaluations of women's empowerment USAID LENS employs the International Center for the Research on Women's (ICRW) model for economic empowerment because it closely aligns with the USAID Gender Equality and Female Empowerment Policy. ICRW's model is for economic

⁹ Kabeer, Naila. "Resources, Agency, Achievements: Reflections on the Measurement of Women's Empowerment." *Development and Change* 30, no. 3 (1999): 435-64, 435.

¹⁰ Ibid., 437.

empowerment but goes beyond access to economic activity. Much like USAID's work, the model is concerned with how economic participation translates to greater empowerment in all aspects of life.

ICRW defines a woman as being economically empowered “when she has both the ability to succeed and advance economically and the power to make and act on economic decisions.”¹¹ Empowerment requires women to have the skills to compete for economic advancement and the ability to make decisions and control resources to have power and agency. ICRW explains that to achieve this, women need access to resources and are affected by norms and institutions. Resources can be human, financial, social, and physical capital while norms and institutions include gender-defined roles, expectations on women, and legal and political structures.

Analysis under this assessment used the ICRW model to guide whether and how the informal saving and lending practice might support economic empowerment and how the findings were framed.

RESEARCH LIMITATIONS

There are limitations to the research that should be taken into consideration in interpreting the analysis. They include:

1. Focus groups for this assessment were conducted in five governorates throughout Jordan. The distance between the location of the meeting venue and women's homes or places of business prevented some women from attending due to constraints on time and/or mobility. This affected the sample size accordingly, as around 105 women were invited and 87 attended the focus groups.
2. USAID LENS allocated 3 months for conducting the research and reporting, which was a tight timeframe. When groups replicated in late March and early April, the replication exercise produced more groups than anticipated, leading to trade-offs in the utilization of time among general focus groups, one-on-one interviews with select group members and in-depth focus groups around specific subjects, such as recipients of loans and social funds.
3. Data was collected through KIIs, focus groups and surveys. Focus groups and KIIs were recorded and later transcribed; moderators and note takers were utilized to collect focus group data. Therefore, data collected was susceptible to human error in note taking or in transcription. With regards to the quantitative data collected through surveys, the total number of ISLG members at the time the research was undertaken was 161, while only 87 women participated in the focus groups, of which only 76 completed surveys; therefore, the sample is not perfectly representative.
4. Finally, it is worth noting that USAID LENS initially facilitated the formation of 7 groups; all persisted, except for 2 in Ajloun. At the time of their dissolution, these groups told the USAID LENS Gender Advisor that recently introduced taxes had created an excessive financial burden that rendered them unable to save. The assessment sought to probe further the perspective of these groups for the purposes of this research, but their former leaders were reluctant or unable to coordinate a meeting with USAID LENS.

¹¹ International Center for Research on Women (ICRW). Understanding and Measuring Women's Economic Empowerment: Definition, Framework, and Indicators. <https://www.icrw.org/wp-content/uploads/2016/10/Understanding-measuring-womens-economic-empowerment.pdf>. 2011, 4.

KEY FINDINGS

The assessment found that women's participation in ISLGs delivered both material and intangible benefits to women. Material benefits included increased income, and access to useful financial resources, as well as expanded personal and business networks. Intangible benefits included enhanced financial skills and practices, which have permeated into women's businesses as well as households. Likewise, women reported a transformation in social viewpoints towards women's financial decision-making. These factors created a demonstrable effect, with local demand for forming far more new groups than what USAID LENS had originally anticipated, and by the fact that new members expressed enthusiasm and optimism about the prospects of their groups in spite of not yet having realized benefit from them.

ASSESSMENT OF WOMEN'S ECONOMIC EMPOWERMENT

To assess the impact of the ISLGs on the economic empowerment of group members, USAID LENS adapted the ICRW model of Power and Agency Indicators and Economic Advancement Indicators.¹² The ICRW's Power and Agency Indicators are concerned with women's ability to make decisions and control resources as a way to gain agentic benefit from economic activity. The assessment evaluates how women's participation in a group affected their businesses, as well as individual and household outcomes related to power and agency, as shown in Table 4.

TABLE 4: OPERATIONALIZING THE ICRW MODEL FOR WOMEN'S POWER AND AGENCY

POWER AND AGENCY INDICATORS	INDIVIDUAL/HOUSEHOLD LEVEL	ASSESSMENT FINDINGS
Control over Assets	<ul style="list-style-type: none">• Women's ownership of productive assets• Women have their own source of income• Share of household income provided by women• Women have control over how to spend some cash or savings	<ul style="list-style-type: none">• Among the 5 original groups, participation in an ISLG facilitated women's accumulation of savings and access to income above and beyond what they normally would have achieved.• The vast majority (91%) expressed the sentiment that their sense of economic independence increased through participation in a group.• 70% also reported that their contribution to family income has as a result of their participation in a group.• More than half do not own assets, nor did they acquire assets as a result of participation in a group, but many expressed the sentiment that savings and income will facilitate asset ownership.• 75% of women reported that their personal and household financial situation has been enhanced after joining an ISLG.• Women predominantly reported having decision-making power about how and where to spend the financial resources gained through the ISLG.• Group members are the only ones who own the decisions related to their money inside ISLG.

¹² Ibid.

TABLE 4: OPERATIONALIZING THE ICRW MODEL FOR WOMEN'S POWER AND AGENCY

POWER AND AGENCY INDICATORS	INDIVIDUAL/HOUSEHOLD LEVEL	ASSESSMENT FINDINGS
Agency/Decision-making	<ul style="list-style-type: none"> Proportion of women's income spent on herself and children Women's involvement in major household decisions Women's access to information and technology 	<ul style="list-style-type: none"> Women reported spending their income on themselves, such as buying personal needs, on family needs (such as paying tuition fees for children or siblings); and on their businesses (such as buying raw material) 69% of women have agreed that sometimes family members get involved in decisions on how resources from their business are used. 93% of women said they felt more confident in taking financial decisions. Women's access to information and technology increased through the trainings provided and expanded networks through group participation. The provision of computers and training in ICT to manage some group functions, including communications, are also another useful lever to support group management, marketing of group activities and inter-group communications.
Autonomy and Mobility	<ul style="list-style-type: none"> Women's ability to visit friends, family, associates Women's ability to use public transportation/travel freely in public spaces Women's use of media, phone, technology 	<ul style="list-style-type: none"> Women predominantly were free to travel to group meetings and trainings, even when remotely located and for prolonged periods. They predominantly used public transportation to move between governorates to reach training courses in Amman and Irbid. 81% of women said their ability to move freely from home to attend meetings/training courses increased after joining an ISLG, as families' appreciation for the groups evolved.
Self-Confidence/ Self-Efficacy	<ul style="list-style-type: none"> Psychological wellbeing Attitudes on own self-esteem 	<ul style="list-style-type: none"> Women predominantly reported that participation in the ISLG and related trainings directly affected their self-confidence and self-esteem. This was due to the realization of results in terms of saving and income achieved through participation in their groups, as well as in training courses, especially ToT and ICT, and pride in being able to contribute to family well-being.
Gender Norms	<ul style="list-style-type: none"> Attitudes on women and work Attitudes on women and mobility 	<ul style="list-style-type: none"> 60% of women described their families as very supportive when they joined ISLGs. Society's acceptance of women's participation in ISLGs increased as groups became successful. 94% of women said that participation in an ISLG motivated them to sustain and grow their businesses. A few women faced family resistance to the use of public transportation to attend training in remote locations, but were nevertheless facilitated in participation in the activity, with families providing transportation directly.
Gender Roles/Responsibilities	<ul style="list-style-type: none"> Gender segregation of male and female work, ability to enter profitable jobs Equity of domestic duty load 	<ul style="list-style-type: none"> The stereotype of women's inability to manage money is changing due to groups' success, or at least correcting a wrong impression following the recent imprisonment of women for bad debt.

ICRW's Economic Advancement Indicators are concerned with evaluating if women have the skills and resources necessary to compete economically. Here in Table 5 we assess how participation in an ISLG affected women's economic advancement at the individual and household level.

TABLE 5: OPERATIONALIZING THE ICRW MODEL FOR WOMEN'S ECONOMIC ADVANCEMENT

ECONOMIC ADVANCEMENT INDICATORS	INDIVIDUAL/HOUSEHOLD LEVEL	OUR RESEARCH FINDINGS
Productivity and Skills	<ul style="list-style-type: none"> • Individual educational attainment • Business and work skills • Access to productive tools and technologies • Access to markets • Access to jobs 	<ul style="list-style-type: none"> • Women have gained financial management skills, leadership skills, ICT skills, and communication skills after attending training courses: <ul style="list-style-type: none"> – 97% of women reported that their professional networks had expanded through their participation in an ISLG – 99% of women have agreed that joining ISLGs helped them to have a clear vision for their professional goals – 100% of management committee members reported that their managerial skills were improved during the activity and through leading their groups • While not a majority, a healthy share of women said that participation in an ISLG positively affected their business, including 7.6% who said they had increased the number of employees; 22.6% who said they had new customers; 32.6% who said they had increased profits; and 19% who said their business had expanded. Just under 20% said their participation in groups and trainings had not affected their business. • All groups received ICT training relevant to the operations and management of an ISLG, and all groups received 2 computers for these purposes.
Business Practice	<ul style="list-style-type: none"> • Keeps records • Separates personal and business expenses • Diversity of product line • Marketing – takes advantage of market opportunities; is not dependent on one or irregular buyers or suppliers • Invests in business 	<ul style="list-style-type: none"> • The vast majority of women said that as a result of the financial literacy training, they maintain separate business and personal accounts. • The vast majority also said their ability to set financial goals and targets was improved, and that the practices of planning investments was particularly useful in developing their goal-setting skills. • Women reported improvements in their financial planning skills as a result of joining and participating in an ISLG, relaying that these skills are utilized in daily life to be able to meet their monthly commitment to their ISLG. • Group members also reported keeping records in their businesses as a result of the training; the majority still record manually; only 27% utilize technology for this purpose.
Income	<ul style="list-style-type: none"> • Has individual and household savings • Has levels of income 	<ul style="list-style-type: none"> • Women's financial skills, such as saving and investment, were enhanced through participating in an ISLG, leading to an increase in income. • Group members and managers said saving money had become a habit. Almost all said they had an ability to save whereas prior to the activity, they doubted that they could.¹³ • Nearly all women reported that their ability to manage and grow their money had increased through participation in an ISLG.

¹³ Focus Group Discussion, June 2019

TABLE 5: OPERATIONALIZING THE ICRW MODEL FOR WOMEN'S ECONOMIC ADVANCEMENT

ECONOMIC ADVANCEMENT INDICATORS	INDIVIDUAL/HOUSEHOLD LEVEL	OUR RESEARCH FINDINGS
		<ul style="list-style-type: none"> Women reported that income earned through the group benefited both them and their household. Many expressed pride in their ability to contribute to meeting family expenses.¹⁴
Work Environment	<ul style="list-style-type: none"> Worksite is safe and accessible for women 	<ul style="list-style-type: none"> Meetings are held locally, either in a woman's home or a local organizational facility. Meetings are both accessible and safe. However, women expressed concern that the amount of money held in their cash boxes was beginning to represent a security risk.
Prosperity	<ul style="list-style-type: none"> Equity of domestic duty load Community attitudes on what work women should do 	<ul style="list-style-type: none"> Women from successful ISLGs felt that their community's view of their social and economic role was evolving as a result of the work of their group.

WOMEN UTILIZE ISLGs TO EARN, NOT TO BORROW

An analysis of the financial activities of the original five groups facilitated by USAID LENS found that the groups were able to mobilize JOD 24,150 in savings over the course of a year – an average of JOD 150 per woman. More significantly, the analysis showed that revealed that by far, the most prevalent group activity was investment. The groups made a total of 35 investments -- an average of 7 investments each – totaling JOD 16,073 and achieving an average return on investment of 28% and a cumulative profit of JOD 4,188 among the original five groups (approximately 100 members). The projected savings for 12 groups by end 2019 is JOD 54,452.

INVESTMENT

Investments made up more than half of all group activity, an outcome that was neither planned nor anticipated. This feature was proposed by women from a group in northern Jordan, and the success of the group had a strong demonstration effect for others. USAID LENS integrated additional training to support groups to plan for and make sound investment decisions. The investment mechanism is the main feature that distinguishes ISLG model from the VSLA model; it also proved to be extremely transformative in terms of women's ability to increase their income, while enhancing women's knowledge of market needs and strengthening their investment valuation capacity.

The groups made 35 investments, compared to disbursing 13 loans and distributing a social fund grant on 12 occasions. Profits on investments are either immediately paid out, creating interim income, or reinvested in the ISLG, depending on group priorities and decision-making.

Group investments are small scale and often are concerned with covering gaps in supply to the local market by purchasing products/services from a third party or vendor and then reselling at a profit: school stationery, appliances, household supplies, accessories. Groups have also invested in packing olive oil for resale locally and in sheep to be fattened for *eid* celebrations. However, they have also made investments in productive activities; for example, by providing part of the upfront costs of

¹⁴ Focus Group Discussion, June, 2019

participation in a craft bazaar in Turkey for a member under a profit-sharing arrangement and, similarly, providing input supplies and marketing services to an embroiderer in return for share of profit.

In focus group discussions, women expressed deep satisfaction with their experience with investing, noting with pride that “all our investments were profitable, since we ensure profitability before investing in any project, by studying the market and its needs.” Women also felt that through having to study the market before making an investment, they had “increased our connections in the market, especially to vendors and suppliers”, an important achievement, as market linkages are one of the key challenges of microbusiness owners. “Through investments we improved our economic mindset, since we utilize every occasion and season to invest our money and increase our portfolio; we were not accustomed to this way of thinking in our lives before. Now we see and value the opportunities around us.” Another woman observed that the exercise of investing had “several effects... [it] increased our self-confidence and enhanced our risk-taking skill in our personalities [as well as] our decision-making skills; we always have to take decisions based on a proper evaluation of the options we have.” Women expressed satisfaction that they were able to “satisfy market needs and offer people products they need and letting them buy on credit.”

The development of investment skills was an unexpected benefit of participation in a group and a point of pride and confidence. A member from one of the original groups said that she had proposed one of her group’s investments and took on the responsibility of following up its implementation. “I hesitated to handle this task and was not completely confident about my abilities to deal with suppliers and customers, but through this experience I explored my inner abilities and strengthened my negotiation and marketing skills; this encouraged me to follow up the implementation of other investments later on.” Another woman noted that her group felt proud of benefiting the community through their investment activities: “When we started investments, we invested in a product on the basis that it was easy to buy and easy to sell, but after we observed that, actually, this product was important to people in the community, we started thinking about what our community needs [rather than the ease of sale] and making investments accordingly.” The ability to address community needs seems to be framing the groups’ investment strategies: “Our future vision of investments is improving and becoming more ambitious. We aspire to make larger investments that have a direct positive impact on the community and meet their needs, for example through investing in a cultural or entertainment center where families can enjoy activities together.”

Investment activities, in particular, seemed to strengthen women’s bond with their groups, enhancing their sense of ownership and belonging. One woman remarked that her group was “keen to invest in something profitable, because we want to use *our* money; any loss in the group’s money is a loss to ourselves, not only the loss of our money.” Women frequently suggested that the ISLG mechanism was strengthening their sense of solidarity. One woman said that she and members of her group had come to feel that “our group is our business that we are growing overtime; we always reinvest in it and are concerned about the efficiency of our decisions” so as to maximize the benefit to group members and their families.

While this assessment found that women are keen to keep investing through their groups, they recognize that their potential in this area remains limited without further skills strengthening; specifically, groups need to be enabled to invest in riskier projects with higher margins. One mother group said her group wished to enhance their investments and increase their profits, but “we need help in learning some tools that support us to take these decisions.” In particular, women said their groups need additional market research and investment evaluation skills, and skills in conducting market analysis, investment valuation, feasibility studies, decision making and identifying market trends. A key informant related that so far, “women’s investments are very basic; they need mentorship and coaching

in how to choose their investments, how to invest in riskier projects and how to calculate these risks.”¹⁵ Additionally, many group members and managers noted that groups do not yet have sufficient capital for investments to result in larger profits; they need to accumulate more capital to be able to participate in higher risk profit.

The tangible financial benefits of investments to the groups – including group solidarity and self-confidence alongside income – are an element upon which to capitalize. Through better market analysis, these groups can extend additional benefits to their members and potentially have broader impacts in communities. Groups need support to develop their appetite for risk; their fear of failure remains strong. One group member related that her group “still needs more confidence and skills to calculate risks and evaluate investments. We minimize the risks by depending on dealing with vendors and suppliers who we trust from our network, in order to ensure the success of investment.”

LENDING AND SOCIAL FUND USAGE

In focus group discussions, women stated that the ability to earn while saving was one of the most important motivations to join a group, while access to loans, credit and social funds were secondary considerations. However, the ability to access financial resources easily, when needed, on affordable and transparent terms was an additional benefit and source of assurance. Since 2017, the 5 original groups disbursed 13 loans, valued from JD 100-850, and 14 social fund grants.

Women who accessed loans utilized them for both personal and business needs. Personal uses of loans were varied, from using the funds to purchase skin care equipment to treat a skin condition, for cosmetic dental work (which the lendee said made her more confident in engaging with customers at bazaars as she no longer felt embarrassed to smile and expose her teeth), to purchase medical shoes, to afford a *Hajj* visa, to travel abroad for the first time, and to support the first installation of tuition for a daughter’s master’s degree. One expressed with pride that she was able to help her husband purchase a vehicle for his business, delivering an overall benefit to the family since the vehicle would help him serve more customers in his business. Women also used loans for their own business purposes, such as raw materials and equipment purchases.

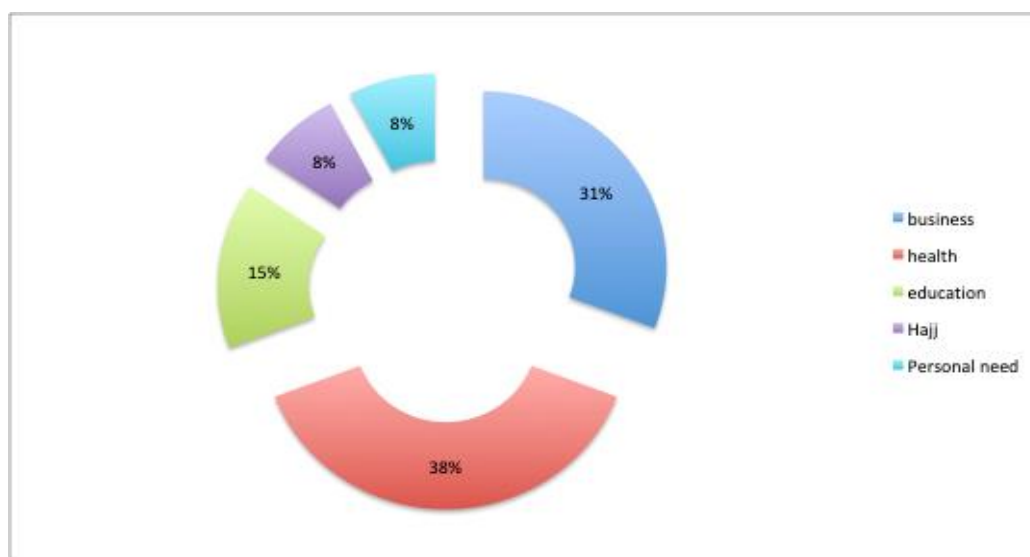


Figure 2: Loan usage

¹⁵ Key Informant Interviewee, June 2019

ISLG lending is Sharia compliant, so the groups do not earn interest on loans; rather they earn through fees on applications and processing and penalties on late repayment. It is worth mentioning that all groups have categorized loans, with different fees applying to each type: for example, the application of a loan to be used for medical purposes is five times less than application fees on loans for entertainment or travel. Misuse of a loan can also incur a fee.

Women in FGDs said they appreciated the short and flexible internal process applying for and receiving a loan, as well as affordable monthly payments and the compatibility with Islamic law, which prohibits interest. One woman explained that the flexibility in procedures and repayment allowed her to access consecutive loans. “The flexible loan procedures and rules allowed me to take two loans from the group, one for my business to purchase raw materials and one for my personal needs. The repayments are suitable for my economic situation, as they are without interest. This allowed me to pay back the whole amount of the first loan during the agreed period, then request another.”

Eleven of the 12 groups have integrated social funds into their model. The social fund operates as a grant mechanism, available to members in the case of an emergency or dramatic life event. Those groups that have a social fund have a constitutionally-mandated cap on disbursements, with the amount being determined by each group; grants from the social fund are only disbursed on the unanimous approval of all group members. Of the 5 mother groups, only 3 have utilized the fund. Of those that had received social funds, 87% said that the amount received was sufficient for their needs, and the majority felt that it was easy to request and receive a social fund grant. The social fund has been utilized to cover unanticipated damage to the home, medical emergencies, and expenses related to the death of immediate relatives.

The original groups expressed the concern that they should revise their constitutions to be able to disburse more than one grant at a time, which prompted the 6 newly formed groups to place a moratorium on the use of their social fund until it is more robust. USAID LENS was somewhat puzzled by one group’s opposition to including a social fund as part of their ISLG practice, with several members expressing the point of view that while all members would pay into the social fund, not all would benefit from it. This suggests a lack of social cohesion and solidarity; a risk to group sustainability.

PROFITS

Only two of the originally formed groups had distributed profit shares, as they were the only ones that had completed a full cycle at the time the assessment began, and the 7 newly formed groups had just entered the savings cycle. Therefore, overall findings concerning profit distribution were limited. Group profit shares are derived from income from service fees, such as fees on applications, and paid out only at the end of the cycle; profit on investment may be reinvested in group savings funds to be paid out at the end of the cycle or paid out immediately to group members, depending on group rules. One woman said the profit that she had gained allowed her to diversify her product line offered in her supermarket, leading to an increase in sales. Others reinvested in their groups by purchasing more shares. One woman said, “I prefer to put my money in the group, to buy all my shares, and to enhance our investments, until the group grows is able to earn more money.” Some group members said they intended to use their funds to pay off debts, while others reported utilizing for purchases they had put off due to lack of resources, such as mobile phones or furniture. These anecdotes suggest that the development of group member’s income is enhancing consumption habits, and supporting their ability to fulfill personal, familial and business needs. A FGD participant compared, asked to speak about her experience in her group, said: “I have participated in other traditional *jamiyat*, but the ISLGs have better

financial results, with benefits, that I have never experienced before, such as loans, social funds and investments.”

GROUP SUCCESS AND FAMILY/COMMUNITY PERCEPTIONS

USAID LENS anticipated that women would encounter resistance from their families and/or communities regarding their participation in the ISLGs and related activities. This expectation was due to the level of commitment required to participate in meetings and trainings, as well as using scarce financial resources to achieve uncertain outcomes.

Women faced some resistance from their families at the outset of the activity; this emanated from general doubt about their ability to meet group commitments (meeting and monthly payments) and to make critical financial decisions. Family members expressed not wanting to implicate the household in any financial losses incurred from participation, as well as a concern of how financial disputes within ISLGs could ultimately negatively impact a broader network of social relationships in their communities. One woman, for example, related that her husband “did not accept the idea of my participation in the group, as he believes that participation in this type of financial group might affect my social relationships with my friends in the group.” Also, another woman from a replicated group noted that “my husband is the main barrier, as he refuses the idea of my participation in ISLG” for similar reasons.

Some families were deeply skeptical of any lending groups/entities, whether formal or informal. They find such activities to carry a high legal risk. Women said this concern emanated from the fact that many women had recently been imprisoned for bad debt to an assortment of entities and lenders. Families expressed concern that a woman’s failure to meet her financial commitment to her group might have legal implications. “At the beginning, my husband resisted my participation in the ISLG, as he associated this with the recent stories about women who had defaulted on debt and faced legal consequences. He kept warning me to be careful, and telling me he was afraid that I would end up in jail; that it was better to avoid these types of financial entanglements. However, after he understood... that money is managed collectively by members, that there is no interest rate for loans and legal commitment, only a moral one, he felt more assured.”

Women said they were able to mitigate these issues by highlighting the central role of transparency provided by a written constitution and group rules, group decision-making, recorded transactions and decisions, and the presence of an elected management committee to moderate conflict and prevent the personalization of disagreements. Newly replicated groups were able to point to the success of their predecessors, and all reported being able to draw some parallels between the ISLG practice and the commonly known and widespread practice of *jamiyat*, while illuminating some of the other practical benefits of group membership such as access to the social fund.

In focus group discussions, women, including those whose families encourage their economic participation and independence, also reported that family members initially resisted or discouraged their participation due to the time commitment required; for group managers in particular, multiple-day trainings were often hosted in different cities and/or governorates, and thus took women away from home for several consecutive days, requiring overnights in a hotel. One member of the original groups explained that as a widow, she was “solely responsible for my family, so my participation was resisted by my (deceased) husband’s family at the beginning, because they thought that it would affect my family obligations and my relationship with the kids, but they were persuaded after they saw that I was able to generate income from the group.”

Although it was less frequently reported, other families were less accommodating. “I was not able to attend the financial literacy training course, because I have a small child. My husband opposed my attendance for two days of financial management training; he refused to cooperate in taking care of our child during these days, so I would not attend.”

Some women said their families did not outright oppose them, but were discouraging and dismissive, and USAID LENS observed that women were both deeply affected by their dismissiveness and lacked the confidence to defend their participation in trainings and group activities. They said they preferred to achieve a tangible result from [participating in the group] to demonstrate to their families that could achieve their buy-in later. “We do not want to hear discouraging words from our husbands, such as ‘You will not do it or you will not make it, that the group will fail, etc. This is demotivating and will prevent me from actively participating in the group,” one woman related. A key informant speculated that women “hide their participation in the group from their families because they do not have decision-making power in their families, and they are afraid that their families will take their money.”¹⁶ While no women expressed this concern openly, others did acknowledge that they conceal both their participation and their income from their families.

Nevertheless, a large majority of ISLG survey respondents (83%) said that by the end of the intervention, their families were somewhat to very supportive of their participation in the ISLG and the related trainings. Members of one group located in northern Jordan mentioned that families were very supportive and encouraged their participation. One woman explained that when she told her husband about the concept, he encouraged her to explore the idea: “He encouraged me to join and told me that if I determined that it was a good option for me, he would support me until the end.” Another woman, part of a group management committee, said her family encouraged her to join to exercise her unutilized degree in finance. “My parents were encouraging. They told me that it was a good opportunity to improve my personality, enhance my skills and generate additional income.” Women from Zarqa, who predominantly work in the maintenance sector, said that the barriers from their families had been broken long ago. “We overcame bigger challenges with our families when we decided to work in plumbing. So my participation in an ISLG was not only acceptable, but welcomed by my family; they give me freedom in financial decision-making freedom because they also directly benefit.”

Women also expressed the sentiment that the ISLGs enjoyed acceptance within their communities. ISLG members who are business owners expressed the belief that their communities were becoming more accustomed to women engaging in different types of economic activity and to their increased economic independence. Moreover, as these ISLGs mature, their impacts are more visible to the community at large. “Our success is the proof to society about the importance of these groups,” said one woman. Another woman noted that another signifier of social acceptance was the number of women who had asked to join her group or who had asked for assistance to form a group. While women said that a growing number of individuals are eager to join or form a group, challenging economic circumstances – more than social norms – prevent others from doing so: “Over time, an increasing number of women are willing to join ISLGs, but the financial commitment challenge does prevent some women from doing so.”

The relevance and relative “safety” of services offered by ISLGs – easily accessed loans, with transparent and socially acceptable borrowing terms, flexible repayment terms, the availability of social funds, shared risk and opportunities to increase income – all encourage social acceptance of the

¹⁶ Key informant Interviewee, 2019

informal saving and lending practice and encourage membership. Groups' ability to help meet local needs also seems to play a role in the community's overall perception. One woman explained that their investment activities speak to local market needs. "We explore what people need, and we help them to meet their needs, especially when they are not able to afford something upfront," she said. "For example, this summer, two families needed air conditioners; we bought them and sold them on installments with a small additional percentage as profit." For the families, she said, it is easier and more affordable; the group's "clients" do not need a bank account or to have collateral, as they are part of the community and therefore, known to the group, facilitating trust between both parties.

Some FGD participants in north Jordan said that in their conservative community women enjoy little independence or agency; that they rarely have decision-making power in their households, they have few economic resources of their own and their personal mobility is limited. Therefore, they said, it is more difficult to achieve the kind of success that other groups have, and that this, in turn, limits their ability to promote the benefits of ISLG practice in the broader community. A member of the Kafrain group reflected a similar sentiment: "Society thinks [women's] main role is preparing food in the kitchen or taking care of our families. They don't believe in our abilities to succeed in the market and gain profits. This image [of women] started to change when we joined the ISLG and started generating income ourselves."

Finally, FGDs revealed that communities were warming to the ISLG concept and recognizing its potential to benefit communities. Women noted that as the outcomes of their participation in the ISLGs became more evident in the concerned communities, families had increasingly positive opinions of participation. One woman explained that once her group started earning income on their investments, "women who had refused the chance to join our group at the beginning came again to request to become members; they felt assured by the proof of success and were more willing to commit." Finally, safe and affordable access to loans increased both the families' and communities' trust in ISLGs, as the use of these had direct or indirect benefits to households. "When I took a loan for my daughter to pay her university tuition fees, my family saw value in my participation in this group, and that it positively affects all family members." Moreover, one woman mentioned, "when I took a loan for my husband to purchase a van for his business, he felt the importance of the group and encouraged me to stay active in it."

WOMEN'S CAPABILITIES EXPANDED

The VSLA methodology prescribes a step-by-step training system for the facilitation of group formation. USAID LENS provided the group formation training to all self-selected group members, following the contours of VSLA system, but layered on additional content related to basic financial concepts and skills, gender awareness, women's economic participation, and empowerment. USAID LENS continued to provide mentoring to the 5 original groups for approximately a year as they moved through the full saving cycle.

However, as sustainability is often a challenge for informal savings groups, with weak group management playing a role in the dissolution of groups. USAID LENS targeted key group managers for additional capacity building to shore up their management capabilities. The project partnered with the Microfund for Women's Learning Academy to deliver customized financial literacy training; Migrate was contracted to provide ICT training that would facilitate financial record-keeping, group operations and communications; and with CARDNE to provide a training-of-trainers program to cultivate strong leadership and management and facilitate group replication. The ToT was provided by

a NENAMTA-certified trainer, with practical field exams conducted by CARDNE.¹⁷ Twenty-four elected group managers participated in this training series over the course of 6 months. Table 6 summarizes the training delivered to ISLG managers. USAID LENS observed that in addition to reporting strengthened skills, women also expressed confidence in their ability to use (most) skills effectively and apply different financial principles in their daily life and business. Confidence is a significant development outcome along with the actual possession of skills.

TABLE 6: SUMMARY OF ISLG TRAINING PROGRAM

ISLG TRAINING COURSE

Group Formation Training	<ul style="list-style-type: none"> • Introduction to USAID LENS • Women economic empowerment • Concepts of savings and lending • Groups forming • Management committee election criteria • Saving plans • Election process 	<ul style="list-style-type: none"> • Internal procedures and rules • Constitution formation • Conducting meetings • Taking lending decisions • Managing the cash boxes and portfolios • Forms and monthly reports preparation • Risk management
Financial Literacy	<ul style="list-style-type: none"> • Financial culture (basics) • Domestic budgeting • Savings • Banking basics • Skills to schedule a loan • The economic feasibility analysis of the business idea 	<ul style="list-style-type: none"> • Profit and loss account • Group investment • Investment funds • Loan planning • Book keeping • Financial reporting and planning for growth • Cash flow •
ICT	<p>Microsoft Word Review</p> <ul style="list-style-type: none"> • Opening and Creating Word Documents • Populating Documents with Textual and Non -Textual Content • Saving Documents and Save As <p>Microsoft PowerPoint Review</p> <ul style="list-style-type: none"> • Opening and Creating PowerPoint Presentations • Populating Slides with Saved and Online Text, • Images, Audio, and Video Elements • Copying, Pasting, and Making Templates of Slides • Saving Presentations and Save As 	<p>Microsoft Excel Review</p> <ul style="list-style-type: none"> • Opening and Creating Excel Workbooks • Using a Search Engine and Filtering Results (via Computer and Mobile Phone) • Manipulating Columns, Rows, and Cells • Using Preset and Original Formulas • Saving Workbooks and Save As <p>Review of Facebook</p> <ul style="list-style-type: none"> • Posting Notifications, Events, and documents • Posting <p>Online Privacy and Data Security</p> <ul style="list-style-type: none"> • Definition of cyber security • Online risk classifications • Security for internet use • Password protection • Security and privacy on social media

¹⁷ NENAMTA (Near East and North Africa Management Training in Agriculture) is an IFAD-supported program to strengthen capacities and develop relevant training programs accessible to rural populations in the region; CARDNE (the Regional Center for Agrarian Reform and Rural Development for the Near East) is NENAMTA's local certifying organization.

		<ul style="list-style-type: none"> • Skills in handling bullying, problems, conflicts • How to report and escalate abusive behavior • Backup and safe storage • Cybercrimes law in Jordan
Training of Trainers	<ul style="list-style-type: none"> • Knowledge of training concepts • Knowledge of the training life cycle • Utilization of training aids and tools • Utilization of Nenamta training methodology 	<ul style="list-style-type: none"> • Development of planning and organizational skills • Evaluation of training, trainees and training team • Implementation of the USAID LENS informal saving and lending practice training package

TRAINING FOR GROUP MEMBERS

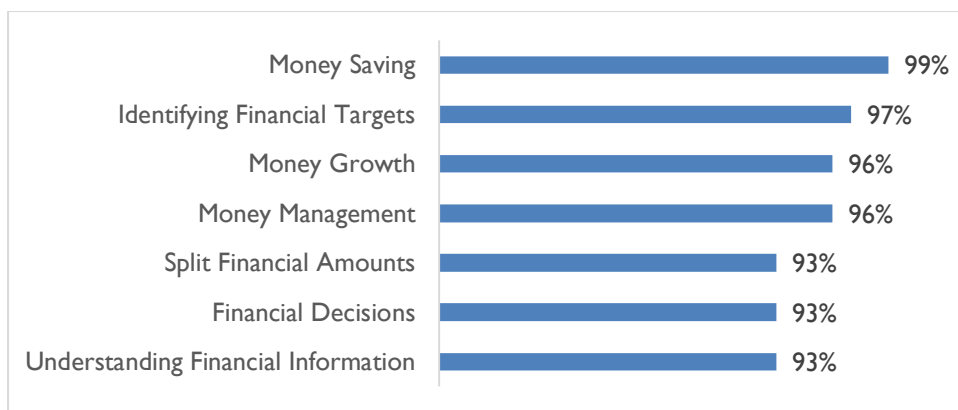
In the participant survey, women overwhelmingly expressed that they had acquired multiple, significant financial skills through their participation in the group and the related trainings. More than 90% expressed that as a result of their participation in the ISLG activity, they were able to: save and plan for savings, identify financial targets and goals, grow their money, manage their money, clearly delineate between their personal and business resources and read and interpret basic financial information such as cash flows and income statements.¹⁸ After the financial literacy program, one woman explained: “I understood that closely managing finances helps me maximize the benefits of financial recourses that I have. Before, I spent money without budgeting my income, not really realizing how and where I spend the money, and without saving any money. Now, at the beginning of each month I put a plan for my expenses, including a deduction for my monthly ISLG payment.” Another said she felt more prepared to open and operate a business. Others reported that they felt more able to manage a loan successfully.

Group members also highlighted in FGDs that they felt training related to financial skills and household planning and participation in the group had fostered a sense of being “more organized” in their financial decision-making. “If I am convinced that I want to buy something, I am able to save for it,” one woman said, noting that imposing a saving requirement on herself made her more aware of her consumption priorities. This sentiment was also shared by others: “When I receive my salary, I immediately deduct my monthly contribution to my group,” said one. Another group member said that whenever she has extra money, she uses it to buy more shares rather than spend it on something non-essential.

On the whole, survey respondents (93%) said they felt more confident in their financial decision-making. One group member said that as a divorcee, she was accustomed to handling the financial decisions and planning in her family, but that the financial planning techniques she gained strengthened her ability to “allocate income appropriately among family needs, while minimizing waste of income.” This confidence was reflected across specific skills, as represented below in figure 3.

Figure 3: Financial skills development

¹⁸ ISLG Assessment Survey, June 2019



Participants also reported that their skills and habits were being transferred to other members within the household. “I encouraged my family to apply what I am doing in the ISLG,” one member explained. “This did affect them, and we bought a cashbox where we save ourselves.”

TRAINING FOR GROUP MANAGERS

USAID LENS observed that all of the 5 original groups were utilizing technology for the purpose of group management, but that the equipment or software was outdate or incompatible with other systems and that for the most part, group managers – with a few exceptions – lacked skills to make the use of technology efficient. As the tendency to use technology was already present, and because ICT skills are increasingly an essential part of economic participation and financial inclusion, the project integrated ICT training for group management. This was intended to support group record keeping and communications within and among groups; it also facilitated the project’s ability to collect data on group performance as well. The ICT offering was extremely popular among all groups, and was expanded to include interested group members along with managers, for a total of 67 participants. Women’s self-assessment of skills (captured in pre- and post- assessments) reflects the extent to which women gained confidence in their skills and abilities: across all ICT skills delivered, participants self-reported a 31% increase in their comprehension and utilization of skills, against an actual change of 24% in skills and comprehension.

The difference is down to a change in confidence about their ability to engage technology generally, said one KI: “There is a fear of ICT, an anxiety that it is too complicated; that it can’t be mastered. Women broke their inner walls and fears in the ICT training course, and after the training this fear has disappeared.”¹⁹ One woman from Zarqa said she’d heard of Excel but knew nothing about it. “I didn’t think it was something I could use or would need. But I am able to create basic forms for my business and keep better track of my data.” Another group manager related that the use of a computer, especially the mouse, was new terrain and “I did lack confidence, but at least in terms of writing our meeting minutes and notes and keeping our group records, I can do that.”

The USAID LENS Gender Advisor also noted that the impact of the training was apparent in the groups’ submissions of monthly data to USAID LENS, as well as in the CVs group managers prepared and submitted ahead of the training of trainers, as well as the creation of facebook groups through which groups shared their activities and success stories with each other. The Gender Advisor also noted that the training opportunities provided important networking opportunities, and provided important demonstration effects in terms of sharing success stories and solutions to common problems. “Since we were able to be introduced to ISLG members from across Jordan, listening to their stories is motivating, as is learning from their faults; we can see how to achieve our aims.” The ICT training also brought to light the intergenerational dimensions of the ISLG activity: Younger

¹⁹ Key informant interviewee, June 2019

women felt the training was less useful for them, “because we already have ICT skills and we use them in our work and studies. However, we were able to assist other women to grasp the concepts they struggled with.”

USAID LENS provided two rounds of TOT. The first was a basic 3-day training to support the 5 original groups to replicate and facilitate the formation of new groups; the second was a full 2-week training to support more robust group management among all 12 groups and ensure that they were able to implement a full ISLG training utilizing the tools and skills imparted throughout all trainings. This assessment found that the TOT deepened women’s confidence in their technical and communications skills, while also developing self-awareness about their strengths and weaknesses as leaders and managers of their groups.

Overall, respondents related that the TOT was transformative for them, with multiple applications to their lives beyond their groups. “The TOT has been a turning point in my life. It increased my self-confidence and it helped me to appreciate my strengths. I discovered parts of myself that I didn’t know well; this deprived me of opportunities that I was afraid to take before in my business.” Another said the training “helped me enhance my ability to deliver information to large audiences. Additionally, it provided tools that contributed to my self-control in the way I respond to others. What I learned also helped me in developing our internal group reports and transferring the knowledge to [[new groups]] in an easy and effective way.” One KI remarked on participants’ commitment to succeeding in the TOT, reflected in how interactive they were. The KI added that “the training increased women’s self-confidence and it expanded women’s ability to stand in front of an audience and deliver information, which they are not accustomed to doing.” The KI said that she was particularly impressed by the quality of participants’ communications skills, reflected in the quality of their reporting about their groups.²⁰

One group manager said she felt one of the more valuable aspects of the training was learning “how to deal with different people and mindsets, how to use group [written rules] to maintain order and professional relations within the group, and how to sustain a relationship between my group and the other replicated groups.” Still another from a newly replicated group felt that the training helped groups think more clearly about group goals and objectives: “The training course helped me better understand the ISLG concept, so we successfully were able to define our rules, write our constitution and elect our management team”.

All survey respondents said the TOT was useful, but in focus groups expressed a desire to have had a longer training period to be able to delve deeper in some of the training topics.²¹

SUSTAINABILITY AND INTEGRITY

USAID LENS observed that all groups are keen to sustain themselves after the exit of the USAID LENS Project; this holds true for both the original 5 groups as well as the 7 newly formed groups. Group members noted that their current success is the result of a substantial personal investment: “We see ourselves in our groups,” one group member explained. “The success [we have achieved] is the result the goals we set and plans we made together to reach this point, so we are not prepared to easily loose what we have achieved.”

We also observed that groups in recent months had taken concrete actions to ensure the sustainability and credibility of their groups, by innovating solutions to challenges they faced and/or simply to boost

²⁰ Key informant interviewee, June 2019

²¹ ISLG Assessment Survey, June 2019

confidence in the integrity of their groups. Before distributing profit shares late last year, for example, one group hired external auditors to audit their records and deliver an audit report that was shared with the whole group. Another group purchased a currency scanner to scan all money entering and leaving the group. This solution followed an incident in which the recipient of a loan for a Hajj visa said a 50-dinar bill of the currency she had received was refused by visa office as a counterfeit. Ten days had elapsed between the disbursement of the loan and the visa office's rejection of the currency, so the group felt that there was no way to verify that the counterfeit bill had originated from the group. However, to maintain good faith with the member, the group voted to provide another JD 50, but also voted to use some of their funds to procure a currency scanner to scan all money moving in and out of the group. These practices are being integrated by other groups, the result of the networking among groups that was facilitated by joint training and group connectivity over social media, both of which allow the exchange of best practices and shared problem-solving opportunities.

In focus group discussions, women also expressed the sentiment that their continued success depends on assisting other groups to form, and cultivating long-term linkages with those groups, and are planning for that. "We need to help more women in starting their own groups. We can do this by promoting our success stories, as now we have the whole experience and we can help them to succeed and prevent our errors." Women proposed conducting town hall meetings in surrounding communities to "raise awareness of the mechanism and demonstrate the positive results and impact achieved from it" as a way to help spread the practice.

The five original groups also have written sustainability plans that broadly target the ability to work in more impactful ways. In particular group members and managers repeatedly emphasized the development of the size and sophistication investment activities. "We have to work more in improving the investments we implement, and start investing in riskier and bigger projects, so we are focusing on improving our abilities to value investments and calculate risks," one group manager explained. Groups are also eyeing the opportunity to build partnerships with third parties, such as wholesalers, to realize better deals in investments and purchase raw materials and other goods in bulk to achieve lower prices. Groups also expressed a desire to leverage their potential collective power to emerge as a coalition representing the informal saving sector; they envision partnering with a donor agency to achieve this and eventually establish a physical headquarters for informal groups. A key informant also agreed. Existing groups, the informant said, "could benefit from an umbrella organization that they both manage and participate in to support monitoring of group performance, connect groups to resources, facilitate networking and communications around best practices and the sharing of success stories that would support and strengthen the growth of the informal savings practice."²² Such an entity, the informant, noted, could be a bridge to external technical expertise as well as to the formal financial sector. Groups expressed the belief that an institutional umbrella could help insure their funds by providing a link to formal financial services entities.

Some managers and members see the potential of their ISLGs to operate as small, localized investment houses "that invest in women's businesses, help them to grow their business and, at the same time, realize profits for the group." Others concurred with this objective. "We aim to make the ISLG a community for all women who own a business, so they can network, have access to capital, and grow through the services that we can offer," said another. Another group plans to make use of the aggregation of productive enterprises in the group to function as a savings group as well as an informal production entity to produce goods and create and jobs.

²² Key informant interviewee, June 2019

OUTCOMES, CHALLENGES AND RECOMMENDATIONS

This assessment found that women who are participating in informal saving and lending groups have benefited in both tangible and intangible ways, and therefore, the mechanism can be considered a useful vehicle to support higher levels of empowerment among women in the MSE segment, as well as women who can be considered economically vulnerable. This was evident in women's ability to mobilize savings and realize income as a result of increased financial capabilities earned through training. As well, we note that women report feeling more empowered in their families and communities in that they are able to contribute to both in meaningful ways. The assessment found that familial and societal perceptions and support are impressionable and can be changed overtime. To date, changes in perception have occurred only as tangible outcomes become evident to the family and larger community; future implementation should consider building in a component that specifically targets the community through workshops, public events, and other awareness-raising activities. When summarized against the theory of action, the results demonstrate a positive impact, as shown in Table 3 below

TABLE 2: SUMMARY OF RESULTS	
THEORY OF ACTION	SUMMARY RESULTS
IF ISLGs have been formulated,	<ul style="list-style-type: none"> ◆ The first ISLG was formed in Sheikh Hussein (Irbid governorate) in 2017; since then 13 other groups have formed.
THEN women will need capacity building in:	
<ul style="list-style-type: none"> • Financial literacy, 	<ul style="list-style-type: none"> ◆ Based on a pre assessment done by USAID LENS, Microfund Women in collaboration with USAID LENS have conducted (2) Financial literacy training courses, targeting (36) women.
<ul style="list-style-type: none"> • ICT, 	<ul style="list-style-type: none"> ◆ USAID LENS in collaboration with Migrate conducted 2 ICT trainings targeting 67 women. While both trainers and participants said there were challenges integrating these skills in daily life, pre- and post-assessments showed across the board increases in knowledge and comprehension of ICT tools, software applications and skills ◆ Group use ICT to manage finances and communications ◆ Some women who have access to ICT outside the group setting reported utilizing the newly acquired skills in their businesses or at home
<ul style="list-style-type: none"> • Training of Trainer; 	<ul style="list-style-type: none"> ◆ The USAID LENS Gender Advisor delivered a basic TOT targeting 15 women in early 2019. This was followed by a NENAMTA-certified ToT course delivered to 24 women, resulting in 8 group managers certified as master trainers, 4 certified as trainers and 8 certified as co-trainers.
THEN women will be able to manage and grow their groups;	<ul style="list-style-type: none"> ◆ 14 ISLGs have formed since 2017 in 5 geographic areas, ◆ The activity began with 7 groups, 2 of which dissolved early on, due to members' lack of commitment and challenging economic circumstances ◆ After a growth period, the remaining five "mother" groups facilitated the formation of 7 new groups, for a total of 12 groups now operating with a membership of 161 women.

TABLE 2: SUMMARY OF RESULTS	
THEORY OF ACTION	SUMMARY RESULTS
THEN women will be able to:	
<ul style="list-style-type: none"> Access relevant financial services (loans, social fund) 	<ul style="list-style-type: none"> 13 loans have been disbursed by 3 groups, with values ranging from JD 100- 850 14 social fund grants have been disbursed by 3 groups
<ul style="list-style-type: none"> Save, 	<ul style="list-style-type: none"> The current total portfolio of all ISLGs is around JD 25,647, and the anticipated portfolio is JD 53,452 by end 2019 On average each member is able to save approximately JD 150
<ul style="list-style-type: none"> Earn 	<ul style="list-style-type: none"> Profit shares averaged JD 42-330 in the two groups that paid out. Groups have made 35 investments, with an average ROI 28% and total revenue of more than JD 4,000; investments were made in 24 trading activities and 13 food production projects
THEN women will be more empowered economically	<ul style="list-style-type: none"> As a result of ISLG participation, women have expanded their financial capabilities and their confidence about financial-decision making has increased As a result of ISLG participation, women have: opened businesses, improved existing business, contributed to family expenses and spend on themselves for their own needs. As a result of the success of some ISLGs, families and communities became more accepting and women participated freely in meetings and trainings and gave women the space to make decisions – both independently and collectively – about the use of financial resources While not a majority, several women said they hid their participation from their families, and there is a strong possibility that their families would either oppose their participation or confiscate their earnings if they were aware of them

INVESTMENT CAPACITY While this activity can be considered successful and impactful, there is a concern that women’s motivation may wane if they feel they are unable to continue developing their financial skills and knowledge to expand their group’s potential for growth. In particular, women are keen to develop their capacity for investment. The need for additional skills that would support market research and investment evaluation was frequently mentioned in focus groups with both group managers and members. Participants acknowledged that their investments are limited to their existing networks, where social trust mitigates risk; they look to gain the skills that would give them confidence to appropriately target investments outside their networks. Additionally, group members said they often do not have sufficient capital to invest in larger, higher risk projects that would deliver better profits. The enthusiasm for this activity should be capitalized on, as focus group discussion repeatedly revealed that this activity more than others supported skills development, bore tangible material benefits, and increased women’s self-perceptions as economic actors with the agency to deliver benefit to their communities. For future iterations of this program, USAID LENS recommends integrating more robust training on investment for existing ISLGs. Elements of investment can easily be integrated into similar financial management courses.

TECHNICAL TRAINING AND LEGAL SUPPORT Related to the above, the assessment findings showed that ISLGs seek ongoing capacity building training in other fields such as project management, business planning, market study, English language (conversation) and digital marketing. These training courses will equip women with the needed knowledge that will help them to sustain and scale the individual businesses of members and can be applied to the growth of the group as a whole. Groups also need to be linked with a network of experts, investors and funding entities, as well as with legal advisors that can guide their journey as informal groups, or as they emerge to more formalized activities.

GROUP MANAGEMENT AND COHESION Moreover, our concern is women's ability to sustain and grow ISLGs through the diversification of membership. Groups currently consist of members who have direct and indirect social relationships between each other. These are often friends or family members that facilitate trust and commitment. At the same time this does not guarantee the readiness of such groups to manage a more diversified team, and in fact, in the VSLA methodology discourages having more than 2 immediate family members in the same group in order to minimize the risk of undue influence over a group from a single family. The essential success factor is each group's ability to integrate a range of members and build trust through the exercise of the written constitution and agreed on group rules.

GROUP REPLICATION In the VSLA model, group replication is a service performed for a fee for other interested groups, and constitutes a revenue stream for a group. USAID LENS supported groups to design pricing structures for their services. However, we observed that groups were reluctant to charge other groups for their services, out of concern about the modest economic means of the potential new group members and without regard for the fact that successful new groups and their members will recover the upfront cost of group formation training. When the cost of training a new group transferred to an original group or its managers, negative outcomes ensued. For example, in one group, a management committee member left the group and formed a group on her own in closer proximity to her home. This affected the payment structure of the entire group. Therefore, it is suggested that any future programming emphasize the full VSLA methodology in group replication, including the application of fees for replication services by making the business case for the original and replicated groups, and the importance of firmly applying the agreed on rules for exit (which typically prohibit exit from the group before a member's shares are sold).

SECURITY Finally, as groups grow their funds, there is an obvious reason to be concerned about the physical security of each group's funds – which are held in cash – as well as the physical security of group treasurers who manage the funds. Groups themselves have grown concerned about this, and now are considering ways to mitigate the risk. One possibility is to utilize a bank account for funds if a relevant saving product can be found. Another possibility is to utilize funds to emerge as a legal entity; whether a business, a cooperative or NGO, as some have proposed. In all cases, groups would need support to make this transition successfully and sustainably. Eventually, groups might also be supported to utilize digital financial services available on the market to manage their cash, but as another USAID LENS assessment has found, weaknesses in the current mobile money agent structure among PSPs make this a challenging prospect currently.

FUTURE OPPORTUNITIES

USAID LENS leaves in place an informal saving and lending practice infrastructure that can be utilized by multiple financial and development sector stakeholders to increase financial capabilities and financial inclusion to benefit the unbanked as well as ecosystem stakeholders. This consists of a well-designed methodology adapted to Jordanian context, related tools for group managers and participants and a core group of “super-trainers” who can be mobilized and deployed to support the scalability and sustainability of the practice throughout the country.

USAID LENS has identified the following opportunities for relevant stakeholders:

- It is clear that the informal finance sector is and will remain a prominent and persistent feature of Jordan’s economy and the microfinance ecosystem. Informal groups, such as ISLGs that operate according to clear and transparent written guidelines, restricting group services to their members and ensuring that group members are involved in group decision-making, is a practice that can be encouraged by microfinance sector stakeholders. The microfinance sector stakeholders can promote such groups as a best practice compared to the more predatory informal microlending practices that have negatively impacted the reputation of the microfinance sector, as well as the creditworthiness and social standing of large groups of Jordanians.
- Stakeholder custodianship of the ISLG activity would permit the supervision of group management and performance and trainer performance while making available the tools for group replication and management. Group are also eager to have a custodian as they believe that a custodian can also help them develop their informal saving and lending practice in ways that will strengthen its performance and benefit members.
- Stakeholder ownership can incentivize best practices in informal finance by, for example, refining the USAID LENS model as a national standard for informal microfinance; groups achieving it can gain recognition from an umbrella entity. Such recognition can bolster groups’ credibility; groups that cannot demonstrate adherence to the standard lose the recognition. This will help ensure some oversight of groups while building confidence at the community level in the integrity of such groups despite their informality. Having “certified” or “recognized” groups could also help strengthen public awareness about sound vs. predatory informal financial practices. Elevating the credibility of informal groups will also support the scaling of the practice.²³
- Stakeholder ownership of the ISLG mechanism can facilitate access to marginalized groups where institutions, such as donors, can more easily target to achieve financial literacy training and financial inclusion goals through a nationally accepted mechanism.
- The scaling of the practice also represents opportunities to bridge informal groups to the formal financial sector, for example, by developing customized financial products and services that fit group needs, based on international experiences such as:
 - A shared bank account with multiple authorized members. PostBank Uganda, for example, followed this approach and was able to acquire over 500,000 new clients from informal saving and lending groups.²⁴ This approach can also be applied in Jordan

²³ Research conducted by the SEEP Network, for example, found that in Sub-Saharan Africa, for example, there are several government women’s economic policies and funds that explicitly promote savings groups. SEEP also identified emerging regulation and government-led coordination in the sector. The government representatives surveyed conclude that national governments can contribute to the scale, impact and sustainability of the Savings Group sector by: creating an enabling environment, improving sector coordination, collecting more and better data and evidence, facilitating access to formal financial services and prioritizing savings groups within government interventions. See: [State of Practice: Savings Groups and the Role of Government in Sub-Saharan Africa](#), The SEEP Network, 2018.

²⁴ See: [Linking Mobile Banking with Village Groups in Uganda](#), CGAP, April 2016.

through a mobile wallet service that accommodates group members making their payments to it, for example.

- Financing group investments. Tanzania's PostBank used this approach to invest in 20,000 informal saving and lending groups and had an annual return of 16% in the first year.
- Utilizing the group member saving and lending record with the ISLG as a basis for offering financial products by formal financial institutions which can decrease costs and risks associated with serving rural or previously unbanked customers. Barclays Kenya followed this approach to attract new clients, and several African banks were able to reduce KYC requirements of new clients from informal saving and lending groups. Ghana's Fidelity Bank followed this approach by utilizing a mobile app that allows the bank agents to verify and take photos of clients. Some banks have developed products where the group can guarantee the loan for its members.
- Utilization of fintech. In Tanzania, a digital savings group platform has eliminated cash risk, supported saving group bank deposits, lowered the error rate in saving group record keeping and fostered social cohesion. Groups themselves are providing peer-to-peer guidance in the use of the platform, which has significant implications for financial inclusion.²⁵

²⁵ [Applying a Market Systems Approach to Savings Groups](#), The SEEP Network, 2018. pp 16-17.