

Al Majmoua

annual report

2015





Our Responsibility مسؤوليتنا

Dr. Youssef Fawaz, the Executive Director of Al Majmoua

"Al Majmoua closed the year with good results in terms of growth, outreach as well as in terms of improved client service. We managed to grow our client base by 15% and our outstanding portfolio by 23%, reaching more than 55,000 active borrowers by year's end. The share of women reached a new high at 56%, while more than 3,000 women benefited from our non-financial services.

Despite an increasing number of new market entrants our clients have remained loyal and have reiterated their appreciation for our easy procedures, respectful treatment and transparency. Client retention increased by 6% to reach 76% as of end 2015.

In line with our continued efforts to strengthen corporate governance an Audit and Risk Committee was created at the Board level. Its main role is to ensure that the Institution's risk governance structure, culture, financial means, managerial resources as well as systems and controls are appropriate and adequate to support the execution of its risk strategy.

Al Majmoua has been one of the early supporters of the creation of the Lebanese network for microfinance which was formally registered in 2015. The network, consisting of 9 MFIs, has started working towards more coordination within the sector.

Al Majmoua achieved significant recognition by being awarded the Women's World Banking's 2015 Award for Excellence in Leadership. This award honors our commitment to promoting gender diversity and our leading role in women empowerment. With strengthened controls, a solid financial performance and more focus on customers we are ensuring a steady path towards financial inclusion."

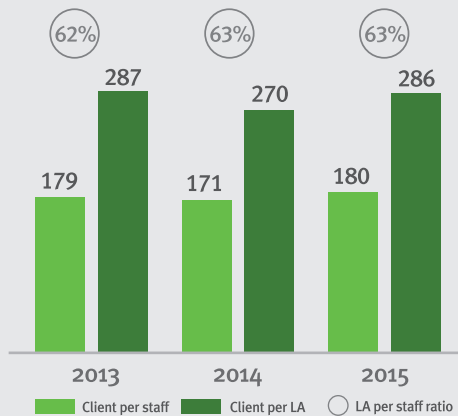
أنهت المجموعة هذه السنة بنتائج جيدة من حيث النمو والتوسع كما في مجال خدمة المقترضين. لقد نجحنا في زيادة عدد المقترضين بنسبة ١٥٪ والمحفظة بنسبة ٢٣٪ لنصل إلى أكثر من ٥٥,٠٠٠ مقترض نشط مع نهاية العام. وارتفعت حصة النساء إلى ٥٦٪ كما استفادت أكثر من ٣,٠٠٠ سيدة من خدماتنا الغير مالية.

وعلى الرغم من العدد المتزايد للداخلين الجدد إلى السوق، جدد المقترضون ثقتهم بالمجموعة نظراً لإجراءاتنا السهلة ومعاملتنا المحترمة والشفافة. فقد زاد الإحتفاظ بالمقترضين بنسبة ٦٪ لتصل إلى ٧٦٪ اعتباراً من نهاية ٢٠١٥. وتماشياً مع جهودنا المستمرة لتعزيز الحوكمة تم إنشاء لجنة التدقيق وإدارة المخاطر على مستوى مجلس الإدارة للتأكد من هيكل إدارة المخاطر، الثقافة، الموارد المالية، والموارد الإدارية في المؤسسة. وكذلك الأنظمة والضوابط المناسبة لدعم تنفيذ استراتيجية المخاطر. كانت المجموعة واحدة من أوائل الداعمين لإنشاء شبكة لبنانية لتمويل المشاريع الصغيرة في ٢٠١٥. وقد بدأت الشبكة، التي تتضمن ٩ مؤسسات، بالعمل على تحسين التنسيق بين مؤسسات قطاع التمويل الأصغر. حققت المجموعة إنجاز كبير تمثل بنيلها جائزة بنك المرأة العالمي ٢٠١٥ للتميز في القيادة، التي أكدت التزامنا بتعزيز التنوع الجندي ودورنا الرائد في تمكين المرأة.

مع تعزيز الضوابط وتقوية الأداء المالي والتركيز على المقترضين نضمن مسار ثابت نحو الإدماج المالي.

Socially responsible lending...

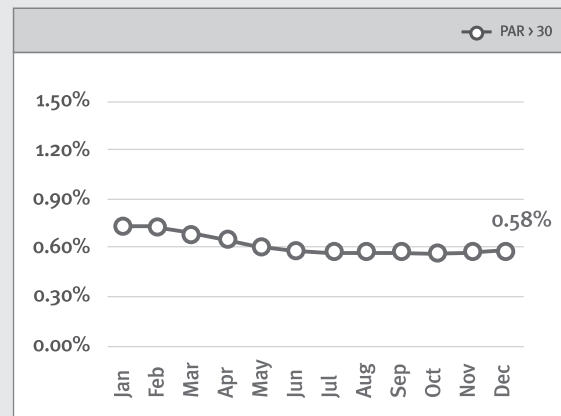
...through efficient operations



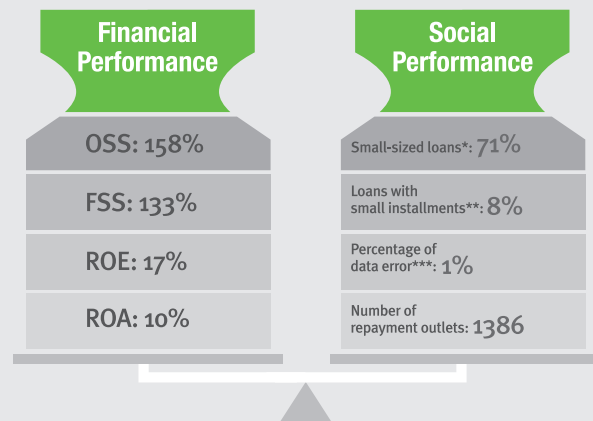
...recognized through social performance assessment*



...and high portfolio quality



...and double bottom line results



*SMALL LOANS ARE THOSE ≤20% OF GNI PER CAPITA

**SMALL INSTALLMENTS ARE THOSE ≤0.5% GNI PER CAPITA

***PERCENTAGE OF DATA ERRORS= NUMBER OF ERRORS/NUMBER OF DATA FIELDS

Auditor's report



Independent auditor's report to the directors of The Lebanese Association for Development – Al Majmoua

Report on the financial statements

We have audited the accompanying financial statements of The Lebanese Association for Development – Al Majmoua ("the Organisation"), which comprise the balance sheet as at 31 December 2015, the statements of comprehensive income, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organisation as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Priscilla Cooper

Beirut, Lebanon
24 June 2016

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Statement of Comprehensive Income for the year ended 31 December 2015

	2015 USD	2014 USD
INCOME		
INTEREST INCOME	13,103,544	11,366,326
INCOME FROM SERVICE FEES AND PENALTIES	814,556	643,995
FUNDS FROM DONORS	1,638,521	975,921
	15,556,621	12,986,242
EXPENSES		
EMPLOYEE BENEFIT EXPENSES	6,009,643	4,898,931
DEPRECIATION AND AMORTIZATION	60,207	62,908
PROFESSIONAL FEES AND CONSULTANCY	501,891	472,212
OTHER EXTERNAL SERVICES	160,601	152,821
TRANSPORTATION, PTT, ELECTRICITY AND WATER	148,808	159,676
CONSUMABLES	237,035	238,114
RENT	214,311	186,240
FIELD EXPENSES, LODGING AND TRAVEL EXPENSES	229,834	187,446
IMPAIRMENT ON LOANS TO CUSTOMERS	443,937	369,176
REVERSAL OF IMPAIRMENT ON LOANS TO STAFF	-	(599)
OTHER OPERATING EXPENSES	506,446	432,024
	8,512,713	7,158,949
PROFIT FROM OPERATIONS	7,043,908	5,827,293
FINANCE COSTS – NET	(918,113)	(856,333)
PROFIT FOR THE YEAR	6,125,795	4,970,960
OTHER COMPREHENSIVE INCOME		
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	6,125,795	4,970,960

Balance Sheet as at 31 December 2015

	2015 USD	2014 USD
ASSETS		
NON-CURRENT ASSETS		
PROPERTY AND EQUIPMENT	196,771	172,772
INTANGIBLE ASSETS	19,674	36,715
LOANS TO CUSTOMERS	4,624,608	3,533,568
STAFF LOANS	126,681	115,815
TOTAL NON-CURRENT ASSETS	4,967,734	3,858,870
CURRENT ASSETS		
PREPAYMENTS AND OTHER RECEIVABLES	480,941	122,818
LOANS TO CUSTOMERS	45,696,710	37,386,575
STAFF LOANS	177,667	190,675
CASH AND CASH EQUIVALENTS	3,812,864	4,630,667
BANK DEPOSIT	1,105,932	2,640,375
TOTAL CURRENT ASSETS	51,274,114	44,971,110
TOTAL ASSETS	56,241,848	48,829,980
NET ASSETS		
FUNDS FROM DONORS	11,621,348	9,982,827
ACCUMULATED SURPLUS	21,730,543	17,243,269
TOTAL NET ASSETS	33,351,891	27,226,096
LIABILITIES		
NON-CURRENT LIABILITIES		
BORROWINGS	14,727,663	11,736,389
RETIREMENT BENEFIT OBLIGATIONS	1,025,842	675,008
TOTAL NON-CURRENT LIABILITIES	15,753,505	12,411,397
CURRENT LIABILITIES		
TRADE AND OTHER PAYABLES	1,623,672	1,130,925
DEFERRED REVENUE	847,314	1,784,610
BORROWINGS	4,665,466	6,276,952
TOTAL CURRENT LIABILITIES	7,136,452	9,192,487
TOTAL LIABILITIES	22,889,957	21,603,884
TOTAL NET ASSETS AND LIABILITIES	56,241,848	48,829,980

* THE COMPLETE FINANCIAL STATEMENTS INCLUDING THE NOTES ARE AVAILABLE UPON REQUEST.

New partners



2015 awards



Women's World Banking's 2015 Award
for Excellence in Leadership



Citigroup Micro-Entrepreneurship
Awards (CMA)

All partners and awards can be found on our website

Our Clients مقترضينا



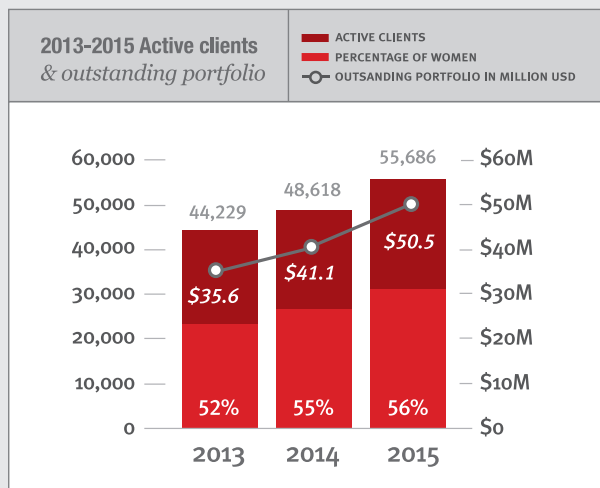
Fatima, Glass Art and Graphic Designer from Tyre, South Lebanon

"I believe the financing provided by Al Majmoua is the reason behind my personal and business success. The loans helped me graduate from university and create my own business."

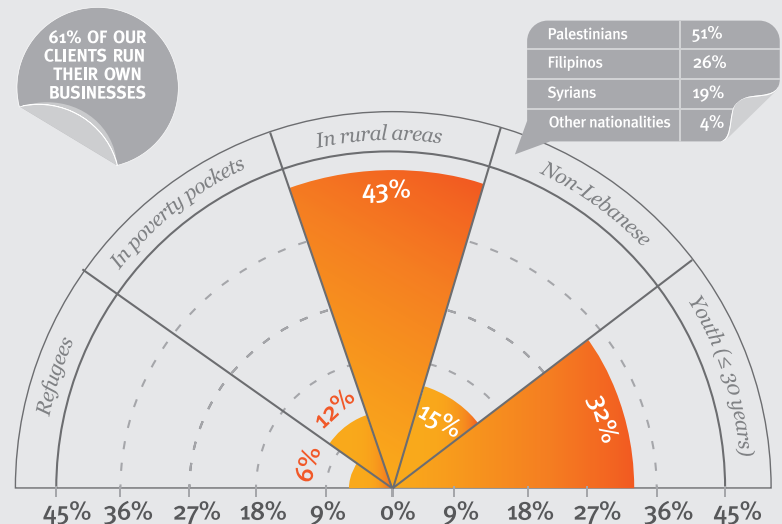
أنا أؤمن أن التمويل المقدم من المجموعة هو سبب نجاحي على الصعيد الشخصي والعملي، فقد ساعدتني القروض على التخرج من الجامعة وإنشاء عملي الخاص.

Since 2010, Fatima has a cumulative borrowing history of USD 4,600 through 4 loans that were used to pay for her university tuition fees, and working capital. She was nominated by Al Majmoua for the Citi Microentrepreneurship Awards program.

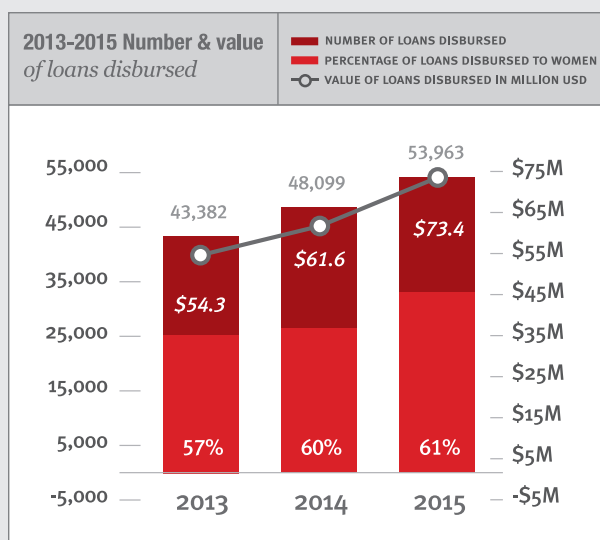
Expanded outreach...



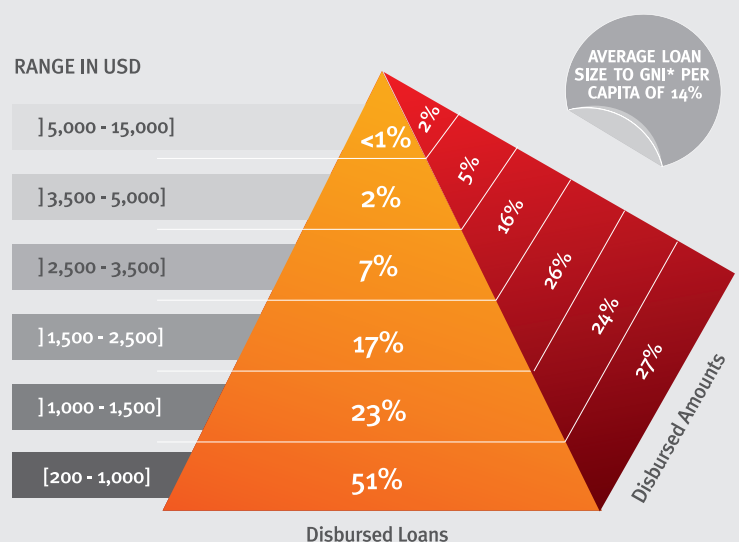
...to the vulnerable & marginalized



Financial inclusion...



...of the bottom of the pyramid



*GNI PER CAPITA= THE GROSS NATIONAL INCOME DIVIDED BY MID-YEAR POPULATION

Expanded Outreach...

...through appropriate product design & delivery



Loan for Women without a Guarantor

Directed to women of all nationalities, who took a Group loan for at least three cycles with good credit history.



Bitakati discount card

Valid in close to 1,557 shops, clinics, pharmacies, beauty salons, supermarkets etc... and delivered to women clients all over Lebanon. **13,878** cards were distributed to clients during the loan disbursement in 2015.

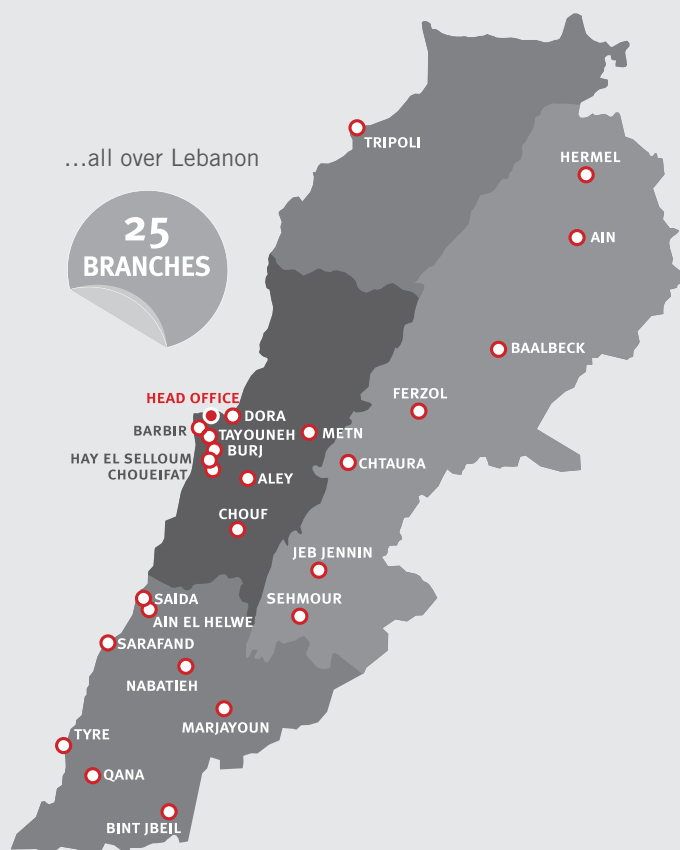


Loans Disbursements

Offering our clients the possibility to disburse their loans through 53 CashUnited outlets, **15%** of our clients chose this option in 2015.

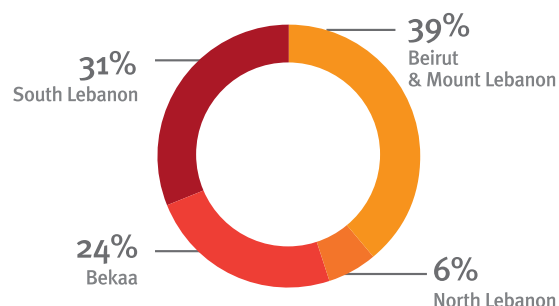
...all over Lebanon

25
BRANCHES



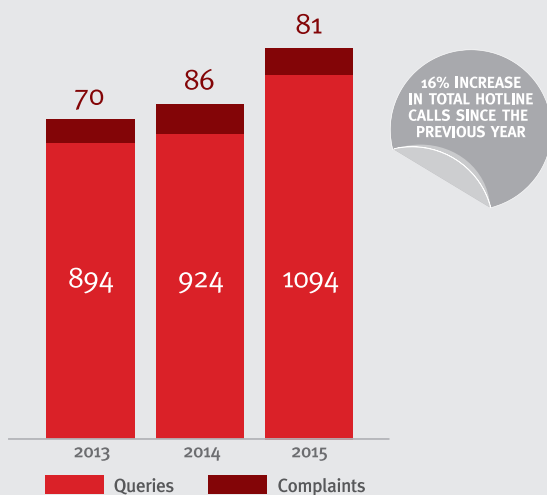
2015

Geographic distribution of Al Majmoua clients (in %)

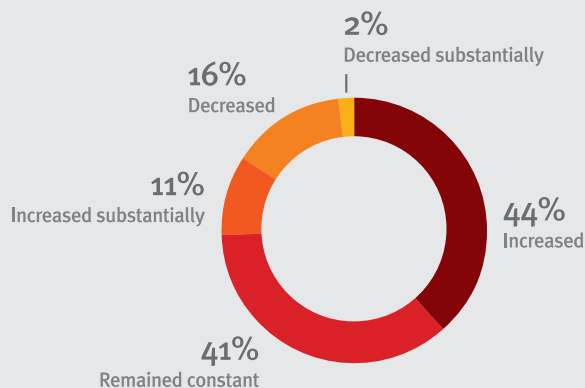


Putting our clients first...

...through the customer care unit



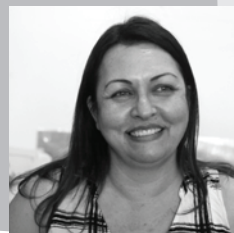
... and measurement of clients' outcomes*



IN ORDER TO MEASURE INCOME AND EMPLOYMENT EFFECTS OF ITS ACTIVITIES, SANAD FUND FOR MICRO, SMALL, AND MEDIUM ENTERPRISES (MSME) COMMISSIONED A CONSULTANCY TO CONDUCT AN IMPACT STUDY FOR AL MAJMOUA. IT WAS PROVEN THAT 55% OF AL MAJMOUA'S CLIENTS EVALUATED THEIR BUSINESS INCOME TO HAVE INCREASED OVER THE PAST 12 MONTHS. OUT OF THESE 11% INDICATED A SUBSTANTIAL INCREASE IN INCOME.

*OUTCOMES MEASUREMENT DEMONSTRATES THE EXTENT TO WHICH THE INSTITUTION IS ACHIEVING ITS SOCIAL GOALS THAT IS CONTRIBUTING TO POSITIVE CHANGES IN CLIENTS' LIVES

Socio-economic empowerment



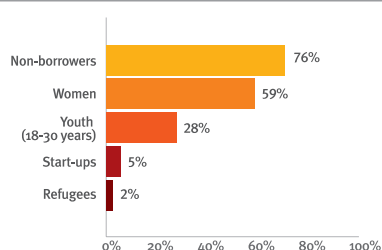
Mona, beneficiary of technical skills trainings in chocolate design and soap making, also attended business management trainings in marketing and promotion, her brand “Monaia” was registered at the Ministry of economy - Saida, South Lebanon

“I grew up in Brazil and moved to Lebanon 20 years ago when I got married. I am very attached to Lebanon a beautiful country. I always wanted to open my own business. When Al Majmoua gave me the opportunity to attend a soap making course, I immediately started manufacturing soap from home. This training was followed with business courses such as product management, branding and social media marketing courses. Today, I no longer work from home as I rented a workshop to work and sell my products; I called my brand “Monaia” and I used social media to promote them. My dream is to have my products tested and certified for safety and good quality and to start exporting outside Lebanon.”

لقد نشأت في البرازيل وتزوجت وانتقلت إلى لبنان قبل نحو ٢٠ عاماً. أنا متعلقة جداً بلبنان ولطالما أردت افتتاح عملي الخاص. عندما أعطتني المجموعة الفرصة لحضور دورة صنع الصابون، بدأت على الفور بتصنيع الصابون من المنزل. وأعقب هذا التدريب دورات تدريبية مثل إدارة المنتجات، العلامات التجارية، وسائل التواصل الاجتماعي، والتسويق. اليوم، لم أعد أعمل من المنزل، فقد استأجرت ورشة عمل لبيع منتجاتي. أطلقت اسم «Monaia» على منتجاتي واستخدمت وسائل التواصل الاجتماعي للترويج لها. حلمي أن يتم اختبار منتجاتي والتأكد من اعتمادها للسلامة والنوعية الجيدة وأن أبدأ بتصديرها إلى خارج لبنان.

2015 Non-Financial Services (NFS)	Beneficiaries	Highlights
BUSINESS DEVELOPMENT SERVICES	2,437	<ul style="list-style-type: none"> 17 women entrepreneurs registered their trademark in the patent department at the Ministry of Economy and Trade. 50 women completed the Aghabani vocational training delivered by trainers from Artisan Du Liban in the Aghabani embroidery workshop located in Tekrit-Akkar.
PRODUCT IMPROVEMENT, MARKETING AND NETWORKING	400	<ul style="list-style-type: none"> A policy paper about the challenges of women entrepreneurs in Lebanon to access market was released. 5 women entrepreneurs owners of SME in the sector of the jewelry and agrobusiness participated in EXPO Milan 2015. The Lebanese Minister of Industry participated in a conference in Expo Milan in October 2015 to promote a UNIDO project implemented by Al Majmoua. Two beneficiaries won a prize of 1,000 Euro from Positive Planet including a trip to Sharm El Chekh to share their experience as successful entrepreneurs during the Sanabel conference.
PERSONAL DEVELOPMENT	438	<ul style="list-style-type: none"> 200 women entrepreneurs in the Bekaa received intensive entrepreneurship trainings to help them sustain and grow their business.
TOTAL	3,275	

2015 NFS beneficiaries distribution by category (in%)

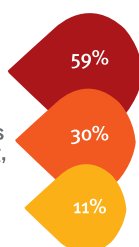


2015 NFS beneficiaries distribution by social topic (in%)

% of beneficiaries from NFS about women economic empowerment

% of beneficiaries from NFS personal development (includes soft skills, mentoring, coaching, networking)

% of beneficiaries from NFS household budgeting



Timeline of Activities

2015

- Crossing the 55,000 active clients mark.
- Expanding the Head Office; opening a unit in Ferzol.
- Launching the Guarantor Loan and Loan for Women without a Guarantor.
- Signing a new Partnership agreement with the International Organization for Migration (IOM).
- Signing a new regional project with the United Nations Industrial Development Organization (UNIDO).
- Releasing of the 2nd project with the Cherie Blair Foundation for Women (WEE project).
- Establishing new partnerships with the Ministry of Industry, Ministry of Trade, and American University of Beirut (AUB).
- Winning Women's World Banking's 2015 Award for Excellence in Leadership.
- Participating in the Citi Microentrepreneurship Awards where four of Al Majmoua clients won valuable prizes.
- Completing an SPI-4 audit with a validated auditor that showed that Al Majmoua's SPM practices are “strong”.
- Creating an Audit and Risk Committee at the Board level.

Our Staff موظفينا



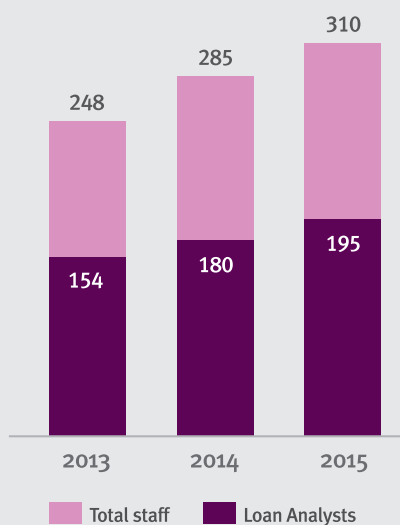
Ain branch, Bekaa, best performing branch for 2015

"We can't begin to express our gratitude for our institution's generosity. We are proud to work for Al Majmoua that provides the best working environment and we promise to always give our best.

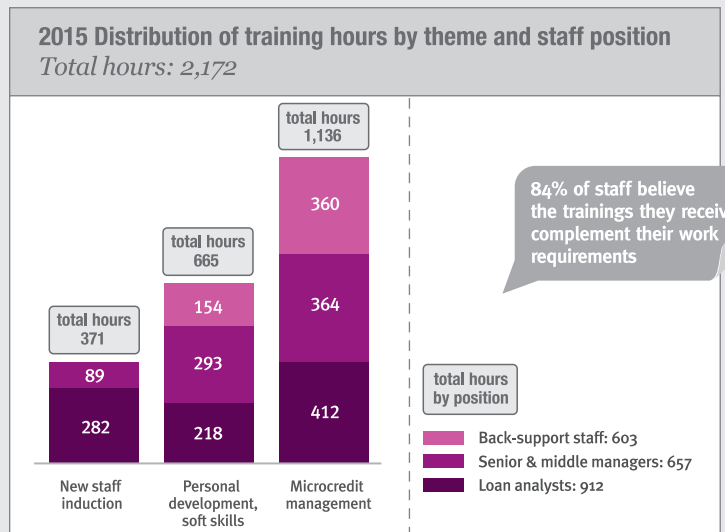
نعجز دائماً في وصف كلمات الشكر للمؤسسة التي تتصف بالعطاء اللامحدود. نحن نفتخر بالعمل مع المجموعة ونعدها بأن نقدم أفضل ما لدينا لأنها دوماً تقدم لنا الأفضل.

During 2015, the Ain branch disbursed a cumulative value of USD 4 million through more than 3,900 loans.

Human Capital Development...



...through capacity building



Equal opportunity employment...

...with women constituting

56% of total staff

52% senior and middle managers

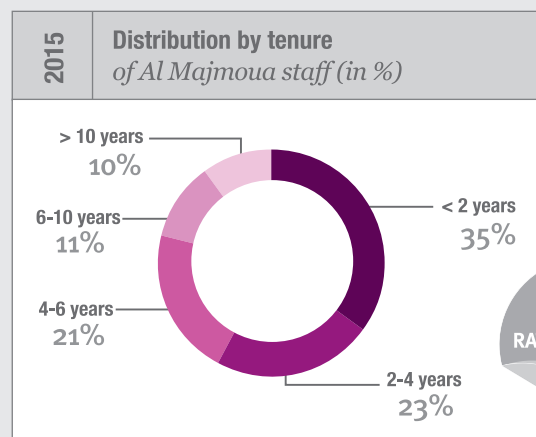
50% of loan analysts

...a diverse staff of

12% former clients

9% non-Lebanese

...and high employee loyalty



STAFF
ROTATION
RATE OF 10.5%*

* STAFF ROTATION RATE IS CALCULATED USING THE MIX FORMULA

... Recognized through International Awards



AL MAJMOUA HAS RECEIVED WOMEN'S WORLD BANKING'S 2015 EXCELLENCE IN LEADERSHIP AWARD WHICH RECOGNIZES AL MAJMOUA'S COMMITMENT TO PROMOTING GENDER DIVERSITY AMONG THE ORGANIZATION'S STAFF, LEADERSHIP AND GOVERNANCE ALONGSIDE ITS MISSION TO SERVE LOW-INCOME WOMEN.

AL MAJMOUA
LEBANESE ASSOCIATION FOR DEVELOPMENT



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