



ANNUAL

REPORT 2018

www.almajmoua.org



Al Majmoua

The Lebanese Association for Development

Abdel Kader St., Green Building, Ground Floor
Al Zarif, Beirut, Lebanon
P.O. Box: 11-3483

Tel/Fax: +961 1 369 269
Hotline +961 3 009 004

www.almajmoua.org

LETTER FROM THE EXECUTIVE DIRECTOR



Dr. Youssef Fawaz
Executive Director of Al Majmoua

Al Majmoua continues its steady journey towards advancing financial inclusion in Lebanon. Maintaining our position as the largest MFI in the country in terms of outreach and geographical presence, we grew our client base by 15% and the existing portfolio by 23%.

As part of our expansion, we opened a new branch in Douris (Bekaa) bringing the total number of branches to 29 and reaching more than 83,000 active borrowers by the end of 2018, 56% of them women.

In addition, Al Majmoua undertook a comprehensive review of its Very Small Enterprises loan (VSE) by restructuring the product and training specialized loan analysts to launch the loan in all our branches. The VSE loan witnessed a remarkable growth of 75% in 2018 and this portfolio is expected to continue growing in the coming years. Al Majmoua is proud of this achievement and considers it a new success that can be added to its financial services for this under-served segment in the local market.

On the non-financial services side, five projects were completed serving 2,356 beneficiaries (1,583 youth and 1,362 women) on various topics ranging from trainings on how to start a new business, awareness sessions on financial inclusion and vocational trainings.

Al Majmoua was also selected by the International Labor Organization (ILO) to implement a joint project in the Bekaa region in three phases. The first phase involved training over 1,000 young men and women in entrepreneurship and creation of project ideas. The second phase focused on supporting and empowering 300 distinguished entrepreneurs on developing business plans and feasibility studies, 43 of whom won grants in the third stage to establish their own business in addition to a 6-month training in business development skills.

During 2018, Al Majmoua won six awards under the Leadership Management International program (LMI). It also won the third AFIP Innovation Award during the Sanabel conference in Jordan for the project on the use of geographical data and the growth of mobile phones to reach the largest number of customers, increase employees' efficiency and enable them to manage services from their mobile phones through Al Majmoua's mobile application.

The institution intends to continue striving to achieve its vision of leading the creation of an inclusive financial system in Lebanon. I wish to thank all of our clients, partners and staff for their great contribution and trust.

تواصل المجموعة مسيرتها الثابتة من أجل تحسين الشمول المالي في لبنان. وقد حافظت على مركزها الريادي في مجال التمويل الأصغر في السوق المحلي بعد نجاحها في تنمية قاعدة زبائننا بنسبة 15% والمحفظة القائمة بنسبة 23%.

هذا وقد تم افتتاح فرع جديد في دورس (البقاع) كجزء من توسعنا ليصل مجموع فروعنا إلى 29 فرع مما أتاح لنا الوصول إلى أكثر من 83,000 مقترض في نهاية العام 2018، 56% منهم من النساء.

كذلك، قامت المجموعة هذا العام بمراجعة شاملة لقرض المؤسسات الصغيرة جداً (VSE) بحيث تم إعادة هيكلة المنتج وتأهيل محللين قروض متخصصين ليتم إطلاق القرض في كافة فروعنا. نتيجة لذلك، شهد قرض المؤسسات الصغيرة جداً خلال سنة 2018 نمواً ملحوظاً بلغ نسبة 75%، ويتوقع أن يستمر النمو في هذه المحفظة خلال السنة القادمة. تعتبر المجموعة بذلك الإنجاز وتعتبره نجاحاً جديداً يضاف إلى خدماتها المالية لهذه الفئة الغير مخدومة في السوق المحلي.

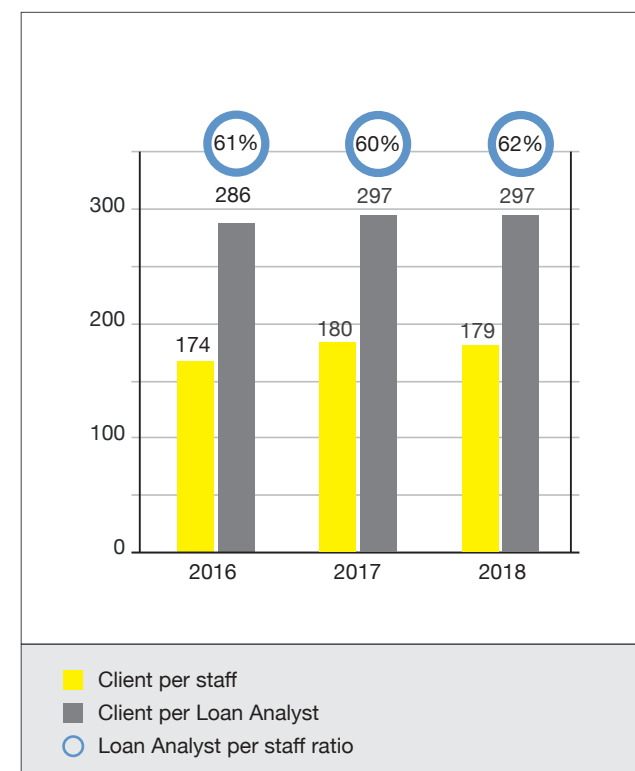
أما فيما يخص الخدمات غير المالية المقدمة خلال 2018، فقد تم انجاز خمسة مشاريع تضمنت التدريب على انشاء مشاريع، دورات توعية مالية، تدريب مهني وغيرها من المواضيع الأخرى. استفاد من هذه الخدمات 2,356 مستفيد/ة من ضمنهم 1,583 من الشباب و 1,362 من النساء. كما تم اختيار المجموعة من قبل منظمة العمل الدولية (ILO) لتنفيذ مشروع مشترك في منطقة البقاع ضمن ثلاث مراحل، تضمنت المرحلة الأولى تدريب أكثر من 1,000 شاب وشابة على ريادة الأعمال وإنتاج أفكار مشاريع بينما تمحورت المرحلة الثانية حول دعم وتمكين 300 من أصحاب المشاريع المتميزة على تطوير خطط العمل ودراسات الجدوى، فاز 43 منهم في المرحلة الثالثة بمنح لتأسيس مشاريعهم بالإضافة إلى تدريب مدته 6 أشهر على مهارات تطوير الأعمال.

فازت المجموعة خلال 2018 بستة جوائز ضمن إطار برنامج تطوير قدرات الريادة (LMI). كذلك نالت جائزة AFIP الثالثة للإبتكار خلال مؤتمر سنابل في الأردن وذلك عن مشروعها الخاص باستخدام البيانات الجغرافية ونمو الهواتف المحمولة من أجل الوصول إلى أكبر عدد من الزبائن، زيادة كفاءة الموظفين وتمكينهم من إدارة الخدمات من هواتفهم المحمولة من خلال التطبيق الخاص بالمجموعة.

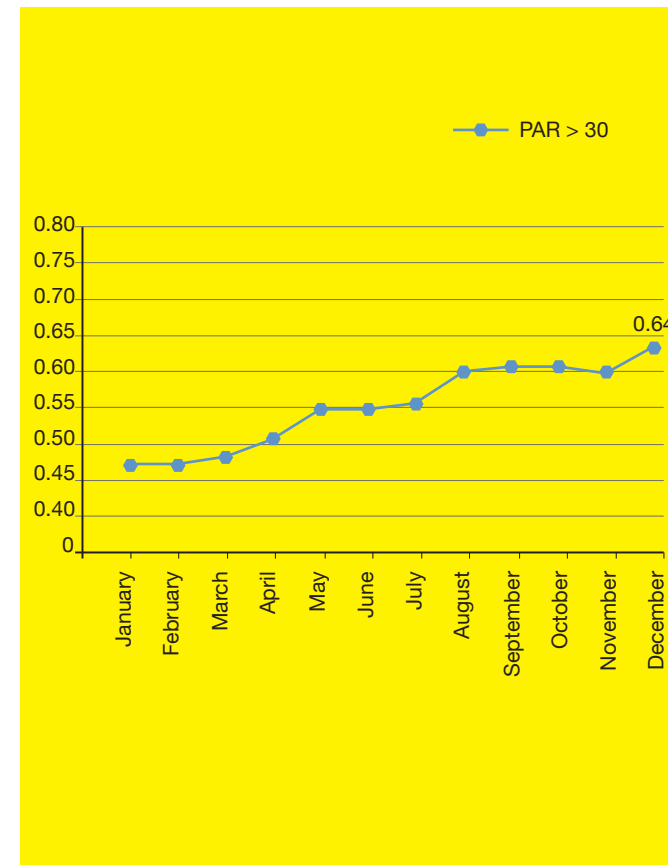
تعتزم المؤسسة مواصلة السعي لتحقيق رؤيتها المتمثلة في ريادة إنشاء نظام مالي شامل في لبنان. وأخيراً، أتقدم بالشكر الجزيل لكل من زبائننا وشركائنا وموظفينا لمساهماتهم الفعالة وثقتهم بنا.

SOCIALLY RESPONSIBLE LENDING

► EFFICIENT OPERATIONS



► HIGH PORTFOLIO QUALITY



► SOCIAL RESPONSIBILITY

Commitment to Treating Clients Responsibly

According to Standard 3A in the Social Performance Management which determines if clients have the capacity to repay without becoming over-indebted, Al Majmoua determines client's repayment ability without over-indebtedness and is committed to rejecting the loan application if the Borrower's capacity is insufficient. Rejected applications are entered into the system and reasons for rejections are archived.

During 2018, Al Majmoua rejected 788 loan applications for people who were unable to repay the loan due to excessive indebtedness.

الإلتزام بمبادئ حماية المقترضين:

تطبيقاً للمعيار الثالث من إدارة الأداء الإجتماعي الذي ينص على التعامل مع المقترضين بطريقة مسؤولة، تحدد المجموعة قدرة الزبائن على السداد دون إفراط في المديونية وتلتزم رفض طلب القرض في حال كانت قدرة المقترض غير كافية. يتم إدخال الطلبات المرفوضة على نظام المعلوماتية للإحصاء وأرشفة أسباب الرفض.

خلال 2018، رفضت المجموعة 788 طلب قرض لأشخاص ليس لديهم القدرة على سداد القرض بسبب المديونية الفائضة.

► DOUBLE BOTTOM LINE RESULTS

FINANCIAL PERFORMANCE	SOCIAL PERFORMANCE
OSS: 156%	Small sized loans* 60%
FSS: 133%	Loans with small installments* 1%
ROE: 16.91%	Percentage of data error*** <1%
ROA: 9.82%	Number of repayment outlets 1560

*Small loans are those $\leq 20\%$ 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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

2017 | USD 2018 | USD

INCOME		
Interest income	18,727,374	22,529,924
Revenue from service fees and penalties	1,223,498	1,484,530
Funds from donors	2,123,411	1,166,750
Income from prof trng	175,068	
	22,249,351	25,181,204
EXPENSES		
Employee Benefit Expenses	8,525,724	10,211,953
Depreciation and Amortization	80,930	107,772
Professional Fees and Consultancy	790,771	923,782
Other external services	178,728	87,181
Transportation, PTT, Electricity and Water	182,890	255,027
Consumables	269,463	320,941
Rent	271,865	335,664
Training Expenses	727,622	219,161
Field expenses, lodging and travel expenses	144,103	182,227
Impairment on loans to customers	574,094	841,347
Reversal of Impairment on loans to staff	(197,299)	(132,525)
Other operating expenses	479,600	627,752
	12,028,491	13,980,282
Profit from operations	10,220,860	11,200,922
Finance costs – net	(1,468,754)	(1,906,564)
Profit for the year	8,752,106	9,294,358
Other comprehensive income		
Total comprehensive income for the year	8,752,106	9,294,358

BALANCE SHEET AS AT 31 DECEMBER 2018

2017 | USD 2018 | USD

ASSETS		
Non-current assets		
Property and Equipment	365,437	417,564
Intangible assets	34,164	70,663
Loans to customers	8,121,305	10,534,882
Staff loans	133,587	188,097
Total non-current assets	8,654,493	11,211,206
Current assets		
Prepayments and other receivables	1,212,940	1,189,847
Loans to customers	63,641,977	77,828,923
Staff loans	231,306	296,178
Cash and cash equivalents	8,102,630	7,557,709
Bank deposit	3,030,480	4,025,514
Total current assets	76,219,333	90,898,171
Total assets	84,873,826	102,109,377
NET ASSETS		
Funds from donors	14,702,294	15,869,044
Accumulated surplus	34,954,123	43,081,731
Total net assets	49,656,417	58,950,775
LIABILITIES		
Non-current liabilities		
Borrowings	19,918,020	25,503,315
Retirement benefit obligations	1,486,438	1,898,502
Total non-current liabilities	21,404,458	27,401,817
Current liabilities		
Trade and other payables	1,880,725	2,081,175
Deferred revenue	482,463	45,225
Borrowings	11,449,763	13,630,385
Total current liabilities	13,812,951	15,756,785
Total liabilities	35,217,409	43,158,602
Total net assets and liabilities	84,873,826	102,109,377

*The complete financial statements including the notes are available upon request.


Independent auditor's report to the directors of The Lebanese Association for Development – Al Majmoua
Report on the audit of the financial statements
Our opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of The Lebanese Association for Development – Al Majmoua ("the Organization") as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.
Responsibilities of management and those charged with governance for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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.
In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Organization's financial reporting process.
Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
<ul style="list-style-type: none">• identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.• obtain an understanding of internal control relevant to the audit 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 Organization's internal control.• evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.• conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.• evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.
Notes: Lebanon 7 June 2019
Amr Hammad, Partner, PwC PwC is a member of the PwC network, which is a global organization of member firms, each of which is a separate legal entity. PwC is not a company and does not have a legal personality.

NEW PARTNERS



All partners and awards can be found on our website

ADILA MOHAMMAD LOTFI ABDO

With her 6 years of experience in a soap factory, Adila decided to start her own business of handmade soap. In doing so, she first took a loan from Al Majmoua to buy olives and raw materials for the soap production. Since then, each year, she takes an additional loan to buy more raw materials. She currently has a good number of clients and is doing well for herself. "The loan is very small, but I'm living well."

عديله محمد لطفي عبده

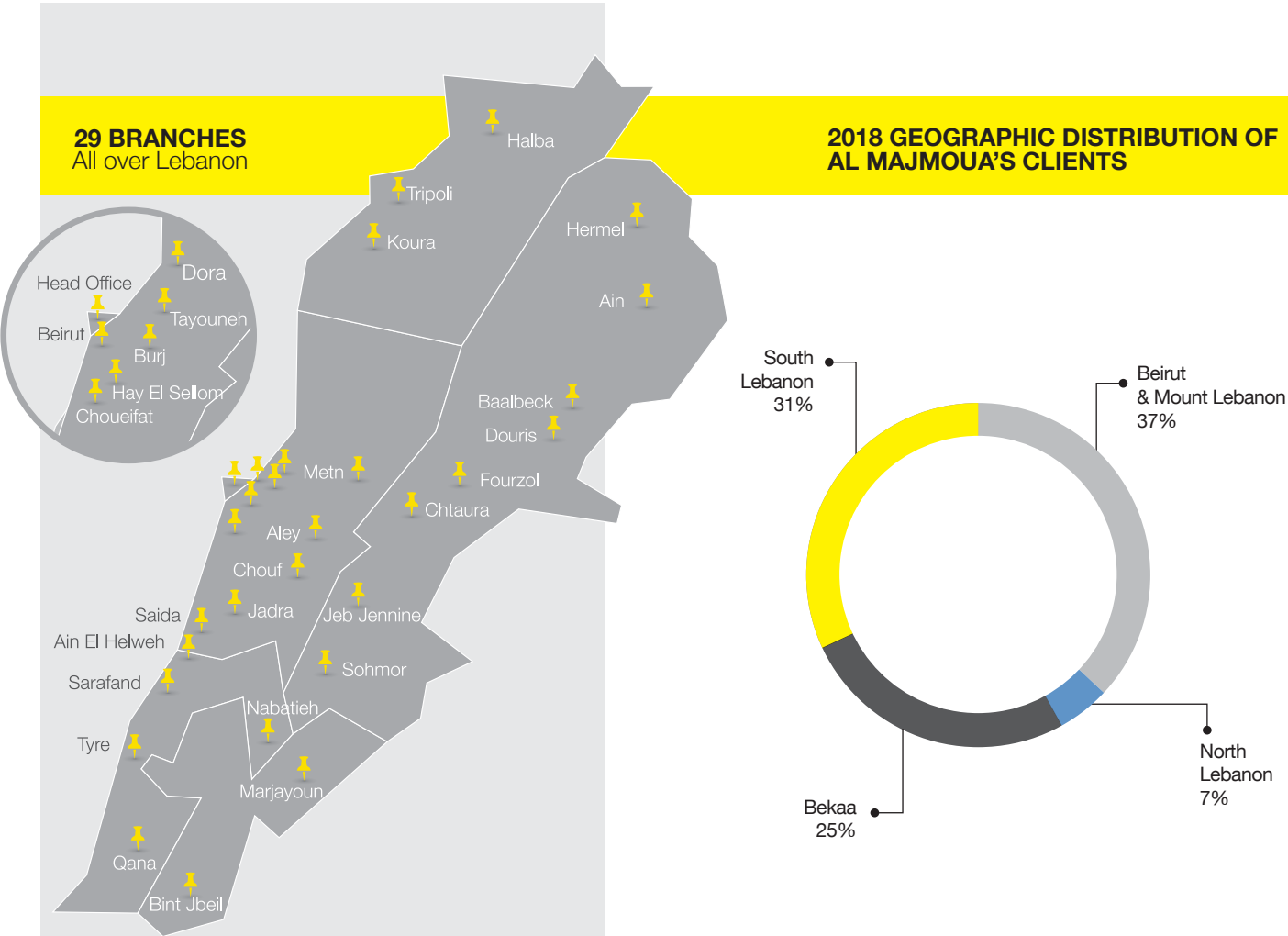
بفضل خبرتها البالغة 6 سنوات في مصنع للمابون ، قررت عديله بدء مشروعها الخاص بإنتاج المابون المصنوع يدوياً. ولقيامها بذلك ، حصلت على قرضها الأول من المجموعة لشراء الزيتون والمواد الخام لإنتاج المابون. منذ ذلك الوقت و في كل عام تحصل على قرض إضافي لشراء المزيد من المواد والحاجات. لديها حالياً عدد لا بأس به من العملاء وهي في حالة جيدة. "القرض صغير جداً ، لكنني أعيش جيداً."

TAILORING SOLUTIONS, IMPROVING ACCESS



EDUCATION LOAN

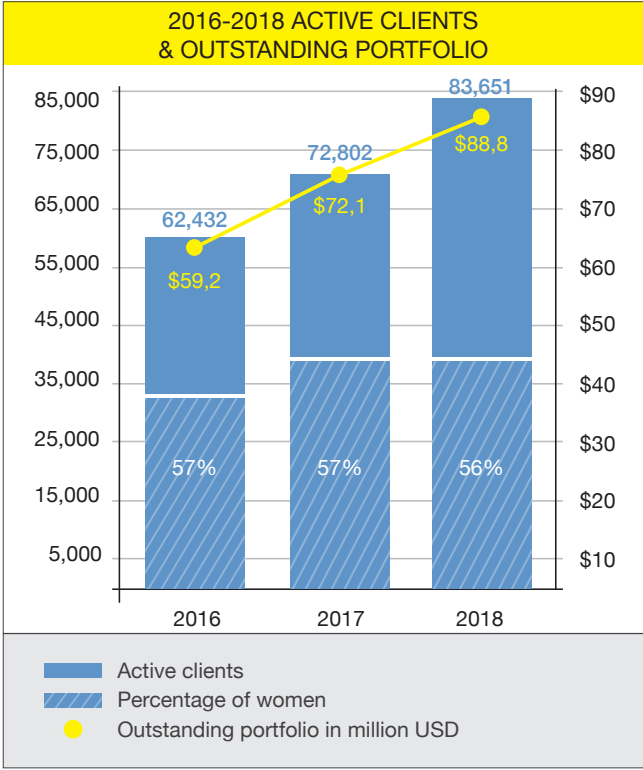
In February 2018, AM launched the Education loan:
in partnership with Codi: loans up to \$1800 over 2 years including a grace period of 10 months
a partnership with LMI: loans up to \$3,000 for 12 months.



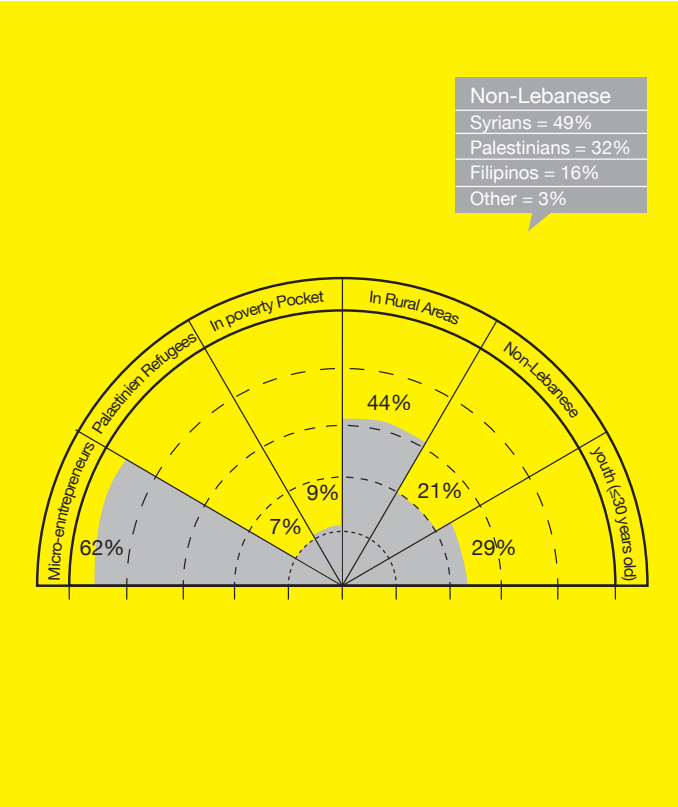
ADVANCING FINANCIAL INCLUSION

LISTENING TO OUR CLIENTS

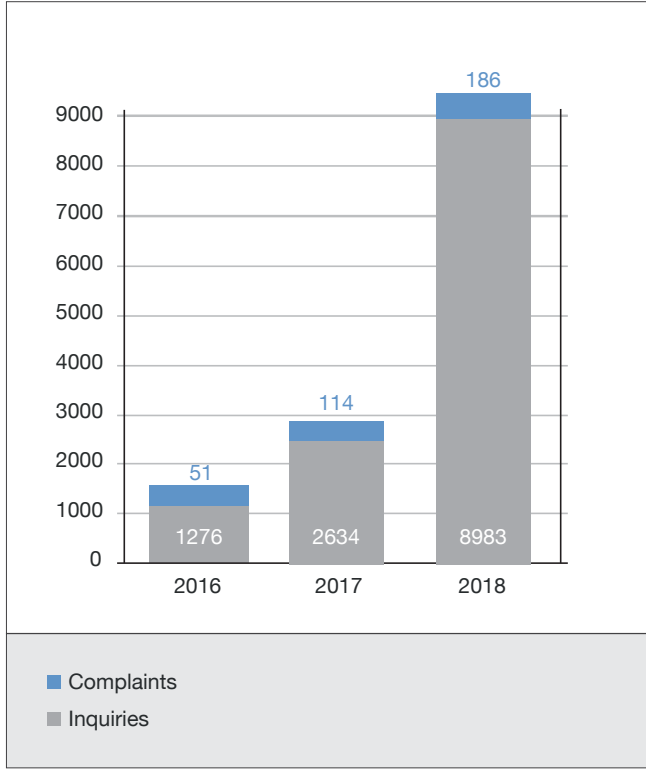
EXPANDED OUTREACH



VULNERABLE CLIENTS' SEGMENTS

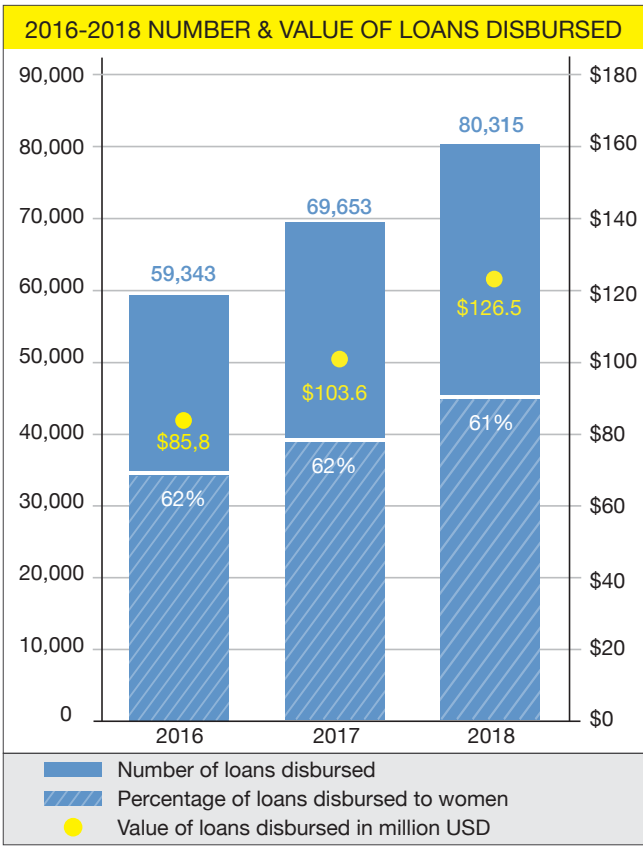


CUSTOMER CARE HOTLINE

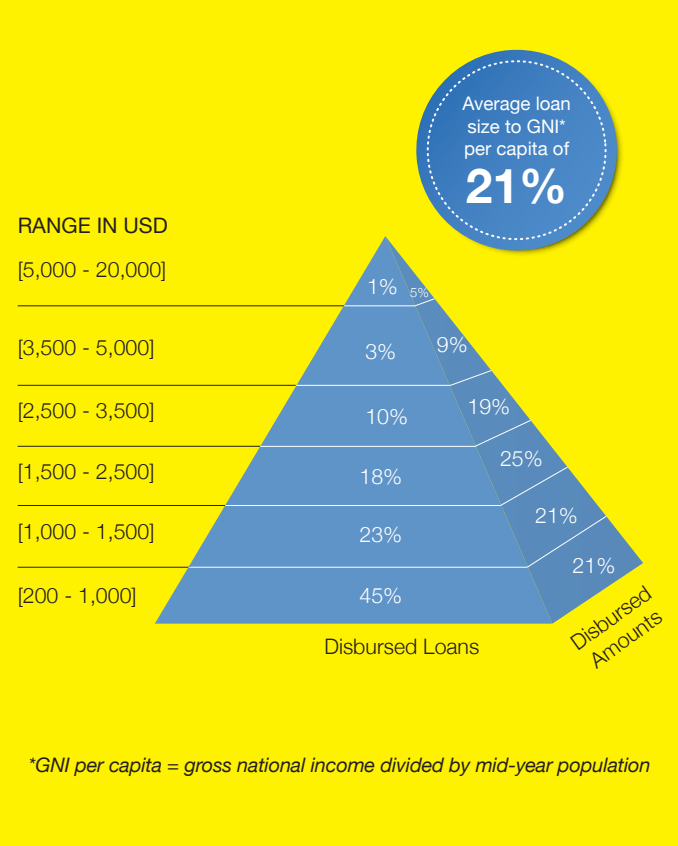


234%
increase in total
hotline calls

FINANCIAL INCLUSION



BOTTOM OF THE PYRAMID FOCUS



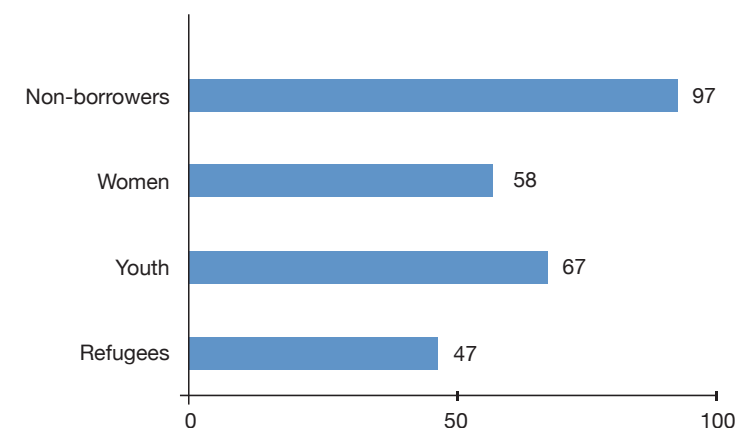


SOCIOECONOMIC EMPOWERMENT

2018 NON-FINANCIAL SERVICES (NFS)	BENEFICIARIES	HIGHLIGHTS
BUSINESS DEVELOPMENT SERVICES	3,350	<ul style="list-style-type: none"> Business Management trainings: Entrepreneurship, basic accounting and bookkeeping, pricing, costing and selling skills Financial education: household budget, insurance, savings and debt management Technical skills trainings Apprenticeship trainings Provision of toolkit and equipment Individual business coaching and business planning Mentorship Legal counseling and support for business registration (i.e. Brand registration, trade license, fiscal number at the Ministry of Finance) HR counselling
PRODUCT IMPROVEMENT, MARKETING AND NETWORKING	573	<ul style="list-style-type: none"> Development of business branding and marketing tools (i.e. business cards, labeling, stickers) Provide Boot Camp for youths Play day events for youths
PERSONAL DEVELOPMENT	190	<ul style="list-style-type: none"> Awareness sessions on child protection, early marriage, drug and family abuse, and training sessions of soft skills
TOTAL	4,113	

الاسم : علي المرحج, عمل تربية وتسمين المواشي مع اهله في السابق ولديه خبرة كبيرة في هذا المجال
الشريك: عوش المومند, ربة منزل ولديها خبرة كبيرة في تربية المواشي وتسمينها وصناعة الالبان والاجبان من لبن البقر والغنم والماعز
المشروع: تربية وتسمين مواشي
المكان: رباق

DISTRIBUTION OF 2018 NFS BENEFICIARIES BY CATEGORY (in %)



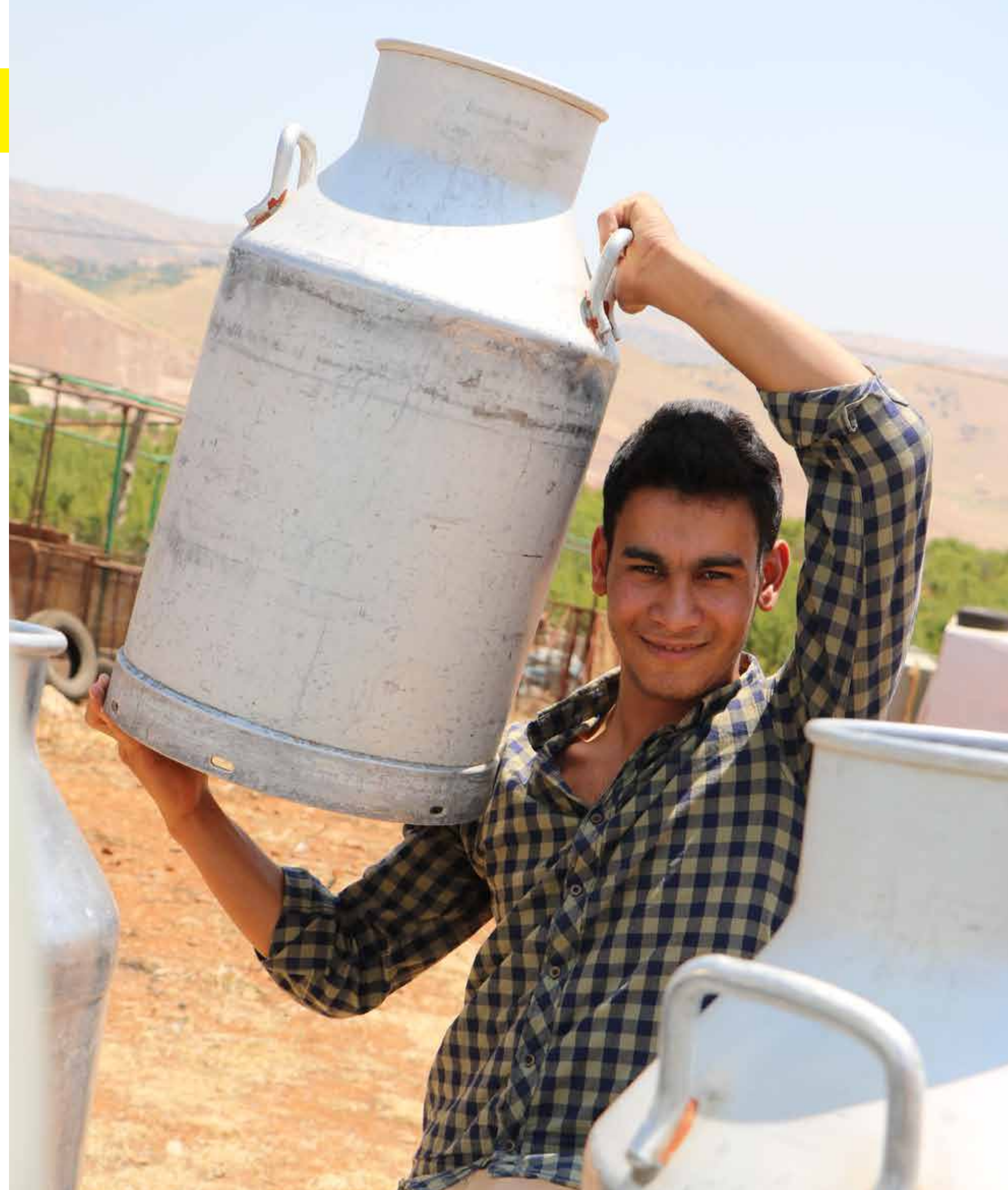
DISTRIBUTION OF 2018 NFS BENEFICIARIES BY SOCIAL TOPIC



يقدم مشروع تربية وتسمين المواشي الموصي المعدة للذبح من اغنام وماعز اضافة الى بيع الحليب الناتج عنها.
تقدمنا بمشروعنا والتزمنا بالتدريبات المعطاة على عدة مراحل ونجحت فكرة مشروعنا لانها فكرة جيدة وتحقق الارباح نسبة الى ان طبيعة منطقتنا تقوم على هذه المشاريع كانت تدريبات ممتازة علمتنا كيف نمسك الحسابات وكيف نوزع المهام والادوار فيما بيننا اضافة الى حساب التكاليف.
اشترينا الماعز وبدأنا من الشهر الاول من الاستفادة من حليبها وساعدنا على تحقيق الارباح فصل الصيف لان المصاريف في الشتاء مرتفعة اما المتغيرة من حيث الاعلاف لعدم توفر المراعي واما من حيث الثابتة لاننا بحاجة لمكان دافئ شتاء.
المشروع في حالة جيدة الان ولكن ابرز الخطط المستقبلية هي شراء حلاية اوتوماتيكية لنتمكن من التحليب بشكل اسرع وكمية اكبر من المواشي وشراء البرادات لانتاج الالبان والاجبان والاستفادة من مردودها اضافة الى الحليب والمواشي.
مقولة: " منشركن كثير لانكن وقفتمو معنا بمشروعنا ودعمتمونا كثير وما رح ننساكن هيني "

2018 TIMELINE OF ACTIVITIES

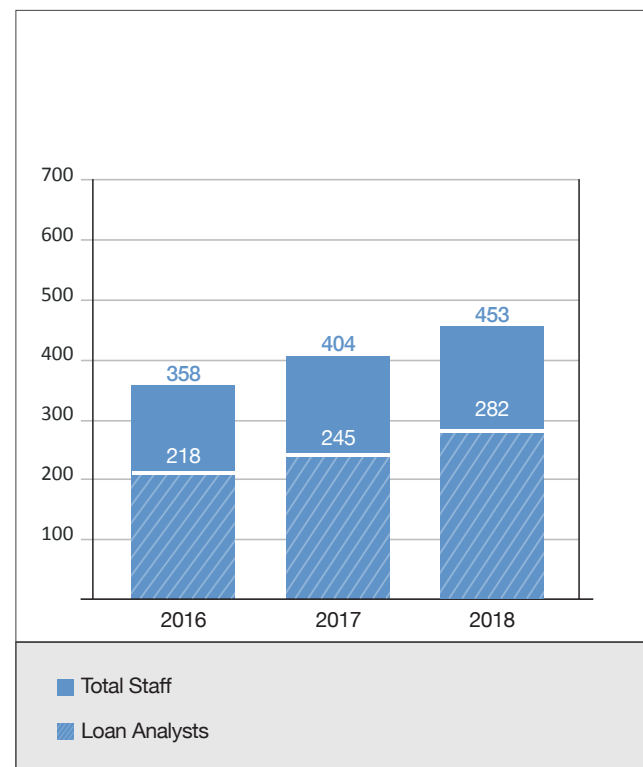
- Crossing the 83,000 active clients mark
- Opening one branche in Douris
- Restructuring the VSE loan
- New partnerships signed 2018:
 - International Finance Corporation
 - COOPMED SA
 - FMO - Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.
 - Symbiotics S.A.
 - SANAD
 - SIDI - solidarité internationale pour le développement et l'investissement
 - Rockefeller
 - Right to Play
 - Cherie Blair
 - USAID
 - Palladium Group (Lebanon) S.a.r.l.
 - Expertise France
 - International Labor Organization - ILO
 - UNICEF
 - Internation Rescue Committee IRC
 - Terre Des Hommes TDH
- Non-Financial Services activities:
 - Legal counseling for 41 beneficiaries
 - Job placement for 223 youth beneficiaries (refugees and host community) in the Bekaa.
 - Toolkits for 215 youth (refugees and host community)
 - 3 boot camps were organized in the Bekaa area (Baalbek and Aarsal) for youth aged between 16 and 24. The topics discussed were: Drugs and personal protection, accepting others/Social integration, violence within the family and how to be protected.
 - Closing ceremony and networking event for Right To Play beneficiaries in Mount Lebanon.



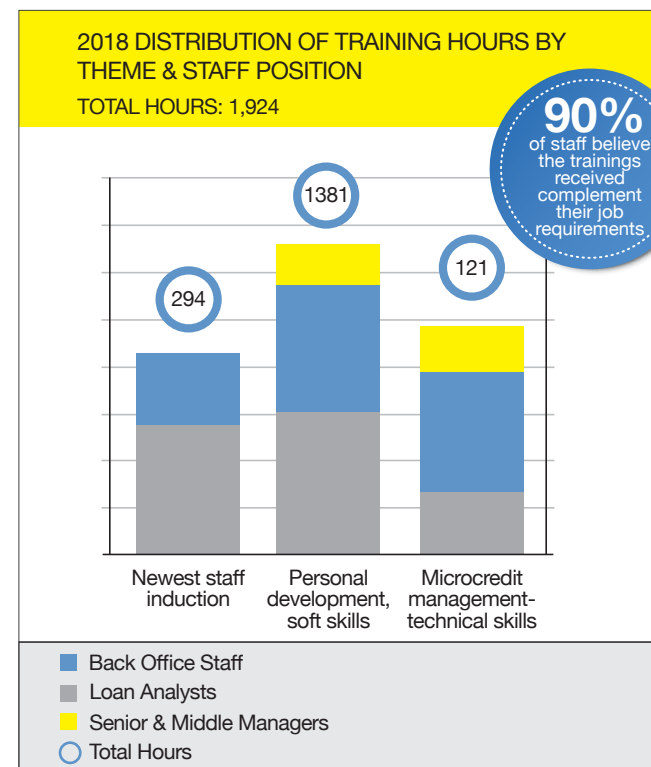
HUMAN CAPITAL DEVELOPMENT

TEAM SPIRIT

► NEW STAFF INDUCTION



► CAPACITY BUILDING



BURJ & TAYYOUNEH BRANCHES | Best Performing Branches for 2018



لطالما كانت عوامل النجاح متعددة، ولكل منا دور أساسي في تحقيقها، أبرز هذه العوامل هي العمل الجماعي الذي نمتاز به بروحية عالية بحيث أن جميعنا يعمل لتحقيق هدف موحد بعيداً عن المنافسة الفردية، والعمل على نجاح المكتب واهدافه قبل الأهداف الشخصية لتحقيق رؤية ورسالة المؤسسة.
بقلم فريق عمل مكتب البرج

► EQUAL EMPLOYMENT OPPORTUNITY

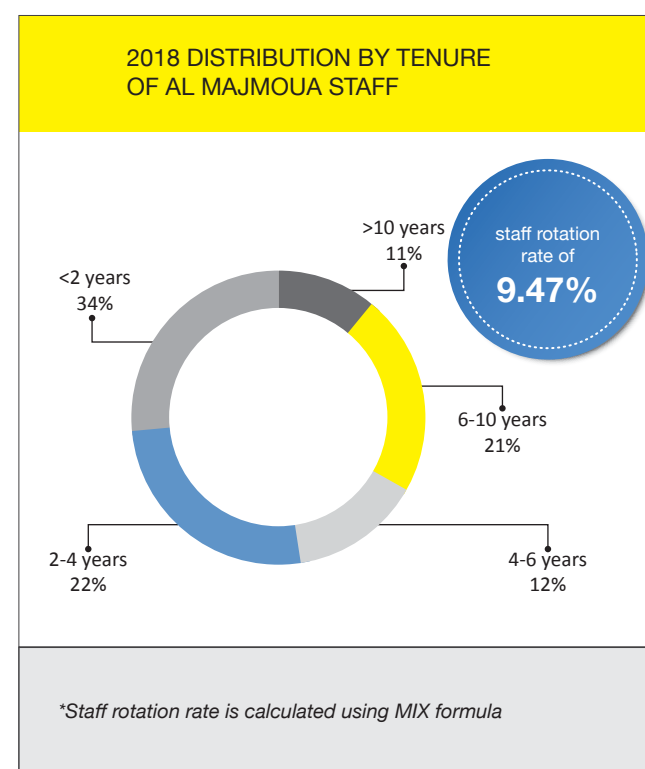
WITH WOMEN CONSTITUTING



AND A DIVERSE STAFF OF



► HIGH EMPLOYEE LOYALTY



إن روح التعاون والمساندة الأخوية بين الزملاء في كل الظروف، هي سبب عدم شعورنا بالتعب والجهد الكبير. علاقة أهل واخوة وعطاء وتضحية تجمعنا. مكتب الطيونة العائلية الثانية، الغنية بتنوعها وتعاضدها، وحسن معاملة الزبائن في كل الأوقات والظروف وهو ما يعكس ثقافة مؤسستنا الرائدة. من ظن أنه قادر على النجاح والتميز لوحده فهو مخطئ، نحن نعمل كفريق ونستمد القوة والحب والمساعدة وتبادل الخبرات من بعضنا البعض.
بقلم فريق عمل مكتب الطيونة