

Al Majmoua, Lebanon

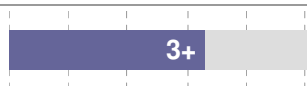
The Lebanese Association for Development, or Al Majmoua, started its operations in 1994 as a program from Save the Children (USA) and registered as an independent NGO in 1998. After an initial period during which it only offered group loans to women, Al Majmoua now has group and individual products serving both male and female clients. Headquartered in Beirut with a network of 10 branches across the country, it had an outstanding portfolio of 14.2 M USD as of December 2009, reaching out to 18,001 clients of all nationalities and origins. Al Majmoua's **vision** is to "be the leader in creating an inclusive financial system where all people in Lebanon have access to affordable services". Its **mission** is to "improve the economic and social conditions of individuals, with limited income, micro and small entrepreneurs in particular, in all areas of Lebanon, by providing access to quality financial and non-financial services". The BOD will review an updated mission in Q2 2010.

Social Performance Rating

January 2010

Overall, Al Majmoua's Social Performance is rated "4-"

Social Performance Management 3+	Financial Inclusion 3+	Client Protection & Ethical Finance 3+	Human Resources Policy 4	Social Change **
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Indicators	Dec. 2009
Intent to have an impact	Convincing
Risk of mission drift	Limited

Social performance management

- Al Majmoua has a strong intent to achieve social impact and has defined a clear social mission, shared among key decision-makers. Taken into account in key decisions and in the planning, the social mission is detailed into clear objectives.
- It has not yet designed its entire impact pathway and social performance indicators, needed for an optimal decision-making, are yet to be defined. Al Majmoua nevertheless already tracks client exit rates and basic outreach ratios. Tools such as surveys and focus groups have been conducted, but not totally according to best practices.



Indicators	2009
Pop poverty in areas of op.	30.0%
% Female clients	41.3%
% Rural clients	49.4%
% Clients with social collaterals	22.3%
% Penetration of households	2.0%
Av. loan disbursed (USD)	1,178
% of GDP per capita	13.9%
% Retention (Schreiner formula)	68.7%
Effective Interest Rate	35.0%
Group loans	35.8%
Individual loans	34.9%

Financial inclusion

- Al Majmoua has a good outreach to poor areas in Lebanon (e.g. rural areas, Palestinian camps), which contributes to its objective of reaching the poor and the excluded. The average poverty rate of districts where Al Majmoua operates (30%) is indeed slightly above the national average (28.6%).
- Financial services have been well adapted to address the clients' financial needs following client surveys and informal feedback from operations. Their range remaining so far limited to lending and credit life coverage, Al Majmoua plans to diversify its offering through partnerships.
- With an average EIR of 35%, the financial fees borne by clients are reasonable given the cost structure, with a decrease planned for 2010. For individual loans, rates are nevertheless a bit above market price for similar amounts.



Indicators	2009
% Loans checked /other MFIs	5-10%
Loan Instalment/ disp. income	<33%
% Clients w/creditle coverage	72%
% Clients bearing FX risk	93%
Type of interest rate	Flat
% Clients visited by non-op staff	20.7%

Client protection & Ethical finance

- Endorser of the client protection campaign, Al Majmoua has put good systems in place to prevent clients' over-indebtedness and ensure a minimum level of transparency. However, the lack of credit bureau and communication of flat rates at their nominal value call for sector-wide initiatives in Lebanon.
- Al Majmoua's organizational culture promotes ethical staff behavior. Procedures mitigate well risks of unauthorized disclosure of client data and participation to unethical finance. The implementation of formal mechanisms to redress client grievances and prevent inappropriate collection practices is planned.