Supporting War Affected Microfinance Clients Project

5th Annual Microfinance Meeting

Crises begets opportunities for microfinance
Editorial

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We stress upon the issue we addressed in our previous edition in regards to having put in motion by all stakeholders from the SFD, MFIs and YMN towards sufficient actions for reducing costs and losses, as well as benefiting from the experience of MFIs in order to develop the ability of MFIs to take on similar challenges and be able to manage its resources to keep on providing its financial products.

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The General Assembly meeting began with the review of the report submitted by the External Auditors for the year 2017. YMN Board of Directors report as well as the monitoring and inspection committee report were presented and approved by the General Assembly.

The General Assembly also approved the previous General Assembly meeting minutes.

Moreover, the gathering praised the remarkable performance by YMN during 2017 and the work being done on several projects that benefit the microfinance sector, the society and MSEs affected by the war.

The meeting viewed YMN 2018 plan and budget and unanimously approved them. On the other hand, the meeting discussed amendments to YMN bylaws and filling in the vacancies within the Monitoring and Inspection Committee. The meeting also reviewed the YMN membership terms and conditions.

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Dr. Al-Amrani highlighted YMN achievements including trainings, Microfinance Clients Compensation Project as well as research, studies, advocacy, transparency, promotion and information sharing carried out with support of the Small and Microenterprise Development Unit of the SFD. The total number of beneficiaries from training activities implemented in 2017 exceeded the total number of people over the past five years. The trainings also were delivered in other governorates in Aden and Hadhramout to allow all members to gain access to YMN training programs.

YMN was also engaged in the MORE project to develop sesame value chain targeting a number of southern governorates which was implemented in partnership with Mercy Corps. The project aimed to provide technical training to the beneficiaries to develop their skills and improve their business productivity as well as to provide access for the beneficiaries to Microfinance institutions.
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YMN together with several member MFIs participated in SANABEL’s 2018 Conference that was held this year in the Jordanian capital Amman. The conference was held for two days under the title “From Sustainable to Responsible Finance” with several panel discussions and workshops. YMN participated in the panel discussion for the “Responsible Finance During Turbulent Times: Stories of resilience and innovation from the field” where the Managing Director of YMN provided insight on the work being done by YMN during the current crisis in YMN and how the network was able to face the challenges and obstacles facing the sector in Yemen given the current circumstances.

As part of its meetings and visits following the participation in the Sanabel conference, YMN conducted a visit to the Jordanian Microfinance Network – Tanmiyah.

During the meeting key issues related to the activities implemented by the network as well as the challenges and obstacles facing the work of the networks. The exchange of experience and the areas of work between the two networks with the overall goals and objective aimed at serving the MF sector and how to advocate the MF sector as a tool for financial and economic empowerment and the social impact of MF.

Moreover, the meeting provided insight for both networks in relation to the research and information exchange and how to assist the organizational development of MFIs working the sector.
Yemenis Microfinance Network in Sanaa has organized last May the Fifth Annual Microfinance Meeting in Yemen in the presence of all MFIs, programs and banks from different governorates. During the meeting, the head SMEs Unit at the Social Fund for Development Osama Al Shami highlighted the challenges facing MF sector since 2016 until today. He pointed out that the sector has been able to realize significant achievements compared to 1998, including drafting MF law, strategy and financial literacy. So far, the total MF beneficiaries reached 250,000 clients. Mr. Al Shami went on saying that launching the Loan Guarantee Program constituted a qualitative step for stronger microfinance sector and will play a pivotal role in restoring microfinance and lending activities, especially amid mounting challenges triggered by the ongoing war. Meanwhile, Al Shami praised the resilience displayed by many financial institutions saying that notwithstanding the difficult circumstances, some of which have been able to grant over 500 loans a month. Likewise, the Chairman of YMN Dr. Hamid Al Amrani has welcomed representatives from MF institutions, banks and programs in Yemen. He indicated that the meeting is scheduled to discuss and diagnoses the status quo of microfinance industry in Yemen, especially the impact of the war, “Maximizing Opportunities for Rural Entrepreneurs in Yemen” project as well as the compensation scheme for war-affected MF clients and selection criteria for the “Member of the Year Award”. At the conclusion, the “Member of the Year Award” winner was announced. The Head of SMEs Unit at the Social Fund for Development Osama Al Shami, the Chairman of Yemen Microfinance Network Hamid Al Amrani and the CEO of Network awarded the prize to the winner.
Wala’a beauty shop
In Sheraton Street supports a family of five:
The war and the crisis destroyed my store and brought my business to near collapsing, however, the support we got from YMN reinvigorated my business, the family financial situation improved and our life is on once again.
Prior to getting this support, I was badly looking for money to pay the rent for my house and my business store, with seven months arrears. Today, I am working and can earn money and meet the daily expenses, pay the rent for my business store and house. My income has improved too.

Saleh Hussein Saleh Mu’eidh
Mr. Saleh owns a bricks making plant in Al Sobaha area overlooking the Capital from the western side. Over the past 3 years, Sobaha area has been a scene of countless air strikes bring his business to a complete stop and pushed him to the lists of jobless.
The project to support MF clients affected by the war was key to lift Saleh from the bad situation and enable him restore his activity by half. He has now four wageworkers and produces 300 brick cement cups a day.

Speaking to Microfinance Magazine, Saleh stressed that the lack of sufficient capital poses a real obstacle to realize his ambition to further develop and expand the business and to cope with the increasing burden resulting from the changing price of diesel fuel, sand and cement. These things have become a real concern for those involved in this type of business. “Soon after receiving support from the project, we resumed the daily business by 50% and that is a great success given the current circumstances unfolding in the country.”
Supporting War Affected Microfinance Clients Project

The Social Fund for Development (SFD) is at the forefront of efforts to support war-affected MF clients and Takaful funds, some of whom lost their jobs or projects. Under an agreement signed between the Social Fund for Development and the Yemen Microfinance Network, YMN shall undertake to implement the project as a third party. It will serve as a link between SFD and MF institutions and go about the compensation process, including carrying out all the regulatory and executive procedures that would guarantee smooth progress despite the current crisis. The war-affected MF clients support project aims at providing in-kind support to affected projects to help them restore their activities and improve the sector’s overall performance, thereby contributing to recover the sector in particular and the national economy in general. In this context, the Microfinance Magazine interviewed a number of clients compensated by the LGP, which brought them renewed hope, in order to solicit their impressions.

Saleh Ali Moqbel Hamz
a is the owner of Hamza Laundries in Madhbah, which sustained extensive damage during the war and confrontations back in 2014, forcing him to shut down business altogether and became no longer able to repay loan installments for Nama’a Foundation. The dry cleaning laundry stopped functioning while he has to keep supporting a family of nine. “Now, with the support from the project, I am back on track again and able to secure the minimum support for my family and look forward to develop the business further.

Asma’a Al Hamdani
a perfume and incense maker from Baghdad Street, has a family of 8 to look after. Her husband lost his job since the beginning of the war and as the conflict continues; their economic situation deteriorates, and are no longer able to bear the increased burden. She cannot repay the loan she obtained via Nama’a Network to establish her small enterprise until the war-affected clients support program came to being and provided her with the support she needs most to resume her business activity saying: “This support helped reinstalling my business after nearly collapsing given the fact that my husband is unemployed and I am supporting my 8-member family. We live in a rent house and our situation deteriorated remarkably since my husband lost his job at the beginning of the war.”

Now, thanks God, I resumed making incense and perfume, yet, I still need a business store. I can dedicate part of my house by installing some glass decorations to display my products. Currently, I have to go out marketing my goods and without that, I would not have been able to sell my products. All I am looking for now is to send my kids to school and pay for the house rent.
Abdul Hakim and his success story with Azal MF

Abdul Hakim Abdul Aziz is a young man possessing four stores selling energy supplies and he has 20 employees on the monthly payroll.

Abdul Hakim received his first funding from the Azal Islamic Microfinance to start his own business. He went to the Program for the first time and applied for a loan of 2 million YER to start his solar energy business. Having succeeded in his first endeavor and repayment of all installments on time, he submitted his second and third loan requests asking for the same amount, expanding his business and opened another store.

Following the notable success he made, Hakim applied the fourth time for a new 5 million YER loan to expand his business activity, and has now 4 branches, yet, becoming a young businessman.

As part of the agreement between Azal Microfinance Program and PRAGMA Corp. for the YESS USAID project two workshops were conducted to discuss the progress being made in developing the competitive advantage for Azal Microfinance Program and how the program will set the standard in microfinance services in Yemen.

The two workshops were attended by several consultants and advisors as well as the project team members together with Azal Program senior management team.
New branches for Azal MF Program

Sponsored by the Social Fund for Development (SFD), the Azal Islamic Microfinance opened two new branches in Amran and Dhamar governorates late March. The new branches will render the whole set of financing services offered by AM Program, especially agricultural financing.

The opening ceremony was attended by the Manager of CBY branch in Amran Abdul Majid Ghallab and branch managers of local banks operating in governorate. Among participants in the ceremony were the Executive Director of Azal Program Ibrahim Al Sukhaimi, the management team and the manager of AMP Amran branch Mohammed Al Maswari. The move came in response to growing demand in the two governorates for rural finance in general and agricultural in particular during the past year.

Azal Microfinance Program participated in the Chocolate and Coffee Festival

Azal Microfinance Program participated in the Chocolate and Coffee Festival that was held in Sana’a for three days in October 2018. The festival that was organized by Azhar Foundation aimed at promoting the quality of Coffee and developing the capacities of people working in the agricultural sector. In addition, to the development of the value chain of coffee as a national product.

The Deputy Minister of Agriculture and IRRIGATION Eng. Maged Al-Mutwakel inaugurated the Chocolate and Coffee Festival with the participation of 32 organization from Agricultural companies and foundations.
Schools and universities. The product was designed to respond to needs of the students without shouldering to pay Murabaha profits. This product has also allowed students to access to the best service providers (renowned schools and universities).

Another soon-to-be-launched product is Tadhamon Health. The product seeks to expand the scope of healthcare for the MF clients. For example, we have a client who has a grocery and needs medical treatment or to undergo a certain operation, he would then lose his capital in exchange for the service. However, under this product, we links between clients and hospitals/health centers so that clients can access health care they needs while paying the bill in installments without compromising their businesses or bearing additional burden. Since an early stage i.e. almost three years, we added the insurance product to our clients in partnership with one of the insurance companies “United Insurance”. This service is unique to our program and has bee introduced for the first time in Yemen. Therefore, in case of disability, death or injury as specified in the relevant document, the client would be compensated for the same amount he/she already paid to Tadhamon Microfinance Program in addition to paying all remaining installments not yet been paid to the program.

Microfinance in Yemen has encountered severe crises since 2011 and has impacted the entire sector.

How did you respond to that?

In fact, we faced serious obstacles, but thanks to our dedicated staff, we were able to absorb the crisis. Among the most important indicators adopted by the program was the portfolio at risk, where we managed to retrieve the previous portfolio almost completely. Currently, the program maintains the lowest percentage of arrears across the sector.

As for financing, the program doubled its portfolio to almost 2011 and has impacted the entire sector.

Any final comment at the end of this interview?

I would like to seize this opportunity to convey a message to my colleagues in the sector that this is a favorable time for the microfinance industry. The crisis triggered new opportunities that we should capitalize to create economic opportunities for the target groups. Tadhamon Microfinance is active through its branches all across the Republic, including the conflict zones. We have clients emerged during the crisis and fell proud of them and their success and our doors will remain wide open to them at any time.

...
Rifa’at Al Ma’amari is the manager of Tadhamon Microfinance Program and is full of energy and activity demonstrating that young people are the real driving agent in this country. Since the microfinance sector in Yemen is crisis-stricken with conflicts and risks everywhere, the MF industry in Yemen made real financial leaders with outstanding expertise and capacity.

Rifa’at Al Ma’amari is a member of the board of the Yemen Microfinance Network and has worked for Al Amal Microfinance Bank as the first branch manager since its establishment. He was then charged to run several branches. Back in 2013, he joined investment sector at Saba Islamic Bank before moving to Tadhamon Microfinance Program in 2014 to assume the job of Operations Manager and Deputy Executive Director. In 2016, he was appointed as the Executive Director of Tadhamon Microfinance Program.

The Microfinance Magazine interviewed Rifa’at Al Ma’amari where he spoke about the sector, its reality and aspirations…………

Do you think the launch of LGP is too late or just comes on time?
The timing of LGP by the Social Fund for Development – the key sponsor of microfinance industry in Yemen - came at a very critical stage to accommodate requirements imposed by the current stage, particularly maintaining the continuity of SMEs under the current circumstance unfolding in the country. It is also essential to streamline services to the target clients and would definitely play a pivotal role in the reconstruction process in terms of stimulating banks and MFIs to step up financing. It would bear also part of the risks associated with the sector on one hand and remove obstacles facing the target group on the other. Given the fact that a significant portion of MF clients are start-ups and entrepreneurs who often fail short of meeting guarantee requirements, the move would fill this gap adequately.

Whom do you think the LGP fund will work with i.e. institutions or individuals?
The LGP would work with microfinance institutions and banks, and the citizens would soon feel the impact because they will be able to access funds quickly and easily. Moreover, it would expand and cover additional areas. For example, Tadhamon Microfinance Program is currently financing clients in Al-Qabaytah and Al-Maqatera districts located in the middle between Taiz and Aden governorates. These are remote areas and the Fund has already trained clients on how to manage their projects while the LGP and MFIs shall continue and finance these projects to have the cycle completed.

How do you assess the war-affected microfinance clients support program?
This is one of the reconstruction projects for the sector and is very important as it would help MFIs to resume business following the shocks sustained by the sector, which pushed many institutions to freeze or slash financing activities. This project is also critical in that it enabled clients to resume activities they lost due to conflict. Moreover, it encouraged MFIs to recover their activities since microfinance indicators indicated notable grown in recent months, especially after launching this project.

I would like thank the Social Fund for Development and the Yemen Microfinance Network anew for their efforts to make this project come true.

In effect, the microfinance law seems outdated does not…...
YMN organized three important workshops this year, the first workshop was organized to discuss the training needs of YMN member MFIs and the training calendar of 2018 that aims at providing different training programs to MFIs that will build the capacity of their workers. The workshop included a discussion of the HR plan of the MFIs and the priority of each training needs in the upcoming period.

The workshop concluded with different recommendations and suggestions for training programs and courses as well as peer exchange workshops among member MFIs.

The second workshop for technology in the MF sector and was attended by the SFD, member MFIs Service providers n service providers. This workshop discussed the different challenges facing the Microfinance sector and the opportunities for MFIs to implement and use the available technologies and infrastructures for the benefit of the MF sector.

YMN organized a third workshop in Internal Audit for Microfinance sector in cooperation with the Yemen Association for Internal Auditors. During this workshop YMN and the MFIs discussed the different organizational structures for internal audit activities and the best practices for internal auditors in MFIs.
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Success story from the mercy a fertile land

Mujahid Sarhan Saleh Al Ghaberi works as early grade instructor at an elementary school in the Al Bawn lowland in Amran governorate. He quit teaching two years ago following the suspension of government salaries and approached Tadhamon Microfinance Program and here begins his success story with the fertile land in Al Bawn famous area. Mujahid and his four brothers head the list when it comes to persistence and challenging difficult circumstances where they managed to cultivate their land with the help of their children with high guts.

A new life is born in Al Bawn lowland with agricultural finance provided by Tadhamon Microfinance Program for 30 local farmers. Citizens were no longer able to continue cultivating their lands amid skyrocketing prices of diesel fuel needed to pump out water which jumped to 70,000 YER a barrel. However, Tadhamon Microfinance made this possible through financing it provides to farmers so they can purchase diesel, seeds, and fertilizers. Assisted by 2 of his elder sons, Mujahid is now empowered to withstand the daily life hardships and has been able to cultivate his land for three seasons in a row. Upon harvesting, he manages to hire five daily wageworkers to harvest the nearly 9,000 M2 land. Though the cost of diesel fuel is so, he has no other choice! The value of the land was tangible with a lot of produce. The more you care about the land the more you will harvest. Yet, Mujahid is so concerned with the purchasing power of citizens, so he just planted part of his land and so did his other two brothers.
Training and capacity building

Given the importance of training as a primary mandate for YMN to develop and build the capacities of MFIs across the country in order to have highly qualified employees who are able to develop new products, analyze risk, provide financial services and portfolio management YMN was determined to provide trainings that will empower the skills and abilities of MFIs.

In 2018 YMN’s objective was to enhance the skills of MFIs employees through specialized Microfinance training programs and TOT programs in order to create a pool of trainers from Microfinance professional able to transfer their expertise across the sector. Also, YMN organized two trainings abroad with the collaboration with Sanabel and support from the SFD and SANAD fund.

Overall YMN trained 387 trainees in the training programs provided in YMN training calendar in 2018 also with the Strategic Planning training using Micofin in Jordan following the Sanabel Conference in November.

Additionally among the trainees were 70 trainees in the training courses provided for temporary and potential employees of member MFIs as part of a training project funded and supported by PRAGMA as an implementer for the YESS project of USAID for job creation and employment. The programs implemented included the Principals of Microfinance, Delinquency Management, Feasibility Study and Marketing in Microfinance.

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<th>No.</th>
<th>Training Program</th>
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<tr>
<td>1</td>
<td>Time Management</td>
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The Social Fund for Development has officially launched the loan guarantee program in March under the slogan “Together for a Better Yemen”.

The key motive behind launching the LGF is to provide entrepreneurs with the necessary guarantees required from banks and MFIs in order to obtain loans. The program, which was inaugurated by the Managing Director of the Social Fund for Development, Abdullah Al Dailami and Head of SMEs Unit Osama Al Shami, is dedicated to increase the banking sector ability to provide financial services for more SMEs, ensuring resilient and growing microfinance projects and to create additional jobs and support the recovery of the economic activity in Yemen.

It is important to know that up to 60% of small and microfinance business owners cannot provide loan guarantees, therefore, LGP would actively help in tackling this challenge.

The Union Microfinance Program has been declared winner of the “Member of the Year Award” offered by the Yemen Microfinance Network for 2018. Meanwhile, Aden Microfinance Foundation came second.

The awarding ceremony took place as part of the 5th Annual Microfinance Meeting held last May. The Head of SMEs at the Social Fund for Development Mr. Osama Al Shami, the Chairman of the Yemen Microfinance Network Dr. Hamid Al Amrani and the CEO of the Network Ali Abu Taleb awarded the prize to the winner (Union Microfinance).

Earlier, YMN has announced eligibility criteria and conditions for the “Member of the Year Award” during the 5th Annual Microfinance Meeting emphasizing that transparency will be maintained in all the steps involved.
As part of its 15th anniversary celebrations the NMF launches its new identity during the 15th anniversary ceremony that was attended by several branch managers and employees from NMF and representatives from the Ministry of Social Affairs and labor, SFD, YMN, LGP and many other organizations.

The ceremony included the presentation of the newly developed identity and website of NMF as well as the demonstrating the role of the organization in economic empowerment through the financial services NMF provides.

NMF was among the top TMFIs working on financial inclusion through technology as announced by the European Microfinance Award 2018.
With the growing importance of agriculture as an aspect of stability and productivity, the Union MF program issued several agricultural loans which consisted of either seeds, water and diesel pumps, solar panels and irrigation systems. Union MF program has been focusing on providing Microfinance services for farmers in order to improve productivity and applying productive farming methods.

Since the target area is a fertile land, the program has designed a financial product for the demand which depends on the growing and harvesting seasons. On the other hand, Union MF program is working on providing its services to the farmers and receiving their feedback and the impact the financial services offered have on the lives of the people in the target areas.

Hadhramout Microfinance Program organized last May a training course in Feasibility Study for agricultural microfinance projects.

The course targeted Loan officers working in the program and was funded by the SFD and in cooperation with the National Microfinance foundation.

The 20 day training course included classroom-based training field visits to several locations in the Hadhramout valley and trained 13 trainees from different branches. There are over 6,879 six thousand and eight hundred and seventy-nine beneficiaries from loans offered by Hadhramout Microfinance Program with a total portfolio of 953,841,109 YER Nine hundred and fifty-three million and eight hundred thousand forty-one and one hundred and nine Yemeni Riyals. The total number of accumulated loan portfolio from active beneficiaries is thirty-two thousand and five hundred and ninety-two beneficiaries at a value of 5,412,308,523 YER five billion and four hundred and twelve million and three hundred and eighty thousand and five hundred and twenty-three Riyals. The total number of active depositors in the program included 5,257 five thousand and two hundred and fifty-seven Riyals until May 2018.