

The Yemen Microfinance Network

Annual Report
2012



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Who we are?	We are a local NGO established in 2009 by a joint initiative from the UNDP and SFD, to be the first national microfinance network in Yemen.
What we do?	We focus on training and building the capacity of microfinance institutions in Yemen, facilitate information sharing among microfinance practitioners, ensure transparency of information, research new products, and promote the microfinance sector.
Find out more:	<p>www.yemennetwork.org E: info@ yemennetwork.org P: + 967 1 265 870/ 880 F: + 967 1 265 868</p> <p>Facebook: www.facebook.com/yemenmicrofinance Twitter: @yemennetwork.org</p>



Donors & Partners

Donors

Social Fund for Development (SFD): was established in 1997 to contribute to achieve, and align its programs with goals of the national social and economic development plans for poverty reduction. It provides financial support (long term loans) to microfinance institutions and supports business development services.



Partners

SEEP network: Is the global microfinance network which includes regional and local networks, as well as microfinance institutions in its membership.



Sanabel network: Is the regional network for Arab countries, which includes local networks and Arab MFIs in its membership.



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1. List of Abbreviations

CB:	Capacity Building
CBY:	Central Bank of Yemen
CPG:	Consumer Protection Guidelines
MF:	Microfinance
MFI:	Microfinance Institution
NCAT	Network Capacity Assessment Tool
NGO:	Non Governmental Organization
SFD:	Social Fund for Development
SMED:	Small and Micro Enterprise Development Unit
SEEP:	Small Enterprise Education and Promotion Network
SMEPS	Small and Micro Enterprise Promotion Services Agency
SPM	Social Performance Management
TA:	Technical Assistance
TOT:	Training of Trainers
UNDP:	United Nations Development Program
YMN:	Yemen Microfinance Network

2. Chairman's Message

Dear YMN members and friends,

Completing an era and starting another makes us look back and evaluate our activities and achievements for 2012. This year witnessed the end of the project's lifecycle as initially stated by UNDP and SFD (2009 – 2011). It was a challenging year for YMN, setting up its new strategic plan and striving to continue its activities and operations in a difficult post crises environment. Yet in 2012 all 11 YMN members renewed their membership in the network. This trust gave YMN a huge boost to continue providing its services with an added value.

A number of significant activities marked the year 2012 in all its fields of work i.e. training, transparency, information exchange and promotion of the sector. During this year the network implemented a comprehensive feasibility study for an independent training and consultancy institute in microfinance, which showed it is not feasible in the time being. On the other hand YMN continued to provide its training courses with a total of 25 training courses to 447 direct beneficiaries.

YMN ensured transparency in the microfinance sector in Yemen by collecting and publishing its quarterly SEEP reports, and for the first time YMN published its industry assessment report which was also published in the microfinance gateway in English and Arabic. YMN implemented the Consumer Protection Guidelines Campaign, by endorsing it, and providing 2 training courses in Sana'a and Aden governorates. The network also responded to last year's crises and implemented a case study on Abyan as a program affected by war.

To facilitate information exchange among members and other interested stakeholders YMN published its quarterly newsletters. This year also witnessed the first annual dinner for YMN members where the member of the year and practitioner of the year awards were given out and the second Annual Iftar (Ramadan Dinner) in cooperation with Sanabel network.

For the first time in 2012 YMN organized the Microfinance Clients' Fair. The fair was for 7 consecutive days and hosted more than 40 clients and microfinance institutions; it was accompanied by extensive media coverage.

On behalf of YMN's board of directors I would like to express our gratitude to the Social Fund for Development for their continuous support and fund throughout 2012, I would like to thank YMN members, partners and friends for their contribution towards the success of YMN's activities, and their valuable inputs to improve our services. Finally we appreciate YMN's team efforts, and hopefully we can continue working together towards achieving our mission. "Microfinance opportunities to all low income Yemenis"

All the best

Mohammed Saleh Allai,
Chairman of the board of directors

3. History of Microfinance in Yemen

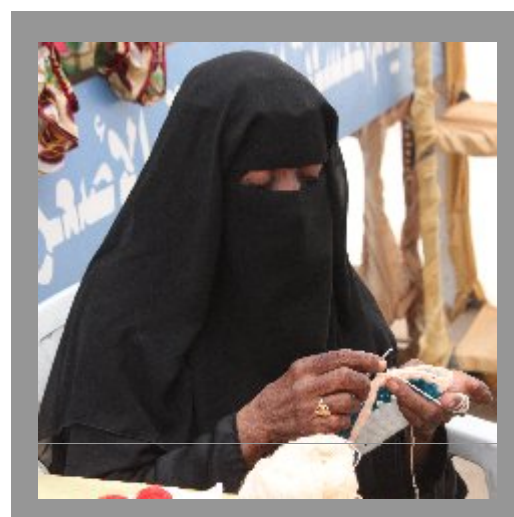
Microfinance industry started in Yemen in 1997 by the Social Fund for Development, which piloted 5 microfinance programs in rural areas. The first program was in Al-Hodieda city which started its operations in January 1998. It was a successful example for that time frame, yet a single centered activity such as cattle raising and agricultural inputs for crops limited diversity of products available in rural areas. This limited diversification in addition to a combination of reasons led to the collapse of those programs which closed down or were absorbed by larger MFIs.

A new phase began in 2000 by establishing strong urban programs with the idea that they could branch out into rural areas. The main program was Alif program which started with three main branches in Taiz, Ibb and Dhamar and was modeled after ASA's group lending and saving methodology. Alif program provided the basis for SMED unit to encourage the wide spread use of group lending methodology that was used by almost all the other MFIs. It increased the number of active female clients, both borrowers and savers remarkably. SMED signed several agreements with NGOs in Yemen to establish new microfinance programs, in Seiyun_Hadramout, Aden, Abyan and Sana'a.

The continuous expansion of the program's operations and business volume necessitated an evolution of their legal and institutional status. The first transformation came in October 2002, when a Board of Trustees was formed for the National Microfinance Foundation (NMF), which transformed it from a mere program into an independent and officially registered NGO supervised by a Board of Trustees. The second transformation took place in March 2004, with the evolution of the legal status of Taiz Microstart Project, which was registered at the Ministry of Industry and Trade (MOIT) as Al-Awael Microfinance Company.

The third major transformation took place in June 2005 with the merger of the three MFIs established in Aden back in 2001 to form Aden Microfinance Foundation. In this stage SFD also partnered with the Small Enterprise Development Fund and Alislah Charitable Society – the largest NGO in Yemen to finance microfinance programs.

In 2006, Al-Tadhamon International Islamic Bank, the largest private bank in Yemen, established a program to serve SMEs with loans. This initiative represented the first involvement of the Yemeni private banking sector in the SME financial industry. In October 2008 Al-Amal Microfinance Bank started its operations which formed a new turn of events in microfinance industry in Yemen, as it constituted the first bank specialized in small and micro financial services.



The latest newcomer in the small and microfinance industry is Al-Kuraimi Exchange Company. Established in 1995 as a private company for foreign exchange, Al-Kuraimi underwent a transformation in 2010 when it registered in the Central Bank of Yemen on June 2nd, 2010 as Al-Kuraimi Islamic Microfinance Bank. It is the first microfinance bank licensed under the new Microfinance Law No. 15 issued in 2009.

The continuous expansion of the microfinance industry urged the need to establish an independent business development services agency for microfinance clients. As a subsidiary of SFD, Small and Micro Enterprise Promotional Services agency (SMEPS) was established in 2005 to promote SMEs through non financial services. SFD also initiated the establishment for the Yemen Microfinance Network to be the first national member based network for the microfinance institutions in Yemen.

Based on the (Small and Micro Enterprises Development in Yemen and Future Prospects) book by Adel Mansour _ SMED Sr. Prj. Officer 2011



4. About YMN:

The Yemen Microfinance Network is a non-profit organization (NGO) registered under the ministry of Social Affairs and Labor in Aug 2009. It is a member based association currently comprised of 11 microfinance banks, foundations, companies and programs. Its field of work is training, capacity building, technical assistance, information exchange, transparency, research, information exchange and promotion of the microfinance sector. Such activities, create a platform for MFIs to operate, grow, increase scale, outreach and quality to serve the most needy in society, the poor, low income households, micro entrepreneurs, youth aged 18 – 30 years old and women.

The network began as a project initiated by the Social Fund for Development and the UNDP to establish the first national microfinance network. The project lifecycle was between 2009 and 2011, however, the Social Fund for Development continued its support to the network, due to its satisfactory performance and its contribution to the microfinance industry in Yemen.

Vision:

Microfinance opportunities for all low- income Yemenis

Mission:

YMN's mission is to build a solid platform for responsible microfinance that responds to the needs of low-income Yemenis. The network does this by building the capacity of microfinance practitioners through training, research, information exchange, product innovation, advocacy and promotion. YMN's membership is guided by commitment to best practices, transparency, equity and responsibility.

Values:

- Professionalism
- Fairness & Equity
- Good Governance
- Accountability
- Transparency
- Commitment to poverty reduction and employment increase



Strategic goals:

1. YMN is a dynamic, responsive, participatory and recognized microfinance network.
2. YMN builds the capacity of its members to better respond to the needs of low-income Yemenis.
3. YMN is the platform for the development and exchange of information for all industry stakeholders.



5. Structure & Governance

YMN is governed by its general assembly that is composed of the managing directors of its member based institutions. The general assembly elects the network's board of directors from among them every 3 years. The board of directors chooses their chairman and vice chairman and practices the roles and responsibilities of the board. The managing director of the network reports directly to the board which meets on quarterly bases to lead the strategic direction of the network.

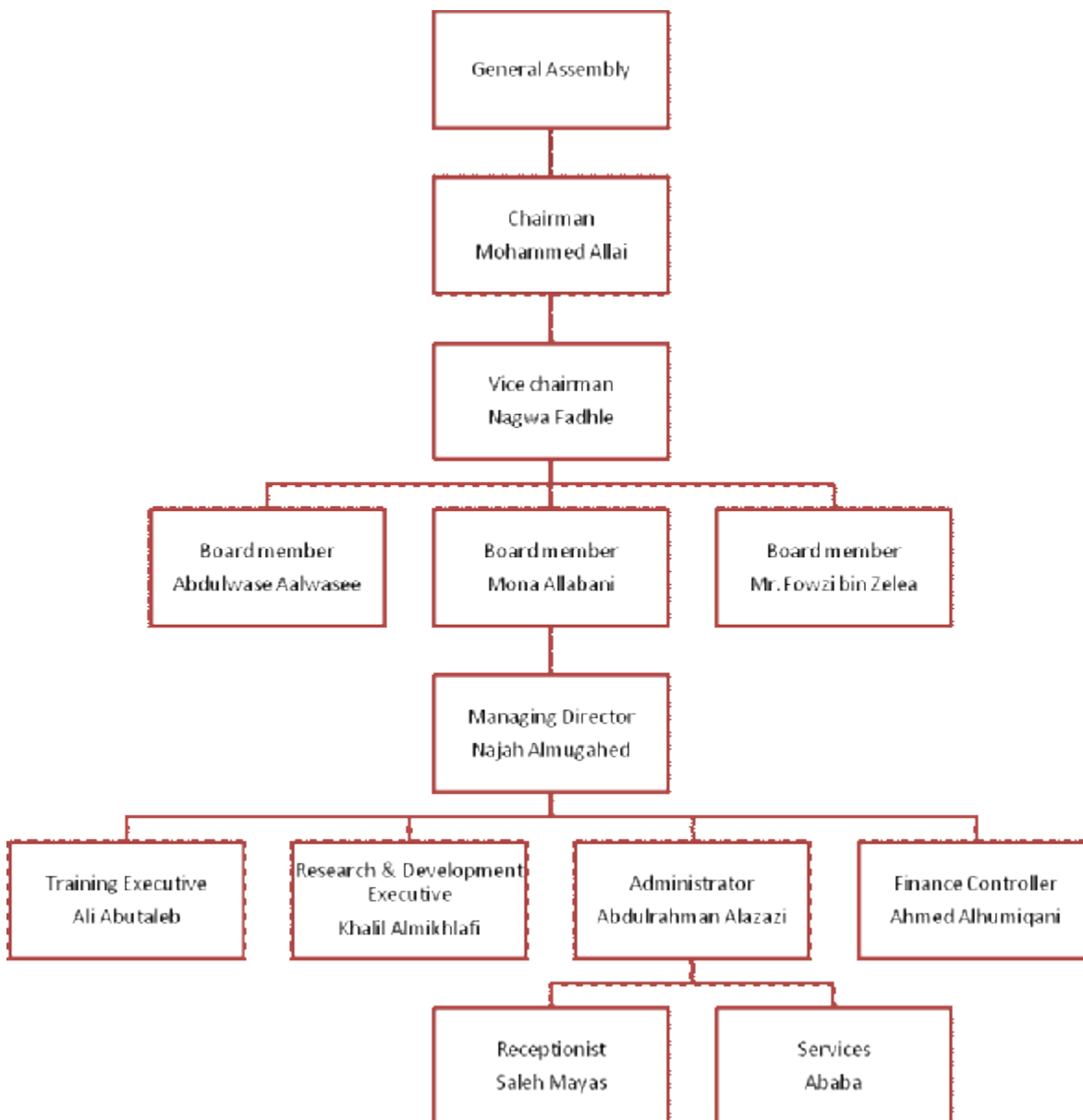


Chart No. 1: Organizational Structure

6. YMN Members' Indicators

Currently YMN has 11 members which represent more than 90% of the microfinance industry in Yemen. Their legal status varies from programs, foundations, banks and companies. They are serving more than 60,000 borrowers, and 80,000 savers cumulatively. The following are the main indicators for the microfinance industry in Yemen in 2012:

- Total number of active borrowers: **71,275**
- Total number of voluntary depositors: **73,406**
- Total outstanding loan portfolio: **4,074 million YR**
- Total number of loans dispersed: **71,277**

The number of active borrowers in 2012 for each member is illustrated in the graph below:

Did you know that the 34.8% of the Yemeni population live below the poverty line?? This means there are approximately 1 million household in need to start their own businesses.

Source Yemen Central Statistical Organization (Ministry of Planning) 2008

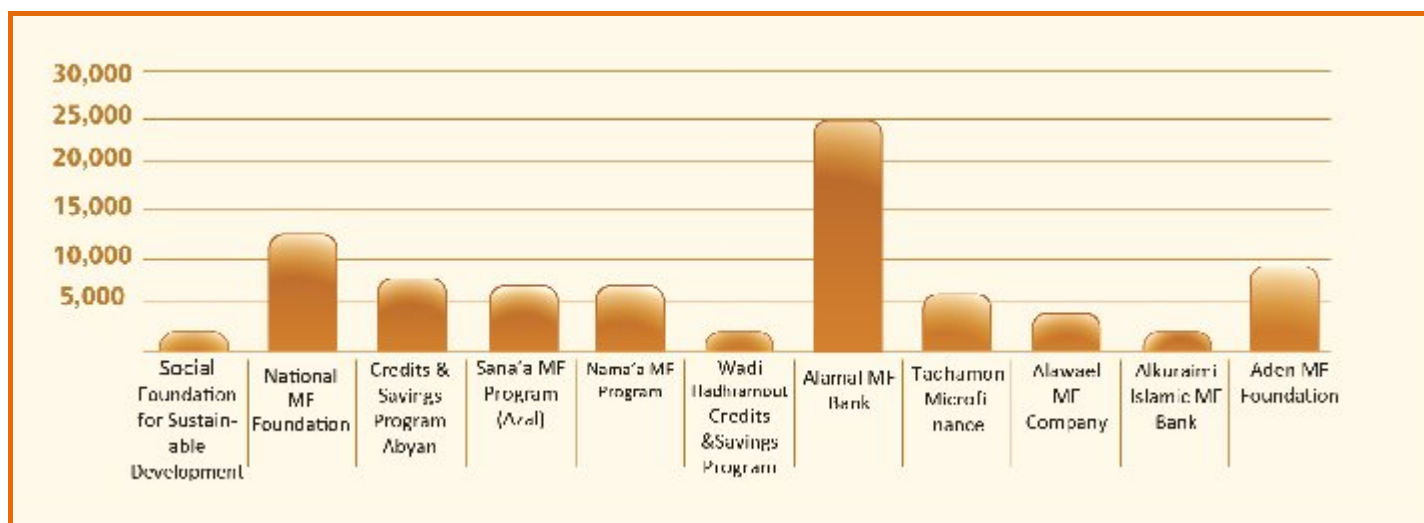


Chart No. 2: No. of borrowers in 2012

7. YMN Programs Updates & Accomplishments

7.1 Training & Capacity Building

Training and capacity building for microfinance practitioners is the core business of YMN, and the initial value for establishing the network. A core foundation for the training unit in YMN required developing training manuals, recruiting a pool of trainers and conducting 2 training and technical needs assessments to deeply analyze the training needs for YMN members.

Since its establishment and until December 2012 YMN conducted 51 training courses with a total number of direct beneficiaries 823 MFI staff, from credit officers, to middle and senior level staff, from different parts of the country including a range of subjects from risk management, financial analysis, customer service, report writing, TOT etc.

2012 Highlights

- **Feasibility study for a training and consultancy institute in Microfinance:** Due to the rapid increase of the microfinance industry in Yemen and the lack of capable Human Resources in the Yemeni market there have been initial plans to establish an independent training and consultancy institute in Microfinance. As a first step YMN decided to investigate the market's needs by conducting a comprehensive feasibility study which included 28 different interviews with YMN members, banks, organizations, governmental and private institutions, and a students' survey. The final outcomes of the feasibility study recommended that it was not feasible in the time being to establish an independent training and consultancy institute based on the relatively small market size in Yemen. The study recommended an intermediate model to build the capacity of microfinance practitioners which includes developing modules for the loan officers and upper management. In addition to continue providing training courses to MF practitioners in microfinance technical skills and soft skills.
- **Training courses:** During 2012 YMN provided a total of 25 training courses to 447 direct beneficiaries. Those training courses were provided in different formats, from standard classroom training courses at YMN premises to On the Job trainings, workshops and demand based training.

Summary of YMN trainings in 2012:

Type of training	No. of training courses	No. of beneficiaries
Standard classroom trainings	11	163
On the Job training	11	227
Demand based training	1	20
Workshops	2	37
Total	25	447

Cumulative number of training courses since 2010 is 51 training courses for 823 beneficiaries.

Type of training	2010		2011		2012	
	No. of training	No. of beneficiaries	No. of training	No. of beneficiaries	No. of trainings	No. of beneficiaries
Standard classroom trainings	3	42	11	143	11	163
On the Job training	–	–	12	191	11	227
Demand based training	–	–	–	–	1	20
Workshops	–	–	–	–	1	37
Total	3	42	23	334	25	447



7.2 Transparency

YMN established a formal standard to ensure transparency in the Yemeni Microfinance sector. It used the international standards developed by SEEP network to formalize the reports. YMN receives SEEP reports from its members on monthly basis and produces quarterly reports which are published through its website and sent to all of its members. Those reports include major microfinance indicators such as number of active clients, number of savers, loans disbursed, outstanding loan portfolio, portfolio at risk, branches opened etc.

2012 Highlights

- **Industry assessment report:** In 2012 YMN produced its first industry assessment report which included analysis for each member's performance throughout the year 2011. YMN also added graphs and charts to the report to add value to the final output. The report was published in the Microfinance Gateway in English and Arabic.
- **Consumer Protection Guidelines (CPG):** YMN endorsed the CPG initiative with the Smart Campaign and trained one of YMN's staff to become an accredited trainer with the Smart Campaign. In 2012 YMN conducted a workshop for its members to introduce this initiative and encourage members to endorse it. In the mid of 2012 YMN implemented 2 training courses for its members in Sana'a and Aden governorates to deeply emphasize this initiative.

7.3 Research & Development

One of the basic areas of interest to YMN is research and development that responses to the market needs. In 2011 YMN did a compensation survey to measure the average scale of salaries and benefits for each staff position in the microfinance industry in Yemen. This survey enabled the microfinance institutions to have a benchmark for the salary scheme for each position in the Yemeni microfinance market. YMN also responded to the crises in 2011 by doing an assessment research on the impact of the crises on the microfinance institutions.

2012 Highlights

- **Abyan case study:** After the assessment research in 2011 and during the meeting of YMN members in Aug 2011 YMN decided to conduct in depths research on Abyan Program as a case study of a program heavily affected by war. The study covered all aspects of the program, their financial status, the impact on the clients and staff of the program and final recommendations. The study's outcomes were discussed during a workshop attended by a number of organizations, donors, and MFIs. In addition to media coverage for the workshop.

7.4 Information Exchange

Information exchange and dissemination is a major activity for YMN. It targets microfinance practitioners, key players, donors, organizations and the international community using different tools. To ensure information sharing YMN developed its own website where it publishes information on the microfinance industry in general. It also publishes a quarterly newsletter dedicated to YMN members' activities, and news highlights from the microfinance industry.

2012 Highlights

- **Biannual meetings for YMN members:** In 2012 YMN ensured face to face interaction among its members by conducting biannual meetings, one was in January during the annual dinner for the network where the member of the year and practitioner of the year awards for 2011 were announced. In July YMN cooperated with Sanabel to conduct an annual iftar for their members where members were able to meet and discuss common issues of interest.



Winner of the member of the year award 2011 was **Altadamoun microfinance**

Winner of the practitioner of the year award 2011 was **Aden Microfinance Foundation.**

7.5 Promotion & Awareness Raising:

The network has led the way in promoting the sector via its diverse activities, various marketing mediums and channels on national, regional and global levels. In Dec 2011 the network implemented a huge microfinance marketing campaign in Sana'a – Taiz- Aden – Hodidah – Dhamar with advertisements on TV, radio, newspapers, moby signs and a documentary movie on microfinance.

2012 Highlights

- **Donors meeting:** YMN plays its role as a coordinator to bridge the gap among microfinance stakeholders in Yemen. In 2012 YMN called for a meeting to all donors interested in microfinance to discuss the major challenges and opportunities that faces microfinance industry and donors' possible intervention. The meeting was fruitful and YMN decided to continue on calling for a biannual meeting for donors and MFIs in Yemen.
- **Clients' Fair:** In October 2012, and for the first time YMN organized the clients' fair with the participation of more than 40 microfinance clients, and all YMN members and SFD. The fair exhibited a variety of businesses and handicrafts, all promoting microfinance and encouraging visitors to start their own businesses. Many success stories were addressed during the clients' fair, and microfinance clients were able to sell their products to the general public. The minister of Social Affairs and Labor and the Capital's Secretary in addition to representatives from embassies, international and local NGOs attended the opening ceremony. The fair continued for 7 consecutive days and had extensive media coverage.



8. YMN Development

On an internal aspect YMN continues to develop its procedures and systems, it became a member in Sanabel (The microfinance network of Arab countries) and SEEP (the global microfinance network) and act as their focal point in Yemen. YMN currently has 11 members who represent over 90% of the microfinance industry in Yemen.

2012 Highlights

- **Strategic plan** : In 2012 YMN contracted SEEP network to develop its new strategic plan for 2013 – 2015.
- **Election of board members**: During the general assembly meeting YMN elected its new board members for the period 2012 – 2014.
- **Audited financial statements**: YMN audited its financial reports with an external auditor for 2009, 2010 and 2011 and approved the audited financial statements from the general assembly.
- **SEEP satisfaction survey**: YMN measured the satisfaction of its members through the SEEP satisfaction survey tool which showed over 70% satisfaction rate.
- **NCAT**: As part of quality assurance and continuous assessment the network did an NCAT, Network Capacity Assessment Tool (SEEP tool). The network achieved 2.1 score on a 4 point scale which means it's an expanding network, yet it's still at the bottom of the expanding scale. (0.0 – 1.0 Nascent, 1.1 – 2.0 Emerging, 2.1 – 3.0 Expanding, 3.1 – 4.0 Mature)

9. Strategic Direction

- **Training and capacity building:** The network is increasing its effort in providing customized and tailored trainings in the area of microfinance and key soft skills needed to run microfinance operations. It will continue on providing an average of 2 training courses per month, plus on the job trainings. It will arrange for exposure visits to leading countries in microfinance services. It will focus more on module development for loan officers, and middle management, to build the capacity of practitioners and MFIs to the point where they can provide and meet their training needs themselves.
- **Research and development:** YMN is planning to do a product study every year relative to the microfinance industry in Yemen to encourage innovation of new products. It will continue on producing assessment reports for the microfinance industry on annual basis and do a benchmark study to be reviewed on a biannual basis.
- **Transparency:** YMN will continue on producing quarterly reports to promote transparency in the Microfinance industry, it will also work with its members to develop a code of conduct, promote consumer protection guidelines and introduce social performance management as a measurement tool for microfinance indicators.
- **Information sharing and promotion:** YMN will increase its efforts in promoting the sector through clients' fair, conferences and media channels. It will focus more on raising awareness of the microfinance sector on national, regional and global levels, targeting new players and clients to the sector.

10. YMN Members Contact Information

No.	MFI Name	Cities/Area of Work	Contact Numbers	Email & Website Addresses
1	Nama Microfinance Program	Sana'a, Taiz, Aden, Ibb, Alhudaidah, and Hajjah.	Tel: +967-1-208611 Telefax: +967-1-405663	Email: nama2000p@hotmail.com Website: www.csswyemen.org
2	Al-Awael Microfinance Company	Taiz	Tel: +967-4-221172 Telefax: +967-4-221171	Email: microstartproject_taiz@yahoo.com
3	Sana'a MF Program (Azal)	Sana'a	Tel: +967-1-622998 Fax: +967-1- 601286	Email 1: azalprogram@gmail.com Email 2: doaaal_thawr@yahoo.com
4	Wadi Hadramout Credit & Savings	Hadramout – Sayoun, Tarim,	Tel: +967-5-401403 Fax: +967-5-405575	Email 1: whfasp@gmail.com Email 2: mohammedhassan139@yahoo.com
5	National Microfinance Foundation (NMF)	Sana'a, Dhamar, Yareem, Ibb, Taiz, AlQaidah, Lahj, Hajjah, Alhudaidah and Abs.	Tel: +967-1-440551 Fax: +967-1-440515	Email: nmfinfo@nmfy.org Website: www.nmfy.org
6	Self-Help Group Program – Abyan	Abyan , Hadramout (Almukallah), Zunjbar, Ahwar and AlShihr.	Telefax: +967-2-307033	Email 1: progabyan@yahoo.com Email 2: aab661@gmail.com
7	Aden Microfinance Foundation (AMF)	Aden and Lahj.	Tel: +967-2-357479 Telefax: +967-2-353630	Email: m_alsabri79@yahoo.com Website: www.amf-yemen.org
8	Tadhamon Microfinance	Sana'a, Alhudaidah, Aden, Taiz, Ibb and Almukallah.	Tel: +967-1-537104/5/6 Fax: +967-1-537107	Email: info@microtiib.com Website: www.microtiib.com
9	Social Foundation for Sustainable Development (SFSD)	Sana'a	Tel: +967-1-472657 Fax: +967-1-539845	Email: sfsd2010@hotmail.com
10	Al-Amal Microfinance Bank (AMB)	Sana'a, Aden, Taiz, Ibb , Al-Mukala, Alhudaidah, Hajjah and Dhamar.	Tel 1: +967-1-450813 Tel 2: +967-1-449731 Fax: +967-1-449721	Email: info@alamalbank.com Website: www.alamalbank.com
11	Al-Kuraimi Islamic Microfinance Bank (KIMB)	Sana'a, Taiz, Aden, AlHudeidah, IBB.	B.Tel: +967-1-8008800 Tel: +967-1-503880 Fax: +967-1-503895	Email: alkuraimi@alkuraimi.com Website: www.alkuraimi.com



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