



**Lebanese
Micro-Finance
Association**

جمعية مؤسسات التمويل الأصغر في لبنان

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ADAPTING TO THE DIGITAL TIMES



The voice of the
MICRO-FINANCE industry
in LEBANON

With every crisis comes an opportunity: It is time to look into modernizing the sector and venture into more advocacy and lobbying towards an inclusive digital world.





By the beginning of 2020, when the Lebanese population started to adapt and the MFIs found a way to cope with the state at hand, a **Pandemic hit the Globe**.

The Covid19 pandemic impacts the whole planet and goes beyond the immediate health concern. The ripple effect of lockdowns and economic paralysis are threatening livelihoods across the board.

The whole planet quarantine **exponentially rose the risks and the challenges** to be faced.

The crisis is deepening by the minute. We don't yet know where it will take us or how long it will last. What we do know is that there are real risks threatening more than two decades of progress in financial services to the vulnerable communities.

The MFIs are looking into all perspectives to keep the sector operational: the FX rate was and still remains a hard hit on them as most of them are absorbing the repayment losses, their NPL's levels are historically at their highest, their international lenders are demanding to be repaid and disbursement is low as they are facing loan pricing issues.... these are the least to mention challenges.

They have lost in a few months, what amounts to more than 16 months of efforts, at the detriment of seeing the whole industry collapsing.



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WWW.LMFALEBANON.ORG



THE LIVELIHOODS AND INCLUSIVE FINANCE EXPANSION - LIFE - USAID FUNDED PROJECT. A SUPPORTIVE INITIATIVE



The first form of support, from the industry's main donor, the USAID Funded- Livelihoods Inclusive Finance Expansion LIFE program was set in motion!

Since the rise of the street protests, in October, a series of unfolding economic and political events have paralyzed the country. It has also brought into the light the **precarious financial condition** of the country and plunged Lebanon into a crisis that doesn't seem to have any ending soon.

This crisis hit the MFIs' beneficiaries very hard and hence the institutions. A **firefighting** started. **Disbursement** had to be reduced and the **fluctuating FX** threatened the repayments, MFIs absorbed the FX losses and the new loans pricing was made quasi impossible to manage. This crisis exposed the **operational expenses** of the MFIs and started hitting their **capital and reserves**.

LIFE and the LMFA **brought together the MFIs** to discuss their concerns and delineate joint decisions dealing with the course of action to undertake in response to the emergency. The different levels of support needed were addressed.

A technical assistance need was identified, cultivating the skills of the institutions teams to handle the internal and external clients. The assistance took form in a training for crisis management.

The outcome of the gathering was a grant product to support the MFIs

ONLINE WORKSHOP

WE STARTED BY RIDING THE WAVE OF “VIRTUAL” WORK.

The “Innovation in times of Crisis” Workshop turned into a virtual activity. The workshop was held with four different groups. Each of the Al Majmoua, Ibdaa and Vitas were allocated each an individual time. And ADR, AEP, CLD, EDF and Makhzoumi were allocated a joint training program.

The challenges faced were on several levels, from gathering the teams, to electricity failures. Coordinating with the different people without the human interactivity and body language, **AND THE RESULT WAS GOOD!**



**WITH EVERY CRISIS,
COMES OPPORTUNITY.**

New approaches, techniques & concepts were introduced and profoundly discussed during this workshop.

- (1) Guidance on how to set priorities in Crisis Management,**
- (2) how to map competencies,**
- (3) New opportunity to Build an effective networking between our clients**
- (4) E-commerce concept**
- (5) Importance of setting up a Crisis Management Office**
- (6) Major actions to be taken to manage the crisis: recovery and post-crisis**
- (7) Business continuity plan (credit exposure opportunities/where to interfere).**

New strategies can be planned to overcome this crisis and keep the organizations in a resilient position to be able to play a vital role in the recovery.

The MFIs take away,

Enhanced and **better approach to Problem solving** and **productivity** in lockdown times as well as enhanced methods with their clients and staff.

The Recent crisis has been accelerating the transition to the Future Workforce which calls for both **higher resilience and right-skilled organization**. Overall future capabilities mix is expected to considerably change across units for all organizations with the **shift to digital** and majority need to uplift their capabilities in line with future digital/ post crisis and fast tracked job requirements.

Leveraging **migration into digital channels** in the new ways of working and driving long term adoption will support long term efficiencies

THE LMFA TURNS TO MAKING A SUCCESSFUL DIGITAL MINI SERIES EVENT!

The National Convention on Financial Inclusion is transformed into a **mini web series "MARKING THE JUNCTURE" Towards the Modernization of the Microfinance Sector**. A web series that discloses the challenges that the sector is facing in the middle of the Lebanese financial, economic and health crisis.

The challenges were many, we had been confined for more than two months fighting against the Corona Virus, we had many delays in responses from the guests, yet, they all showed up, happy and proud to support us! And in spite of the confinement measures, we insisted on producing this mini web series to shed the light on the importance of the sector, its developmental role that will be vital to support a large portion of the Lebanese population and to rebuild the small and micro enterprises to help the country in the relaunching of its economy.



The series exposes the Microfinance's potential to recover and once again establish itself as a key part of the national economy and of the wider sustainable development agenda.

The current threats were addressed; Capital depletion, Liquidity crunch, Foreign exchange fluctuation and the need to Refinancing the MFIs.

The guests confirm that we have a unique opportunity to shape the sector to ensure it not only grows but it grows better, with inclusivity, sustainability and responsibility prioritized.

Now is the time, especially in light of social distancing and movement limitations, for donors and the microfinance community to help reinforce their investments and capitalize on **the full potential of digital payments and telecom providers**: Digital Finance is a main solution to the risks of traditional microfinance and the outlook towards modernizing the sector

THE LMFA TURNS TO MAKING A SUCCESSFUL DIGITAL MINI SERIES EVENT!

We are proud to have had on board the following distinguished guests:

Mr. Jorge Rubio Nava:

Managing Director CITI UK / Founder of Citi Inclusive Finance Unit

Mr. Jean-Francois Le Bihan:

Managing Director EuroReg Luxembourg

Mr. Mohammed Khaled:

Senior Microfinance Specialist and now leads the MEA Advisory Services Microfinance Program

Ms. Carol Khouzami:

Senior Financial Sector Specialist -FCI Global Practice -International Finance Corporation (IFC)

Dr. Fouad Zmkhol:

CEO of Zimco group (ME) and SAPDIB (Africa), President of the "Association of Lebanese Business men and women in the World"

Ms. Nadine Chehade:

Senior Financial Sector Specialist, representing The Consultative Group to Assist the Poor, CGAP, in the Arab world



The Lebanese Microfinance Association- LMFA will carry some of the most important recommendations in support of its members.

The success stories and miniseries episodes were disseminated on the LMFA social media, website and YouTube channels as well as through emails to the main invitees to the LMFA convention.

The digital experience is as productive as it can be, we benefited from both our experiences in the workshop and the **miniseries that was featured on the CGAP FinDev Gateway.**

We are confident that we will continue voicing out the sector's stakeholders' interests and respect the social mission of the industry: support the vulnerable and micros with affordable debt and the proper tools to live with dignity.

It is time to modernize the sector and venture into more advocacy and lobbying towards a digital world.





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