



ANNUAL
REPORT
2020

CALENDAR
2022

A PIONEER MICROFINANCE
FOUNDATION IN EGYPT

 4 Kassim Street, 2nd floor
Dokki, Giza, Egypt

 **15088**

-  www.altadamun.org
-  www.facebook.com/altadamun
-  www.youtube.com/user/Altadamun1
-  www.instagram.com/altadamun_microfinance
-  www.linkedin.com/company/al-tadamun-microfinance-foundation





Mona Zulficar

President of the Board of Trustees
Al Tadamun Microfinance Foundation

«The 2020 global health crisis of the Covid-19 pandemic and its subsequent economic lockdowns have severely impacted businesses especially the medium, small and micro enterprises (MSMEs) and the microfinance institutions (MFIs). »

The 2020 global health crisis of the Covid-19 pandemic and its subsequent economic lockdowns have severely impacted businesses especially the medium, small and micro enterprises (MSMEs) and the microfinance institutions (MFIs). The most badly stricken by this crisis being therefore the lower-income people, dependent on microfinance services that suffered a sharp decline accordingly. No matter how resilient they tried to be.

Besides, the weakened earning capacity of clients threatened to undermine the strong repayment system on which microfinance depends. Consequently, regulators faced critical decisions in meeting the challenges to microfinance during the Covid-19, crisis.

In addition , the State's move to spread further the concept of financial inclusion and its vigorous steps to digitize financial services, MFIs have rescheduled loans in support of their clients. To this day, this sector has shown some recovery, especially after the approval of Law No. 201 of 2020 amending some provisions of Law No. 141 of 2014. This contributes directly to more financing opportunities that can be seized by MSMEs.

It is noteworthy that MFIs play a significant role in the community because they are the most able to reach various groups of society, especially in Upper Egypt and rural communities, helping them finance and set up micro-projects that provide them and others with excellent job opportunities and income.

Despite the exceptional scale of the crisis and the ways Al Tadamun Microfinance Foundation supported its clients, our long-term mission remains unchanged and will continue to work towards a strong recovery from the pandemic and ultimately build back stronger.

I am grateful to the efforts of Al Tadamun Microfinance Foundation, the Board of Trustees and to the employees offering their potential for a transformational recovery to clients. We look forward to many more years to come as one of Egypt's top microfinance institutions.

President of the Board of Trustees
Al Tadamun Microfinance Foundation

AL TADAMUN
CLIENTS



Sahar
Toukh - Qalubiyah

Reham Farouk



Reham Farouk

Chief Executive Officer
Al Tadamun Microfinance Foundation

“Our flexible payment policies and efforts served as an economic shock absorber for our clients during this time of need.”

By any measure, 2020 was an exceptionally challenging year as we have all been impacted by COVID-19. My heart goes out to those who are grieving the passing of loved ones, to those who lost their jobs and to the business owners who have struggled or were forced to shut down. While it has been a tough year for many, I am hopeful that better days are ahead.

The COVID-19 pandemic has had an adverse impact on economies and financial institutions. While no business could ever have predicted the extent of the crisis we currently face, Al Tadamun was standing on solid basis operationally and financially going into the crisis.

Al Tadamun has demonstrated tremendous financial and operational resilience during a period of intense stress, sustaining its financial outreach with a total network of 82 branches in 13 governorates by the end of 2020. Al Tadamun's efforts to reduce the risks and focus on loans quality helped us to weather the current storm and maintain an outstanding portfolio of EGP 496,901,497 and 154,897 active clients.

Our flexible payment policies and efforts served as an economic shock absorber for our clients during this time of need. In response to challenges caused by the COVID-19 pandemic, we undertook a client repayment rescheduling

program. Moreover, as a result of strong teamwork and collaboration with all of our partners, enhanced by digital infrastructure, “the digital financial solution” program, FAWRY has been fortified and sustained across all governorates. The launch of Al Tadamun Call Centre in April 2020 helped to reduce pressure on branches, which kept them at safe levels.

I want to take this opportunity to highlight the innumerable and significant contributions of our late Human Resources Director, Samhar Momtaz. Samhar passed away earlier this year and is greatly missed by those who were fortunate enough to know him.

As Senator Bernie Sanders, the American politician said “Difficult times often bring out the best in people”. I want to close by extending my thanks to our highly engaged Board of Trustees, whose experience and wise counsel during this difficult time cannot go unnoticed. I am also continually impressed by my 1,889 colleagues' exceptional dedication, creativity and professionalism.

A handwritten signature in blue ink.

Chief Executive Officer
Al Tadamun Microfinance Foundation

AL TADAMUN
CLIENTS



Heba
Badrashein - Giza



Al Tadamun Microfinance Foundation started in 1996 as a Group Guaranteed Lending and Saving (GGLS) pilot project developed by the Egyptian Field Office of Save the Children USA, in partnership with the local NGO Women's Health Improvement Association (WHIA). The project was designed to meet the needs of underprivileged Egyptian women micro-entrepreneurs for a source of finance to set up, sustain and expand their microenterprises, thus generating more income for themselves and their families.

In 1998, the GGLS program had developed well beyond the pilot phase, which encouraged Save the Children, using private sources of funding, to expand to the neighborhoods of Imbaba, Abdeen and Dar El Salam.

In July 2003, the three branches were merged as a partnership between Save the Children's Egyptian Field Office and WHIA into a fully autonomous program. The program was renamed Al Tadamun Microfinance Program running under the legal umbrella of WHIA.

On March 22, 2009, Al Tadamun Microfinance became an independent foundation under the legal umbrella of the Ministry of Social Solidarity under number 573 in accordance with the provision of Law No. 84 of 2002 and its implementing regulations.

In January 2015, Al Tadamun came under the supervision of the Financial Regulatory Authority in accordance with the microfinance law no. 141 of 2014. On October 29, 2015 Al Tadamun obtained the license no. 1117 for practicing microfinance.



Maleka
Basheet - Giza

01

Vision Statement

To become every Egyptian woman's address for micro financial services

02

Mission Statement

To increase the income of women micro-entrepreneurs in the various governorates in Egypt to improve their quality of life through providing access to responsible, sustainable and diversified financial services that suit their needs

03

Objectives

- Increase outreach to achieve a higher market share and deeper penetration
- Maintain a competitive edge in the market through continuous improvement of our products, financial services and our customer care
- Develop Institutional capacity to continue delivering high quality services in a sustainable and efficient manner

04

Core Values

- Trust
- Integrity
- Transparency
- Credibility
- Respect
- Belonging
- Social Responsibility

AL TADAMUN
CLIENTS



Egla
Faraskor - Damietta

Group Loan Product

The Group Loan Product is tailored to micro-scale women with small, individual, and multiple cycle working capitals to improve their enterprises. In 2020, the product served 130,262 active clients with an outstanding portfolio of EGP326 Million.

Individual Loan Product

Al Tadamun launched the Individual Loan Product at the beginning of 2015 to support a diversified range of individual financing projects. In 2020, the product served 23,935 active clients with an outstanding portfolio of EGP 164 Million.

Family Loan Product for Machinery, Equipment and Vehicles

The Family Loan Product for Machinery, Equipment & Vehicles was launched in March 2018 as a pilot project in five branches to support a diversified range of equipment, machinery and vehicles such as sewing machine, photocopying machines and tricycles. In 2020, the product was activated throughout all branches reaching 695 active clients with an outstanding portfolio EGP 6 Million.

Golden Loan Product

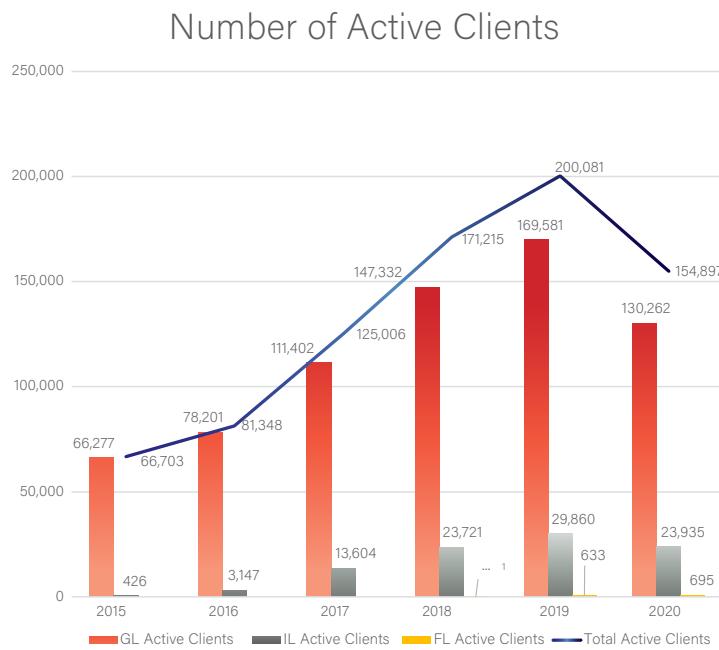
In 2019, Al Tadamun launched the Golden Loan Product as a pilot project in five branches to provide a new segment of underprivileged women micro-entrepreneurs with financial services that suit their needs. By the end 2020, the Golden Loan Product served five active clients with an outstanding portfolio of EGP 79,654. It is planned that by 2021, the product will be offered in all branches.



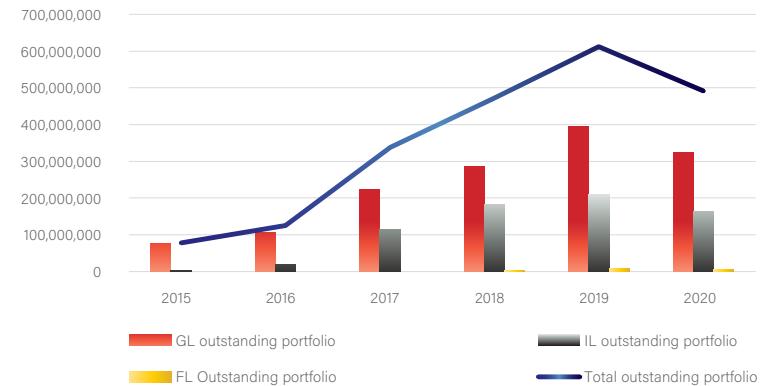
AL TADAMUN
CLIENTS



Rateeba
Toukh - Qalubiyah



Outstanding Portfolio(EGP)



AL TADAMUN
CLIENTS



Fawzeya
Toukh - Qalubiyah

Insurance Services: Based on Al Tadamun's faith in the clients' role in meeting their family needs, Al Tadamun gives a high priority to their efforts by providing them insurance services on the following:

- Hospitalization
- Disability
- Death

Summer Trips: Based on Al Tadamun's faith in client's tremendous efforts at work all year long and its belief in the importance of cutting down on stress, Al Tadamun organizes trips to its outstanding clients to Marsa Matrouh covering the accommodation and the transportation.

Trade Fairs: The core characteristics that make a company customer service orientated add up to the ability to fulfill the ultimate purpose of giving support. Therefore, Al Tadamun offers to its clients the opportunity to sell and market their products through participation in trade fairs.

In 2020, due to the pandemic of COVID 19, the summer trips and trade fairs were on hold for safety reasons and they will be resumed in 2021.



ALTADAMUN
CLIENTS



Aisha
Haram - Giza

Guided by the aim of maximizing the income of micro-entrepreneur women throughout the Arab Republic of Egypt during 2020, Al Tadamun services covered 82 branches through 13 governorates as follows:



AL TADAMUN
CLIENTS



Azza
Shebeen El Qanater - Qalubiyah

The following table illustrates key growth indicators during 2020 and 2019:

Indicator	2020	2019	% of Increase
Outreach			
Number of Branches	82	71	15%
Number of Staff	1,889	1,526	24%
Number of Field Coordinators	883	735	20%
Number of Loans Disbursed (clients)	151,879	228,679	-34%
Amount of Loans Disbursed - EGP	836,478,325	1,197,433,805	-30%
Number of Active Clients	154,897	200,081	-23%
Gross Outstanding Portfolio - EGP	496,901,497	617,952,379	-20%
Sustainability/Profitability			
Operational Sustainability	97%	115%	
Financial Sustainability	91%	113%	

AL TADAMUN
CLIENTS



Faten
Ain Shams - Cairo

Al Tadamun's Board of Trustees is composed of five members who provide strategic direction and supervise the organization. An Audit and Risk Committee was established in 2015 to ensure that proper risk and compliance management processes are embedded at Al Tadamun.

Mona Zulficar | President

Managing Director, Zulficar & Partners Law Firm.
President of the Egyptian Microfinance
Federation

Issam Mohamed El-Adawi | Treasurer

Chief of Party (MCSP) Save the Children

Hanaa El Helaly | Board Member

Former Acting Managing Director Social Fund
for Development, Cabinet of Ministers -Egypt

Tarek Makeen | Board Member

MIS Advisor

Nevine Badr El Din | Board Member

Head of the Central Sector for Microfinance
- The Micro, Small and Medium Enterprises
Development Agency, MSMEDA

AL TADAMUN
CLIENTS



Ghada
Hadaek El Qoba - Cairo

In 2020, the Training and Development Unit provided training sessions on various topics related to microfinance for a total of 969 employees.



AL TADAMUN
CLIENTS



Howaida
Hdaek El Qoba - Cairo

“She Can” Event

Entreprenelle organization conducted its fifth annual conference titled “She Can 2020 – Fresh Start”, which is the largest Women Entrepreneurship event in the MENA Region. The event took place on March 7, 2020 at the Greek Campus of the American University in Cairo. The purpose of the event was to spread awareness on women’s entrepreneurship in Egypt and encourage them to start their own businesses. Success stories of women in various fields were showcased during the event.

Among the main key speakers were Dr. Hala Al Saeed, Minister of Planning and Economic Development, Dr. Amr Talaat, Minister of Communications and Information Technology, Anisa Hassouneh, Member of Parliament, Engy El Mokadem & Nour, actresses, Ahmed Abo Hashima, businessman, in addition to a group of feminist figures who influence Egyptian society and various economic sectors.

Two of Al Tadamun Microfinance Foundation’s staff members who attended the event keenly sought to network with other organizations and to share experience and get introduced to other NGOs and media experts.



AL TADAMUN
CLIENTS



Karima

Shebeen El Qanater - Qalubiyah



Meeza Card

In cooperation with the National Bank of Egypt, Al Tadamun Microfinance Foundation provided the clients with Meeza card through which they can withdraw their loan, thus facilitating financial services and achieving the principle of financial inclusion. The number of clients who have made use of this service are 37% of the total clients.



Fawry

In cooperation with Fawry, Al Tadamun Microfinance Foundation activated the electronic payment service for its clients through Fawry network to make it easier for its clients to pay their installments with less mobility and effort. To date 17% of the clients have made use of this service.



Indomie

Al Tadamun Microfinance Foundation signed an exclusive partnership with Indomie Company during the month of March 2020. Indomie Kiosks will be included as one of Al Tadamun's Family Loan Products. The purpose is to create and offer

various integrated project ideas for the Foundation's clients. A press conference was conducted in October 2020, to sign a protocol between Al Tadamun and Indomie. The protocol was signed by Mrs. Noha El Sayed, Marketing and Communications Director of Al Tadamun and Mr. Mahmoud Taher, Marketing Manager of Indomie in the presence of Mrs. Reham Farouk, CEO of Al Tadamun, Mr. Hatem Arabi, Operations Director of Al Tadamun and some representatives from each company. The event was published in several newspapers such as Al Masrawy and El Borsa.



AL TADAMUN
CLIENTS



Noura
Kafra Saad - Damietta

Reham Farouk wins the 50 Most Influential Women in Business Enterprises Award

On February 5, 2020, H.E. Dr. Hala Al-Saeed, Minister of Planning and Economic Development honored the 50 most influential women in business enterprises for the year 2019 during the fifth session of "Egypt Summit for the Best". This event took place at Ritz-Carlton Hotel in Cairo and was organized by Amwal El Ghad magazine under the auspices of the Prime Minister, H.E. Dr. Mostafa Madbouly, with the participation of more than 700 executive leaders of major companies operating in the Egyptian market who play an important role in improving the Egyptian economy.

The list of the 50 most influential women included Reham Farouk, CEO of Al Tadamun Microfinance Foundation, for her active role in the development of Egyptian women in the microfinance sector. Also, the list included women from the government sector, private companies, executive departments, entrepreneurs and owners of distinctive social initiatives.



AL TADAMUN
CLIENTS



Sahar
El Qanater El Khaireya - Qalubiyah

Egyptian Women Forum 2020

The second edition of the Egyptian Women Forum was held on October 26, 2020 at Hilton Heliopolis Hotel. The event showcased the success stories of 30 Egyptian women in various fields. The stories were a motivation for Egyptian women to lead the way in the years to come and get experience from successful women entrepreneurs in all aspects of life. The Egyptian Women Forum 2020 is also the primary platform in entrepreneurship and social responsibility in order to empower Egyptian women in all fields.

Entrepreneurship is the most important point in the Egyptian Women Forum 2020, which was the focus of discussions. Many Egyptian women ask about how a woman can be a pioneer in fields such as; science, sports, economics, finance and business?! An important question in the forum this year, "How can I be a successful businesswoman?" The answer was also given by 30 of the great Egyptian women sharing their success stories and future dreams. Reham Farouk, CEO of AITadamun Microfinance Foundation, talked about her effective role in the development of women in the microfinance sector and about her success story in leading the organization for more than 20 years and helping more than 1.6 million Egyptian women micro-entrepreneurs to increase their income in various governorates of Egypt to improve their quality of life through providing access

to responsible, sustainable and diversified financial services that suit their needs.

The event was attended by more than 500 participants and was covered by national media representatives.



AL TADAMUN
CLIENTS



Salwa
Al Matareya - Cairo

Go-Live of Al Tadamun Call Center

Al Tadamun and the International Finance Corporation (IFC) teams have poured hours into the design and implementation of Al Tadamun's new call center technology platform. Prior to the Go-Live arrival, call center employees, composed of three agents and one supervisor, had gone through trainings to have at least a general understanding of what to be implemented, its benefits and how their work should be effective.

The big day has finally arrived on April 22, 2020, the call center was launched and went live to receive active and potential clients' inbound calls. The call center was promoted through social media on the launch date and over the course of the year. By the end of 2020, the call center reaped its fruits and succeeded to handle the following:

End of Year Clients Relation Management, CRM Data 2020 (Approximated)

Inquiries	1,172
Complaints	149
Requests	38
Contacts created	1,361
Active clients served	317
Non Active Clients	1,065
Total Calls	9,001
Inbound Calls	3,162
Outbound Calls	5,839



AL TADAMUN
CLIENTS



Shereen
Itay El Baroud - Al Behera

Al Tadamun Microfinance Foundation

Translation of financial statement originally issued in Arabic

Statement of Financial Position

As of December 31, 2020

(in EGP)

	Note no.	31 December 2020	31 December 2019
Non-Current Assets			
Fixed assets	(7)	49 502 512	45 457 558
Debtors and other debit balances	(1-5)	10 122 560	2 478 634
Total Non-Current Assets		59 625 072	47 936 192
Current Assets			
Cash on hand and at banks	(6)	205 768 946	227 795 097
Investments in Treasury Bills	(4)	40 488 643	36 062 796
Micro-finance loans	(3)	506 706 243	647 296 014
Debtors and other debit balances	(2-5)	20 778 776	15 565 927
Total Current Assets		773 742 608	926 119 834
Total Assets		833 367 680	974 656 026
Surplus			
Surplus of Revenue over expenses - Retained	(17)	239 550 962	250 742 512
Cash and in-kind grants - own resources	(11)	21 781 937	21 771 937
Total surplus		261 332 899	272 514 449
Current Liabilities			
Banks - Credit facilities	(10)	510 704 885	642 490 544
Creditors and Other Credit Balances	(8)	14 301 768	23 145 997
End of service benefits provisions	(9)	47 028 128	36 505 036
Total Liabilities		572 034 781	702 141 577
Total liabilities and retained surplus		833 367 680	974 656 026

The accompanying notes from page (5) to (28) are an integral part of these financial statements and are to be read therewith.

Auditor's report "Attached"

Hala Ali Ahmed
Financial Manager

Reham Farouk-Mohamed
Foundation Manager

Esaap Eladawy
Treasurer

Mona Salah-Aldien zu Al-Faqar
Chairman of Board of Trustees

Al Tadamun Microfinance Foundation

Translation of financial statement originally issued in Arabic

Statement of Revenues and Expenses

For the year ended December 31, 2020

	Note no.	For year ended 31 December 2020	For year ended 31 December 2019
Revenues			
Financing interest	(12)	264 399 883	291 539 879
Operating Cost	(13)	(193 604 784)	(190 915 013)
Operating surplus		70 795 099	100 624 866
Add:			
Interest income		12 842 229	11 848 406
Income from Treasury Bills		4 215 616	1 948 897
Gain on sale of fixed assets		32 763	16 981 439
Other income		1 524 273	278 123
Deduct:			
General and administrative expenses	(14)	(70 747 045)	(68 875 351)
Foreign currencies translation differences		(499 765)	(2 823 970)
End of service benefits provisions	(9)	(12 229 970)	(8 918 902)
Impairment loss on Micro-Projects loans	(3)	(8 623 555)	(3 885 105)
(Deficit)/Surplus of Revenue over Expenses before Depreciation		(2 690 355)	47 178 403
Deduct:			
Fixed assets depreciation	(7)	(8 501 195)	(6 054 930)
(Deficit)/Surplus of Revenue over expenses		(11 191 550)	41 123 473

The accompanying notes from page (5) to (28) are an integral part of these financial statements and are to be read therewith.

AL TADAMUN
CLIENTS



Walaa

Itay El Baroud - Al Behera

Financial Ratio	2020	2019
Sustainability and Profitability		
Operational Self-Sufficiency (OSS)	97%	115%
Financial Self-Sufficiency (FSS)	91%	113%
Return on Assets (ROA)*	-1.1%	5.3%
Adjusted Return on Assets (AROA)*	-3.4%	4.7%
Return on Equity (ROE)*	-3.7%	16.5%
Asset/Liability		
Yield on Gross Portfolio*	46.6%	52.6%
Portfolio to Assets	63.4%	67.8%
Cost of Funds Ratio*	9.9%	16.2%
Adjusted Cost of Funds*	11.9%	16.2%
Debt to Equity	2.17x	2.58x
Adjusted Debt to Equity	2.16x	2.56x
Liquid Ratio	0.43x	0.37x
Portfolio Quality		
Portfolio at Risk (PAR) Ratio	2.84%	0.00%
Write-off Ratio*	0.00%	0.00%
Adjusted Write-off Ratio*	0.00%	0.00%
Risk Coverage Ratio	1.46x	1341.01x
Adjusted Risk Coverage Ratio	1.46x	1341.01x
Effeciency and Productivity		
Operating Expense Ratio*	41.0%	35.9%
Adjusted Operating Expense Ratio*	41.0%	35.9%
Cost per Active Client*	1303	1127
Adjusted Cost per Active Client*	1303	1127
Borrowers per Loan Officer	175	296
Active Clients per Staff Member	82	131
Client Turnover*	57%	35%
Average Outstanding Loan Size	3412	3301
Adjusted Average Outstanding Loan Size	3412	3301
Average Loan Disbursed	18743	9494
Gender Ratio		
Female active clients as a percent of total active clients	100%	100%
Female active borrowers as a percent of total active borrowers	100%	100%

AL TADAMUN
CLIENTS



Hagar
Damanhour - Al Behera

AL TADAMUN
MEMBERS



AL TADAMUN
PARTNERS



AL TADAMUN
CLIENTS



Samia
Faraskor - Damietta