

FEASIBILITY STUDY – FACTSHEET

Feasibility Study	FSW-18: Client and market study to broaden financial and nonfinancial services to Syrian refugees and other foreign-born residents
Country	Lebanon
Partner Financial Institution	IBDA'A Microfinance Sal
Grantee	Lene Hansen
Overall Budget	CHF 31'900 (30% self-contribution)
SCBF Contribution	CHF 11'250 (35% SCBF funding share)
AGFUND Contribution	CHF 11'250 (35% AGFUND funding share)
Date of Approval	25 September 2018
Duration	December 2018 until end April 2019
Context	<p>The small Lebanese financial services market is crowded with over 50 NBFIs, nearly 80 commercial banks, and <i>comptoirs</i>, retail credit companies, NGOs (that are now being asked to report to the central bank) and some cooperatives. Including the Al Qard al Hassan NGO, the microfinance industry serves around 225,000 clients with some 30% holding multiple loans. Despite a convoluted policy environment and a lack of strategies for financial inclusion, 45% of adult Lebanese had a formal bank account in 2017. However, the vast majority of the 400,000 adult refugees in Lebanon are financially excluded.</p> <p>Since 2012, Ibda'a Microfinance Sal has grown rapidly with the vision to be Lebanon's leading social financial service provider offering innovative inclusive services that create value for low-income families. A member of the Lebanese Microfinance Association and Sanabel, Ibda'a is forging closer collaboration with the fully licensed Ibda'a Bank in Syria.</p>
Current Status of the MFI	<p>Ibda'a Lebanon currently serves 18,480 clients including some 500 FBR (foreign-born residents), holding USD 16.2 million in outstanding loans from the seven branches. Six loan products are offered along with a credit-life insurance and hospital plan. Having grown the portfolio by 20% y-o-y, Ibda'a aims to increase its outreach to at least 1,000 Syrians in Lebanon by end of 2019, and explore options for new products, including digital payments and micro-insurance linked to investment options for clients as a contribution to the integration of refugees while in Lebanon and to facilitate their eventual return home. Ibda'a needs technical assistance to better understand the opportunities and challenges at regulatory and political levels, as well as the client demand among Syrians and potentially other FBR to correctly identify viable new client segments, and adjust or develop demand-led products and services, leveraging its potential competitive advantage of a close relationship with Ibda'a Syria.</p>
Objective and Main Activities	<p>Ibda'a aims to expand its outreach to include Syrian refugees and potentially other FBR in Lebanon alongside its core clientele of low-income Lebanese. Ibda'a also wants to explore opportunities for developing cross-border products and/or adjusting current services to better serve Syrian refugees in Lebanon by leveraging its relationship with Ibda'a Bank Syria. This project will support Ibda'a through a diagnostic study of the Lebanese market, the demand profiles of refugees and the capacities of Ibda'a. Findings and recommendations will be elaborated in an action plan for Ibda'a Lebanon. Upon completion of the action plan and approval by its board, Ibda'a should be in a position to correctly identify viable new client segments and adjust or develop demand-led products and services, leveraging its potential competitive advantage of a close relationship with Ibda'a Syria to serve at least 1,000 new FBRs by end 2019.</p>
Next Steps	<p>Pending the results of the explorative diagnostic study and action planning, Ibda'a may implement an expanded pilot project to better serve Syrian refugees and other FBRs in Lebanon and/or a cross-border product development process, either of which may require follow-on technical assistance support.</p>