

Dakahlya Businessmen's Association for Community Development, Egypt

The Dakahlya Businessmen's Association for Community Development (DBACD) was founded as an NGO in March 1995 under the Ministry of Social Affairs. After signing a Cooperative Agreement with USAID in October 1997, DBACD disbursed its first individual loan in late 1998 and its first group loan in 2001. As of December 2009, DBACD had an outstanding portfolio of 131.7 M EGP (23.2 M USD), serving 104,175 clients in all the districts of the Dakahlya governorate, with a 49% proportion of individual loans and 51% of group loans. DBACD has the **vision** of "a Dakahlya society free of poverty with individuals enjoying a better quality of life". Its **mission** is to "provide financial and non financial services to low income families in a sustainable and good quality manner, and to contribute in improving their standard of living."

Social Performance Rating

March 2010

Overall, DBACD's Social Performance is rated "3"

| Social Performance Management | Financial Inclusion | Client Protection & Ethical Finance | Human Resources Policy | Social Change |
|-------------------------------|---------------------|-------------------------------------|------------------------|---------------|
| 3- | 3- | 3- | 3+ | ** |



| Indicators | 2009 |
|--------------------------|------------|
| Intent to have an impact | Convincing |
| Risk of mission drift | Low |

Social performance management

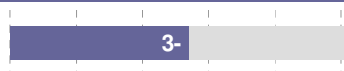
- DBACD has a clear intent to achieve social impact but would benefit from refining its social mission. The latter remains nevertheless sufficiently shared by the main stakeholders and is taken into account in key decisions.
- DBACD still has to define social performance indicators to be monitored as such for an optimal decision-making. The institution nevertheless tracks basic client retention and outreach ratios and conducted some surveys and focus groups.



| Indicators | 2009 |
|-------------------------------------|--------|
| Population poverty in areas of op. | 46.7% |
| % Female clients | 56.3% |
| % Rural and semi-urban clients | 72.9% |
| % Clients with social collaterals | 50.7% |
| % Penetration of adults in Dakahlya | 2.9% |
| Av. loan disbursed (USD) | 264 |
| % of GDP per capita | 29.9% |
| % Retention (Schreiner formula) | 78.6% |
| Effective Interest Rate | ~32.4% |
| Group loans | ~47.2% |
| Individual loans | ~29.0% |

Financial inclusion

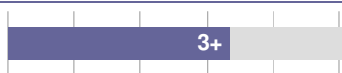
- DBACD serves clients mostly located in the Dakahlya governorate, where most individuals are deprived of access to formal financial services. The average poverty rate of districts where DBACD operates (46.7%) is close to the average in the governorate (~49%) and higher than the national average (40.5%), due to DBACD's outreach to rural and semi-urban areas.
- DBACD has satisfactorily adapted its lending services to address the clients' needs thanks to surveys and feedback from operations. The new MIS is expected to allow more adaptations. Constrained by legislation, DBACD cannot directly offer other financial services but plans to establish partnerships with licensed providers.
- With an average EIR of 32.4% and moderate transaction costs, the cost of services borne by DBACD's clients is reasonable.



| Indicators | 2009 |
|-----------------------------------|------|
| % Loans checked / credit bureau | 0% |
| % Loans checked / other MFIs | 0% |
| Loan Instalment/ disp. income | n/a |
| % Clients w/creditlife coverage | 0% |
| % Clients bearing FX risk | 0% |
| Type of interest rate | Flat |
| % Clients visited by non-op staff | 22% |

Client protection & ethical finance

- Committed to client protection, DBACD has put some good procedures to ensure the privacy of client data and to foster ethical behavior within the organization. However, the institution ought to ensure that all repayment capacity analyses are properly done, to further prevent over-indebtedness, and refine delinquency management procedures, to mitigate risks of inappropriate collection practices. Formal mechanisms for redress of grievances are not yet in place but clients have sufficient opportunities to voice their concerns.
- Pricing information is not yet sufficiently clearly disclosed to clients, which is notably explained by the unfavorable legal framework for NGO MFIs. In such a context, loan conditions are generally shared verbally with clients in order to guarantee a minimum level of transparency.



| Indicators | 2009 |
|---|------|
| % of women among staff | 45% |
| % of women among management | 25% |
| % staff who had over 2 external training days | 8% |
| Yearly salary increase / inflation | 2.2 |
| Staff Turnover | 15% |
| Traffic accidents per 100 LO | n/a |

Human resources policy

- Thanks to a professional HR management, all employees benefit from fair and equal Human Resources practices. However, despite the on-going efforts to encourage gender equity within its staff, the access of women to management positions remains very limited.
- DBACD offers an attractive compensation policy, thanks to yearly adjustments, social benefits and opportunities for staff to develop their skills.
- Labor conditions are satisfactory thanks to procedures designed to ensure the security of employees handling cash and sufficient consideration of the staff concerns. However, given the difficulties to dismiss staff under permanent contract for NGOs, most of DBACD's employees are under limited term contracts ranging up to three years for well-performing staff.

| | |
|---------------------------------------|-------|
| Education, Health, Basic Services | ***** |
| Gender Equality and Women Empowerment | ***** |
| Fight vs. Unemployment | ***** |
| Democracy & Human Rights | ***** |
| End Poverty | ***** |
| Environment Sustainability | ***** |

Social change

- Non-financial services, provided through DBACD's Information and Technology Center (ITC) are essentially focused on the development of language, IT, and Business Development skills. They have been satisfactorily adapted to the students' needs thanks to Focus Group Discussions, feedback from students and placement tests.
- However, the performance of the ITC ought to be more formally monitored to ensure its efficiency, quality and profitability.
- DBACD has been offering financial and non-financial services for several years, but the proportion of clients receiving both services is still very limited.

DBACD Profile

Financial Services

- ✓ Credit Services: 104,175 borrowers as of December 2009
 - Group lending (50.7%), Individual lending (49.3%)
 - Av. amount disbursed /loan: 271 USD (11% of GDP per capita)
 - Average Effective Interest Rate: 32.4%
- ✗ Savings Services: 0 savers
- ✗ Microinsurance Services: 0 insured clients
- ✗ Money Transfer Services: 0 users

Non Financial Services

| | Awareness Raising | Training | Service |
|--------------------------------------|-------------------|----------|---------|
| Business Development | ✓ | ✓ | ✗ |
| Education, Health and Basic Services | ✓ | ✓ | ✓ |
| Women Empowerment | ✗ | ✗ | ✗ |
| Democracy & Human Rights | ✗ | ✗ | ✗ |
| Environment | ✗ | ✗ | ✗ |

Country Profile

| Indicators | Egypt | MENA |
|--------------------------------------|-------|-------|
| Demography | | |
| Urban population (%) | 42.6% | 55.1% |
| Health | | |
| Life expectancy at birth | 71.0 | 67.8 |
| Mortality rate (<5) per 1,000 births | 20.5 | 38.0 |
| Education | | |
| Adult literacy rate (%) | 71.4% | 71.8% |
| Combined school enrolment ratio (%) | 76.4% | 65.9% |
| Gender | | |
| Parliament seats held by women (%) | 3.7% | 6.0% |
| Poverty lines | | |
| Population below NPL | 19.6% | n/a |
| Population below 2\$/day (%) | 40.5% | n/a |
| Gini index | 33.2 | n/a |
| HDI | | |
| Rank out of 177 countries | 116 | n/a |
| 2000-2006 progress | 0.051 | n/a |
| Economy (2009) | | |
| Economic growth (%) (f) | 4.7% | n/a |
| Inflation (%) | 16.2% | n/a |

Source: UNDP 2008, COFACE for growth, and IMF for inflation.

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