



**microloan**  
foundation

Malawi  
March 2022

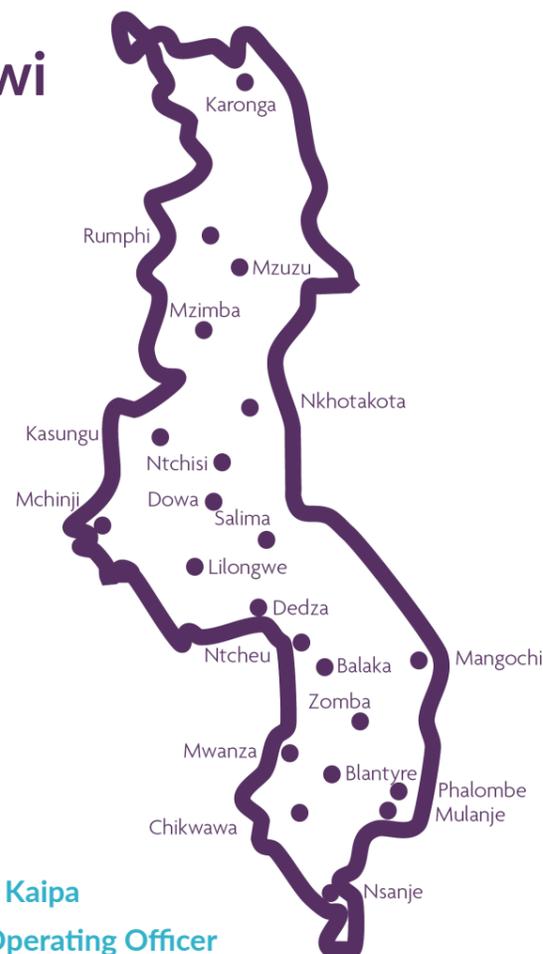
## MicroLoan Foundation Malawi

MicroLoan Foundation Malawi (MLF Malawi) is where MicroLoan Foundation started its operations back in 2002.

Malawi currently ranks 174 in the Human Development Index reflecting the depth of poverty that MLF Malawi's clients face. Operations in Malawi focus on serving the under reached in rural communities.

MLF Malawi provides loans and ongoing business and financial literacy training to clients across its 22 branches and eight satellites. With a large proportion of clients engaging in farming, MLF Malawi also offers an agricultural and irrigation loan.

The loan book outstanding at the end of Q1 2022 was MWK 2,541,271,473 (US\$3,076,641) and MLF Malawi had a total of 32,686 active clients.



## Leadership Team

**Randall Williams**

**Chief Executive Officer**

With over 18 years of leadership experience in banking, mobile payments and programme development, Randall brings a wealth of knowledge and expertise to the role.

Randall obtained his bachelor's degree in Management Studies and Economics from the University of the West Indies (Jamaica), and holds a Masters in Finance from the University of London (UK). He also recently completed an Executive Certificate in Financial Inclusion from Harvard University (USA).

**Majora Somba**

**Chief Financial Officer**

Majora is a knowledgeable finance leader with extensive experience in the audit, banking and financial sectors with companies including First Capital Bank, Opportunity International Bank, New Finance Bank, Malawi Revenue Authority and KPMG. Majora is a Fellow of the ACCA (2011) and qualified with ACCA in 2005.

**Joseph Kaipa**

**Chief Operating Officer**

Joseph holds a BBA in Strategic Management from Columbia Commonwealth University and a Diploma in Community Development from ABMA. In 2019 he completed an executive development course at the University of Cape Town and in 2018 he also completed a course in Rural and Agriculture finance program with Boulder Institute of Microfinance. He has been instrumental in the growth and expansion of MLF's operations across Malawi having started as a loan officer in 2008. Joseph is responsible for strategically developing our operations and supporting the strategic initiatives of the Board of Trustees and Executive Management Team.

**Saulos Mjojo Mhlanga**

**Head of Shared Services**

Saulos has a strong background in project management, financial management, operations management and business development, acquired through working with different organizations including the British Council and the United Nations Development Program.

## Social Performance Management

MLF Malawi works towards achieving a long-term outcome that permits poor rural women to cope better with the challenges and stresses they face. MLF Malawi monitor activities and progress towards social and economic goals for their beneficiaries using rigorous and globally recognised systems. Their Social Performance Management model is often cited as an example of best practice, and is recognised by TrueLift, a global initiative pushing for accountability and learning in pro-poor programmes.

## Key Products and Services

**Four - six month business loan**

This product has a flat interest rate of 6% per month. It is designed to support women intending to start small businesses or to provide additional capital to those that are already in business. No collateral is required.

**Eight month agriculture loan: rice**

The eight month agriculture loan is mostly used by the Nkhotakota branch for clients who grow rice. It takes longer to grow, yield, process and sell rice than crops like maize and soya. It has a grace period of four months and four bullet payments with a 5% interest rate.

**Irrigation loan**

The irrigation loan runs for seven months with an interest rate of 6%. It has a grace period of four months and finishes with three bullet payments. The loan is intended for clients, primarily in Ntcheu, Dowa and Ntchisi, who grow cash crops such as Irish potatoes all year round.

**Cheka seed product**

This product is for clients in Ntchisi who are members of a co-operative known as Cheka, which is involved in the seed multiplication of soy bean and groundnuts. The loan term is seven months and the interest rate is 6%. The loan repayment is done in one bulk payment at the end of the seven months once the yield has been processed and sold to the buyer.

**Seven month agriculture loan: soya and maize**

This agricultural loan is offered to clients who grow crops such as maize and soya beans during the rainy season and take business loans during the dry season. Soya rotates well with maize and offers nutritional value to women and their families. Seven month agricultural loans have a 5.5% interest rate per month.

**FInES agriculture and business loan**

For repeat/existing clients, this loan product has an interest rate of 4% reducing balance with a 2.5% up front fee. The loan term for FInES business is four to six months and for agriculture it is eight months.

**Savings**

In addition to loans, MLF Malawi facilitates savings among clients. As a non-deposit taking organisation, clients are linked to third party providers for savings accounts. Savings are withdrawn at any time, with consent from the group.

**Financial literacy and business training**

MLF Malawi offer pre and post loan disbursement training modules which aim to help clients understand the purpose of the loans and ensure they are equipped to run and manage their businesses. Training modules include: market research, profit analysis, budgeting and the importance of savings. All training is taught through song, dance and role play due to high illiteracy rates.

**Customer Hotline**

This is to provide clients with ongoing support on any operational issues. It is monitored monthly to analyse any common issues coming from clients.

## Operational highlights as of 31st March 2022



Source: MicroLoan Performance Report. Exchange rate based on Oanda at 31st March 2022.

## MicroLoan Malawi News

### COVID-19 Update

Malawi has low numbers of cases, and MLF Malawi is experiencing very limited impact of COVID-19 on operations. All staff continue to observe COVID-19 measures, especially field staff when working with clients.

### Extreme weather

Malawi was hit by Cyclones Ana and Gombe in the first quarter which led to flooding in some districts. Branches including Nsanje, Chikwawa, Mulanje, Phalombe and Salima were severely affected by the floods. Communication in those areas was disturbed for over two weeks due to electrical power, road, and rail networks being cut off. Some of MLF Malawi clients' homes and businesses were damaged. Clients were also unable to travel to market places to conduct their businesses. In Nsanje, staff were unable to travel and conduct meetings as their houses were surrounded by water and roads were cut off or blocked due to fallen trees. In Salima, the branch office was flooded due to the heavy rains.

### New branches

In the first quarter of 2022, four branches have been established namely: Mwanza and Phalombe in the Southern Region, as well as Mzimba and Karonga in the Northern Region. Previously, Mwanza, Phalombe and Mzimba were satellite areas.

### Macroeconomic update

Malawi continues to experience significant macroeconomic challenges. Monthly national inflation increased to 13.0% for February 2022, from January 2022 rate of 12.1%. This was on account of increases in both food inflation (14.2% to 15.3%) and non-food inflation (9.6% to 10.1%). The Malawi Kwacha has depreciated against major currencies since the beginning of the year. Forex scarcity continues to be a challenge within the local economy and the main seasonal forex earner, tobacco sales, does not currently hold much promise of improving the situation. Fuel prices are increasing as a result of the depletion of the Price Stabilization Fund used by the Malawi Government to cushion the local economy against shocks on the global market, as well as international activity between Ukraine and Russia impacting global fuel output, demand and price.

## Key Partnerships

**The Grameen Foundation** contributes to the fight against poverty and exclusion through microcredit and equity investments in companies with high social impact in developing countries. Grameen supported MLF Malawi with a MWK 250 million term loan facility during the last quarter of 2020 to strengthen MLF Malawi's liquidity position. This facility has a 6 month grace period and quarterly repayments started in April 2021.

**Lendwithcare** is a microfinance organisation that has partnered with MicroLoan Foundation in Malawi, Zambia and Zimbabwe. They solicit individual or group loans for people across the world from the general public through their online fundraising platforms. With their support, MLF Malawi have access to loan capital which helps to expand their reach.

**KIVA** During Q3 of 2020 Kiva supported MLF Malawi with a COVID Crisis Support Loan of US\$250,000 which provided liquidity support. MLF Malawi were able to use the facility to offset expenses that were due whilst revenue suffered a dramatic fall. As a result, MLF Malawi did not have to lay off any staff and were able to continue providing ongoing support to clients whilst ensuring that the management of portfolio at risk continued largely unaffected. Importantly, the facility is unrestricted and has a 24 month repayment period with an initial 9 month grace period which allows sufficient breathing space to recover somewhat from the vestiges of the pandemic before repayments are due.

**FDH Bank** During the early stages of the pandemic MLF Malawi received a three month moratorium from FDH bank on an existing term loan facility. This enabled us to better manage our liquidity position as revenue was negatively impacted, particularly in April 2020 when loan disbursements paused.

**ADA** is a Luxembourgish NGO supporting microfinance institutions with access to technical assistance and funding opportunities. In 2021 they supported MLF Malawi with Technical Assistance funding for two projects to strengthen internal processes and digitalisation. In 2021 they provided a two-year loan facility of EUR 230,000 to MLF Zambia.

**Global Partnerships** is an impact-first investment fund manager dedicated to expanding opportunity for people living in poverty. Global Partnerships have extended a loan facility of US\$750,000 repayable in June 2024.

**Cheka Cooperative** and MLF Malawi entered into a partnership to tackle issues surrounding food security. The cooperative will receive a loan from MicroLoan Foundation to support their work with Chitedze Research Station in groundnut seed multiplication and seed services.

**The Financial Inclusion and Entrepreneurship Scaling (FinES) Project** is a multi-year World Bank funded initiative which provides affordable wholesale financing to financial intermediaries (banks, MFIs, SACCOs, and MAIC) in Malawi. This funding is then channelled to MSMEs at concessionary rates thereby increasing their access to financial services. Administered through the Reserve Bank of Malawi, the project is expected to generate significant benefits for Malawi's economy in the long run while providing liquidity support for small businesses to weather the COVID-19-induced economic shock in the short term.- MLF Malawi finalized a line of credit amounting to MWK2,500,000,000.00, over a period of five years, of which MWK500,000,000.00 has been drawn down in February 2022. The remaining portion is expected to be drawn down in quarterly tranches over the lending period.

If you would like any further detail about the information included in this document please contact MicroLoan Foundation's Group Chief Executive Officer, Medha Wilson.

Email: [medha.wilson@mlf.org.uk](mailto:medha.wilson@mlf.org.uk)  
Phone number: +44 (0)20 8827 1688