



microloan
foundation

Zimbabwe
March 2022

MicroLoan Foundation Zimbabwe is a subsidiary of MicroLoan Foundation UK, registered charity number 1104287 (England and Wales); SC041941 (Scotland)

MicroLoan Foundation Zimbabwe

MicroLoan Foundation Zimbabwe (MLF Zimbabwe) launched in April 2017. The operations have two branches in the North East of the country with Harare serving as the Head Office.

MLF Zimbabwe provides pro-poor financial services and focuses on clients living in the rural areas to reach financially excluded and underserved communities. There is high demand for appropriate financial products and services, and a real need for capital, business support and financial literacy training. As of 31st March 2022, the outstanding loan book ZWL 8,101,402 (US\$22,359).

Mobile money technology is used to make disbursements, collect repayments and provide savings facilities for clients via the EcoCash platform. All transactions are 100% cashless, making it safer, easier and faster for clients to run their businesses.

The macroeconomic climate in Zimbabwe is challenging and the operations have been impacted by hyperinflation and a highly unstable local currency. As a social microfinance provider with positive impact and the well-being of clients at its core, MLF Zimbabwe is currently relying on grants to fund its operations and growth. MLF Zimbabwe is one of the only social microfinance providers in the country, as such the organisation is well positioned for growth.

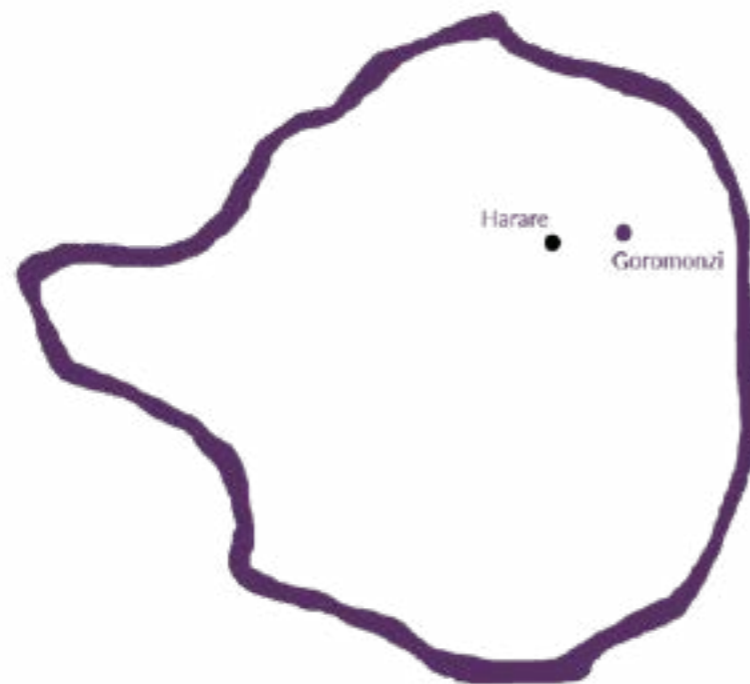
Leadership Team

Mateo Zanetic

Regional Director Africa and Chief Executive Officer Zimbabwe

As the Regional Director Africa, Mateo is responsible for overall operational development and results, specifically across Zambia and Zimbabwe. He works closely with the senior management teams and he leads the Social Performance Management function for the group. As a member of the Boards across all three of MicroLoan Foundation's subsidiaries in Malawi, Zambia and Zimbabwe he ensures operations are working effectively and efficiently. As of February 2019, Mateo serves as the Chief Executive Officer of MLF Zimbabwe.

Mateo holds a degree in Management Accounting and Corporate Finance from Wits University.



Social Performance Management

MicroLoan Foundation works towards achieving a long-term outcome that permits poor rural women to cope better with the challenges and stresses they face. We monitor activities and progress towards social and economic goals for our beneficiaries using rigorous and globally recognised systems. Our 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.

MLF Zimbabwe uses an internally developed poverty assessment tool based on the globally recognised Poverty Probability Index.

Key Products and Services

£ Four month business loan

This product is offered to women to help them start income generating businesses. It has a 10% interest rate per month and is repayable over 8 fortnights. No collateral is required.

\$ Customer Hotline

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

££ Savings

In addition to loans, MicroLoan facilitates savings among clients. Since we are a non-deposit taking microfinance organisation, we facilitate savings for clients through the use of Ecocash club accounts. Clients can withdraw savings at any time required with consent from the group.

Financial literacy and business training

We offer pre and post loan disbursement training modules. They 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.

Operational highlights as of 31st March 2022



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

MicroLoan Zimbabwe News

Macroeconomic situation

March monthly and annual inflation rates were 6.3 and 72.7% (ZIMSTAT). The conflict in Ukraine and the impact on international markets have caused significant fuel prices fluctuations in Zimbabwe in March. The price of petrol and diesel have increased by 10% since February, while maize grain, maize meal, wheat flour, and bread prices have all risen by about 15%. The increased cost of living is particularly impacting poor households. This is compounded by continued increases in official and black market exchange rates. In Q1 2022, the local currency devalued from around ZWL 105 to USD to ZWL 143 to USD. Black market rate moved from around ZWL 220 per USD, to ZWL 300 per USD. The cost of living is expected to continue rising, especially as parallel market exchange rates result in above normal price increases of goods and services. Ongoing ZWL cash shortages will likely continue to erode purchasing power as mobile and electronic money transfers are charged premium rates.

COVID-19 update

COVID-19 restrictions continue to be relaxed but despite the reopening of land borders, cross-border trade and related livelihoods remain below normal levels. This is partially due test and vaccination requirements. There is significant demand for capital for lower-income households to restart these livelihood activities.

US dollar loans

Reserve Bank of Zimbabwe issued a regulation with regards to lending in USD. We have applied to the regulator for permission and are waiting on the result. We expect to start disbursing in USD in Q2.

Political instability

The level of political risk, continues to increase as the country is preparing for 2023 elections. In some politically sensitive areas gatherings are being prohibited, impacting our centre meetings. This is true in the Bindura area. As outlined in the last report, MLF Zimbabwe has approached the Provincial Minister to allow us to run centre meetings. We are still awaiting on an outcome. An invitation has been extended to attend meetings, clearly demonstrating that no political messages are being conveyed. The outcome of the application is pending. In Domboshawa, which is MLF's largest operational area, the situation is stable and operations are not affected.

Key Partnerships

Whole Planet Foundation is part of the Whole Foods Market and is dedicated to poverty alleviation around the world. They partner with MLF across all three countries of operations to facilitate growth. In Zimbabwe, they are providing a grant in the value of US\$50,000 to grow the loan book from April 2021 – March 2022.

The Paul Foundation is a grant giving trust and social impact investor. Their generous grants were instrumental in launching MLF Zimbabwe operations and come to a total of £120,000. In 2022 they are providing a donation of £41,000 for operational expenses and loan book growth. In addition to this, they have also provided a social impact loan to MLF operations in Zambia.



Kubatana loan group, MLF Zimbabwe

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
Phone number: +44 (0)20 8827 1688