



microloan
foundation

Zambia
September 2022

MicroLoan Foundation Zambia

MicroLoan Foundation Zambia (MLF Zambia) launched in 2008. Since then, it has been growing steadily, serving women in under reached rural communities where the demand is high. MLF Zambia currently provides financial loans and savings services to clients across 10 branches and 11 satellite branches, spread across the Southern, Eastern and more recently the Northern regions of the country.

MLF Zambia recorded another strong quarter, with 17% growth in the loan book. As of 30th September 2022, the outstanding loan book was ZMW 60,037,329 (US\$ 3,811,968) and the active client number was 40,207. Agricultural loans and conservation farming training is offered to clients in its Chipata branch with the aim of expanding these services in the near future.

Mobile money services were adopted by MLF Zambia in 2017 where a pilot was launched for clients in the Chipata and Petauke branches. Since then, mobile money technology has been implemented across all branches and 100% of disbursements and 60-70% of repayments are now electronic. Reducing cash handling improves the efficiency of operations and makes it safer and easier for clients to run their business and access and repay loans.

As part of the 5-year strategic plan, MLF Zambia aims to become a market leader by scaling up its geographical reach and enhancing its services through product diversification.

Leadership Team

Jack Ngoma Chief Executive Officer, MLF Zambia

Jack has the overall responsibility for implementing the strategic business plan of the organisation, developing new partnerships and developing the team.

Qualified as a Chartered Accountant, Jack comes with several years of financial management and microfinance experience, having previously worked at Bayport Financial Services as the interim Head of Finance for MLF Malawi, and as MLF Zambia's CFO from 2014 until September 2018, when he was promoted to his current position of CEO. Since he took over as CEO, MLF Zambia has witnessed significant growth in both client numbers and loan portfolio.

Monde Mwanambuyu Human Resources Manager, MLF Zambia

Monde is a Human Resource practitioner with over 14 years hands on experience in labour relations, collective bargaining, employee engagement, training and development. She is responsible for all HR systems and procedure, employee engagement, recruitment and selection, training and development, performance management conflict resolution and compensation.

Bornface Matanda

Chief Financial Officer, MLF Zambia

Bornface is responsible for the development and implementation of an effective financial management framework, including the designing of the financial policy, identifying and managing financial risks and representing the company to investors, auditors and the regulator.

Qualified as a Chartered Accountant, Bornface has previously worked at MultiChoice Zambia Limited and MTN Zambia. He comes with extensive experience in financial reporting and analysis, risk management and project management.

Titus Zulu

Operations Manager, MLF Zambia

Titus Zulu is a microfinance expert with over 14 years of experience in Non-Banking Financial Institutions in credit and operations departments with extensive experience in credit management, debt collection management, operational planning, and project management. Titus will be fully dedicated to overseeing operations within the branches and support the delivery of new projects such as the development and implementation of the Kathumba Savings project.

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.



Key Products and Services

£ Four - six month business loan

This product has a flat interest rate of 4.68% 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.



Nine month maize loan

This loan is designed to support women to increase their food security and income generation. Maize loans are offered to clients who have already taken out business loans and run a successful business. This is to ensure that they are used to build food security rather than as a means of income. Maize loans have a 5% interest rate per month.



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.



In addition to loans, MicroLoan facilitates savings among clients. As a non-deposit taking organisation, the clients are linked to third party providers for savings accounts. These savings are available to withdraw at any time required, with consent from the group.



Digital Savings Product

Part of MLF Zambia's focus is to teach women the benefits of making savings, encouraging them to do so. To effectively meet this objective MLF Zambia is in the process of rolling out a savings product on the mobile money platform. The savings product will provide women with additional assurance that their funds are secure, and will also give MicroLoan access to a web based dashboard to facilitate and oversee the performance of all savings groups.

Operational highlights as of 30th Sept 2022



MLF Zambia News

Reduction in pricing to clients

The total number of beneficiaries increased by 18%, up from 33,948 in Q2 to 40,207 in Q3. Exceeding 40,000 active clients is a significant milestone and MLF Zambia has now reached its full-year target for active client numbers. As the company continues to record strong results, we are now in a position to pass on the benefits to our clients, by reducing the interest rates on their loans by 10 percentage points, per annum. The reduction in interest rates became effective from 1st October 2022.

Graduation loans

The Graduation loan product will provide an opportunity for well-performing clients with a proven track record to become individual clients. Graduation loans will accommodate clients with the capacity to receive bigger loans which the current group lending model is not suitable for. A small pilot project with three clients from Kapiri Mposhi is in progress. The three clients have received ZMW 20,000 Graduation loans with a six month repayment term.

Digital strategy

MLF Zambia has been working with an external consultant to develop a digital strategy to operate an integrated end-to-end technical solution that facilitates fast and efficient core operational processes to enable scale. A foundation of centralised data drives key decisions and underpins the development of new product lines, and lays the groundwork for a seamless customer facing ecosystem from which to better engage the target audience.

Client satisfaction survey

Client satisfaction surveys were conducted in Q3 through Individual Interviews and Focus Group Discussions with 507 clients. One of the objectives of the survey was to better understand if our clients are happy and satisfied with our products and services and any areas for improvement. Clients were asked why they choose MLF over other MFIs and 98% indicated that our terms and conditions are better than other MFIs, particularly indicating that our interest rates are the cheapest on the market and that they like the MLF loan conditions (tenure and loan progression rules). 98% of clients indicated that they are satisfied with MLF products and services.

Key Partnerships

Lendwithcare partners with MLF Zambia and MLF Malawi. They are a microfinance organisation that solicits individual or group loans for people across the world from the general public through their online fundraising platforms. They give MLF Zambia access to loan capital which helps them to expand their reach.

Whole Planet Foundation is part of the Whole Foods Market and is dedicated to poverty alleviation around the world. Since 2015 they have provided two three-year grants to a total value of US\$907,777 to MLF Zambia. The first to grow the loan book in the Southern Province from March 2015 - November 2018 and the second to expand into the Northern Province from September 2019 - September 2022.

Headley Trust, part of the Sainsbury Family Charitable Trusts, is a long-standing partnership with MicroLoan in both Malawi and Zambia. They funded MLF Malawi's maize training and loans programme since its inception in 2012, then awarded a three-year pilot programme grant of £64,000 to replicate this programme in Zambia. In 2021 they granted MLF Zambia a three-year core funding grant to a value of £42,500.

The Paul Foundation partners with MLF Zambia as a social investor. They have provided a three-year loan of US\$200,000 to support operations in 2019. This was topped up by an additional US\$100,000 in April 2020.

Grameen Credit Agricole Microfinance Foundation partners with MLF Zambia as debt finance providers. They provided MLF Zambia with a three year Zambian local currency denominated loan facility equivalent to EUR 250,000 to support and improve our operations. In 2022, Grameen approved a loan facility of EUR 500,000. In addition to debt funding they provided a technical assistance grant for the initial design and development of the new savings platform.

ADA is a Luxembourgish NGO supporting microfinance institutions with access to technical assistance and funding opportunities. They are providing a two year loan facility of EUR 230,000 for MLF Zambia.

Global Partnerships is an impact-first investment fund manager dedicated to expanding opportunity for people living in poverty. Global Partnerships makes loans and early stage investments to social enterprises that serve people living in poverty throughout Latin America, the Caribbean, and sub-Saharan Africa. In addition to a loan to MLF Malawi, MLF Zambia has recently secured a loan for US\$700,000 payable over 3.5 years. The loans from Global Partnerships will enable both MLF Malawi and MLF Zambia to grow their loan books and expand their reach.

Oikocredit is a social impact investor and worldwide cooperative with over four decades of experience in promoting sustainable development through investment in financial inclusion, agriculture and renewable energy. Oikocredit is guided by the principle of empowering low-income people to improve their livelihoods. MLF Zambia has secured a local currency loan equivalent to US\$ 700,000 (spread across two disbursements) from Oikocredit. The loan period is for three years and will be used to expand the loan portfolio to reach more clients.



Mobile money client in Zambia, March 2022