



microloan
foundation

Zimbabwe
December 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. At the end of Q4, the outstanding loan book ZWL 4,196,231 (USD 11,595).

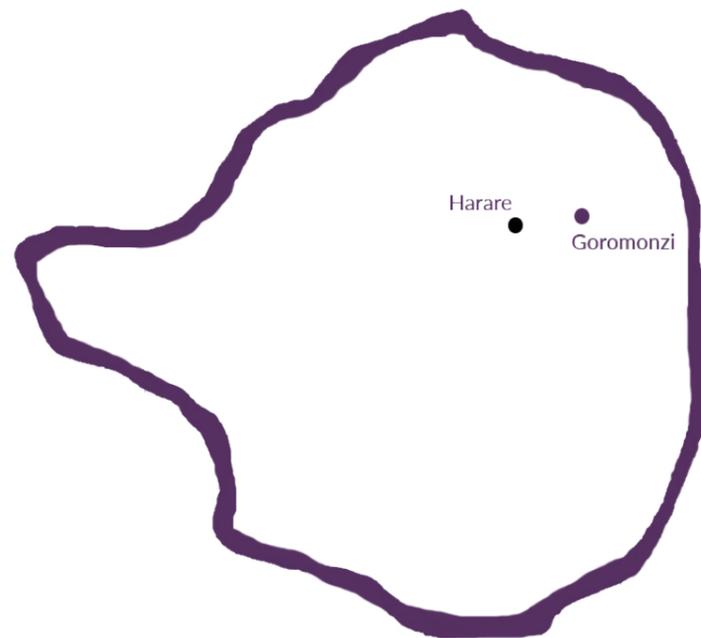
Leadership Team

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.

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

MLF Zimbabwe News

Macroeconomic situation

The final quarter of 2022 was relatively stable in terms of macroeconomic factors in Zimbabwe. The annual inflation rate was 244% and Zimbabwe has one of the highest rates of inflation on food in the world. Local currency devalued from around ZWL 621 at the end of September to U to ZWL684 to USD. As a result of The Reserve Bank of Zimbabwe (RBZ) decreasing the local currency money supply, we have seen increased dollarization of the economy. This has closed the gap between the black market and the official rate to about 10%.

The level of political risk is increasing as the country is gearing up for the 2023 elections. Elections will be scheduled toward the end of July or early August.

US dollar loans

MLF Zimbabwe received the approval from the Reserve Bank of Zimbabwe for US dollar lending in Sep 2022. Beginning in January 2023, MicroLoan will be disbursing loans in USD at a monthly interest rate of 10%. USD lending protects the loanbook from the volatility of the local currency.

Food Security and Production

Many households are experiencing food insecurity Significantly below average crop production in the 2022 growing season and macroeconomic instability are expected to drive the emergence of a food crisis in Zimbabwe. The price hikes of fuel and fertiliser are likely going to impact agricultural production over the coming months as well as the 2023 harvest. Although MicroLoan's clients are not based in the hardest hit areas, it is expected that MLF clients will feel the impact of food insecurity.

Financial Update

The Operational Self Sufficiency rate at the end of the year stood at 29% versus the budget of 70%. This was due to the intentional curbing of growth in the loan book, whilst waiting on the RBZ decision to allow lending in USD.

As we finished the year with a lower than budgeted portfolio outstanding, our income was USD 139,702 below budgeted income for the year. We managed to have savings on most expense items. Our savings on expenditure was USD 143,918 against the budget.

Operational highlights as of 31st December 2022



Source: MicroLoan Performance Report

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 provided a grant in the value of USD 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 provided 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.