



microloan
foundation

Malawi
December 2023

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

MicroLoan Foundation Malawi

MicroLoan Foundation Malawi (MicroLoan Malawi) has been delivering financial services to women in rural communities since 2002, and was the first country of operations for MicroLoan Foundation.

Malawi ranks 174 in the Human Development Index, reflecting the depth of poverty that clients face.

MicroLoan 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, MicroLoan Malawi also offers agricultural and irrigation loans.

The outstanding loan book at the end of Q4 2023 was MWK4,559,913,895 (USD\$2,717,208) and MicroLoan Malawi had a total of 37,177 active clients.



Leadership Team

Davison Rakasi Chief Executive Officer Malawi

Davison is an accomplished executive with over 15 years' experience in Banking and Microfinance. Davison is currently the Chief Executive Officer for MicroLoan Foundation Malawi. Prior to joining MicroLoan Foundation, Davison worked as Interim CEO at Vision Fund Malawi after gaining significant exposure to operations, technology deployment, sales & marketing, strategy development, and project management in his previous role as Chief Operations Officer.

Linda Kambalmetore Chief Financial Officer

Linda Kambalmetore joined MicroLoan Malawi in 2023. She is an affiliate to the Association of Certified Chartered Accountants (ACCA) with over 15 years of experience in the accounting and finance function, 5 years of which were in management advisory roles in small and medium sized businesses. Her work experience spans across various industries including Agri-business inputs focusing on receivables management, debt collection, Agribusiness financing in sub-Saharan Africa, financial reporting, investment portfolio management and human rights advocacy in commonwealth countries with special focus on project financial management.

Ted Chanza Head of Shared Services

Ted Chanza took up the role as Head of Shared Services in 2023, he leads the department to address operational discipline while promoting scalability and efficiency, performance improvement, a seamless customer experience and standardized product development. Ted brings over fifteen years' of business leadership experience from private sectors such as banking, telecommunications, manufacturing, agriculture as well as public sector. Prior to joining MicroLoan Malawi, Ted was Director of Administration and Human Resources at TEVET Authority, a regulatory body for technical and vocational disciplines in Malawi.

Elias Chakuza Chief Operations Officer

Elias Chakuza joined MicroLoan Malawi in November 2023.

He brings 16 years of experience in the Microfinance sector. He has an impressive track record of leadership and innovation. In leadership roles with operations teams in Vision Fund, FINCA and Opportunity Bank, he contributed to significant portfolio growth, efficiency improvements and a positive impact in underserved communities.

Social Performance Management

MicroLoan Malawi works towards achieving a long-term outcome that permits poor rural women to cope better with the challenges and stresses they face. MicroLoan 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 Nkhosokota 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, Dowo 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% declining 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, MicroLoan 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

MicroLoan 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 December 2023



Source: MicroLoan Performance Report

MicroLoan Malawi News

Macroeconomic situation

Malawi's economy continued to face challenges with the local currency due to supply and demand imbalances. This resulted in the Reserve Bank of Malawi devaluing the Malawi Kwacha by 44% at the beginning of November 2023. Malawi is reliant on imports of food, fuel and fertilizer, as a result, the drastic devaluation has hit the population hard.

Launching an ESG compliant loan product

MicroLoan Malawi has developed an ESG compliant loan product which is currently being piloted with a small number of clients. Clients are able to access loans for solar powered fridges, solar irrigation pumps, and adapted seed. The project is funded by The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) through the Water and Energy for Food (WE4F) initiative. The ESG compliant individual loan product meets the input and cashflow needs of smallholder farmers and microentrepreneurs with growth ambitions.

Continuing operational self-sufficiency

Despite the macro economic challenges and natural disasters faced, MicroLoan Malawi continued to maintain 100% operational self-sufficiency in 2023.

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. In 2020, Grameen supported MicroLoan Malawi with a MWK 250 million term loan facility. A new facility of the MWK equivalent to EUR600,000 was made available in January 2023 and is repayable over three years.

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, MicroLoan Malawi have access to loan capital which helps to expand their reach.

FDH Bank is providing a local currency overdraft of MWK350 million to MicroLoan Malawi over a two year period.

ADA is a Luxembourgish NGO supporting microfinance institutions with access to technical assistance and funding opportunities. In 2021 they supported MicroLoan Malawi with Technical Assistance funding for two projects to strengthen internal processes and digitalisation.

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\$375,000 repayable in June 2024.

Cheka Cooperative and MicroLoan 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.

Fonds Européen de Financement Solidaire II (FEFISOL II) FEFISOL II provides support in local currency for microfinance, smallholder farms and rural areas in Africa. The fund is managed by SIDI and MicroLoan Malawi has secured a MWK 215 million debt facility to expand its loanbook and increase outreach. The facility is repayable by September 2025.

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. Administered through the Reserve Bank of Malawi, the project is expected to generate significant benefits for Malawi's economy. MicroLoan Malawi accessed a MWK2.5 billion facility in 2022 and has finalised a further line of credit amounting to MWK2.5 billion over five years of which MWK1 billion has been drawn down.

Water and Energy for Food (WE4F)

MicroLoan is receiving a Technical Assistance grant from Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) under the Water and Energy for Food programme (WE4F). WE4F is a joint international initiative of the German Federal Ministry for Economic Cooperation and Development (BMZ), the European Union (EU), the Ministry of Foreign Affairs of the Government of the Netherlands, the Swedish International Development Cooperation Agency (Sida), and the U.S. Agency for International Development (USAID).

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.

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