

# Giving hope not handouts



microloan  
foundation

# Our vision...

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...is a world where all those living in poverty have the opportunity to build better lives for themselves and their families.

# Our mission...

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...is to provide the tools and skills to enable the poorest women in sub-Saharan Africa to work their own way out of poverty.



Christabel Mwansa Muntunga, 46 yrs.  
Treasurer for the Tiyeseke Group in Kafue, Zambia.

At MicroLoan Foundation, we believe that the best way to achieve our vision is to enable the poorest and most vulnerable people to work their own way out of poverty, building independence and resilience as their financial situation improves. By providing them with small loans and the skills and tools to start small businesses, we support them to become self-sufficient for their daily needs. Over time, the money they generate from their own efforts helps to ensure food security, improved housing, access to healthcare and an education for their children. We encourage them to make modest savings as insurance against future crop failure, family illness and other unexpected circumstances, giving them confidence in their ability to weather whatever life throws at them. We have already helped hundreds of thousands of people to transform their lives with dignity and take pride in their own achievements. There are however millions more who need our support. With your help we can start to reach them.

A handwritten signature in white ink, appearing to read 'Peter Ryan', with a large loop at the top and a horizontal line extending to the right.

**Peter Ryan**  
Chief Executive &  
Founder

Could you  
**survive** on  
one pound  
a day?

# 389 million people living in poverty in sub-Saharan Africa

Think about it. £1, it might buy you a small loaf of bread and a pint of milk or maybe some eggs and butter, but there would be absolutely nothing left over for anything else.

Tea, sugar and soap would be unaffordable luxuries.

It's unthinkable for us, but it is the harsh reality for 767 million people in the world today. Sub-Saharan Africa is home to over half of the world's poorest and has an estimated 389 million people attempting to survive on little over £1 a day. That's over 40% of the population struggling to feed their families, to provide basic healthcare and at times, even a roof over their heads.

Parents can do little to help as 1 in 10 children in sub-Saharan Africa die before the age of five - more than any other region in the world.

When it comes to education, half of sub-Saharan Africa's youth are out of school. In rural areas, where 7 out of 10 young people have no schooling at all, many are forced to work to help support their struggling families. Economic crises and environmental disasters are an ever present threat and inevitably it is the most vulnerable who are the hardest hit.

These are the people that MicroLoan Foundation seeks to reach, providing them with basic business skills, the money and the support needed to work their own way out of poverty.

## 767 million people living in poverty worldwide

# Barriers to a better life

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Many factors contribute to keeping people living in poverty, preventing the poorest from being able to improve their lives without help.

## Healthcare and disease

Malaria and HIV/AIDS are widespread, food hygiene is poorly understood and diarrhoea and simple infections often prove fatal if untreated. The sickness of one person can adversely affect the whole family's ability to work and there is often little or no money for even the most basic medical care.

**90% of all malaria deaths occur in sub-Saharan Africa**



## Natural disasters

Global warming and increasingly unpredictable rainy seasons mean that subsistence farmers have little or no protection against crop failure and the famine that almost inevitably follows it. Without savings, families have nothing to fall back on through these hardest of times.

## 70% of the world's poor live in rural areas

## Rural living

The majority of the poor live in remote rural areas and depend on subsistence farming for survival. They are far from centres of economic activity and employment, have little or no means of transport and are at the mercy of unpredictable climate conditions and disease. Many are illiterate and lack the knowledge and tools that would improve their health, their nutrition, or their farming yields.

# Additional barriers for women

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Survival is doubly difficult for women who bear the brunt of family responsibilities making it hard to seek employment. Women and girls have little opportunity to help support themselves and their families and consequently make up 70% of the world's poor.

## Culture and tradition



Women are disadvantaged by local culture and traditions and these have often been enshrined in law. In many countries when a man dies his wife inherits nothing, so she may lose her house, her meagre possessions and the assets of any business that they built together.

**145 million women are unbanked in sub-Saharan Africa**

# Taking care of others



Family units of 12 or more people are not unusual, due to increasing numbers of orphaned children. Occasionally siblings, parents, grandparents or other relatives who are too old or too ill to work are included in a family grouping, adding to the pressure on already scarce resources. In most cases, it falls to the woman as the primary carer to provide and take care of the growing number of dependants.

## Access to finance

Lack of education and low literacy levels mean that many women are financially excluded. Banks will not do business with them and with no collateral they have no access to formal financial services. This leaves them vulnerable to corrupt and expensive money lenders who prey on their desperation and have little mercy when their clients cannot make repayments.

# MicroLoan Foundation is changing lives in Africa

By helping women to help themselves, our work is having a lasting impact on the lives of women, children and families in sub-Saharan Africa.

MicroLoan Foundation provides small loans, training, mentoring and on-going support to some of the most vulnerable women in sub-Saharan Africa, allowing them to start small businesses for themselves.

From the outset these women can earn a small income and over time they can expand their activities to take advantage of further opportunities. With a regular income they are able to provide the basics for their families – food, shelter and medicine.

Eventually many will create employment for others - kick starting a virtuous economic circle in their local community.

We teach them to save regularly to provide security against adverse circumstances. As well as being financially prudent this gives them the resilience to weather bad harvests or the pressure of taking in additional family members and orphans after the death of a relative.

With an increased household income, the women can afford school fees and the children they look after are more likely to complete their education when they do not have to be taken out of school because of financial pressure or the need to help out at home.

Since 2002 MicroLoan has helped over 150,000 women resulting in around 600,000 children being given the chance of an education and the opportunity to build a better future for the next generation.

Over **£25 million**  
has been disbursed  
in more than  
**370,000 loans**  
to over **50,000**  
women since 2002



Mwiya Namwaka, 37 yrs.  
Twikatane Group, Zambia.

# Enala's story

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Enala Banda was born into a poor family living in Kasiyagori, a village in Malawi. Her parents were subsistence farmers and struggled to feed their seven children. Enala remembers clearly when the drought in 2002 left them with no food at all. They still managed to send Enala and her sister to school from time to time, but they did not start until late and their attendance was irregular. Enala's other brothers and sisters were not so fortunate and when times were tough or someone was ill, all the children were needed to help at home.

Once at school however, Enala excelled and after passing her exams to go to secondary school, Enala had dreams of becoming a teacher herself. But Enala never got to take her place at secondary school as her parents split up and she was forced to marry in order to help support her younger sisters. When her own three children came along, her husband's small income could not sustain the growing number of dependants.

History started to repeat itself when Enala's own children began to miss school because she could not afford the uniforms or books. "It was a very difficult time. We had many plans to improve our lives, but we did not know where to start, or who to turn to for help."

**A MicroLoan Loan and Training Officer visited Enala's village in 2014 and she was invited to join the first group. With a loan of 20,000 kwacha (about £30 at the time) she travelled to a trading centre 70km away and was able to buy four baskets of tomatoes and fish which she brought back to sell at her local market. Enala was able to earn a weekly profit of around 1500 kwacha (£2.25) which meant that as well as repaying her loan, she was able to generate a modest income.**

With her training, Enala learned to assess the local market to make sure there was demand for her tomatoes and fish. She also learnt about profit margins and cash flow to ensure that she was charging a competitive price and had money to buy more stock.

**After a few months, Enala had already doubled her profits and after further loans, she has now been able to put money aside to help with life's unexpected emergencies. But the biggest difference is that Enala is now able to send all her children to school, in uniforms and with a meal in their stomachs. She has high hopes for their futures.**



**“ I want to leave  
my children better  
off than I was. ”**

Enala Banda

# How it works

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1

Our Loan and Training Officers travel on motorbikes to visit hard to reach villages and discuss opportunities with local community leaders to help women in the village.

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Together they identify women in most need who have the potential to start small businesses.

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2

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The women then form their own groups of around 15 members, they then attend eight training sessions from MicroLoan staff to learn about basic business principles, how to manage their money and how to work cooperatively for everyone's benefit.

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4

The women receive their loans, normally between £20 and £60 depending on their circumstances. We help them open their first bank account where they can deposit their savings.

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# 5

The women start trading in their chosen activity, often selling fruit and vegetables, trading in second hand clothes, or making tea and fritters.

Every two weeks, the Loan and Training Officer visits the group to discuss their progress, iron out any difficulties, collect repayments and share their successes. Most importantly – they deliver more training and offer support.

# 6

# 7

After four months (on average), the women have repaid their initial loan and are now making a regular income for themselves. They can then apply for their next loan to grow their business further.

# 8



**With up to 99% of loans being repaid in full, MicroLoan can use the money again to help more women to start a business. This means a small investment goes on working for many years to come, helping more women to achieve financial security for the first time in their lives.**

# Why our approach works

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The MicroLoan approach is different. What sets us apart from other organisations is the way we support and work with the women we help.

We listen to their ideas and we develop our products and services to meet their needs. This way, we can ensure their businesses have the best chance of success.

For example, because many of the women we support are illiterate, we use song, dance and picture cards as part of our training approach to teach them the basic principles of business.

MicroLoan's aim is to alleviate poverty for the poorest. To ensure we achieve our aim, we make five key commitments that help to ensure our approach works for those that need our help the most.

**“ Women reinvest 90% of every dollar earned into their families' education, health and nutrition. ”**

**Harvard Business Review, 2013**

# 1

## We work with women

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Evidence shows that when a woman increases her income, she spends it on her children and family first – improving their health and education. It's also true that women have proved to be more reliable borrowers and are more likely to repay their loans.

# 2

## We provide ongoing training and support

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After the initial eight training modules, once a woman's business is up and running, we continue to support her. Loan and Training Officers visit groups every two weeks to provide more training and advice.

# 3

## We make finance accessible

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We want to help the poorest, so no loan is too small. What's more, we never ask for collateral or remove vital assets if our client is struggling to repay – we help them to find a solution.

# 4

## We work in rural areas

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Our Loan and Training Officers travel hundreds of miles every day on motorbikes to remote, rural villages to ensure our help reaches those who need it the most.

# 5

## We work with groups

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We work with groups of around 15 women. Each group has a collective responsibility for repayments and to each other. They provide social, financial and business support for each woman.

# The impact of our work

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MicroLoan uses rigorous and globally recognised systems for monitoring its activities and progress towards social and economic goals for its clients. It's called Social Performance Management and it helps us to make sure we are always striving to achieve our mission and do the best for the women we work with.

We measure how poor the women we work with are to ensure that we continue to achieve our aim to help the poorest. Then, by capturing data about how often their families eat, the number of children at school, improvements to their living and other relevant indicators, we can measure the impact our work is having on their family life. In this way, we can use the data we capture not only to measure the effectiveness of our work, but also to develop and adapt our products and services to continually improve what we do.

# We are making progress

## 600,000

children have been given the chance of an education as a result of our work.

## 50,000

women have received loans and training to go on and start a business.

**71%**

of our clients have improved food security.

**86%**

of our clients with school-aged children report they are now all in education.

**60%**

less children now drop out of school to help contribute to the family income.

**80%**

of our clients have increased financial independence with 89% now able to contribute to the household income.

**97%**

of women reported saving after joining a MicroLoan group, compared to 11% before.

# Olipa's story

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Olipa Zimba is 17 years old and lives in the village of Tamamdani in Malawi with her parents, her brother and her six year old niece. She is in her second year at Ludzi Secondary School where her favourite subjects are English, Biology and Geography. Olipa wants to be a nurse when she leaves school to help the people in her village to live a healthy life. "I want them to stay fit enough to work and run businesses which will benefit the whole community" she says.

It was not always like this for Olipa and her family. Olipa's parents, Yvonne and Lyson, had seven children to look after and until 2010, they struggled to get by on Lyson's small income from occasional building jobs. It was hard work and physically punishing, taking its toll on his health. Now in his seventies, it is some years since Lyson has been fit enough to work. With mouths to feed, the family was reduced to begging and school became an impossible dream. Most of Olipa's brothers and sisters had to leave school so they could try to help support the family.

**But in 2010, Olipa's mother joined a MicroLoan group run from the branch office in nearby Dowa. She used her training to identify that cooking oil was a popular commodity but not always easy to obtain in remote villages. So with her loan, Yvonne travelled to central markets and bought oil to sell for a profit locally. Her business prospered and with additional loans to help her grow and expand her coverage, Yvonne eventually saved enough to open a small tea room.**

Even though Olipa's older siblings have since left home, Yvonne still has to provide for three children, her husband and four other family members as well as herself. With the regular income she makes, Yvonne is able to pay for Olipa's secondary school fees as well as take care of the family.

Olipa is grateful to her mother and says, "my studies are going well and I believe that I will make it up to tertiary level since my mother is able to generate money from her business which assists me to pay school fees, to buy learning materials and other requirements such as uniform."

When not studying, Olipa is happy to lend a hand with her mother's business. "I help her with the accounts, to calculate her profits and to keep track of her business expenses," she says. She wants to help her mother expand her business further then help her parents to build a better home for themselves and the family.

**"My life has changed so much since my mother started taking loans from MicroLoan to do business. My elder brother failed to go further with his education due to lack of money but it is a different story for me."**



“ My life has  
changed so much  
since my mother  
started taking loans  
from MicroLoan to  
do business. ”

Olipa Zimba



**“ Economically empowered women create healthier and more productive societies. ”**

McKinsey & Company, 2010

Wildhearts Group, Malawi.

# The multiplier effect

When one woman takes a loan and starts a business, it's not just her life she changes, but many more. Her family and children all go on to benefit but 'the multiplier effect' goes much further.

## She supports her community

The women's businesses help villages and communities to prosper economically and socially. MicroLoan has seen thriving business centres created when the women come together to work. This not only benefits the village and community but the region as a whole.

## She is a role model for other women

Many women come to us for help after seeing other women in their village improve their lives through running a small business. When a woman earns an income, she is able to make decisions on how money is spent. This builds respect from others and grows her own confidence and self-esteem. In countries where women and girls are often marginalised, we are helping to empower women in their homes, businesses and communities.

## She provides opportunities for others

Many MicroLoan women go on to employ others to help in their businesses. Family members and others in the community are able to find regular employment to support their own families. As a woman's business grows, so do the opportunities for others to benefit from increased income.

# Catherine's story

In 2002, Catherine Mbalaka was eking out a small living for herself and her growing family selling fish in the nearby market. She lived in a simple home in the village of Makuta near the beaches of Lake Malawi with her six children and husband, Ambrose, who worked as a fisherman, renting space on another man's boat.

Catherine was one of the first women to ever receive a loan and training from MicroLoan. She applied for her first loan to open a shop at the back of her home selling village basics that she was able to buy at the market. As her profits grew she was able to save and with the help of bridging loans from MicroLoan (the largest loans MicroLoan gives, usually around £220) Catherine was soon able to buy her husband his own boat and a set of nets.

14 years on and after several loans repaid, Catherine now has three boats, ten nets and she has long ago ceased going to market herself but sends each fish catch to other sellers. Catherine's entrepreneurial skills do not end there. She has bought a number of goats for food and for sale, as well as still running the successful grocery shop she set up. She also used some of her savings to buy and install a water tap outside her home not only for her family's use, but to earn extra income by charging the local villagers to make use of it too. Her next plan is to buy a bigger fishing boat with an engine.

**Catherine is the treasurer of the Tadala group which has only four members. Currently, the members of the group each have a loan of 180,000 kwacha (around £200) which is paid back monthly over six months. They are one of only a select few MicroLoan groups which are offered this product, where the women have proved their strong business skills and have a long history of the best repayment rates.**

This growing business activity has

helped to improve the lives not only for Catherine's immediate family, but for her extended family too. Those that are old enough work with her to catch the fish and sell it on. When the boats are not in use, Catherine rents the ten nets out to others, a business which her husband manages. He says he is so proud of his wife and the difference she has made to their family life.

Now 50 years old, Catherine has been able to install electricity and piped water into her own home. She has also built five houses, all with iron roofs, some for her large family and a couple that she rents out for further income. Catherine has been able to support eight of her 20 grandchildren with school fees, as well as taking care of her four nephews and nieces after they were orphaned when their mother, Catherine's sister, died of malaria. Her hopes are for all of them to finish their further education.

**Catherine said "I hope you can continue supporting the women of Malawi because the small loans and training that they are getting changes their lives, just like mine. None of this would have been possible without the help of MicroLoan Foundation."**



“ the small loans and training that they are getting changes their lives, just like mine. ”

Catherine Mbalaka

# Where we work

Since 2002 MicroLoan has been committed to helping the poorest and most vulnerable women in sub-Saharan Africa. Today we work with women in rural Malawi and Zambia where poverty levels are some of the highest in the world.

We employ 158 people across 27 branches, with over 90% recruited locally. 95 of these are our skilled Loan and Training Officers who are supporting around 50,000 women each year across an average of 400 groups. With over 389 million people living in poverty across sub-Saharan Africa, we desperately need to reach more women.



## Where we are now

**Malawi**  
17 branches supporting 40,000 women

**Zambia**  
10 branches supporting 10,000 women

## Where we plan to be

**Zimbabwe**  
**Swaziland**  
**Natal**  
**Lesotho**

Dalphine Makanya, 36 yrs.  
Chitukuko group, Kafue branch, Zambia.



# The challenge ahead

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Over the next five years we want to grow our operations so that we can start to reach out and help many more women in sub-Saharan Africa. We have three key challenges.

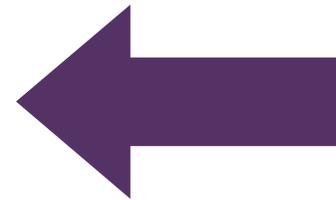
## Growing in Malawi and Zambia

Malawi faces repeated environmental disasters and a grossly fluctuating exchange rate. That can make it challenging for us to make our operations work as efficiently as possible. As we continue to put our clients at the heart of everything we do, it means that sometimes we have to write-off loans and help our clients to re-build their businesses after flooding and droughts destroy everything they have worked hard to achieve.



Operating in Zambia faces similar but also different challenges. With over six times the area of Malawi to cover, expanding our reach means we need to think differently about how best to manage a growing infrastructure over such a vast country.

That's why over the next five years we will aim to consolidate our expertise in Malawi and Zambia to ensure that we continue to grow. We will need to find new ways of doing business better, investing in specialist skills, seeking out local potential and training our staff. We will also integrate technology, such as mobile money, into our products and operations in order to serve more women, more effectively.

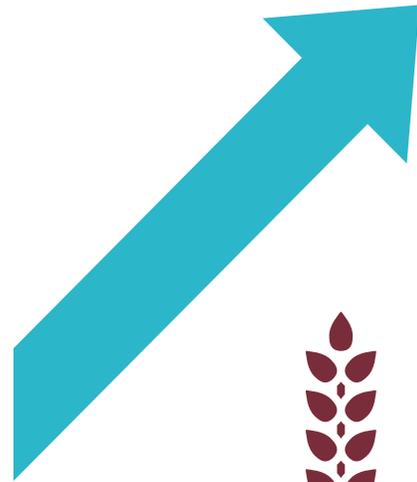




## Expanding our reach

While we work to strengthen what we do in Malawi and Zambia, we cannot ignore the needs of neighbouring regions. In Swaziland and Lesotho alone, over 50% of the population are living in extreme poverty. So we will look to our existing operations to provide the knowledge and expertise for future geographic expansion.

We hope to be operating from at least five country bases by 2021, helping us to accelerate our growth and to help many more women. To do this we will need to raise significant start-up capital for each new country as well as seeking the right expertise and support to help us establish the necessary infrastructure.



## Developing our range of services

Many of our poorest clients need very small loans to begin with, sometimes as little as £10, and start with the simplest of businesses. Working at this 'micro-level' can be financially challenging for MicroLoan. Whereas our more established clients are looking for more sophisticated training and larger loans which increases the financial risks to MicroLoan.

One of our challenges over the coming years is to continually find new and improved ways of helping our many different clients to work their way out of poverty by designing tailor made products and services.

One example is MicroLoan's continued investment in farming loans. Our innovative approach to combining custom designed agricultural training with improved seed, pesticide and fertiliser supply has already seen significant improvements in crop yields. We have been piloting this approach and now need to raise the money needed to be able to offer this and many other innovative products to all the women we work with, wherever they live.

# With your help, we can do more

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We know our solution works and that investing in women, the vast majority of whom have no access to financial support, makes the biggest difference to the most people. But to reach many more, we must grow our reach and develop our services.

At current levels of funding, we are able to help and support around 50,000 women every year. Unfortunately this is barely scratching the surface of the problem of endemic poverty in sub-Saharan Africa.

So in the next five years, we want to double our reach – helping over 100,000 women every year to build a life out of poverty for themselves and their families.

We estimate that we will need to raise at least £9 million over the next five years. We cannot do this without your support.

By 2021

**400,000**

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children each year will have the opportunity to go to school

By 2021

**100,000**

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women each year will have the chance to work their way out of poverty

# How you can help

With your support we can help 100,000 women every year work their way out of poverty.

There are a number of ways you can help including:

- Making a one-off donation
- Pledging a regular donation
- Leaving us a gift in your will
- Partnering with us through your company
- Introducing us to others who could support our work

For every woman you help, many more will benefit. Better still, when a loan is repaid, we can use your donation to help another woman. So your gift can go on to help more and more women build a better life for themselves and their families.

**£500** could support five women for a year with loans and training.

**£1000** could pay for business and finance training for over 100 women for a year.

**£3000** could fund a Loan and Training Officer for a year to support over 500 women.

**£10,000** could pay for five motorbikes which are essential for our Loan and Training Officers to reach women in remote villages.

**£50,000** could fund a MicroLoan branch for two years.

**£150,000** could help us to start supporting women in a new country, and fund our work for the first two years.

If you would like to know more about our work and how you can get involved, please get in touch. You can contact us by email or telephone at:

**[contact@mlf.org.uk](mailto:contact@mlf.org.uk)**

**0208 827 1693**

You can find out more at:

**[microloanfoundation.org.uk](http://microloanfoundation.org.uk)**

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Mary Mubila, 29 yrs.  
Chitukuko group, Kafue branch, Zambia.





**Every donation  
to MicroLoan  
Foundation, keeps  
on giving. Over  
and over again.**

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