



MicroLoan Foundation Malawi

MicroLoan Foundation Malawi (MLF Malawi) is where MicroLoan Foundation started its operations back in 2002. Malawi currently ranks 171 in the Human Development Index reflecting the depth of poverty that MLF Malawi's clients face. Operations in Malawi focus on serving the under reached in rural communities across 15 branches.

MLF Malawi provides loans and ongoing business and skills training to clients across its 15 branches. Agricultural input loans are also offered to our clients in Ntcheu, Kasungu, Dedza and Mchinji.

The loan book registered sharper growth in the final quarter of the year. The portfolio grew by 20% when compared to the previous quarter and was largely a reflection of increased loan demand owing to broader stabilisation trends seen in the economy. This increase moved the portfolio from MWK1,398,831,333 at the end of September to a total outstanding balance of MWK1,684,852,861 at December 31, 2020.

At year end, MLF Malawi had a total of 29,454 which is a 9.3% growth since the start of the 2020, and a 13.5% growth from the end of Q3.



Randall Williams

Chief Executive Officer, MicroLoan Foundation Malawi

With over 18 years of leadership experience in banking, mobile payments and programme development, Randall brings a wealth of knowledge and expertise to the role.

Bisani Banda

Chief Financial Officer, MicroLoan Foundation Malawi

Bisani is responsible for leading the implementation processes of the organisation's strategies aimed at achieving MicroLoan Foundation's goals. He possess a wealth of over twelve years work experience in finance, four of which have been in Microfinance. He first joined MLF in 2015 as an Accountant before becoming the Chief Finance Officer in 2016.

Joseph Kaipa

Chief Operating Officer, MicroLoan Foundation Malawi

Joseph is responsible for strategically developing our operations and supporting the strategic initiatives of the Board of Trustees and Executive management team.

Saulos Mjojo Mhlanga

Head of Shared Services, MicroLoan Foundation Malawi

Saulos has a strong background in project management, financial management, operations management and business development acquired through working with different organizations including the British Council and the United Nations Development Program.

Social Performance Management

MLF Malawi works towards achieving a long-term outcome that permits poor rural women to cope better with the challenges and stresses they face. MLF Malawi monitor activities and progress towards social and economic goals for their beneficiaries using rigorous and globally recognised systems. Their Social Performance Management (SPM) model is often cited as an example of best practice, and 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.

🌾 Nine month maize loan

It is designed to support women increase their food security and is offered to clients who have already taken out business loans and run a successful business. This is to ensure that the loans 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 clients with ongoing support on any operational issues. It is monitored monthly to analyse any common issues coming from clients.

🏦 Savings

In addition to loans, MLF Malawi 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.

🌾 Seven month soya loan

This second variation of agricultural loan also targets issues surrounding food security. These are also offered to clients who already have business loans. Soya rotates well with maize and also offers greater nutritional value to women and their families. Soya loans have a 5.5% interest rate per month.

🧠 Financial literacy and business training

MLF 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.

Operational highlights as of 31st December 2020



Source: MicroLoan Performance Report

MicroLoan Malawi News

COVID-19 Update

As of 27th December 2020, a total of 6,377 confirmed COVID-19 cases were reported in Malawi. Of these, 175 were reported in week 52 which represented a 33% increase from week 51. This was largely driven by residents returning from South Africa. All land borders were closed for two weeks starting 23rd December. Many clients' businesses have slowed down due to COVID -19 measures that been put in place which are not favorable to small scale businesses. Client recruitment is also difficult because staff can no longer hold awareness meetings at the village level. MLF Malawi continues to disburse and receive repayments but not as normal.

Change of CEO

After first joining MicroLoan in 2015 and serving at the helm of MLF Malawi as Chief Executive Officer (CEO) for three years, Corrie Mulder made the decision to step down from his role. Bisani Banda, who previously served as CFO of MLF Malawi, took on the role as Acting CEO. Bisani was succeeded by Randall Williams in April 2020 as CEO.

Digitalisation

MLF Malawi implemented a range of digital tools during the year to increase overall efficiency and reduce operating costs. This included Xero, a cloud-based accounting platform that provides greater transparency and oversight of the use of the organization's resources, as well as Slack, SpiceWorks and Zoho.

Mobile Money

MLF Malawi is in the process of conducting a mobile money trial as part of their digital transformation strategy. From the success of this pilot we will move to integrating the system into Musoni – our Core Banking platform and this will reduce the overall administrative burden of facilitating manual disbursements and repayments as we currently do. We anticipate that full integration will take place during the latter part of 2021.

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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. Grameen supported MLF Malawi with a MWK250 million term loan facility during the last quarter. This helped us to strengthen our liquidity position and enabled us to fund a 20% increase in loan demand that we experienced in the final quarter of 2020. This facility has a 6 month grace period and quarterly repayments will start in April 2021.

The European Solidarity Financing Fund for Africa (Fefisol) distinguishes itself from conventional funds operating in Africa by focusing its operations on rural areas, in the form of loans, guarantees and capital investments in microfinance organisations. They provided MLF Malawi with a MK107million loan in December 2016 which will be repaid by December 2019.

The International Solidarity for Development and Investment (SIDI) promotes the financial inclusion of vulnerable populations. In 2018 they granted MicroLoan Malawi with an 18 month loan of MK72million to contribute to the expansion of operations.

Whole Planet Foundation is a Whole Foods Market foundation dedicated to poverty alleviation around the world. They first partnered with MicroLoan Malawi in 2010 and since then have provided several multi-year grants to grow our loan book. We currently have a MK66million loan with Whole Planet which will be paid off in 2020.

Lendwithcare is a microfinance organisation that has partnered with MicroLoan 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, we have access to loan capital which helps us to expand our reach.

KIVA During Q3 of 2020 Kiva supported MLF Malawi with a COVID Crisis Support Loan of USD250,000 which provided liquidity support to our business. We were able to use the facility to offset expenses that came due while our revenue

suffered a dramatic fall. As a result we did not have to lay off any of our staff and was able to continue providing ongoing support to our customers while ensuring that the management of our portfolio at risk continues largely unaffected. Importantly, the facility is unrestricted and has a 24 month repayment period with an initial 9 month grace period which allows us sufficient breathing space to recover somewhat from the vestiges of the pandemic before repayments are due.

FDH Bank During the early stages of the pandemic MLF Malawi requested and received a three month moratorium from FDH bank on an existing term loan facility that we currently have with them. This enabled us to better manage our liquidity position as our revenue was negatively impacted particularly in April when we had to pause loan disbursements.

The Headley Trust partners with MicroLoan in both Malawi and Zambia. In 2017 we continued our long-standing partnership with the Headley Trust, part of the Sainsbury Family Charitable Trusts. They have funded our maize training and loans programme in Malawi since the very beginning in 2012. They then awarded a three-year pilot programme grant of a total value of £64,000 to replicate this maize programme in Zambia.

Theatre for a Change (TfaC) entered into a partnership with MLF Malawi where we offer our financial support and business training services to groups of women and girls who are caught up in a life of prostitution.

The Wildlife and Environmental Society of Malawi (WESM) work with communities to prevent poaching and illegal wood cutting in parks and forests. MicroLoan partnered with WESM to provide these communities the opportunity to create an alternative way to generate income for their households, thus reducing the need to use resources from the protected areas.

Cheka Cooperative and MicroLoan 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.

If you would like any further detail about the information included in this document please contact MicroLoan's Group Chief Executive Officer, Medha Wilson.

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