



MicroLoan Foundation Malawi

MicroLoan Foundation Malawi (MLF Malawi) is where MicroLoan Foundation started its operations back in 2002. Malawi currently ranks 174 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 17 branches.

MLF Malawi provides loans and ongoing business and financial literacy training to clients across its 17 branches, two of which are new branches in Q1 2021. Agricultural input loans are also offered to our clients in Ntcheu, Kasungu, Dedza and Mchinji.

The loan book outstanding at the end of Q2 2021 was MWK 1,535,865,061 and MLF Malawi had a total of 26,902 active clients.



Leadership Team

Randall Williams

Chief Executive Officer

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.

Randall obtained his bachelor's degree in Management Studies and Economics from the University of the West Indies (Jamaica), and holds a Masters in Finance from the University of London (UK). He also recently completed an Executive Certificate in Financial Inclusion from Harvard University (USA).

Joseph Kaipa

Chief Operating Officer

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

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 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 Nkhosakota 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, Dowa and Ntchisi branches, who grow cash crops such as Irish potatoes all year round.

££ 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 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.

🌾 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.

🧠 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.

📞 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 30th June 2021



Source: MicroLoan Performance Report. Exchange rate based on Oanda at 30th June 2021.

MicroLoan Malawi News

COVID-19 Update

There has been a surge in cases in Q2 and Malawi is in the third wave of COVID-19. Testing facilities are limited but the 25% positive testing rate indicates that the cases and deaths are significantly higher than the official numbers reported of 36,126 cumulative confirmed cases and 1,196 deaths at the end of Q2. However the economy remains open and MLF Malawi is able to operate within the government guidelines. The MLF Malawi COVID-19 taskforce disseminates information to staff and clients, reports on risk, and makes recommendations according to government guidelines.

Digitalisation

In Q2, consultants funded by ADA conducted an assessment of internal processes to optimize the operations processes and inform the digitalisation strategy. The assessment focuses on operational business processes, documenting them and identifying where technology could be used to improve organisational performance. MLF Malawi are in the final stages of discussions with Grameen Credit Agricole to secure additional technical assistance to develop a credit scoring platform, additional credit products, drafting a risk management framework, updating operational procedures, and integrating mobile money into operations.

Mobile Money

500 clients have taken part in training on using mobile money and a small number of clients have been part of a pilot to test repayments via the platform. Following the success of this pilot, MLF Malawi will integrate the system into the Musoni core banking platform which will reduce the overall administrative burden of manual disbursements and repayments. The aim is to test and roll out mobile money across all branches by the end of 2021.

New branches

Mzimba was opened and attached as a satellite to Kasungu branch. Ntchisi satellite was delinked from the Dowa branch and converted into a full branch in January 2021. The Nsanje branch has been downscaled to a satellite office and attached to Chikwawa branch due to the challenging environment under which it operates. By the end of the year, MLF Malawi hope to upgrade it again to a full scale branch.

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 of 2020 to strengthen MLF Malawi's liquidity position. This facility has a 6 month grace period and quarterly repayments will start in April 2021. MLF Malawi are in the final stages of discussions with Grameen to secure additional technical assistance under their Swiss funded SSNUP funding envelope.

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

KIVA During Q3 of 2020 Kiva supported MLF Malawi with a COVID Crisis Support Loan of USD250,000 which provided liquidity support. MLF Malawi were able to use the facility to offset expenses that were due whilst revenue suffered a dramatic fall. As a result, MLF Malawi did not have to lay off any staff and were able to continue providing ongoing support to clients whilst ensuring that the management of portfolio at risk continued largely unaffected. Importantly, the facility is unrestricted and has a 24 month repayment period with an initial 9 month grace period which allows 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 received a three month moratorium from FDH bank on an existing term loan facility. This enabled us to better manage our liquidity position as revenue was negatively impacted, particularly in April 2020 when loan disbursements paused.

ADA is a Luxembourgish NGO supporting microfinance institutions with access to technical assistance and funding opportunities. In Q2 2021 they supported MLF Malawi with Technical Assistance funding to strengthen internal processes and digitalisation. They are also in the process of approving a two year loan facility of EURO 230,000 for MLF Zambia.

The Headley Trust, part of the Sainsbury Family Charitable Trusts, partners with MicroLoan in both Malawi and Zambia. They funded MLF Malawi's maize training and loans programme since the very beginning in 2012. They then awarded a three-year pilot programme grant of £64,000 to replicate this maize programme in Zambia.

Cheka Cooperative and MLF 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.

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

Email: randall.williams@mlfafrica.org
Phone number: +265 887 367 642