



microloan
foundation

Malawi
December 2021

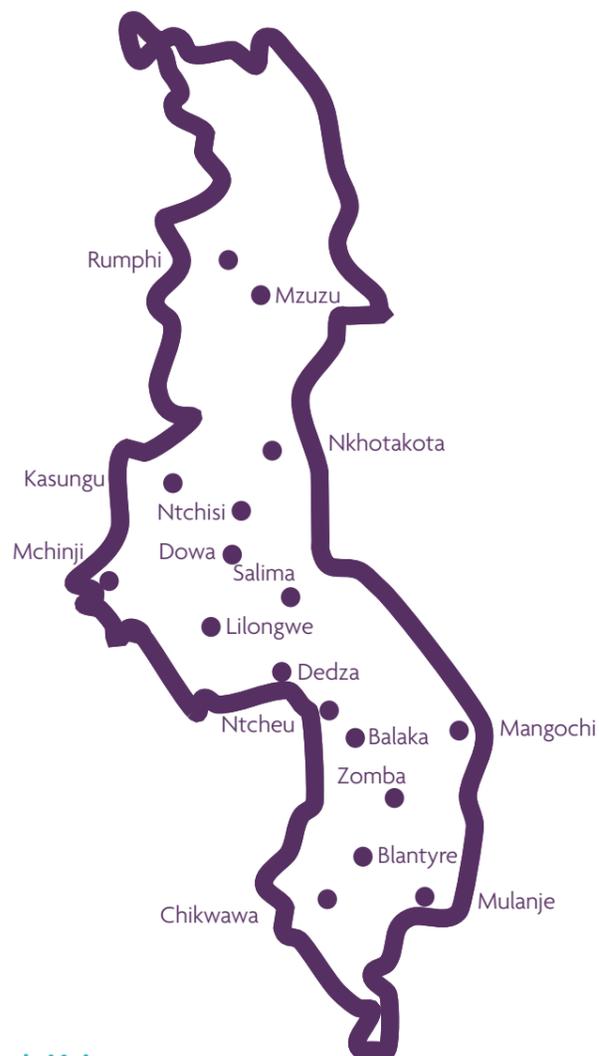
MicroLoan Foundation Malawi

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.

MLF Malawi provides loans and ongoing business and financial literacy training to clients across its 18 branches. With a large proportion of clients engaging in farming, MLF Malawi also offers an agricultural and irrigation loan.

The loan book outstanding at the end of Q4 2021 was MWK 2,043,184,939 (US\$2,511,560) and MLF Malawi had a total of 29,276 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).

Majora Somba

Chief Financial Officer

Majora is a knowledgeable finance leader with extensive experience in the audit, banking and financial sectors with companies including First Capital Bank, Opportunity International Bank, New Finance Bank, Malawi Revenue Authority and KPMG. Majora is a Fellow of the ACCA (2011) and qualified with ACCA in 2005.

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 Nkhotakota 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 31st December 2021



Source: MicroLoan Performance Report. Exchange rate based on Oanda at 31st December 2021.

MicroLoan Malawi News

COVID-19 Update

Despite the surge of COVID-19 cases in the quarter due to the Omicron variant, MLF Malawi was able to continue to deliver services in the communities. Branch staff continue to work with group leaders instead of the entire group to minimize risk, and all staff are provided with PPE. COVID-19 continues to affect the lives and livelihoods of our clients but during 2021, we have seen that clients are learning to live with the pandemic and have adjusted to conducting their businesses in this new context.

Mobile Money

Over 4,100 clients have taken part in training on using mobile money and 12% of repayments were made via the platform in December. Five operational areas - Salima, Lilongwe, Zimba, Kasungu and Mzuzu - have been part of the pilot to date and the testing will be rolled out to Blantyre, Mwanza and Chikwawa in early 2022. 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 2022.

Funding

MLF Malawi continues to receive support from strategic partners. In Q4 Global Partnerships extended a loan facility amounting to US\$750,000.00, of which US\$375,000.00 has been disbursed the remaining portion is expected to be disbursed to MLF Malawi in Q1 2022.

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 MWK 250 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.

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 US\$250,000 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 2021 they supported MLF Malawi with Technical Assistance funding for two projects to strengthen internal processes and digitalisation. In 2021 they provided a two-year loan facility of EUR 230,000 to MLF Zambia.

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\$750,000 repayable in June 2024.

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 Foundation's Group Chief Executive Officer, Medha Wilson.

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