



## MicroLoan Foundation Zambia

MicroLoan Foundation Zambia (MLF Zambia) launched in 2008. Since then, it has been growing steadily, serving women in under reached rural communities where the demand is high.

MLF Zambia currently provides financial loans and savings services to clients across 14 branches, spread across the Southern, Eastern and more recently the Northern regions of the country. As of 31st March 2021, the outstanding loan book is \$1,213,270

Agricultural input loans are offered to clients in its Chipata branch with the aim of expanding these services in the near future.

Mobile money services were adopted by MLF Zambia in 2017 where a pilot was launched for clients in the Chipata and Petauke branches. Since then, mobile money technology has been implemented across all branches and 90% of disbursements and repayments are now electronic. Reducing cash handling improves the efficiency of operations and makes it safer and easier for clients to run their business and access and repay loans.

MLF Zambia has now crafted its 5-year strategic business plan, aiming to significantly scale up its reach to clients and enhance its services through product diversification.

## Leadership Team

### Jack Ngoma

#### Chief Executive Officer, MLF Zambia

Jack has the overall responsibility for implementing the strategic business plan of the organisation, developing new partnerships and developing the team.

Qualified as a Chartered Accountant, Jack comes with several years of financial management and microfinance experience, having previously worked at Bayport Financial Services as the interim Head of Finance for MLF Malawi, and as MLF Zambia's CFO from 2014 until September 2018, when he was promoted to his current position of CEO. Since he took over as CEO, MLF Zambia has witnessed significant growth in both client numbers and loan portfolio.

### Emily Chuunga

#### Human Resources Manager, MLF Zambia

Emily is responsible for implementing HR systems and processes, which help to optimise the effectiveness of employees throughout the organisation.

Emily has previously worked at Family Legacy Missions, Bayport Financial Services and Barclays Bank, and has extensive experience in HR policy design and implementation, staff training and development, conflict resolution and change management.

### Bornface Matanda

#### Chief Financial Officer, MLF Zambia

Bornface is responsible for the development and implementation of an effective financial management framework, including the designing of the financial policy, identifying and managing financial risks and representing the company to investors, auditors and the regulator.

Qualified as a Chartered Accountant, Bornface has previously worked at MultiChoice Zambia Limited and MTN Zambia. He comes with extensive experience in financial reporting and analysis, risk management and project management.



## Social Performance Management

MicroLoan Foundation works towards achieving a long-term outcome that permits poor rural women to cope better with the challenges and stresses they face. We monitor activities and progress towards social and economic goals for our beneficiaries using rigorous and globally recognised systems. Our 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.

We conducted a COVID-19 Survey to assess the impact of the pandemic on our clients. The full report is available [here](#).

## 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

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

### ££ Savings

In addition to loans, MicroLoan 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.

### Financial literacy and business training

We offer pre and post loan disbursement training modules. They 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.

## Operational highlights as of 31st March 2021



Source: MicroLoan Performance Report

## MicroLoan Zambia News

### COVID-19 Update

The Zambian government did not announce any lockdown measures in Q1. Clients report increased economic activity and market places are allowed to trade whilst following the health guidelines. MLF Zambia operations are slowly getting back to normal and we are able to conduct group and centre meetings with clients. Zambia received the first vaccine consignment from the COVAX facility and the vaccination programme is scheduled to start in Q2.

### Learning and Development

Thanks to funding from Grameen Technical Assistance and our partnership with Bridges Limited, MLF Zambia launched a three month leadership program for Branch Managers, Regional Supervisors, line managers and prospective future leaders.

### Significant depreciation of the Zambian Kwacha

The Zambian kwacha continued to rapidly depreciate in the final months of 2020. A 43% depreciation against the USD was recorded between Jan 2020 (1 USD = 14.6657 ZMW) and Dec 2020 (1 USD = 20.9510 ZMW). Despite growing our loan book by 38% in kwacha terms (between Dec 2019 and Dec 2020), real growth had not only been hampered but had declined in USD terms because of the currency depreciation. The Zambian kwacha continued to depreciate in Q1 2021.

### Profitability in Q1

Q1 saw some strong operational performance results with both client numbers and portfolio value ahead of the previous year, and ahead of budget, resulting in a higher income return. The Zambian kwacha continued to depreciate in Q1, leading to a revaluation forex loss of 246,000 ZMW. However, the impact of the forex loss on the bottom line was reduced by savings on other expense lines. We therefore reported a net profit of 109,000 ZMW.

## Key Partnerships

Rural Financial Expansion Programme (RUFEP) is a joint initiative of the International Fund for Agricultural Development (IFAD) and the Government of the Republic of Zambia under the Ministry of Finance, aimed to increase access to and the use of sustainable financial services by poor rural men, women and youth in Zambia. They are supporting MicroLoan's efforts to pilot and rollout an innovative mobile money project in Zambia.

Lendwithcare partners with MLF Zambia and MLF Malawi. They are a microfinance organisation that solicits individual or group loans for people across the world from the general public through their online fundraising platforms. They give MLF Zambia access to loan capital which helps them to expand their reach.

Whole Planet Foundation is part of the Whole Foods Market and is dedicated to poverty alleviation around the world. They have partnered with MLF Zambia since 2015 by providing three-year grant in the value of US\$507,777 to grow the loan book in the Southern Province from March 2015 – November 2018.

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

The Paul Foundation partners with MLF Zambia as a social investor. They have provided a three-year loan of US\$200,000 to support operations in 2019. This was topped up by an additional US\$100,000 in April 2020.

Grameen Credit Agricole Microfinance Foundation partners with MLF Zambia as debt finance providers. They provided MLF Zambia with a three year Zambian local currency denominated loan facility equivalent to EUR 250,000 to support and improve our operations. In 2021, Grameen is providing a Technical Assistance grant for the design, development and pilot of the new savings platform.

The Conservation Farming Unit works to provide small/ medium scale farmers with the knowledge and practical experience to help them successfully adopt Conservation Farming and Conservation Agriculture practices. Through this partnership, MLF Zambia will be able to reach more farmers in rural communities. During Q4 2020, the agriculture loan pilot commenced in the Eastern Region. Results of the pilot will be analysed before rolling out to other regions in 2021.

## New Savings Product

Part of MLF Zambia's focus is to teach women the benefits of making savings, encouraging them to do so. To effectively meet this objective MLF Zambia is in the process of rolling out a savings product on the mobile money platform. The savings product will provide women with additional assurance that their funds are secure, and will also give MicroLoan access to a web based dashboard to facilitate and oversee the performance of all savings groups.



Mobile money clients in Zambia

If you would like any further detail about the information included in this document please contact Jack Ngoma, Chief Executive Officer of MicroLoan Foundation Zambia.

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