



microloan
foundation

Zimbabwe
December 2021

MicroLoan Foundation Zimbabwe

MicroLoan Foundation Zimbabwe (MLF Zimbabwe) launched in April 2017. The operations have two branches in the North East of the country with Harare serving as the Head Office.

MLF Zimbabwe provides pro-poor financial services and focuses on clients living in the rural areas to reach financially excluded and underserved communities. There is high demand for appropriate financial products and services, and a real need for capital, business support and financial literacy training. As of 31st December 2021, the outstanding loan book ZWL 3,716,883 (US\$34,178).

Mobile money technology is used to make disbursements, collect repayments and provide savings facilities for clients via the EcoCash platform. All transactions are 100% cashless, making it safer, easier and faster for clients to run their businesses.

The macroeconomic climate in Zimbabwe is challenging and the operations have been impacted by hyperinflation and a highly unstable local currency. As a social microfinance provider with positive impact and the well-being of clients at its core, MLF Zimbabwe is currently relying on grants to fund its operations and growth. MLF Zimbabwe is one of the only social microfinance providers in the country, as such the organisation is well positioned for growth.

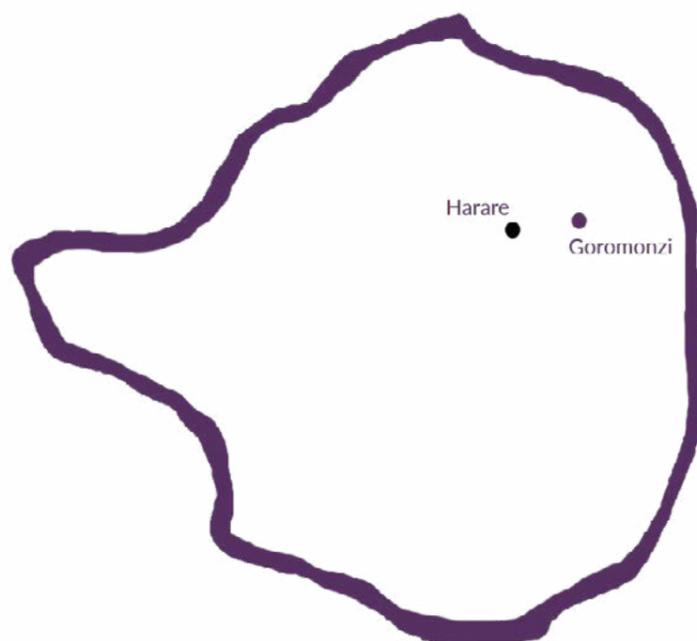
Leadership Team

Mateo Zanetic

Regional Director Africa and Chief Executive Officer Zimbabwe

As the Regional Director Africa, Mateo is responsible for overall operational development and results, specifically across Zambia and Zimbabwe. He works closely with the senior management teams and he leads the Social Performance Management function for the group. As a member of the Boards across all three of MicroLoan Foundation's subsidiaries in Malawi, Zambia and Zimbabwe he ensures operations are working effectively and efficiently. As of February 2019, Mateo serves as the Chief Executive Officer of MLF Zimbabwe.

Mateo holds a degree in Management Accounting and Corporate Finance from Wits University.



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.

MLF Zimbabwe uses an internally developed poverty assessment tool based on the globally recognised Poverty Probability Index.

Key Products and Services

£ Four month business loan

This product is offered to women to help them start income generating businesses. It has a 10% interest rate per month and is repayable over 8 fortnights. No collateral is required.

\$ 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. Since we are a non-deposit taking microfinance organisation, we facilitate savings for clients through the use of EcoCash club accounts. Clients can withdraw savings 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 December 2021



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

MicroLoan Zimbabwe News

Macroeconomic Situation

The macro economic situation in Zimbabwe has stabilised in 2021 and the inflation rate has returned to pre-pandemic levels. The US dollar is widely used and is the preferred method of payment due to the volatility of the Zimbabwean dollar.

COVID-19 Update

The COVID-19 situation in Zimbabwe has improved, the number of active cases have dropped and restrictions have been lifted. The country started a vaccination drive in February 2021 and an estimated 22% of the population is fully vaccinated. Clients have adapted their businesses to operate within the boundaries created by the pandemic.

US dollar loans

In December 2021, the Reserve Bank of Zimbabwe (RBZ) issued a regulation with regards to lending in USD. MLF will be applying to the regulator for the permission to do so as per the new regulation. The economy in rural areas is largely dollarized so this will not only address the forex risks but also the challenges of a shortage of ZWL in Ecocash Accounts in rural areas. We expect a significant surge of demand for our services as MLF will be able to meet our clients' preference for receiving loans in USD. The application process is likely to take 3 months and we are expecting approval from RBZ to start disbursing loans in USD in Q2 2022.

Political instability

The level of political risk is increasing as political actors are preparing for 2023 elections. In some politically sensitive areas, gatherings are being prohibited, impacting centre meetings. This is the case in particular in the Bindura area which is a contested area where the opposition and the ruling party come head to head. An application has been made to the Provincial Minister to allow MLF to run centre meetings and an invitation has been extended to attend meetings, clearly demonstrating that no political messages are being conveyed. The outcome of the application is pending. In Domboshawa, which is MLF's largest operational area, the situation is stable and operations are not affected.

Key Partnerships

Whole Planet Foundation is part of the Whole Foods Market and is dedicated to poverty alleviation around the world. They partner with MLF across all three countries of operations to facilitate growth. In Zimbabwe, they are providing a grant in the value of US\$50,000 to grow the loan book from April 2021 – March 2022.

The Paul Foundation is a grant giving trust and social impact investor. Their generous grants were instrumental in launching MLF Zimbabwe operations and come to a total of £120,000. In 2022 they are providing a donation of £41,000 for operational expenses and loan book growth. In addition to this, they have also provided a social impact loan to MLF operations in Zambia.



Christine Timioe, Client, MLF Zimbabwe

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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