



microloan
foundation

Zambia
December 2022

MicroLoan Foundation Zambia is a subsidiary of MicroLoan Foundation UK, registered charity number 1104287 (England and Wales); SC041941 (Scotland)

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 10 branches and 11 satellite branches, spread across the Southern, Eastern and more recently the Northern regions of the country.

At the end of Q4, the outstanding loan book was ZMW 80,672,429 (USD 4,215,389) and the active client number was 42,063. Agricultural loans and conservation farming training is 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 100% of disbursements and 60-70% of 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.

As part of the 5-year strategic plan, MLF Zambia aims to become a market leader by scaling up its geographical reach and enhancing 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.

Monde Mwanambuyu

Human Resources Manager, MLF Zambia

Monde is a Human Resource practitioner with over 14 years hands on experience in labour relations, collective bargaining, employee engagement, training and development. She is responsible for all HR systems and procedure, employee engagement, recruitment and selection, training and development, performance management conflict resolution and compensation.

Bornface Matanda

Chief Financial Officer, MLF Zambia

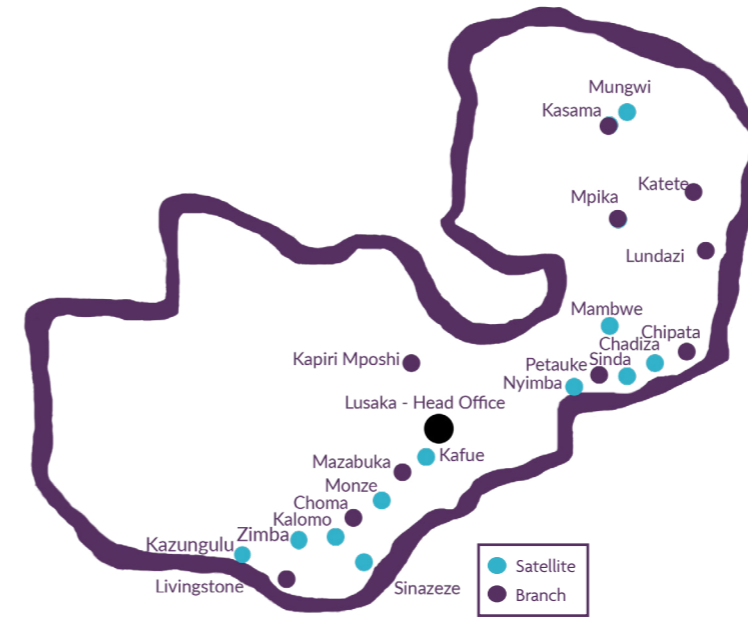
Bornface is responsible for the development and implementation of an effective financial management framework, including the designing of the financial policy, identifying and managing financial risks and representing the company to investors, auditors and the regulator.

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.

Titus Zulu

Operations Manager, MLF Zambia

Titus Zulu is a microfinance expert with over 14 years of experience in Non-Banking Financial Institutions in credit and operations departments with extensive experience in credit management, debt collection management, operational planning, and project management. Titus will be fully dedicated to overseeing operations within the branches and support the delivery of new projects such as the development and implementation of the digital savings project.



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. 96% of our clients and members of their household were able to afford to seek medical treatment. 88% of our clients report improved food security.

Key Products and Services

£ Four - six month business loan

This product has a flat interest rate of 4.68% 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. 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 7% interest rate per month.

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.



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

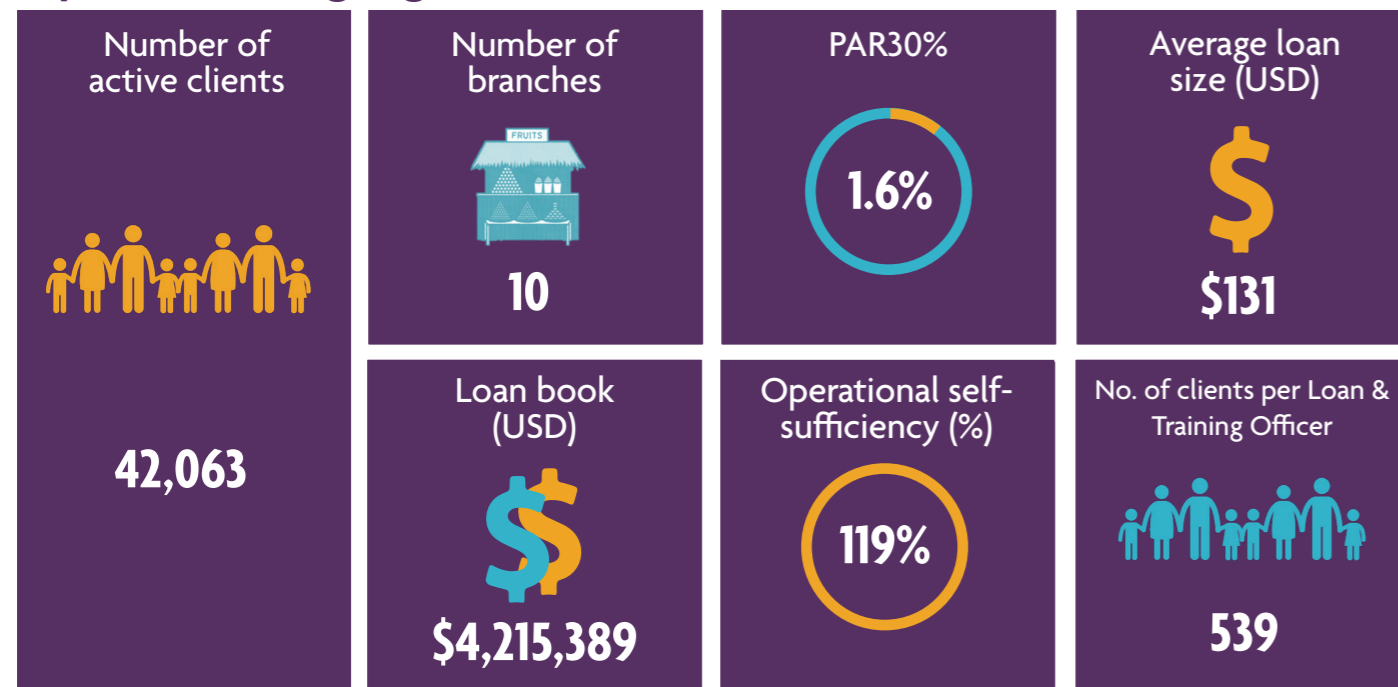
In addition to loans, MicroLoan facilitates savings among clients. As a non-deposit taking organisation, the clients are linked to third party providers for savings accounts. These savings are available to withdraw at any time required, with consent from the group.



Digital 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.

Operational highlights as of 31st December 2022



Source: MicroLoan Performance Report

MLF Zambia News

Macroeconomic Situation

Inflationary pressures continued to steadily improve with year on year inflation reducing to 9.9% in December 2022 from 16.4% in 2021. However, the prices of goods and services remained high and fuel prices soared impacting agricultural input costs. The Zambian currency remained fairly stable in the first half of 2022 and began to depreciate towards the end of the year, this instability has led to a rise in hedging costs and interest rates on debt facilities.

Graduation loans

The Graduation loan product will provide an opportunity for well-performing clients with a proven track record to become individual clients. Graduation loans will accommodate clients with the capacity to receive bigger loans which the current group lending model is not suitable for. The product is still in a pilot phase, we will however, consider extending the pilot to all regions.

Digital strategy

MLF Zambia has been working with an external consultant to develop a digital strategy that facilitates fast and efficient core operational processes to enable scale. A foundation of centralised data drives key decisions and underpins the development of new product lines, and lays the groundwork for a seamless customer facing ecosystem from which to better engage the target audience.

60 Decibels MFI Index Results

We are very pleased to share the recent results from the 60 Decibels MFI Index Insights Report. 60 Decibels is an impact measurement company which produced the first ever microfinance index 2021-2022, by partnering with 72 MFIs and interviewing close to 18,000 clients across the globe. The report demonstrates strong results for MLF Zambia across all dimensions: Access, Business Impact, Household Impact, Client Protection, Resilience and Agency. Read the full report [here](#).

Key Partnerships

Grameen Credit Agricole Microfinance Foundation contributes to the fight against poverty and exclusion through microcredit and equity investments in companies with high social impact in developing countries. They have partnered 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 2022, Grameen approved a loan facility of EUR 500,000. In addition to debt funding they provided a technical assistance grant of USD 1,817.12 for the initial design and development of the new savings platform.

Fonds Européen de Financement Solidaire II (FEFISOL II) aims to finance and strengthen African economic agents underserved by the conventional banking sector, yet key players in the continent's economy, by providing products and services to vulnerable and rural populations, as well as to small businesses, especially those in the agricultural sector. MicroLoan Zambia has secured a local currency loan equivalent to EUR 300,000 from FEFISOL II. The loan period is for three years and will be used to expand the loan portfolio to reach more clients.

ADA is a Luxembourgish NGO supporting microfinance institutions with access to technical assistance and funding opportunities. They are providing a two year loan facility of EUR 200,000 for MLF Zambia. The credit facility will be used to expand the loan portfolio.

Global Partnerships is an impact-first investment fund manager dedicated to expanding opportunity for people living in poverty. Global Partnerships makes loans and early stage investments to social enterprises that serve people living in poverty throughout Latin America, the Caribbean, and sub-Saharan Africa. In addition to a loan to MLF Malawi, MLF Zambia has recently secured a loan for US\$700,000 payable over 3.5 years. The loans from Global Partnerships will enable both MLF Malawi and MLF Zambia to grow their loan books and expand their reach.

Lendwithcare partners with MLF Zambia and MLF Malawi. They are a lending platform 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. The net amount received in 2022 was USD 89,148.

Whole Planet Foundation is part of the Whole Foods Market and is dedicated to poverty alleviation around the world. Since 2015 they have provided two three-year grants to a total value of USD 907,777 to MLF Zambia. The first to grow the loan book in the Southern Province from March 2015 - November 2018 and the second to expand into the Northern Province from September 2019 - September 2022.

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, then awarded a three-year pilot programme grant of £64,000 to replicate this programme in Zambia. In 2021 they granted MLF Zambia a three-year core funding grant to a value of £42,500.

The Paul Foundation is a grant giving trust and social impact investor. They partnered with MLF Zambia as a social investor in 2019. They have provided a three-year loan of USD 200,000 to support operations. This was topped up by an additional USD 110,000 in October 2021.

Oikocredit is a social impact investor and worldwide cooperative with over four decades of experience in promoting sustainable development through investment in financial inclusion, agriculture and renewable energy. Oikocredit is guided by the principle of empowering low-income people to improve their livelihoods. MLF Zambia has secured a local currency loan equivalent to USD 700,000 (spread across two disbursements) from Oikocredit. The loan period is for three years and will be used to expand the loan portfolio to reach more clients.

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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