



microloan
foundation

Zimbabwe
March 2023

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

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. At the end of Q1, the outstanding loan book was ZWL 35,426,391 (USD 97,890).

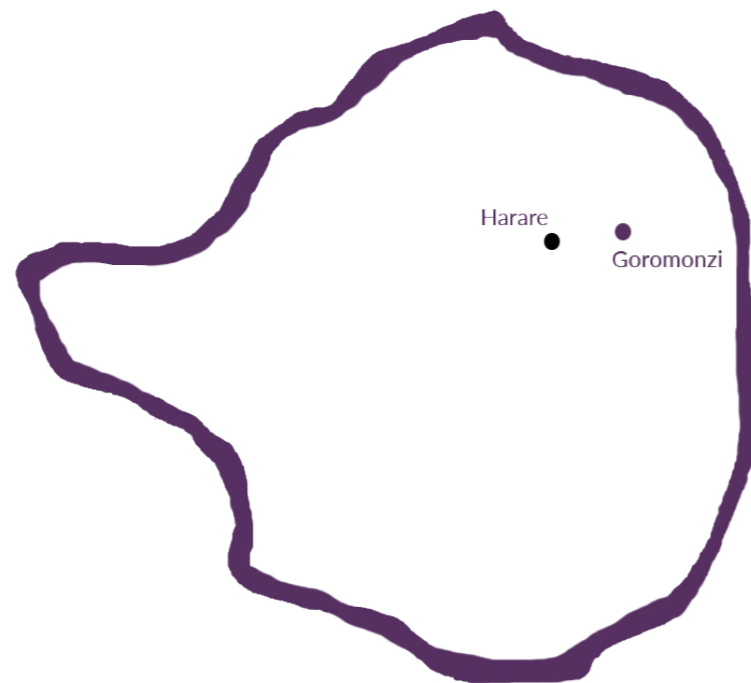
Leadership Team

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.

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

MLF Zimbabwe News

Macroeconomic situation

In the first quarter of 2023 there has been relative stability in the macroeconomic climate in Zimbabwe. The inflation rate has decreased to 87 % at the end of March 2023. This is due to the use of a new blended inflation rate that combines USD and ZWL inflation. Local currency depreciated from around ZWL 684 at the end of December 2022 to USD to ZWL 930 to USD at the end of March 2023. The dollarization of the economy continued with about 77% of transactions conducted in USD. This has put further pressure on ZWL, where black market rates premiums have increased to about 50%.

Zimbabwe had a bumper harvest of wheat in 2022. Early harvest of other produce started at the end of March 2023 in some parts of the country and in the coming weeks and months we are likely to see an improvement in the availability of food. The harvest season for the main food staple maize takes place in April/May and the increased availability of food will have a positive impact on food security. However, the cost of living in Zimbabwe is very high. Poor households continue to struggle to meet their food and non-food needs. According to the World Bank, Zimbabwe's January 2023 real annual food inflation rate in ZWL was 121%, the highest in the world.

The level of political risk is increasing as the country is gearing up for the 2023 elections. Elections will be scheduled toward the end of July or early August.

US dollar loans

As a result of starting to lend in USD, there has been significant growth in the number of active clients and the value of the loan book in the first quarter of 2023. The total value of disbursements year to date is USD 102,950 and the outstanding value of the loan book at the end of the quarter was USD 97,890. The demand for our services is even higher than initially anticipated and the client base increased from 234 at year end 2022 to 793 at the end of March 2023.

Food Security and Production

Many households are experiencing food insecurity. Significantly below average crop production in the 2022 growing season and macroeconomic instability are expected to drive the emergence of a food crisis in Zimbabwe. The price hikes of fuel and fertiliser are likely going to impact agricultural production over the coming months as well as the 2023 harvest. Although MicroLoan's clients are not based in the hardest hit areas, it is expected that MLF clients will feel the impact of food insecurity.

Financial Update

The Operational Self Sufficiency rate at the end of Q1 2023 stood at 21% versus the budget of 41%. This was due to the delay in accessing funds for disbursements as we had to make arrangements to bring MicroLoan Foundation UK funds as a loan and not grants as in prior year. As a result, our income was lower than the budget by USD 15,155.

Cost savings were made to a total value of USD 10,565 versus the budget by delaying the hiring of 4 staff members until after the elections. In order to make up the shortfall and to create a bit of buffer for election period, we are planning to accelerate disbursements provided funding is available. In the coming quarter, we also have to replace one of the old field vehicles as it is in a state beyond repair.

Operational highlights as of March 2023



Source: MicroLoan Performance Report. Exchange rate based on Oanda at March 2023.

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 provided a grant in the value of USD 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 provided 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.

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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