

2017 Progress Report

Introduction

MicroLoan Foundation (MLF) is grateful for **XXX's** generous support which has helped us develop and implement our successful social microfinance model in Malawi, Zambia and Zimbabwe. Since our inception in 2002, we have provided small loans, business training, and mentoring to over **180,000** poor women in rural sub-Saharan Africa to empower them to work their own way out of poverty, and build better lives for themselves and their families. We hope that you will be inspired by the impact that your contribution has had on some of sub-Saharan Africa's most impoverished communities.

Progress update on our 2017 goals

Over the course of 2017, MLF aimed to increase its outreach to provide more women with access to MicroLoan's financial services. We also continued our efforts to improve our efficiency and implement new technologies to help our organisation reach financial sustainability.

During 2015 and 2016, **Malawi** was badly affected by floods, droughts and famine. This challenging environment seriously impeded our clients' businesses, with some of the women losing everything they owned. Due to the desperate situation they found themselves in, many of the women were not in a position to take out new loans for a period of time. However, this year the country has enjoyed a plentiful harvest allowing the women to continue their borrowing and saving, and grow their businesses. While our organisation was severely impacted by these difficult circumstances, in 2017 we reached out to many new clients, supporting a total of nearly 40,000 female entrepreneurs from 16 branches across Malawi. We achieved a 99% loan repayment rate and through efficiency improvements and solid management we increased our operational self-sustainability ratio to nearly 80%.

In **Zambia**, we expanded our operation with the introduction of a tenth branch, and provided loans and training to over 13,500 women in the Southern and Eastern Provinces. MLF Zambia has now reached operational self-sustainability, and we hope to keep growing our outreach in the years to come. With funding from the Zambian government we started a mobile money pilot with the aim to implement the technology across Zambia in the next few years. We continue to achieve a high loan repayment rate of 99%. This is a strong indicator that our clients are successful in managing their business, and that they are motivated to repay so that they may continue to take out further loans.

MLF's goal is to support marginalised women in at least five countries by 2021, and we began our expansion into new countries in 2017 with the opening of a first branch in **Zimbabwe**. Two Loan & Training Officers were recruited who supported over 350 women in rural areas in the vicinity of Harare. To date we have 100% repayment of the loans, and we are planning on growing the number of women we support by recruiting more LTOs. MLF is adopting a cautious growth approach while the political situation is evolving, but we observe that the people in Zimbabwe are hopeful and optimistic about the future of their country's economy.

Based on the success of our **agricultural input loans** and training programme over the past five years in Malawi, we started a pilot to test the feasibility of a maize programme in Zambia. We also launched a soya farming pilot programme in Malawi to support families to grow a new crop which will improve their diet. A better harvest will allow these women to have food security year-round, and the skills they learn will also benefit future generations.. Our agricultural programmes are made possible through long-term commitments from funders.



Women from the Ntcheu branch in Malawi.

Our impact

MLF is dedicated to rigorously monitoring its activities, its organisational performance on the ground, and its progress towards social and economic goals for its clients. Across Malawi and Zambia, the women's average business profits per week are £13. The women also make regular savings deposits averaging £11 per client per month. This helps them to become more resilient to better deal with unexpected events and financial shocks, and allows them to save for larger expenses.

Our clients' poverty status is measured using an adapted version of the Poverty Probability Index (PPI) questionnaire, an innovative tool which helps us to assess if we are reaching those most in need, and if their poverty status is improving over time. After taking advantage of MLF's services for more than three years, over 13% of our most vulnerable clients manage to move out of poverty (defined as no longer living below US\$1.25/day). But before reaching this crucial milestone, the women report many positive changes in their lives because of increased household incomes (see infographic).



MLF is proud of what our work can achieve beyond the life of one loan, which we refer to as the MLF multiplier effect. We often see that the local economy is stimulated as our clients' growing businesses provide employment opportunities for both family members and others in the community. Based on studies we know that 60% of the women's husbands become involved in the business, and our data shows that 10% of our clients have one or more paid employees (not counting family members).

Microfinance does not only improve the women's financial situation, but also their self-esteem, their decision-making power, and their position in the household and community. A 2017 study conducted by a student from the University of Edinburgh based on interviews with more than 200 of our female entrepreneurs in Malawi found that their ability to contribute financially to the household income (90% of those interviewed) increased their sense of self-worth. Being more self-reliant (93%) and being involved in household decisions (79%) also improved relationships within their households. Below are quotes from the women interviewed in this study:

"I feel more responsibility at home now, especially in my children's education, in providing food, and in taking the initiative to budget and plan our expenses".

"After I started getting loans, life is improving. I have a greater influence at home now and I am usually the one making all the decisions."

"I was afraid that I wouldn't be able to manage a business. Now, I am not afraid and I can wish for a better life. I am more confident. I feel that I am more self-reliant."



Female entrepreneurs with their children in Zambia. © Andy Buchanan, WildHearts Group

MLF Watsopano rollout

In 2017 MLF continued to roll out a new suite of methods, training programmes and products (called 'MLF Watsopano') that better meet the needs of our most vulnerable clients. All of our branches in Malawi and three of our branches in Zambia have seen the implementation of the new products and services this past year. The Musoni Management Information System (MIS) is operational everywhere, and all our LTOs are now equipped with tablet computers to record transactions and client details. This enables us to track clients' activities individually rather than the loan group so that we can identify problems with a particular client in a more timely fashion to provide her with the necessary support. It also allows us to be more flexible with individual client's loan sizes and repayment schedules while maintaining the dynamic of a loan group.



Female entrepreneurs at the Kasungu Branch in Malawi.

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Partnerships

Theatre for a Change (TFaC) in Malawi works with groups of women and girls who are at high risk of poor sexual health and who have limited opportunities to assert their gender and sexual rights. They entered into a partnership with MLF in order to assist women who are caught up in a life of prostitution. Though most of these women do not enjoy their way of life, they cling to it because they feel as though they have no other way to make a living. TFaC mobilises these women into groups and trains them in behavioural change, economic empowerment and business skills. For those who are willing, they facilitate links with MLF so that the women can benefit from our financial support and business training.

The Wildlife and Environmental Society of Malawi (WESM) is an organisation focused on protecting Malawi's wildlife and natural environment. Their main aim is the prevention of poaching and illegal wood cutting in parks and forests, and they engage with the communities surrounding these protected areas to further this goal through education, and by encouraging the communities to participate in environmental activities. WESM identified a need to financially empower these groups and approached MLF to launch a pilot at Kasungu National Park as their microfinance partner. Our role is to offer members of these communities the opportunity to create an alternative livelihood. MLF is delighted to be involved in protecting wildlife and the environment through support of the anti-poaching campaign in Malawi. The project expanded in 2017 to communities bordering the Ntchisi and Dzalanyama Forest Reserves, and in 2017 we supported 960 women through this partnership

The Rural Finance Expansion Programme (RUFEP) is an initiative put forward by the Government of the Republic of Zambia under the Ministry of Finance which aims to increase access to and the use of financial services by poor rural men, women and youth in Zambia. RUFEP is supporting MLF's efforts to pilot and roll-out an innovative mobile money project in Zambia. Our clients receive loans, repay loans and make savings deposits using mobile money instead of travelling long distances to the bank. The project's goals are to improve our outreach and penetration into new areas, improve our operational efficiency, and reduce cash handling and its associated risks. The technology is being rolled out in all of our existing branches in Zambia over the next two years, and will be integrated into our future branches.

In 2017....



53,264 women received
business loans & training...

...that means over an
estimated 266,000 children
have benefited



Clients were developing their businesses with
an average loan of just £66

94% of our clients have food security and
are able to have three meals a day



99% repayment rate
during 2017



The value of loans
disbursed in 2017 was £5.4
million



Zambian children in one of the communities where MicroLoan supports female entrepreneurs.

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