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**microloan**  
foundation

Malawi  
June 2024

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

## MicroLoan Foundation Malawi

MicroLoan Foundation Malawi (MicroLoan Malawi) has been delivering financial services to women in rural communities since 2002, and was the first country of operations for MicroLoan Foundation.

Malawi ranks 172 in the Human Development Index, reflecting the depth of poverty that clients face.

MicroLoan Malawi provides loans and ongoing business and financial literacy training to clients across its 22 branches and eight satellites. With a large proportion of clients engaging in farming, MicroLoan Malawi also offers agricultural and irrigation loans.

The outstanding loan book at the end of Q2 2024 was 3.4Bn MWK (\$2.0m USD) and MicroLoan Malawi had 37,294 active clients.



## Leadership Team

### Davison Rakasi Chief Executive Officer Malawi

Davison is an accomplished executive with over 15 years' experience in Banking and Microfinance. Davison is currently the Chief Executive Officer for MicroLoan Foundation Malawi. Prior to joining MicroLoan Foundation, Davison worked as Interim CEO at Vision Fund Malawi after gaining significant exposure to operations, technology deployment, sales & marketing, strategy development, and project management in his previous role as Chief Operations Officer.

### Linda Kambalometore Chief Financial Officer

Linda Kambalometore joined MicroLoan Malawi in 2023. She is an affiliate to the Association of Certified Chartered Accountants (ACCA) with over 15 years of experience in the accounting and finance function, 5 years of which were in management advisory roles in small and medium sized businesses. Her work experience spans across various industries including Agri-business inputs focusing on receivables management, debt collection, Agribusiness financing in sub-Saharan Africa, financial reporting, investment portfolio management and human rights advocacy in commonwealth countries with special focus on project financial management.

### Ted Chanza Head of Shared Services

Ted Chanza took up the role as Head of Shared Services in 2023, he leads the department to address operational discipline while promoting scalability and efficiency, performance improvement, a seamless customer experience and standardized product development. Ted brings over fifteen years' of business leadership experience from private sectors such as banking, telecommunications, manufacturing, agriculture as well as public sector. Prior to joining MicroLoan Malawi, Ted was Director of Administration and Human Resources at TEVET Authority, a regulatory body for technical and vocational disciplines in Malawi.

### Elias Chakuza Chief Operations Officer

Elias Chakuza joined MicroLoan Malawi in November 2023.

He brings 16 years of experience in the Microfinance sector. He has an impressive track record of leadership and innovation. In leadership roles with operations teams in Vision Fund, FINCA and Opportunity Bank, he contributed to significant portfolio growth, efficiency improvements and a positive impact in underserved communities.

## Social Performance Management

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

### 🌾 Eight month agriculture loan: rice

The eight month agriculture loan is mostly used by the Nkhosokota branch for clients who grow rice. It takes longer to grow, yield, process and sell rice than crops like maize and soya. It has a grace period of four months and four bullet payments with a 5% interest rate.

### 💧 Irrigation loan

The irrigation loan runs for seven months with an interest rate of 6%. It has a grace period of four months and finishes with three bullet payments. The loan is intended for clients, primarily in Ntcheu, Dowu and Ntchisi, who grow cash crops such as Irish potatoes all year round.

### 🌾 Cheka seed product

This product is for clients in Ntchisi who are members of a co-operative known as Cheka, which is involved in the seed multiplication of soy bean and groundnuts. The loan term is seven months and the interest rate is 6%. The loan repayment is done in one bulk payment at the end of the seven months once the yield has been processed and sold to the buyer.

### 🌾 Seven month agriculture loan: soya and maize

This agricultural loan is offered to clients who grow crops such as maize and soya beans during the rainy season and take business loans during the dry season. Soya rotates well with maize and offers nutritional value to women and their families. Seven month agricultural loans have a 5.5% interest rate per month.

### 🌾 FInES agriculture and business loan

For repeat/existing clients, this loan product has an interest rate of 4% declining with a 2.5% up front fee. The loan term for FInES business is four to six months and for agriculture it is eight months.

### 🌾 Savings

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

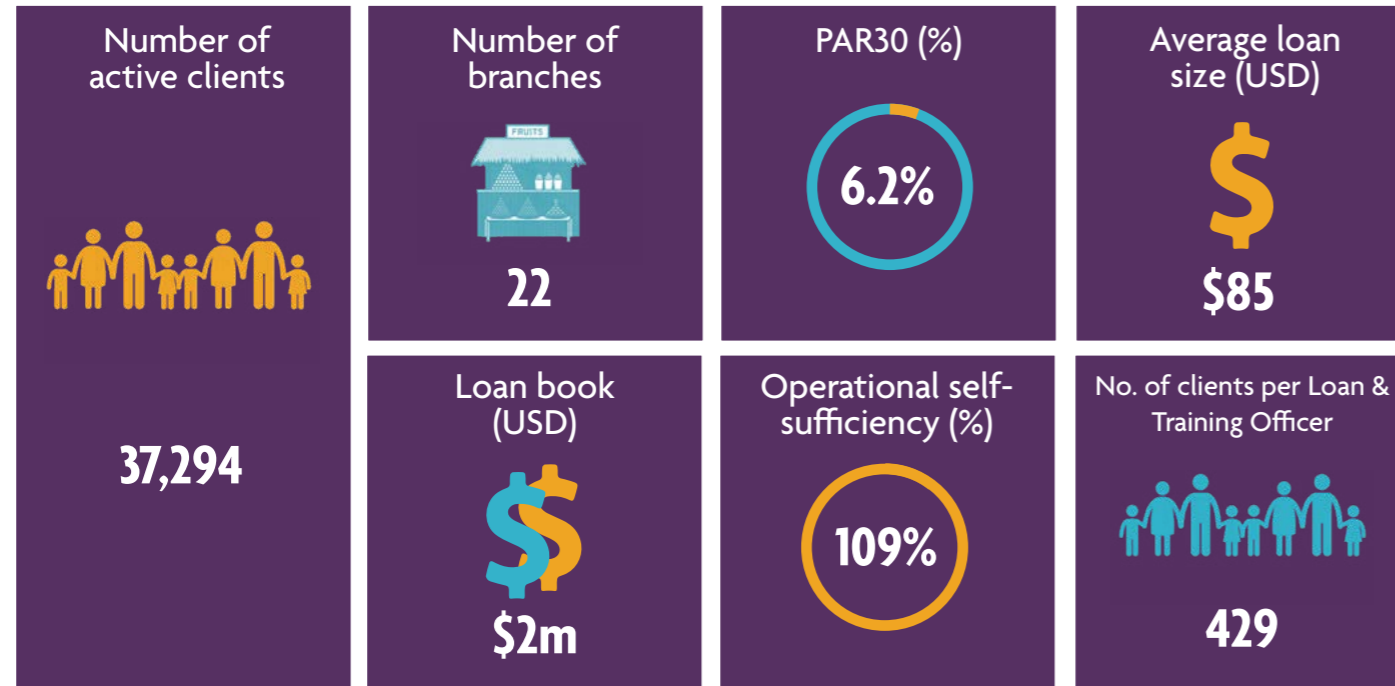
### 🧠 Financial literacy and business training

MicroLoan Malawi offer pre and post loan disbursement training modules which 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 due to high illiteracy rates.

### 📞 Customer Hotline

This is to provide clients with ongoing support on any operational issues. It is monitored monthly to analyse any common issues coming from clients.

## Operational highlights as of June 2024



Source: MicroLoan Performance Report

## MicroLoan Malawi News

### State of Disaster

A State of Disaster was declared in March due to droughts and flash floods causing crop failure and damage. Weather-related shocks continue to impact the Malawian economy, exacerbating food insecurity.

### Increasing efficiency with mobile money

Over 30% of disbursements and 50% of repayments are now done via mobile money. Loans are disbursed via mobile money in 10 out of 22 branches and 19 branches are accepting repayments. This is increasing security, efficiency and safety for clients and the organisation.

### Continuing operational self-sufficiency

Despite the macro economic challenges and natural disasters faced, MicroLoan Malawi continued to maintain operational self-sufficiency YTD. Careful cost management has been the key driver.

### ESG-compliant loan product pilot

In partnership with GIZ, an ESG-compliant loan product paired with training on managing environmental and social risk has been piloted in three branches for six months. We have evidenced the demand, exceeding the target of 50 clients by disbursing 68 loans to 65 clients. Whilst feedback is positive, we need to extend the pilot for a longer duration to fully understand the suitability of the product before roll out.

## Key Partnerships

**Opportunity International** is an NGO working to end global poverty. They are partnering with MicroLoan to Strengthening Systems for Financial Inclusion in Rural Malawi, funded by Jersey Overseas Aid.

**The Grameen Foundation** contributes to the fight against poverty and exclusion through microcredit and equity investments in companies with high social impact in developing countries. In 2023 a new facility of EUR600,000 (equivalent in MWK), was made available and is repayable over three years. In 2023, MicroLoan Malawi also secured a grant of EUR257,726 from Grameen Credit Agricole Foundation under their Swiss funded Smallholder Safety Net Up-scaling Programme.

**Lendwithcare** is a microfinance organisation that has partnered with MicroLoan Foundation in Malawi, Zambia and Zimbabwe. They solicit individual or group loans for people across the world from the general public through their online fundraising platforms. With their support, MicroLoan Malawi have access to loan capital which helps to expand their reach.

**FDH Bank** provides local currency overdraft facilities to MicroLoan on a needs basis.

**Global Partnerships** is an impact-first investment fund manager dedicated to expanding opportunity for people living in poverty. Global Partnerships extended a loan facility of \$375,000 which was repaid in June 2024.

**Cheka Cooperative** and MicroLoan Malawi entered into a partnership to tackle issues surrounding food security. The cooperative will receive a loan from MicroLoan Foundation to support their work with Chitedze Research Station in groundnut seed multiplication and seed services.

**Fonds Européen de Financement Solidaire II (FEFISOL II)** FEFISOL II provides support in local currency for microfinance, smallholder farms and rural areas in Africa. The fund is managed by SIDI and MicroLoan Malawi has secured a MWK 215 million debt facility to expand its loanbook and increase outreach. The facility is repayable by September 2025.

**The Financial Inclusion and Entrepreneurship Scaling (FInES) Project** is a multi-year World Bank funded initiative which provides affordable wholesale financing to financial intermediaries. Administered through the Reserve Bank of Malawi, the project is expected to generate significant benefits for Malawi's economy. MicroLoan Malawi accessed a MWK2.5 billion facility in 2022 and a further line of credit amounting to MWK2.5 billion over five years of which MWK1 billion has been drawn down.

### GIZ

MicroLoan is benefitting from Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)'s GP AgFin Project in both Malawi and Zambia. The aim is to improve access to financial services tailored to the needs of agricultural businesses and enterprises in rural areas. GIZ is also providing technical assistance funding for MicroLoan to develop an ESG compliant loan product

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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