

Microloan Foundation - Australia

Annual Report 2012

Sometimes in our work we are asked if what we do can really change anything when there is so much need out there.

There so much poverty in the world – why bother? Can anything we do really make a difference? Perhaps the only answer to that question is this: it makes a difference to the individual.

Our women's stories speak for themselves. Take Fatness in Malawi, supporting her five children on a subsistence income of less than \$1 a day. We lent her \$100 and gave her training to set up a small tea house. Selling around 300 cups of tea a week and 100 scones, her income has risen to \$35 a week, enough to feed her family and pay secondary school fees for her two eldest children. In other words, we provided a 'hand up rather than a hand out,' and since the money is paid back, donations are continuously recycled to help more and more women. That's the beauty and simplicity of microloans.

Thanks to the generosity of people like you, each day sees more and more people empowered and given the opportunity leave poverty behind. With a small businesses and new incomes children can go to school, families no longer go to bed hungry, and water that was once dirty and dangerous is clean and safe to drink. One by one, hope and distort to these families.

And it's happening all the time right now scores of families are being given a hand up by microfinance.

Thanks to our donors are able to raise \$16,000 this year and will be transferring a further \$12,000 shortly, bringing total of our remittances to over \$130,000.

My personal view is that there's a huge additional benefit that accrues wherever microfinance is successfully provided. By that I mean in providing the tools for personal independence we are encouraging more families to pursue the route of self-sufficiency. And this in turn is helping establish social and economic stability, and so effectively supporting the pillars of democracy,

2012 saw us mark our fourth year since we were established in Australia and the third anniversary of our project in Mulanje.

We are thrilled to announce our biggest landmark since commencing our loan program by recently securing an agreement with **Rotary Australia World Community Service enabling us to provide** access to tax deductibility for all donations.

In addition to making donations far more attractive for individuals and corporates, this opens the door for MLF to approach the plethora of private and corporate philanthropic organisations for which tax deductibility is a key requirement.

I hope you will all join with us in pursuing these opportunities whenever they arrive.

We see ourselves as the steward of donated funds and place the utmost importance on accountability and transparency, and are so all grateful for this honour.

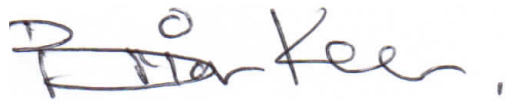
We are particularly proud to say that our handful of directors and supporters donate their time and resources for free at administration costs run at between 2% at 4% - a huge saving compared with the 15 to 25% normally encountered in similar organisations.

I want to end this report by thanking all of you – our donors – who, in seeing the needs of the families we serve, do what you can to help end the pain and suffering of poverty.

Each and every one of you is making a difference, and it makes us so proud to walk alongside you.

On behalf of all the families you've helped in 2012 – thank you.

Warmly

A handwritten signature in dark ink that reads "Brian Keen," with a comma at the end. The signature is written in a cursive style.

Brian Keen

Chairman and Founder

23rd November 2013

Overview of our business model

Small Loans and business training

- We make loans to groups of approximately 15 women
- The loans of as little as \$100, that are repayable over four to twelve months
- The loans are designed to help our clients set up small businesses and trade their way out of poverty
- before we make our first loan we provide 8 business trainings sessions
- Our loans are tailored to correspond with each individual's business plan and personal circumstance
- Our loan officers provide ongoing mentoring support to aid with the development of our clients' businesses
- Commercial interest is charged which helps to cover the high costs of managing such small loans, as well as the associated training and ongoing mentoring. By charging interest the program will become self-supporting, and, once established, further monies raised would be used to expand the loan base
- Although our clients have virtually no income, and no collateral, MicroLoan manages to recover **99% of all the loans and interest** it makes so that the money can be recycled over and over again

Small ventures

- A business support arm has been established, Microventures, which is designed to give our more experienced clients training in the skills they need to build more sophisticated and resilient businesses, these businesses include sewing and dress making and irrigation schemes

How it helps

- Profits from businesses set up by our clients help: put extra food on table (78%); improve health (92%); improve education (67%); improve homes (75%); allow better support of dependents (78%) - *per MLF UK survey*
- Empower women to: learn new skills; improve self-esteem; inspire future generations of daughters; help men to see the contribution women can make
- Encourages an independency attitude (which may reduce the long term need for development aid from the West)
- Non corruptible – small loans given directly to individuals cannot be “re-directed” by government agencies
- Businesses established are relevant to local demands
- Environmentally low impact. Small businesses – small effect
- Self-sustaining business model
- Addresses all 8 of the UN Millennium Goals

Our Patrons and Ambassadors - We are delighted to have Simon Tedeschi, the world renowned pianist as our Australian Patron and Peter FitzSimons as an Ambassador. Bob Geldof KBE is our Global Patron. You can read what these significant contributors have to say about MicroLoan in 'Patrons and Ambassadors' web page.
