



Photo by Gary Nicol

microloan
foundation

Zambia
March 2023

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 launched in 2008. Since then, it has been growing steadily, serving women in under reached rural communities where the demand is high. MicroLoan 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.

After a relatively stable final quarter in 2022, the Zambian currency depreciated during the first quarter of 2023. Annual inflation for Q1 was maintained at 9.9% and the inflationary pressure is forecasted to increase in 2023. The factors underlying the forecast include depreciation of the country's currency, the anticipated increase in electricity tariffs and the possible reduction in agricultural outputs. Negative sentiments arising from the extended debt restructuring negotiations are also projected to add to elevated inflationary pressures.

Food inflation is likely to increase significantly due to adverse weather conditions such as floods caused by tropical cyclones in the region and droughts in other parts of the country. There is also an infestation of Fall Armyworms. The Fall Armyworm feeds on over 80 different crops including maize, rice and sorghum and poses a particular threat to the country's food security as maize crops are ravaged by the pest.

Leadership Team

Jack Ngoma

Chief Executive Officer, MicroLoan 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 MicroLoan Malawi, and as MicroLoan Zambia's CFO from 2014 until September 2018, when he was promoted to his current position of CEO. Since he took over as CEO, MicroLoan Zambia has witnessed significant growth in both client numbers and loan portfolio.

Monde Mwanambuyu

Human Resources Manager, MicroLoan 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, MicroLoan Zambia

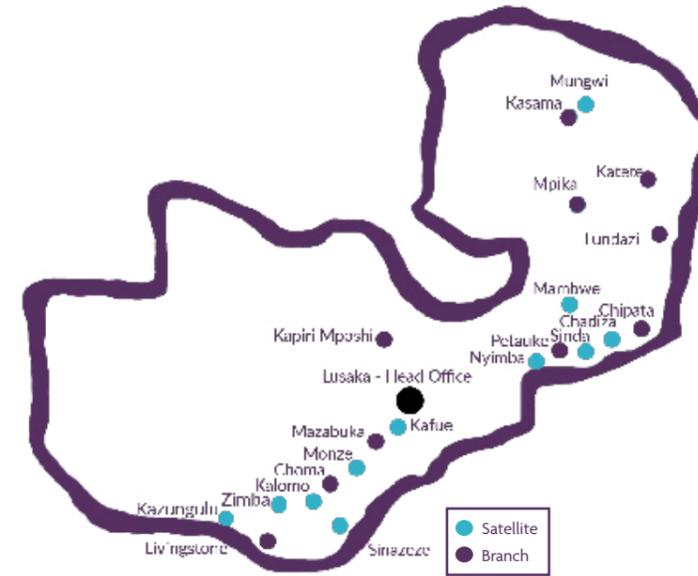
Bornface is responsible for the development and implementation of an effective financial management framework, including the designing of the financial policy, identifying and managing financial risks and representing the company to investors, auditors and the regulator.

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, MicroLoan 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 MicroLoan Zambia's focus is to teach women the benefits of making savings, encouraging them to do so. To effectively meet this objective MicroLoan 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 March 2023



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

MicroLoan Zambia News

Macroeconomic Situation

In Q1 2023, the Zambian currency depreciated after a stable final quarter in 2022. Annual inflation remained at 9.9% and is expected to rise due to several factors. These include the currency depreciation, potential electricity tariff hikes, reduced agricultural outputs, and negative sentiments from debt restructuring negotiations. Adverse weather conditions like floods and droughts, along with the infestation of Fall Armyworms, are likely to significantly increase food inflation and pose a threat to maize crops, affecting the country's food security.

Graduation loans

In 2022, MicroLoan Zambia introduced a graduation loan product which is a loan product for clients with growth ambitions and who require larger loan sizes over a longer term. The three clients who accessed graduation loans in 2022, have now repaid their loans in full. Before we proceed with the next phase of the pilot, we are reviewing the procedure guidelines and lessons learnt in the first phase.

Once the review process is concluded in Q2, we shall consider recapitalisation of the loans to the three clients we started the pilot with and will consider adding three more clients. We are taking a cautious and careful approach to the introduction of these larger loans which are collateralised.

Digital strategy

MicroLoan 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.

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 MicroLoan Zambia as debt finance providers. They provided MicroLoan 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 MicroLoan 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 MicroLoan Malawi, MicroLoan Zambia has recently secured a loan for US\$700,000 payable over 3.5 years. The loans from Global Partnerships will enable both MicroLoan Malawi and MicroLoan Zambia to grow their loan books and expand their reach.

Lendwithcare partners with MicroLoan Zambia and MicroLoan 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 MicroLoan 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 MicroLoan 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 MicroLoan 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 MicroLoan 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 MicroLoan 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. MicroLoan 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.

Email: medha.wilson@mlf.org.uk
Phone number: +44 (0)20 8827 1688