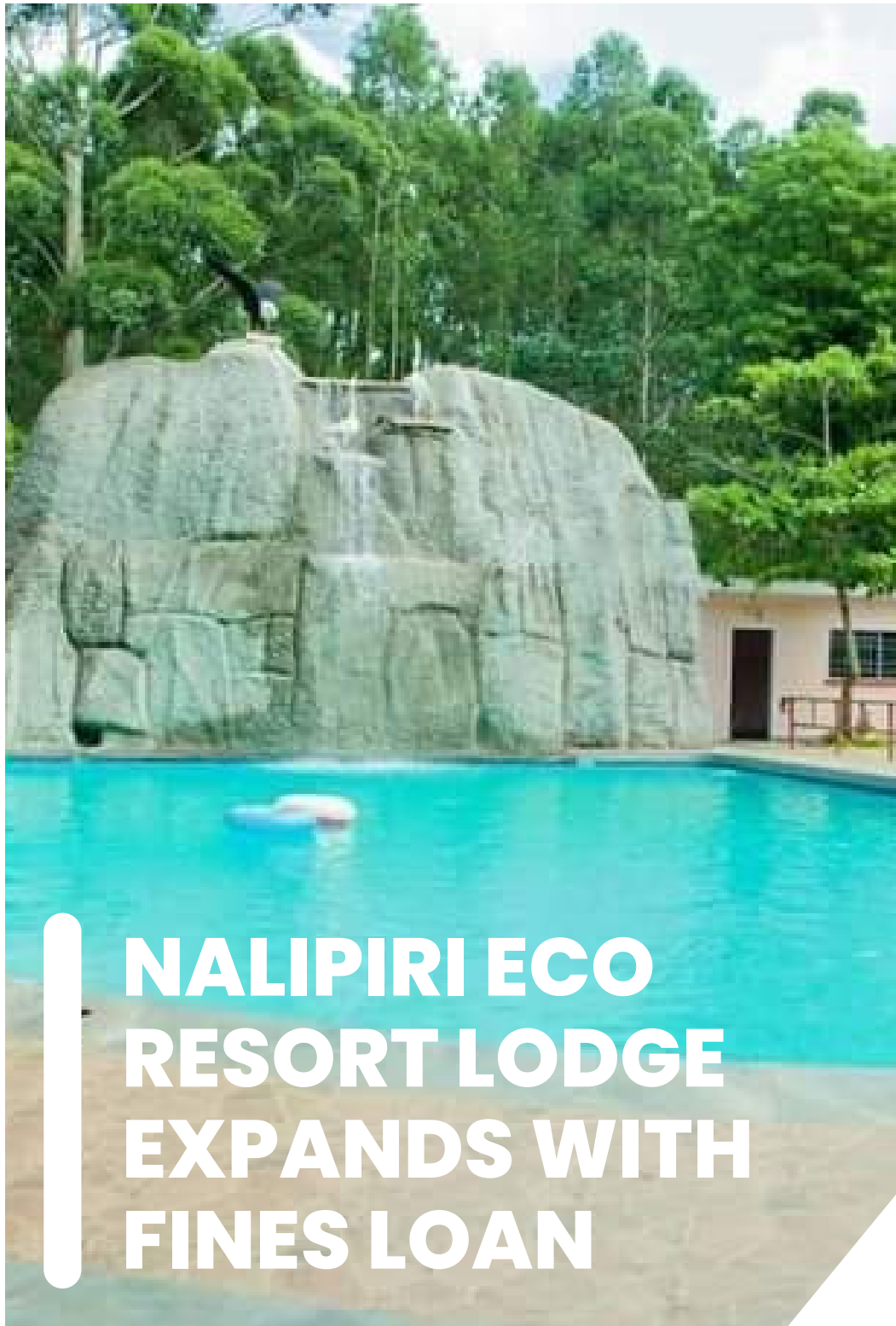




# FInES

## NEWSLETTER

October - December,  
2023 Issue



## NALIPIRI ECO RESORT LODGE EXPANDS WITH FINES LOAN

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# Message from the **PROJECT MANAGER**



Ralph Tseka

Dear Readers,

As we conclude the year 2023, we are thrilled to share the impactful narratives that have unfolded since the initiation of our transformative project. In this editor's note, we proudly present the highlights of progress and testimonials from participants engaged in the FInES training program.

It is with great pride that we announce the successful disbursement of US\$53,850,181.43 to 44,677 Micro, Small, and Medium Enterprises (MSMEs). This achievement not only surpasses our initial project target of US\$47 million for all other Participating Financial Institutions (PFIs) but also includes an additional \$13 million allocated to the Microfinance and Agribusiness Investment Company (MAIIC), showcasing an outstanding 89.8% accomplishment.

These funds have reached the hands of 30,199 women, 8,659 youth, and 5,802 men, reflecting our commitment to fostering inclusivity by encouraging greater participation from women and youth in our loan programs.

We extend our heartfelt gratitude to our esteemed stakeholders for their diverse forms of support, which have been instrumental in steering the project towards unparalleled success. It is your unwavering support that enables us to make a tangible difference in the lives of those we serve.

As we look ahead to the promising landscape of 2024, we express our deepest appreciation once again and eagerly anticipate a continued and fruitful collaboration with all our readers. Together, we embark on a journey of sustained impact and positive change.



# BEHIND THIS ISSUE

## Editorial Advisor

Ralph Tseka

## Editor-in-Chief

Pauline Mbukwa

## Contributors

Austin Chilembo

## Graphic Studio

MAKS HOUSE DESIGNS



The Project Manager  
Financial Inclusion and  
Entrepreneurship Scaling (FInES)  
Project  
Reserve Bank of Malawi  
P.O. Box 30063  
Lilongwe 3, Malawi  
01770 600

[FInESProject@rbm.mw](mailto:FInESProject@rbm.mw)



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# ABOUT FInES

Financial Inclusion and Entrepreneurship Scaling (FInES) is a five years (2020-2025) Government of Malawi project being implemented by the Reserve Bank of Malawi under the Project Implementation Unit (PIU) with a loan facility amount of USD86 million from the World Bank. The project aims at increasing access to financial services, promote entrepreneurship and capabilities of MSMEs in Malawi including addressing Covid-19 implications. The Project has four main components:

## 1 Liquidity enhancement to MSMEs

This component aims at increasing the supply of wholesale financing to the project's Participating Financial intermediaries (PFIs) and increase lending to MSMEs;

## 2 Scaling entrepreneurship and building firm capabilities

The project is providing training to entrepreneurs and firms, using a three-stage approach: psychological and technical skills, followed by measures to connect trainees with market opportunities;

## 3 Enhancing the enabling environment for supporting the financial inclusion and growth of entrepreneurs

This component aims at improving the financial infrastructure and regulatory framework to enhance financial inclusion; and

## 4 Project implementation support

Funds under this component are used to meet the costs of the Project Implementation Unit (PIU) in its capacity as the implementing entity, including costs related to fiduciary and safeguards aspects and monitoring and evaluation (M&E).

## PROGRESS HIGHLIGHTS AS AT NOVEMBER 2023

Total amount of loans disbursed to MSMEs \$53.9m

Total MSMEs reached 44,677 (30,199 women, 8,659 youth and 5,802 men)

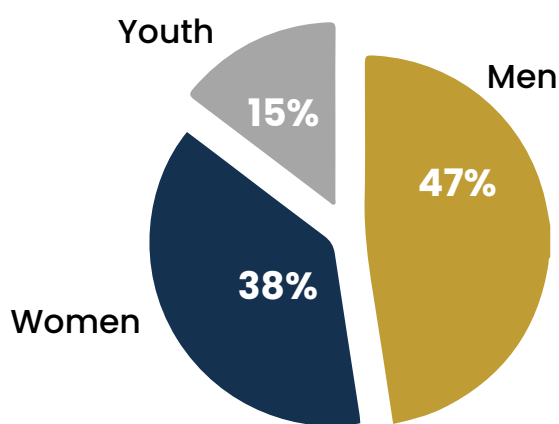


Figure 1

**Money distribution amongst beneficiaries**

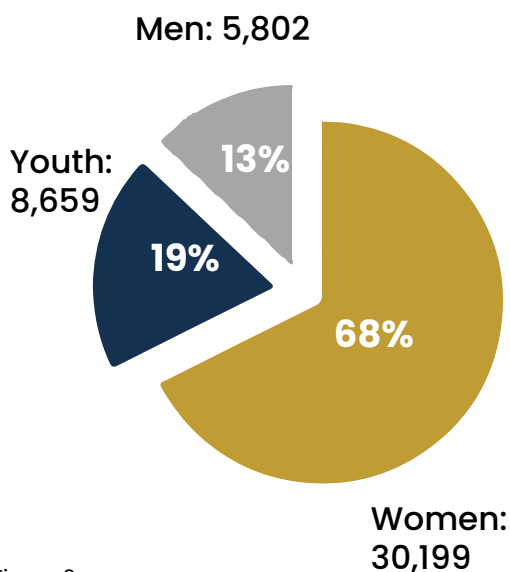


Figure 2

**Numbers of beneficiaries' distribution**

## Greening the environment with FInES

**T**HE WANTON CUTTING DOWN OF TREES and burning of charcoal by people in the community irked Clement Kandodo, 30, now the Managing Director of Ecogen from Lilongwe. He decided to come up with a solution to reduce deforestation.

Clement graduated from Bunda college where he learnt about the bio gas technology. He noted that though the technology was very effective, it was very expensive and not readily available as it was only being developed by NGO and so he wanted to make the technology to be locally available for use by farmers.

In 2018, he got trained by different companies in biogas making. He then developed a simple Biogas technology that is more affordable and user friendly. In 2021 He started selling the Biogas systems which provides clean cooking gas and bio fertilizer from wastes.

One of the challenges was to get materials which are imported from India. He applied for a loan of K100,000,000 from Malawi Agricultural and Investment Corporation (MAIIC) to get a container of materials from India. but was only granted 20,000,000 from MAIIC since he was a first-time customer.

"Since I got the loan, I have managed to improve the sales from 20 systems in 2021, to 85 systems in 2022. More people are becoming interested in the technology than before," He explained.

The loan assisted him to brand his office, procure materials and manage operations of the business. He managed to employ 2 more bringing the total to 11 permanent employees and 20 part time employees. He has partnered with Sistema Bio to reduce the price of the systems so that he can reach out to more Malawians but is looking for more partnerships for financing.

"My vision is to install 10,000 bio gas systems through carbon financing mechanism in the next 3 years. This type of financing will reduce the cost of the system from \$1,000 to \$200 and customers will be allowed to make flexible payment by installments," He concluded.



**Environmental Social Safeguard Specialist, Chisomo Gunda training the participants**





# Online Business Registration Enhancing Registrar's Office Service Delivery

## BACKGROUND

For a long time, Micro Small and Medium Enterprises (MSMEs) have been struggling to get their business registered due to the long processes involved. But with the introduction of online business registration, one can simply do the registration by a click on the laptop within the comfort of their home or business place. The online business registration system was established in 2022 with support from the Agricultural Commercialization Project with the aim to promote formal registration of farmers and businesses. Since its establishment, 21,000 businesses

have been registered including those businesses who have re-registered.

The Financial Inclusion and Entrepreneurship Scaling Project (FInES) has supported the Registrar's office with the operationalization of the system, training of staff, and sensitization of the masses in the utilization of the system.

## THE IMPACT

According to the Deputy Registrar General, Joseph Chintolo, he said the online business registration system has transformed the way business was being done traditionally.

"We are able to do an audit trail, if someone wants to confirm the

authenticity of the certificate, they can do the verification using a QR code that appears on the certificate. This reduces the cases of fake certificates, because apparently there are fake certificates on the market," he explained.

The system has also reduced cost of transport, because in the past people used to travel from as far as Chitipa to register their businesses. Online registration has significantly reduced the length of time members used to spend at the registrar's office to be served.

The volume of business applications keeps on increasing because people can apply from

anywhere. The system is interfaced with the National Registration Bureau so that when one puts their national Identity number, the system validates. The system is also linked to Malawi Revenue Authority, so when one registers his or her business, they have to put their Tax Payers Identification Number (TIN). So MRA is able to track businesses that are in operation, and if one does not have a TIN, the system takes them to the MRA page to get the TIN.

“The system will also help in generating more revenue because there will be no proliferations. Currently the system has enabled the RG’s office collect revenue amounting to MK300 million. This is expected to increase when we do mass awareness of the online business registration,” Chintolo concluded.

One of the users who successfully registered the business, Counsel Isaac Kachale said the system is very good as it is convenient and cost effective and also reduces cases of bribes but there is need to improve on the back-and-forth processes in regard to connecting to MRA and NRB as this may put off the user to



*Deputy Registrar General Joseph Chintolo*

opt to do it physically.

“The registration of trust is also taking long to do online so this is an area that needs improvement so that it should not take time to register online. So, if the system can be improved, it will encourage more people to register online and this can further reduce the issues of bribes,” Kachale explained.

FInES Business Development Specialist, Richard Zidana, said the online business registration is the most efficient and effective system for promotion of formal businesses because banks and other financial institutions require businesses to be registered formally.

“We need more businesses to register. When businesses register formally it is easier for them to be linked to opportunities. However, there is need to make the system user friendly for the customer because some customers are not digital literate. There is need also to have more modes of payment as currently one has to go and pay through FDH bank only,” Zidana explained.

## CHALLENGES AND WAYFOWARD

“Currently we are only using FDH bank for paying for the registration, so we see this as a challenge for those who do not have an account with FDH, it means they have to go and pay physically. However, we are now working on this so that payment can be made instantly from any other bank or mobile money alternatives. We are also open to more feedback to improve the system before it is launched in September, 2023.

“In terms of staff, initially it was not easy because new technology brings challenges so we trained the staff, overtime the staff are now able to use the system. However, there is need for more sensitization on the part of the users to promote awareness and utilization of the system,” Chintolo concluded

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# FInES loan excites groundnut processing company

**C**ECILIA RICE, the visionary founder and Managing Director of Estrell Trading, navigates the challenging realm of business with remarkable acumen and determination, defying the male-dominated landscape at an enviable pace.

“Estrell Trading, under Cecilia’s leadership, is a diversified group of investment ventures specializing in groundnuts processing, bottled water, and briquettes crafted from groundnut residues. A visit to her establishment reveals a substantial commercial enterprise boasting state-of-the-art infrastructure and cutting-edge machinery.”

“In November 2012, armed with a modest sum of K65000, Cecilia kickstarted her entrepreneurial journey, leveraging her expertise gained as a marketing officer for a cooking oil company. Dissatisfied with stagnant wages, she sought to channel her knowledge into establishing her enterprise.”

“Recognizing the untapped potential in groundnut flour processing, Cecilia meticulously researched and identified a gap in the market. Armed with confirmation of demand from retail shops, she embarked on a quest for capital. A K1 million salary-based loan from NBS Bank marked her entry into actual operations, processing groundnuts into ‘Nsinjiro’ for supply to Peoples Shops.”

“Despite facing capital constraints hindering growth, Cecilia secured



*Cecilia Rice the Managing Director and Owner of Estrell Trading in front of the groundnuts she has purchased with FInES loan*

additional financing, allowing for the expansion of infrastructure and acquisition of machinery for groundnut processing into peanut butter. Capital challenges persisted, leading her to recycle revenue and resort to monthly stock purchases, battling rising prices.”

“A turning point came with the FInES loan from NBS Bank, securing K150 million for Cecilia’s burgeoning enterprise. This influx of capital enabled the purchase of significant volumes of groundnuts, filling her warehouse and ensuring consistent production for the coming year.”

“However, Cecilia laments the limitation on growth due to the overwhelming demand for peanut butter and groundnut flour. With the capacity to employ up to 95 individuals and support 2,500 farmers, Estrell contributes

significantly to the local economy. Additionally, the plant diversifies into producing by-products like low-grade roasted groundnuts and briquettes from groundnut shells, promoting environmental sustainability.”

“The FInES project, led by Project Manager Ralph Tseka, is making a significant impact, reaching over 29,000 women, 6,000 youth, and 4,000 men. Tseka highlights the project’s success in meeting the high demand for flexible, low-interest loans among SMEs, expressing hope for additional funds from the World Bank.”

“The FInES initiative aims to provide affordable loans to Micro, Small, and Medium Enterprises, fostering growth, building business capacity, and aiding businesses affected by the Covid-19 pandemic through recapitalization.”





*A glance of the additional 8 hectares of banana with FinES loan*



# Natures Gift farm gets a boost in banana production with FinES

**B**ANANA is a very nutritious fruit, can be eaten raw or cooked. Although it has nutritious benefits and is in demand, the production is still very low. Malawi imports more than 20 metric tonnes every month, this causes burden on forex. Malawi has the potential to produce our own bananas and meet the demand on the local market.

This is what motivated the owner and Managing Director of Natures Gift farm, Guy Pickering to start banana farming in 2018. He started with 18 plants only but now has increased to 2200 plants.

Pickering who is also the owner of Kumbali Lodge said the implications of Covid-19 affected the tourism industry in 2019/2020 so he concentrated on the banana farm. He initially had 20 hectares of land for banana farm but last year

increased the acreage by 8 hectares with the K250 million loan he got from NBM Development Bank.

“Malawi is importing a lot of bananas everyday; it pains me to see 30 tonnes of trucks importing bananas when we should be producing bananas locally and save forex,” Pickering bemoans.

Natures gift sells the bananas locally to the surrounding community of whom 90% are women, local markets like Mchesi through vendors. The farm is also selling to big shops namely Chipiku and Food Lovers.

## THE IMPACT OF THE LOAN

“With the FinES loan, we increased the land by 8 hectares and we have also managed to buy a micro irrigation system which enables us to produce bananas in dry season (March to September).”

The anticipated additional annual

income from the 8 hectares only is estimated to be around \$28,000. Currently the daily sales range from K1 million to 1.5 million. Monthly gross is around K60 million.

“We also employed 30 more employees specifically under the FinES loan bring our total employees to 90 for the banana farm. The labour wage for the extra employees has increased by K24 million.

Apart from creating job opportunities, we also offer free training to individuals or groups of farmers who are interested to learn about banana production.

“By the way the Ministry of Agriculture extension workers also benefit from our agricultural advisory on banana production.

## THE CHALLENGES

According to the General Manager of Natures Gift, Ian D’heygere is zero incentives for agriculture citing that farm equipment is very expensive and that although government promotes exports, the process is practically impossible for SMEs.

He therefore recommends that government should subsidize farm equipment, and make the export procedures easier.

On the issue of importation of bananas, D’heygere recommends that it is high time government can put some controls so that the country should import less and produce more.

“We applaud NBM Development Bank Limited through FinES for allowing us to do huge investment in Agriculture. Such flexible loans should continue so that businesses can grow. World Bank should continue supporting FinES. I would also urge those people who borrowed to pay back so that more people can benefit from the facility,” Pickering said.

Looking into the future, Pickering says he is not yet there, he plans to expand more acreage because there is still huge demand that is not being met.

“I am very hopeful that we can still get more support in order to reduce importation of bananas that drains forex reserves” Pickering concludes.





Financial  
Inclusion And  
Entrepreneurship  
Scaling Project

**“This year my bank offered me a loan opportunity, and although I collected all the required documents, including the contract, I decided to withdraw. Recognizing the importance of personal development, I felt that training was more crucial for me at the moment. Now, with the FInES capacity building program, I can see myself more confident and growth-oriented due to the valuable knowledge and skills I am acquiring.”**

**GLORIA MOYO**

Director of Gloriea Supplies  
and Gloes kitchen



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# FInES loan boosts Tamis Restaurant

**F**RANSISCO KALUWA had passion in cooking but never did she dream of operating a busy restaurant that serves hundreds of people a day, spending over K1 million on cooking materials.

With that huge capital requirement, she would struggle without some hand holding. Francisco is thankful to FInES for boosting her business with K17 million flexible loan through Centenary Bank.

“That loan helped me to buy materials up front because sometimes it’s really busy here and I need to have cash up front. My contract demands that I serve and issue invoices for payments and that means I don’t have much daily cashflow but I have to serve daily without fail,” she said.

Tamis Restaurant operates the cafeteria at Malawi University of Business and Applied Sciences (MUBAS) at the senior common room.

“I didn’t start from here at the senior common room. I used to operate at the junior common room but had to be promoted after serving for a while. That is a sign of growth because at the senior common room we serve senior staff and the products and services have to be of good quality” she explains.

Her catering service journey started in 2015 when she ventured into a business she had never thought of. It was her husband advised her to approach Agma House authorities to operate a cafeteria after a previous operator had closed. He knew that she had the passion of cooking.

“I wasn’t sure I would do it, given the demand of work that I anticipated. but when I started it didn’t take long before catching up and I was even serving people on credit. That helped me in planning, making sure I had materials all



*Francisco Kaluwa Director of Tamis Restaurant*

the time despite being paid monthly,” she says.

In 2017 things got more interesting when an opportunity arose at MUBAS. She made sure the business was properly registered with all the documentations intact when she joined the bidding process to operate at MUBAS. She was successful.

“At first it was very challenging because I had to bring equipment and that was capital intensive. I only found furniture in the cafeteria but in the kitchen, there was nothing. Luckily, I had some savings from the previous place so I managed to buy most of the items to start operating,” she recalls.

Before FInES, Francisco used to earn K2 million on weekly sales, but this has increased to K7 million.

Today she is happy she has achieved a new milestone, as she is expecting to relocate to a bigger place across the road where she will not only serve MUBAS staff but also outsiders.

“It’s a bigger place, more spacious

and will need more equipment. I will be glad to operate from there because I will serve more customers and that will definitely boost my business.

She is currently employing seven people and mentions that sometimes she has to use her home for cooking when things get very busy. But she is hopeful that all this will be history when she moves to the new place.

Faliot Amanzi is Centenary Bank’s Senior Supervisor at Limbe Branch and his job involves selling products to SMEs.

“Part of my job is to sell products at the bank to the SMEs including the FInES loan product as you see and so far, the reception has been good. We have also increased our customer base who are also accessing other services from the bank,” he explains.

It is clear that the FInES loans are doing wonders, not only to the primary targets, the entrepreneurs, but also the banks are contributing towards financial inclusion for all.



**J**UST AFTER ONE YEAR of operating the business, Laurine Chitonya the Director and owner of Aleto Auto Parts shop in Limbe, Blantyre, managed to obtain a bank loan to boost her business.

She started the business in 2019, at the peak of Covid 19 pandemic, and things were not very easy but she strived to keep afloat, operating a small spare parts shop that was making less than K100 000 a day in sales.

It was so clear to her that she needed some boosting to stock most of the spare parts that customers frequently asked for in order to increase the sales but capital was a challenge, and to think of a bank loan with the prevailing rates was a non-starter as it would strain the business, because that meant paying back the loan at high interest rate.

Things turned exciting a year after. Centenary bank which was formerly “Mybacks Bank” informed me about the Financial Inclusion and Entrepreneurship Scaling (FInES) loan product with low interest rate and I got interested,” she recalls.

She became one of the earliest beneficiaries to access FInES loans when she took K10 million in 2021. “The bank looked at my account performance and gave me K10 million loan which I used to stock my shop and things just improved overnight, making more sales and growing revenue.”

After six months she was further given K17.3 million following an excellent loan servicing, growing the business further and now is making up to K1.7 million sales a day, a dramatic jump from less than K100 000.

## Aleto Auto Parts Rising above the economic storms with FInES loan

However, operating in an environment with a myriad challenge, the business now faces forex issues as it requires \$50 000 every three months and accessing that amount consistently is not easy.

While efforts are underway by authorities to address the forex challenge, Aleto Auto Parts is at least relishing the glory of FInES boost which has catapulted the business to greater heights. Even the husband of Laurine quit a job at a bank to join his wife run the business.

“I managed to also employ seven people, some are domestic workers, but they are all supported by this

business,” she adds.

Now, she is looking further, seeing the business expand to have several outlets in different parts of the city, even beyond as she plans to attempt a K100 million loan application. With excellent loan performance, so far, this is not a far-fetched dream.

Her story is a testimony of how supporting small-scale businesses can turn them into bigger ones with more impact on the economy and that is what Reserve Bank of Malawi through FInES project with support from the World Bank envisaged developing the initiative.



*Laurine Chitonya in her shop*



# Nalipiri Eco Resort Lodge Expands With Fines Loan



*Nalipiri Lodge view from the pool*

**S**CARS AND BAD MEMORIES OF COVID 19 DEVASTATION are still fresh as 2019 and 2020 emerged the worst nightmare to several businesses, more especially in the tourism sector which lost tens of thousands of jobs and still has some outfits closed.

Nalipiri Hotel in Mulanje was opened a year when Covid 19 emerged, 2018. According to Managing Director Linda Namalomba, they started with 10 rooms, a restaurant and a bar.

Situated two kilometers from Chitakale roundabout, Nalipiri Eco Resort lodge lies at the foot of the beautiful Mulanje mountain, in Mulanje. Nalipiri lodge aims to provide lodging, conferencing and also provide eco-tourism services for tourists.

“By 2020 the business was down due to government measures on Covid 19 restrictions which affected us a lot,” she recalls.



*Nalipiri MD Linda Namalomba*

It was on and off since then as the restrictions were relaxed and imposed again in respect of the trend of the pandemic. However, Nalipiri Hotel kept going with resilience while some fell off the slippery operating environment.

According to the Managing Director of the lodge, Linda Chrissie Namalomba the lodge initially had problem of space for accommodation and conferencing thus was not able to meet the demand from clients.

“We got a relief in 2021 when

I accessed FInES loan amounting to K100 million through National Bank which helped us on expansion project to construct 20 more rooms and additional facilities. We also refurbished and refurnished the old rooms to look modern,” she explains.

However, as if Covid was not enough, the business was further hit by Cyclone Freddy drawing them down and affecting the momentum after recovering from the pandemic.

Luckily, the business received another 6 months moratorium during which their loan repayment was flexed to give them some breathing space just like it was during the pandemic period.

Another reliever is the fact that the FInES loans have fixed rates. Despite the prevailing high inflation rate and the recent devaluations that have pushed up interest rates in the commercial banks, those that accessed the FInES loans are still paying back the loans using the subsidized rates.

However, not all is smooth at Nalipiri, their expansion drive has been hit by currency devaluation that has pushed up the cost of construction .

This means more funds need to be raised to complete the new building and its 20 rooms as the initial K300 million initial projected cost is way less now.

The loan was used to increase accommodation and conferencing space; procure a large industrial generator and additional furniture and also complete a top-deck veranda for spectacular tourist sight-seeing – at the foot of Mulanje Mountain.

The FInES loan has increased the accommodation rooms from 23 to 40. Initially the lodge had 3 halls but now has 7 conference halls; led to an increase in the tourists by 70 percent.

# ACCESS FinES LOANS FOR YOUR FINANCIAL NEEDS

## HOW CAN I ACCESS FinES LOANS?

To access a FinES loan, here is what you need to know:

- 1** You can access FinES loans through any of the participating financial institutions (PFIs) listed below.
- 2** Some PFIs require a loan application letter, while others provide an application form.
- 3** The PFIs will guide you through the application process.

***The following are the PFIs which are currently participating in the FinES Project:***

*Centenary Bank Limited (formerly, MyBucks Banking Corporation)*  
*Standard Bank*  
*NBS Bank Plc*  
*NBM Development Bank*  
*Malawi Agricultural and Industrial Investment Corporation (MAICC)*  
*COMSIV*  
*NEEF Limited*  
*Wealthnet Finance Plc*

*Saile Financial Services*  
*Microloan Foundation*  
*FINCA Malawi*  
*Business Finance Solutions*  
*CUMO Microfinance*  
*Vision Fund Malawi*  
*Mzinda Sacco*  
*United Civil Servants Sacco*  
*Sucoma Sacco*  
*Mudi Sacco*  
*Dedza Community Sacco*  
*Sunbird Sacco*  
*Tipindule Sacco*  
*Malawi Police Sacco*  
*BL Financial Services*  
*Pinnacle Financial Services*  
*Binisons Credit Agency*

## UPCOMING EVENTS

- Townhall Meetings
- FinES Technical Working Group Meeting
- Media Tour
- Training of MSMEs -on-going activity
- Microfinance Network Lakeshore conference

## CONTACT

The Project Manager  
Financial Inclusion and Entrepreneurship  
Scaling (FinES) Project

Reserve Bank of Malawi  
Convention Drive  
P.O. Box 30063

Lilongwe 3, Malawi  
01770 600  
[FinESProject@rbm.mw](mailto:FinESProject@rbm.mw)