



FInES

NEWSLETTER

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**EMPOWERING
WOMEN AND
YOUTH:
Kwithu Kitchen
Generating Job
Opportunities**

Message from the **PROJECT MANAGER**



Ralph Tseka

Dear Readers,

Welcome to the vibrant pages of the second edition of our FInES quarterly newsletter! We are delighted to share powerful stories that exemplify the transformative force of the Financial Inclusion and Entrepreneurship Scaling (FInES) project.

In this edition, you will meet Dr. Ann Keys Msowoya, a visionary entrepreneur whose story embodies the very spirit of FInES. Driven by her passion and supported by a crucial loan from the Malawi Agricultural Industrial Investment Corporation (MAIIC), she has not only realized her dreams but has also become a catalyst for change in her community. Through her endeavors, jobs have been created, and hope has been restored, illustrating the profound impact of entrepreneurship when fueled by strategic financial support.

These narratives of resilience, innovation, and triumph underline FInES' commitment to fostering economic growth, enhancing capabilities, and addressing the challenges posed by the ongoing Covid-19 pandemic. The project, backed by an USD 86 million loan facility from the World Bank, is not just a financial initiative; it's a testament to the transformative power of human potential.

As you delve into these stories, we invite you to be inspired, enlightened, and motivated. Your support and engagement are vital in shaping a future where entrepreneurship flourishes, barriers dissolve, and dreams find wings.

Thank you for joining us on this meaningful journey. Happy reading!



BEHIND THIS ISSUE

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the icons*

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 SEPTEMBER 2023

The project has disbursed MK 47,311,951,941.25 to 40,887 MSMEs.

| | |
|--------------|--------|
| Women | 28,888 |
| Youth | 7,159 |
| Men | 4,840 |

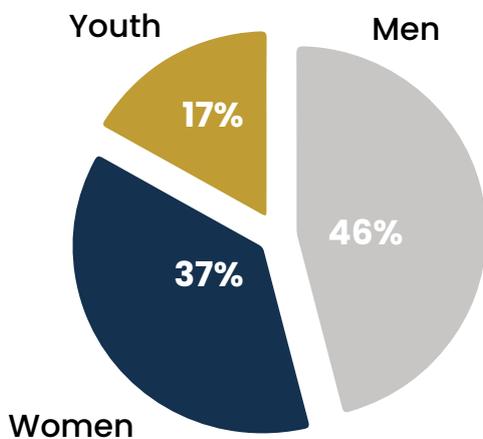


Figure 1

Money distribution amongst beneficiaries

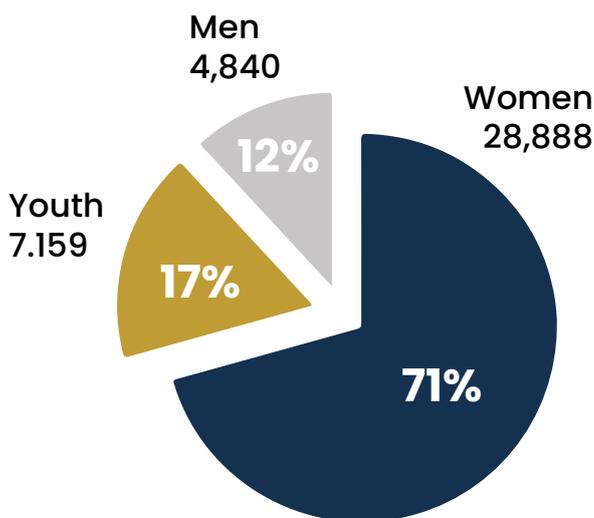


Figure 2

Numbers of beneficiaries' distribution

Banks and Microfinance Institutions trained in environmental and safeguarding issues

THE Financial Inclusion and Entrepreneurship Scaling Project is actively training loan officers from commercial banks, development finance institutions, and microfinance institutions in Environmental and Social Safeguards to ensure the protection of the environment and the people it serves.

During the training's opening, FInES Project Manager, Ralph Tseka, emphasized the project's dedication to conducting activities in accordance with the Environmental and Social Framework of the World Bank and the Malawi Government Environmental and Social Protection Legal Framework. Tseka stressed the seriousness of Environmental and Social Safeguards, noting, "Environmental and Social Safeguards is relatively a new phenomenon and some of the financial institutions do not take the issues of environmental social safeguards seriously."

Chisomo Gunda, the FInES Environmental Social Safeguard Specialist, highlighted the World Bank's environmental social framework, designed to assist borrowers in managing project risks and improving environmental and social performance. Gunda emphasized, "We want all the banks and participating microfinance institutions to finance businesses that will not degrade the environment and not cause harm to people."

One of the participants, Monica Mandozo, a Credit Administration Officer for Malawi Agricultural Industrial Investment Corporation (MAIIC), expressed gratitude for the training, stating, "We now understand the importance of compliance to the environmental and social safeguards. We have learnt the importance of responding to grievances timely and ensuring that the funds are going to the right businesses which comply to the environmental and social safeguards."



Environmental Social Safeguard Specialist, Chisomo Gunda training the participants



FROM SMALL STEPS TO **BIG STRIDES:**

FINES Fuels Your Business Journey!



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Kwithu Kitchen Creating More Job Opportunities For Women And Youth

THE NAME KWITHU is a Tumbuka word, which means ‘our home.’ The owner and founder, Dr. Anna Msowoya-Keys, is a proud Malawian and decided to name it in her native tongue. She initially started Kwithu Community-Based Organization with 20 women in 2004 because she saw how most families were struggling after the HIV & AIDS epidemic wiped out many caretakers and left orphans behind. It was the elderly taking care of the children, and people were lacking basic necessities like food and education. She felt sorry for how children in her community were becoming malnourished.

The CBO, which started by feeding 20 children, is now providing for 350 children. The CBO operates from an expansive and well-built permanent community center and provides a wide range of essential social, health, educational and economic empowerment services to a population of more than 23,000. This includes an Early Childhood Development program that runs throughout the academic year and a feeding program that runs three times a week, every Monday, Wednesday, and Friday. Later on, looking at



Workers at Kwithu Factory inspecting the honey product for quality assurance.

the greater need for resources, they established Kwithu Kitchen in 2013 with the aim of preserving the tomatoes used in the feeding program and generating income for the operations of the CBO.

“We started with processing one tonne per week, and now we process two to four (2-4) tonnes per week, creating a market for tomato farmers. Kwithu Kitchen has invested in agricultural extension by ensuring that the growers understand good agricultural practices to produce high-quality crops. Kwithu Kitchen now processes tomato puree, chopped tomatoes, tomato jam, tomato sauce, and Kambuzi hot chili

sauce.”

Kwithu Kitchen then added honey to their product offerings after noticing the high demand for pure honey from customers.

“We started with 2 tonnes, later 12 tonnes, and now we buy 50 tonnes of honey. Kwithu Kitchen has Nyika Premium honey from the areas in and surrounding Nyika National Park and Wild Mountain honey from Mzimba, Karonga, and Nkhatabay. The demand for honey is very high, and our plan is to purchase 80 tonnes of honey this year. We also invest in building the capacity of the farmers by training them in beekeeping and providing our women bee-keeping



Kwithu factory tomato storage

clubs with a starter pack which includes smokers, beehives and bee suits.”

Kwithu Kitchen employs 30 people and, in addition to this, creates a market for 3000 smallholder farmers, with 60% being women and 40% men, and 1000 honey producers.

“Access to finance is one of the hurdles that most MSMEs face in Malawi. Most of us do not have assets that the bank requires as collateral, and the interest rates are high, which often discourages people, especially women. The interest on FInES loans is much lower compared to normal loans.



Workers at Kwithu Factory diligently conducting quality checks on the tomato sauce product to ensure top-notch standards.

What I like most about the FInES loans is that they support us with consultants who help us in the whole process.

“Kwithu Kitchen’s products have really helped Malawi during this time as we are facing a foreign exchange problem and are unable to import similar products from other countries. We would like to apply for more loans because we want to meet the demand. I know FInES is coming to an end, but policymakers have to consider the impact of the project over the last three years and think about extending it.”

The Acting Chief Executive Officer of Malawi Agricultural Industrial Investment Corporation (MAIIC), Lloyd Banda, said that to qualify for the FInES loan, one needs to have a registered business with the Registrar General and be registered with MRA for tax compliance. The aim is to support more businesses in value

addition because when supporting Kwithu Kitchen, they are creating a market for cooperatives, so they look at such linkages when supporting MSMEs.

The Project Manager for FInES, Ralph Tseka, mentioned that the project is making an impact in creation of jobs and a market for



Dr Anna Msowoya

cooperatives. He also said people’s livelihoods have improved, women who struggled to have access to loans have managed to access finance and are able to provide for their families.

“Our message is that the MSMEs who have accessed the loan must remember that they have an obligation to pay back the loan so that more people can access the facility,” Tseka explained.

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Dr Anna Msowoya Keys with members of Kwithu CBO



TURNING ASPIRATIONS INTO ACHIEVEMENTS:

FInES Making Youth Dreams Come True!



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FInES Making Dreams Become a Reality for Youth

THE economic growth of a nation is determined by the productivity of the youth who constitute a large percentage of the population. The 2018 Population and Housing census also shows that 51% of the population is below 18 years. Although over half of the population is largely youth, they are facing many challenges such as unemployment and lack of access to finance, among others.

29-year-old Chuma Mkandawire is the Director and Owner of Chikomanyama Estate which is about 200 hectares. It is situated near Kazuni in Mzimba, about 72 kilometres away from Mzuzu. His journey of farming started in 2019 when he was in high school. He used to accompany his father to the farm. While he was doing his vocational training in Gemology and

Lapidary, he used to visit the farm often. After completing studies, he started farming on a land that he had acquired from his family.

Although Chuma had land, he did not have the money to venture into commercial farming. He tried knocking on the doors of several financial institutions but was



Some of the unshelled groundnuts ready for the market

not successful. When he heard about the FInES loans that the Malawi Agricultural and Industrial Investment Corporation (MAIIC) is providing to MSMEs, he approached MAIIC for the loan MAIIC saw potential in his business and provided an initial loan of K20 Million kwacha to him.

“It was a dream come true for me, as most institutions do not trust youths when it comes to accessing finance,” he explained.

Chuma grew CG9 groundnuts variety on 20 hectares of land. He bought a groundnut plucker that has helped him to cut the cost in labour. He managed to harvest 13 tonnes of unshelled groundnuts. He did not struggle with the market because he had a contract with Pyxus Limited.

“My dream is to be a successful commercial farmer. I want to invest into mechanization and irrigation farming which will help me to expand in terms of acreage”.

This year Chuma has repaid the whole K20 million loan and applied for another loan of K30 million which has been approved.

“I now want to increase the acreage to 25 hectares for groundnuts and 25 hectares for maize. I am only still far from realizing my dream, I can do greater than this if I can access more finance. I would like to thank Maiic for believing in young people with dreams like me, I would also like to encourage fellow youth to stay focused on their dreams and work hard to make them become a reality

Chuma is among the 7,150 youths who have benefitted from FInES loans.



Chuma Mkandawire, Director and Owner of Chikomanyama Estate



EMPOWERING YOUTH, SHAPING FUTURES:

FInES Paving the Way for Youth Entrepreneurship!



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Diana Singano outside her shop

From A Hawker To A Wholesale And Retail Trader

DIANA SINGANO, a resilient entrepreneur, has been navigating the intricate world of business in Dedza, a bustling town in the heart of Malawi, for 18 years. Her journey, like that of many businesswomen in the country, has been marked by financial challenges and unwavering determination.

Diana's entrepreneurial spirit first took root in a small bench at her home, which eventually blossomed into a hawker's shop. However, her initial setbacks included the destruction of her shop by the Dedza city council due to illegal vending. Undeterred, Diana pressed on. In 2006, she found an opportunity to rent a space at Dedza trading center. Here, she ventured into various products ranging from food and cosmetics to groceries and utensils.

Her first lifeline came in the form

of a MK20,000 loan from FINCA, facilitated through a group. This boost allowed her to expand her inventory, despite the challenges of adapting to a new environment and facing false rumors spread by competitors. Overcoming these obstacles, Diana built her reputation and clientele, proving the naysayers wrong.

In 2022, she seized the opportunity presented by FInES loans, which offered lower interest rates. Diana applied for a MK2 million loan, substantially increasing her capital to diversify her shop's offerings. The impact was transformative; her daily sales skyrocketed from MK10,000 to an impressive MK150,000.

Diana's ambitions now soar higher. With her sights set on establishing a superette, she plans to apply for additional funding once she repays her current loan. Her optimism shines through as she envisions visitors

leaving her future store, their arms laden with goods and smiles on their faces.

Her gratitude is profound, directed towards FINCA, which she credits for not only sustaining her business but also enabling her to support her son's education at Lilongwe Technical College. Justice Zozie, the Branch Manager at FINCA in Dedza, acknowledges the remarkable strides made by women like Diana. He emphasizes FINCA's commitment to empowering women, facilitating their access to loans when traditional banking avenues prove challenging.

Diana's story is a testament to her resilience, the support of organizations like FINCA, and the transformative power of determination. In the heart of Dedza, she stands not just as a businesswoman but as a beacon of inspiration, lighting the way for others to follow.



**FROM
PASSION
TO PROFIT:**
FInES Inspires
Women to Lead,
Achieve, and
Thrive!

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Mzinga Incubation Program Eyes Small And Medium Enterprises On The Malawi Stock Exchange

RESERVE BANK OF MALAWI DEPUTY GOVERNOR, William Matambo has urged businesses people to seize opportunities in capital markets. He said sustainable growth of a business, requires patient and affordable capital which can only be accessed through the capital markets.

“Through the Mzinga incubation program, businesses will be provided with knowledge and technical skills on how they can enhance the readiness of Small and Medium Enterprises (SMEs) to list on the Malawi Stock Exchange (MSE) under the Enterprise Development and Growth Exchange (EDGEEx) platform. This platform is being presented for your use because we believe that as businesses you hold the key to unlocking growth of our private sector,” he said.

Matambo made the remarks during the launch of Mzinga incubation program which attracted over 50 SMEs in Malawi.

In his speech, the Project Manager for Financial Inclusion and Entrepreneurship Scaling Project, Ralph Tseka said although MSMEs contribute significantly to the economic growth of our country, they



FinES Project Manager Ralph Tseka

face a lot of challenges; one of them is lack of access to finance hence FinES project aims at increasing access to financial services, promoting entrepreneurship and capabilities of MSMEs in Malawi including addressing Covid-19 implications.

He said the project has four components and Mzinga incubation program is aligned to component 3 of the project which aims at

enhancing an enabling environment for supporting financial inclusion and growth of entrepreneurs.

“It is our hope that SMEs will take up the opportunity to raise capital through listing on MSE,” Tseka said.

In his opening remarks, MSE Chief Executive Officer, John Robson Kamanga says one of objectives of the stock exchange is to provide the platform for

raising capital from the general public and secondary trading of financial products. The MSE has demonstrated in providing this service to the general public where an amount of MK97.4 billion have been raised through either equity and bond issuance and listing of the same on the Exchange.

He however bemoaned that since MSE established the Alternative Capital Market in 2007, none has listed on the platform, hence this initiative of the Mzinga project targeting SMEs through handholding to enable them list on the same which is currently known as Enterprise Development and Growth Exchange (EDGE_x).

“Some of the reasons that tend to limit or discourage SMEs from accessing stock markets are fear of losing ownership of their business and inexperience or lack of knowledge on capital markets,” he explained.

Kamanga said the MSE has

demonstrated its capability and drive of wealth creation to the Malawian population where some Malawians have become Billionaires by investing on the Malawi Stock Exchange.

“The MSE has registered a Return on Investment of 75% which shows that by investing on the stock market you are able to hedge against both inflation and the kwacha depreciation”

According the Board Chairperson of MSE Board, Professor Kamwachale Khomba, the name Mzinga as a word has various meanings attached to it within the different contexts and environments it is used. In Swahili, Mzinga represents a beehive where small bees find shelter and produce honey. Whilst in Chichewa, Mzinga refers to a weapon.

“We believe that the Mzinga incubation program is a weapon that will foster growth of the private sector and produce sweet results for

everyone involved.

The incubation program aims to build the capacity of SMEs in matters of corporate governance, business management, financial reporting, legal compliance and preparation of listing documentation, among others.

“We as a Stock Exchange understand that we cannot have a thriving private sector if businesses cannot access patient and affordable capital. We can confidently challenge you that this program is a breakthrough in that it will turn around the fortunes of your businesses by packaging them as bankable projects capable of listing on the Malawi Stock Exchange,” Khomba explained

The Mzinga incubation program is being implemented by the MSE with funding from the World Bank through the Financial Inclusion and Entrepreneurship Scaling project (FinES). It is aimed at improving access to patient and affordable capital for SMEs.





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FinES Training Connects You to Market Opportunities!



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Repay loans to help others



Business Development Specialist, Richard Zidana making his opening remarks

CHITIPA DISTRICT COUNCIL chairperson Towera Munyenembe has asked Micro, Small and Medium Enterprises (MSMEs) in the district to repay loans under the Financial Inclusion and Entrepreneurship Scaling (FinES) to help other beneficiaries to uplift their socio-economic livelihood.

Munyenembe said this on Wednesday at Chivanja ground in the district during the launch of townhall meetings aimed at creating awareness on the FinES project to enhance their knowledge and strengthen the relationship between the MSMEs and the participating financial institutions.

She said: “MSMEs in Malawi face so many challenges such as

lack of access to finance and lack of capacity to grow their businesses. I am aware that this project was designed to address these gaps through increasing access to financial services for MSMEs, promoting entrepreneurship and capabilities including addressing Covid 19 implications.

“And the theme for the launch, “Increasing Access to Finance and Improving Entrepreneurial Capacity for Inclusive Growth and Sustainable Development augurs well with the approach of not only focusing on access to finance but also building the capacity of MSMEs so that their knowledge and skills are enhanced. Therefore, I commend the project for reaching out to rural people who struggle to access loans. So, let me implore those people not to default any loan payment”.

On his part, Senior Chief Mwabulambiya echoed Munyenembe’s sentiments, saying government has introduced the project for the ultra-poor business community to uplift their economic status hence the need to pay back because that’s the essence of revolving funds.

Taking his turn, Malawi Union for Small and Medium Enterprises (MUSME) chairperson Lexon Kachala urged the SMEs to form and join associations to enhance business growth and development.

“Through associations, we can bargain through relevant Ministries for land for construction of infrastructures such as hotels and bargain for farming equipment which will also enhance our chances of financial support”.

In an interview, FinES project business development specialist Richard Zidana expressed satisfaction with the outcome of the meeting, saying having disbursed loans through commercial banks, SACCOs and financial lending institutions the project needed an interface with beneficiaries.

He said: “We started disbursing these loans from 2021 but we needed to engage beneficiaries to get the voice of encouragement and to enable them understand the objective of the project more especially the component of capacity building which has training in business management skills, access to finance and markets”.



YOUR LOAN REPAYMENT CREATES OPPORTUNITIES:

FInES - Where Every
Payment Powers Someone
Else's Success!



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PICTORIAL FOCUS



1 Group discussion during media orientation in Blantyre

2 Traditional dance in Chitipa

3 Group photograph with Karonga District Council staff

4 Chief Mwalumbiye making his welcoming remarks during the Chitipa Townhall meeting

5 PIU staff listening to Kwithu staff

6 FinES Project Manager Ralph Tseka



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

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