



FinES

NEWSLETTER

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Issue



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OF MALAWI



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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).

BEHIND THIS ISSUE

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the icons*

Message from the **PROJECT MANAGER**



Ralph Tseka

I am excited to share with you our 2nd quarterly newsletter in 2024. In this issue, we share with you some of the success stories from the beneficiaries who are contributing to the growth of the economy in various sectors that include agriculture, health, manufacturing, wholesale and retail trade.

The Financial Inclusion and Entrepreneurship Scaling (FinES) Project continues to make impact to the economic growth of both individuals and the nation. As of May 2024, A total of US\$58 million has been disbursed 45,227 MSMEs (30,672 women, 8,677 youth and 5,878 men) through 33 Participating Financial Institutions (PFIs) The Ratio of loans from PFIs to women-owned MSMEs 37% out of target of 40% while Ratio of loans from PFIs to youth-owned MSMEs 14% out of the target of 20%. In addition to this we are giving back the money which the participating financial institutions have repaid which is around MK15.2 billion.

FinES also continues to impart skills among MSMEs through the capacity building program. A total 1,268 MSMEs have been trained so far against a target of 1,000 MSMEs.

Enjoy the reading!



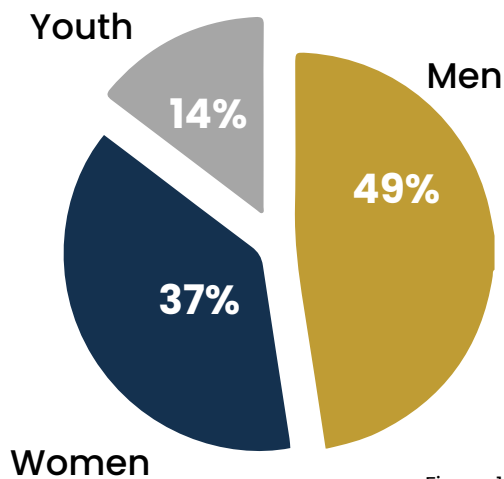
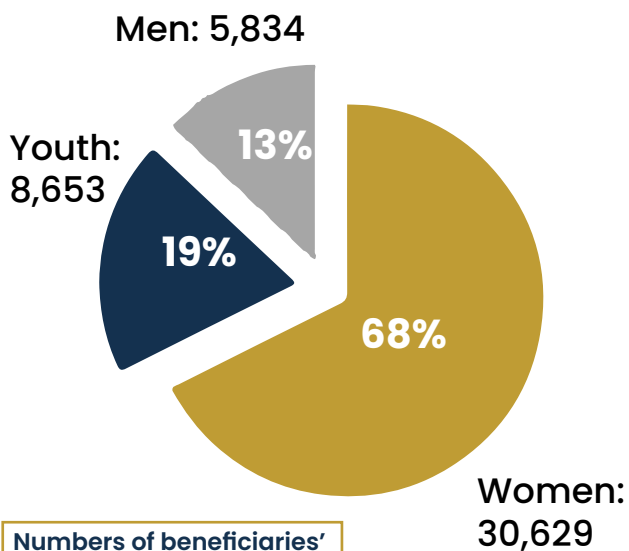


Figure 1

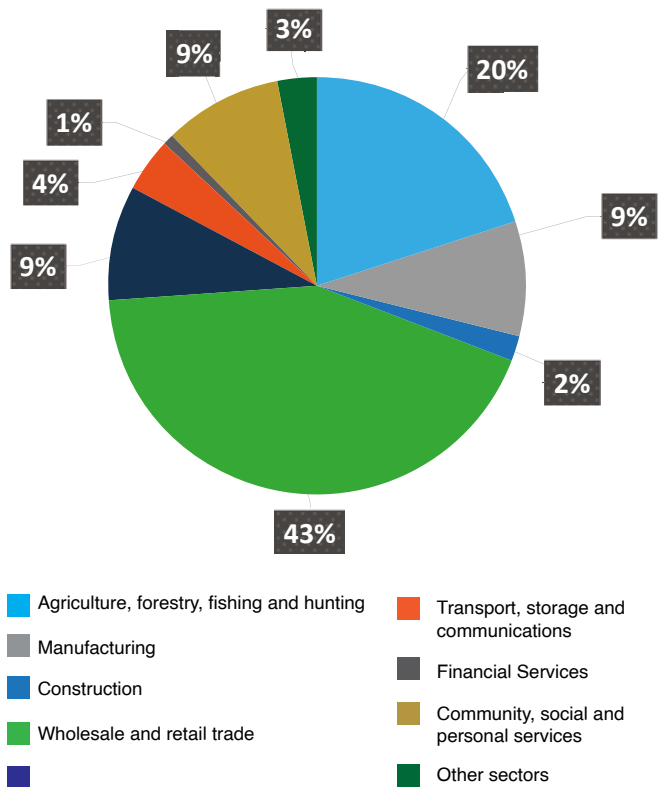
Money distribution amongst beneficiaries



Numbers of beneficiaries' distribution

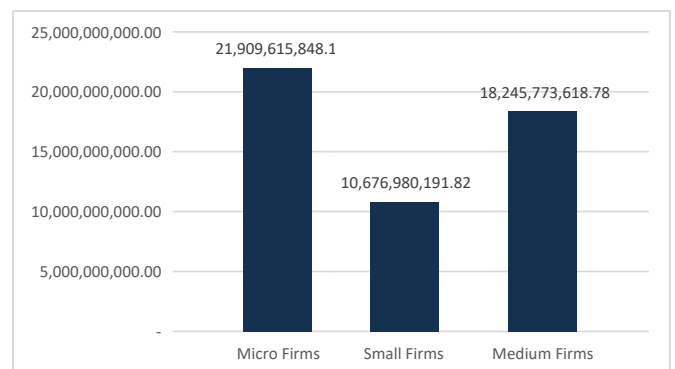
Based on figures 1(L&R) above, the project has reached to more women (30,629) than men (5,834), nonetheless, the value of loans given to women at 37% is slightly lower to men who have accessed 49% of the total loans disbursed.

Figure 2: Sectors in which MSMES are plying their businesses as of May, 2024



In terms of sectors accessing the funds, wholesale and retail dominates at 43%, seconded by agricultural and value addition at 20%. Only 9% of the disbursed funds are accessed by those businesses in manufacturing and production.

Figure 3: Value of funds by business size categories



From figure 2 above, it shows that a larger proportion of 63.4% of the funds has been accessed by the micro and small firms.

WHEN Covid-19 hit Malawi and other countries across the globe in 2020, Hartfield Investment was one of the worst hit companies. Government had put travel restrictions to the rural communities and this affected their business as it meant less production of information and education communication (IEC) materials that the NGOs use for outreach. However, the pandemic also presented an opportunity for the company to produce IEC materials on COVID-19.

Hartfield Investment was established in 2013 and since its establishment, has been providing Offset, Screen printing and Digital printing services. The managing director and owner of Hartfield Investment, Harrison Longwe said one of the challenges that the company had was the lack of machinery to increase their capacity to produce more, as there is a lot of competition.

In 2023, Longwe applied for loan amount of K70 million from NBS. He bought three machines which they greatly needed for offset printing specifically: two colour Heidelberg Speedmaster 72, Heidelberg cylinder machine and Polar Guillotine machine.

“There is a great improvement in turn-around time, a job that was taking five days instead, is now taking two days. In terms of profits, there is an improvement by 30% from K600 million last year (2023) to K1 billion this year and this is likely to increase because we only got the machines in mid-year.

In terms of job creation, the company has now employed a total of 43 staff, initially they were 40 staff. Hartfield also offers internship opportunities to students to train young people before they join the industry. Since Hartfield Investment started



One of the printing machines



Hartfield Investment Managing Director, Harrison Longwe

offering internships in 2018, they have trained three students from MUBAS.

Boston Chirwa is a fourth-year student who is pursuing studies in Bachelor of Accountancy at Malawi University of Business and Applied Studies (MUBAS) who is undergoing internship.

“When students graduate from college, it is not easy to find a job as most companies or organisations look for candidates with experience so Hartfield is training me with the relevant skills to prepare me for my field,” Chirwa said.

“We are very grateful; FInES loans

are low interest as compared to normal loans from the banks. The project should continue to help MSMEs who struggle to access loans because they do not have collateral. I would also ask World Bank to consider giving the project another 5 years because growth is a long process, so that they are able to see the fruits of the project.

According to NBS Head of SME Mdauko Ngwira he said NBS believes in empowering SMES with financial capacity to enable them to participate successfully in the economy.

“We observed that our customer, Hartfield investments who is involved in printing and branding has capacity to grow, become more competitive and positively contribute to the economy through investments, wealth, and job creation. We were also encouraged that he is youthful and passionate about his business,” Ngwira concluded.

Apart from Hartfield Investments, NBS Bank has supported more than 80 SMES with more than MK4Billion in FInES disbursements since 2022. We have achieved this through our wide coverage and dedicated SME portfolio which is a reflection of our intentional commitment to promote the SME sector in the country.



One of the trailers that is manufactured locally by Brown trailers

BROWN CHIPAPI, 39, walks with confidence as he leads us to show us his locally manufactured trailers, that he says are very durable and of high quality much better than those that some of the companies are importing in the country.

Chipapi started with Brown Motors 11 years ago in 2013, out of his passion for engineering and a vision for manufacturing excellence. He repairs motor vehicles for insurance companies. He started with repairing 5 vehicles but now they repair about 12 vehicles in a month.

Chipapi noted that there was a gap in manufacturing of farm trailers, vans and metal fabrication. In the past, there used to be a company in Malawi called TEM that used to manufacture

trailers but it closed 8 years ago. As a result of its closure, companies started to import these products, which contributes to the draining of foreign exchange. To avert this challenge, Chipapi established Brown Trailers manufacturing company out of the profits he was making from Brown Motors, but was not picking because he did not have enough capital.

“I applied for a loan amount of K50 million from NBS Bank. This loan helped us a lot in terms of the customer base. During Covid-19 there was no business and my company almost collapsed, if it was not for FInES I would have been forced to retrench all staff.”

In terms of job creation Brown Motors has employed 19 employees, before Covid-19 he had five employees. While Brown Trailers

has employed 20 staff. The company is currently manufacturing two farm trailers in a month but they have the capacity to manufacture 5 trailers in a month. He exports the trailers to neighboring countries such as Mozambique because they have noted that they are high quality trailers. The trailers are for agriculture, transportation and construction.

“There is a great improvement in terms of the clients, because apart from the farm trailers I also manufacture water irrigation sprinklers, vans and refrigeration bodies, fuel tanks, water tanks, geysers, data cages, electricity poles and hospital beds.

“Thank you FInES but my appeal to you is that we need more support for us to grow, we have the potential to manufacture in mass volumes but we need more capital. We also need policies that are friendly to emerging SMEs, most youthful SMEs fail to access loan because of the collateral.” He concluded.

NBS Head of SMEs, Mr Mdauko Ngwira said that their bank is confident that the support given to Brown Motors will go a long way and support his business to become self-sustaining from the gains to be achieved from the FInES facility.

“We continually engage with Brown Motors and other SMES to ensure that the funding provided is well utilized for the intended impact. We exist to making banking easy for SMES and to help them achieve the extraordinary through this FInES funding as well as our extended transactional, digital and credit solutions,” Ngwira said.

RURAL DEVELOPMENT INVESTMENT HOLDINGS LIMITED (RUDEVIT) COMPANY is a local fertilizer manufacturing company that was established in 2020 with a focus on rural development. It is owned by a group of Malawians who sat down in a meeting to discuss on the challenges that the country is facing and how they can overcome these challenges.

Rudevit Chairperson, Hastings Bofomo Nyirenda said the idea of the fertilizer manufacturing plant was hatched in 2020. Initially the capital they required was 390 million but with effects of devaluation the capital has moved to closer to K2 billion. NBM initially gave them 262 million to finance the procurement of machinery, but due to the devaluation of the kwacha they had a short fall and the FInES supported them with K129 million to buy the machinery.

“The FInES loan breathed life into an almost dying project that is set to transform the Malawi agriculture sector forever.” Nyirenda said

The Project engineer, Widson Honde said that the construction works are ongoing and are now at 50% completion. He indicated that by July all machines will have been installed and that by

December they will start the production of the fertilizer.

Rudevit is a company owned by local Malawians with diverse skills and expertise to work together on different projects to address the economic challenges that Malawi is facing. The Chileka organic fertilizer plan is the first project, but they also have plans to implement other projects.

To ensure indigenous participation, Nyirenda said Malawians can join Rudevit Limited at a fee of K20 000 and buy shares in Rudevit Holdings plc at K7.00 per share for a minimum of 20 000 shares. He said the shares are open to individuals, family businesses, small and medium enterprises, savings groups and village banks, life insurance funds, commercial banks, Malawians in the diaspora, corporate institutions and Malawian development finance institutions.

NBM Development Bank Limited General Manager, Bernard Masi, says the bank finances projects in various sectors such as :agribusiness, health, energy, tourism, education, ICT, Structured Mining and start-up manufacturing .

“Rudevit will be a game changer in Malawi due to its massive import substitution potential,” Masi said.



Godfrey Chatungwa of Angozo Enterprise

THEY say knowledge is power and those who gain it when put into use, can transform one's life. Godfrey Chatungwa from Mwanza district owner of Angozo enterprises , said at first, he was just doing business as usual and expecting to increase sales, but he remained stagnated for several years because he lacked some skills in doing

“When I heard that FInES project is looking for SMEs who are interested to be trained in business so that their business can grow, I did not hesitate I immediately applied and I was happy to be selected. I have completed stage one and am looking forward to stage two.”

“The training, we had was an eye opener, because I have now known the best practices of book keeping, diversifying our business portfolios and reinvesting in the business for growth.”

Chatungwa says he heard that government plans to build a stadium in Mwanza. He says this will be an opportunity for him to expand his business, and he hopes his customer base will grow.

The FInES Capacity building aims at building the capacity of MSMEs. The project is using a three- staged approach with a focus on psychological and technical skills, followed by measures to connect trainees with market opportunities. So far, a total of 1,268 SMEs have completed stage one of the training. The project is also providing funding to Small and Medium Enterprises Development Institute (SMEDI) to improve its capacity to provide business development to entrepreneurs beyond the lifespan of the project.



Rudevit Chairman, Hastings Bofomo Nyirenda showing one of the machinery of the fertilizer plant

FOR a long time, patients with conditions that require specialist treatments like metabolic disorders, diabetes and hormonal problems had challenges to get the right treatment. But this is not the case now, as Alidziwa Health Clinic has come to be the solution for such patients. The founder of the clinic Dr Chilungamo Chingwanda (a chemical pathologist) and his wife Charlotte Chilungamo hatched the idea after Chingwanda's brother died at one of the reputable private clinics, while waiting for treatment.

Alidziwa Health Clinic is a specialized hospital which helps 40 patients a day. Most of the patients' cases are related to metabolic disorders such as diabetes, hormonal problems. Dr Chingwanda treats several conditions that cause paralysis injuries and death. He also treats cholesterol that chokes blood flow hormonal imbalances that cause infertility and vitamin deficiency that causes fatigue and depression.

In 2022 Chingwanda applied for a loan from NBM Development bank to buy a laboratory machine for analyzing body fluids. They got the loan of K70 million which enabled them to purchase the machine.

"The machine has transformed our clinic, we no longer refer our patients and tests to other clinics including India and South Africa," says Charlotte who is the clinic's head of finance and administration.

"The machine analyses the samples quickly, so our clients no longer have to wait for longer period for their results. They know their status and start treatment same day. The clinic used to spend US \$6000 to refer patients outside the country but now they are saving. The



The staff at Alidziwa checking in clients at the reception

laboratory tests had to be referred abroad and this meant that a significant amount of money was being sent to do the tests outside Malawi

The machine is able to detect disorders when a large gland in the neck secretes too little or too much thyroid hormone which regulates body growth, heart rate, mood, energy levels, bone health and pregnancy. The machine has also proved vital for patients at risk of taking the wrong medication, overdosing themselves or suspecting others of bewitching them.

One of the patients from Mzuzu who had travelled 570 kilometers says Alidziwa has become a trusty worthy clinic for me and many others who lacked specialized treatment. "They diagnosed me and treated my condition which many hospitals failed to detect for years," he said

Some medical insurance companies require patients with endocrine disorders to be certified by Dr Chilungamo Chingwanda's laboratories before going abroad. The laboratory has 5 staff and two of them were added to run the new machine.

"This is good business because the machine is saving lives while paying back the loan" she explained, concluded Charlotte.

NBM Development Bank Limited General Manager, Bernad Masi says they invested in Alidziwa Clinic because it is the first of its kind in Malawi to offer specialized metabolic and endocrine services.

"We believe in having an impact in people's lives, communities and the country through our sustainable financing models that create opportunities for SMEs to flourish.



1 PIU Staff sharing notes during a meeting with SMEs at one of the training centres in Nkhata-Bay

2 Charlotte Chingwanda showing the lab machine

3 Women working at Hatfield Investment

4 Hatfield Investment Managing Director Harrison Longwe shows one of the machines

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.

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The following are the PFIs which are currently participating in the FInES Project:

Development Financial Institutions

1. Malawi Agricultural Industrial Investment Corporation
2. NBM Development

Commercial banks

1. NBS Bank
2. Centenary Bank
3. Standard Bank
4. FDH

Microfinance Institutions

1. Wealthnet Finance Plc
2. Microan Foundation Malawi Limited
3. COMSIV Investments Limited
4. NEEF
5. CUMO
6. SAILE Financial Services
7. Vision Fund
8. FINCA

9. Binsons Credit Agency
10. SUCOMA
11. United Civil SACCO
12. Malawi Police SACCO
13. Mzinda SACCO
14. Mudi SACCO
15. Sunbird SACCO
16. Tipindule SACCO
17. Dedza Community SACCO
18. Future SACCO
19. Msilikali SACCO
20. Chilungamo SACCO
21. Dream Financial Services
22. Nyasa Capital Finance
23. Digital Microcredit Limited
24. Central Health Microcredit Agency
25. Pinnacle
26. Business Finance Solutions
27. BL Financial Services

UPCOMING EVENTS

- Launch of FInES radio campaigns
- Media tour in the Northern and Central region
- Live radio panel discussions