



FInES

NEWSLETTER

January - March,
2024 Issue



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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

Welcome, dear readers, to the first edition of 2024! I am thrilled to present you with updates from the last quarter, spanning January to March 2024.

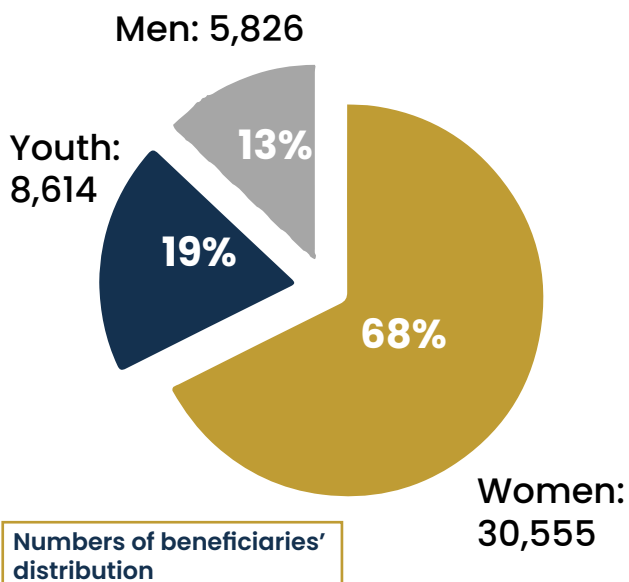
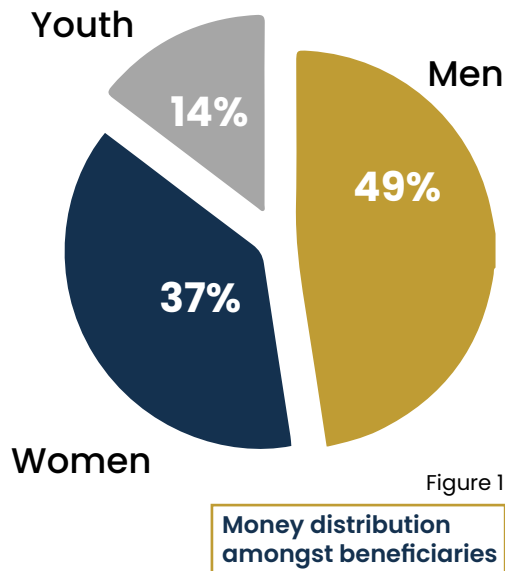
The Financial Inclusion and Entrepreneurship Scaling (FInES) Project continues to make a significant impact among Micro, Small, and Medium Scale Enterprises (MSMEs) in Malawi. It is incredibly gratifying to observe that public awareness of the FInES loan facility is growing, leading to an increased demand for these loans due to their lower interest rates. In rural areas, digital financial services such as mobile banking and online business registration are becoming increasingly popular. One compelling example is from Rumphu, where the convenience of mobile banking agents is being favored over long trips to traditional banks.

In this edition, we are excited to share with you some of the inspiring success stories from FInES beneficiaries. Their journeys highlight the transformative power of financial inclusion and entrepreneurial support.

Stay updated by visiting our website: www.finesproject.mw.

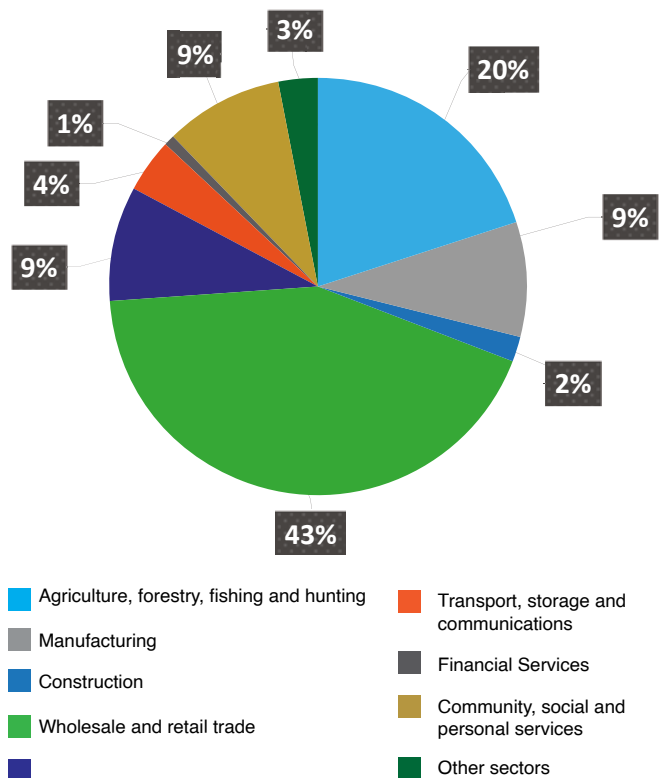
Thank you for joining us on this journey towards financial empowerment and entrepreneurship growth.





Based on figure 1(L&R) above, the project has reached to more women (30,555) than men (5,826), 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 March ,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.

FInES recently conducted training sessions for board members from the commercial banks, development finance institutions and microfinance institutions in Environmental and social safeguards as one way of ensuring compliance to the environmental and social safeguards policies.

The trainings aimed at enhancing understanding of the importance of having the environmental and social safeguards plans among the commercial banks, micro financial institutions and SACCOs.

According to the Environmental and Social Safeguards Specialist, Chisomo Gunda, FInES project involves MSMEs who are doing various businesses hence the need to ensure that the environmental and social safeguards plans are being adhered to.

“There was need to engage board of governors of commercial banks, microfinance institutions and SACCOs to orient them about Environmental and Social Safeguards as it was discovered that as much as they were entrusted with custodianship of the ESMS documents in their respective organizations, they did not understand what the Environmental and Social Safeguards were about” Gunda explained.

The training targeted Board Chairpersons, Chairpersons for Risk Management and Credit Committees of the Board.



Chief Executive Officers, Board members of commercial banks, development banks and microfinance institutions



Econs Managing Director, Clement Kandodo

EARLIER this year, President Lazarus McCarthy Chakwera, visited Kwithu Kitchen primarily due to the significant contribution the group has made towards the country's economy. Kwithu Kitchen, a women-owned food processing cooperative in Mzuzu, has been actively engaged in adding value to agricultural produce, particularly tomatoes and honey. Given the President's emphasis on scaling up value addition to enhance competitiveness in both domestic and export markets, his visit to Kwithu Kitchen signified recognition and support for enterprises that align with this strategic goal.

The President commended FInES project for their support and contribution to Kwithu Kitchen's operations, particularly during the crucial raw material purchase season. Specifically, he appreciated FInES for providing a loan through MAIIC that was instrumental in facilitating Kwithu Kitchen's procurement of raw materials and equipment.

“I am very impressed by Kwithu Kitchen's huge investment in processing to add value to agricultural produce, including tomatoes and honey. This is the way to go in order to ensure that the country's economy grows sustainably,” Chakwera said.

The founder of Kwithu kitchen, Dr Anna Msowoya Keys also commended FInES for the support rendered to Kwithu kitchen.

“We faced a lot of financial challenges in the initial stages of the project. Without FInES project we would be dead and buried,” she said.

Our products are available in major supermarkets in the country including Chipiku plus, Shoprite, Sana, as well as in major hotel chains like the Sunbird Hotels and in many restaurants and institutions,” she said.

ACCCESS to formal banking still remains a challenge for most rural people in Malawi. The traditional banks are located far from the rural people making it difficult to access the products and services.

The problem is now history for people in Mphwezi, Rumphi with the coming of mobile banking agencies.

Fletcher Geoffrey Musukwa is a Teacher at Mpwenzi Secondary School. He is the owner of Momentum Investment.

“When I just started, it was very difficult to penetrate the market as most of the people were very doubtful to use the service because of trust and digital illiteracy,” he said.

Musukwa started with 20 customers in 2021, most of the people were afraid

of the cost involved in using the service. But now he has over 100 customers including some micro finance institutions like Microloan and CUMO.

“Saile Financial Service came to my rescue. I got a loan of MK2.8 million. I am now in partnership with FDH, National bank, and Centenary and NBS. My profit has grown from K12,000 per month to K800, 000 per month,” explained Musukwa

Calin Khonje is one of the clients who frequently uses the mobile banking service.

“It is easy to send money and this service has made my life easy because as an Agro-dealer I need to ensure that I meet the demands of my customers so I use the service to pay for products from companies in Rumphi. I am saving cost in transportation costs, because the

distance from Mphwezi to Rumphi is 31 kilometers and cost is K6000 so this is more compared to the cost I incur in using the mobile banking service,” explains Khonje

Saile Financial Service FInES Desk Officer, Ambwene Mwangonda said most people in Rumphi did not have bank accounts. He said the mobile banking service has made it easier for most of the SMEs to access banking services in a convenient way.

“Mphwezi trading which is undergoing road construction is a very busy place where a lot of trading is happening that is why when Musukwa applied for the loan, we gave him. FInES loans have increased our loan portfolio from K548 million to K2 billion,” he concludes.



One of the regular clients Calin Khonje doing a transaction

MWACHISOSA Women's Cooperative situated in Nthenje, is a women owned group with a membership of 63 , initially there were 16 members in 2016. Membership is by buying shares, they have a capital of K7.8 million was established in the year 2016. The cooperative was registered with the Ministry of Industry and Trade in 2019. The chairperson of the cooperative, Hawa Williams said she observed that the major challenge women had was poverty. This was further worsened by gender-based violence. In view of this she started mobilizing the women to start doing collective farming so that they could easily find access to the market.

The cooperative started with growing maize and groundnuts. In 2021 they sold groundnuts worth MK4.5 million. They bought 6 cows but now have increased to 39 cows.

Our vision is to buy 250 cows, we want to buy a milk processing machine. We applied for a grant worth K67 million at Agricultural Commercialization Project and we were asked to contribute 30%.

“We did not have the money so we applied for a loan at MAIIC so that we could get the grant at MAIIC. MAIIC gave us K12.5 million which helped us to access the K67 million grant from AGCOM. With this amount of money, we have managed



Mwachisosa Women's Cooperative members

to build a processing factory which we plan to be using for processing milk.

“Without FInES loan, we would not have managed to secure a grant which required us to contribute 30% of total grant applied for from AGCOM . This project believes in women regardless whether they are educated or not. It is very difficult for women in the rural areas to access loan.” Williams narrated.

The cooperative is also taking

care of the environment by using biogas system. The system recycles the waste into energy and the remaining waste is used for fertilizer.

“Last year I saved money because I did not use the inorganic fertilizer which was very expensive. A bag was selling at K100,000. With the organic manure my maize was looking very green and I harvested a bumper yield of maize.” Williams explained.



Mphanga Holdings Rice Processing Factory



KARONGA is very famous with the aromatic Kilombero rice but most of the smallholder farmers lack access to formal markets, as result the vendors buy the farmers at a very cheap price, to address this challenge Mphanga holdings owned by a family of started buying rice from the farmers so that they can process the rice and be selling the rice at both domestic and export markets.

The company started rice processing in 2019, but the factory was lacking a processing machine for grading and polishing the rice. They heard about FInES from some friends and applied for the loan. In

2023 Mphanga Holdings Limited got a loan amount of K150 million from Malawi Agricultural and Industrial Investment Corporation (MAIIC) which was used to procure a rice processing machine.

“The FInES loan helped us to upgrade the rice processing machine so that we are now able to grade rice into final polished rice. The loan helped us to improve in quality packaging to the point that we can to export the rice to neighbouring countries like Zimbabwe and South Africa. Our rice processing machine has the capacity to produce 1 tonne per hour,” says Victor Msonda, the Operations Manager

“We are buying from over 1500 farmers, 80% of these are women,

so we are creating a market for the small holder farmers. We buy at a better price as compared with the vendors.

Mphanga holdings trades as TG rice, the rice is sold in packs of 5kgs and 2kgs and is available In Sana supermarkets and Food lovers. “The demand for our rice is growing from both the local market and international market, we promise to deliver the best tasty Kilombero rice,”

Mphanga Holdings employs 8 permanent staff (4 female 4 male) and 30 staff on temporary basis during rice harvest time. Mphanga holdings is one among 85 businesses that MAIIC has supported.



1 The President Dr Lazarus McCarthy Chakwera shakes hands with the Project Manager, Ralph Tseka during the tour of Kwithu Kitchen

2 Kwithu staff, Lusungu explaining to the President about the additional product the tomato sauce chilli

3 MAIIC Credit Administration Officer, Monica Mandozo explaining to the youth about MAIIC

4 Centenary Bank Credit Officer Anne interacting with a youthful entrepreneur during a job and opportunity fair at MHub office

5 Chairperson of Mwachisosa Women Cooperative, Hawa Williams uses bio gas from cow waste.

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 financial literacy campaign
- Media tour in the southern region
- Live panel discussions