

Shared Interest-Together Women Rise Partnership



Together Women Rise is supporting a pilot to reduce the gendered gap in access to financial services in Malawi that policy policy goals have fallen woefully short of addressing.

Advocacy Goals:

- Scaling up adoption of Movable Collateral Registries
- Implementing borrower driven changes to lender policies and products that meet the unique needs of women entrepreneurs



Background on SME Finance Environment in Malawi

- **Micro, Small and Medium Enterprises (MSMEs) play a vital role in Malawi's economy.**
- **MSMEs in Malawi comprise 1.7 million workers, equivalent to 38% of Malawi's total working age population.**
- **Women make up 46% of these employment figures and contribute about 16% to Malawi's GDP.**
- **This sector generates an income of 326 billion Malawian Kwacha (close to \$326 million) making it a significant contributor to Malawi's economy.**



The SI/Together Women Rise Partnership Will Drive Critical Systems Change in Malawi for Women



Macro-level interventions

Asset / movable collateral registries

- Implemented successfully in Ghana, these systems allow women to use property they own (livestock, etc.) as collateral
- Multi-pronged strategy including:
 - Educate key sector actors, from bank CEOs to gov't officials, and understand their questions/concerns
 - Advance at the policy level (model legislation)
 - Survey women entrepreneurs to understand impact on borrowing behavior and implications for banks' business
 - Pilot with willing lender(s)

Institution-level interventions

Borrower-driven strategies to improve accessibility of financial services/credit

- Translation/simplification of literature, application materials, website
- Product development and targeted marketing of new offerings
- Training and hiring of women employees (esp. credit officers) and dedicated processes to evaluate women's businesses & creditworthiness
- Highlight accessibility (recognize limitations imposed on women not faced by men), uniqueness of women's needs as well as what they offer)

Shared Interest-Together Women Rise Transformation Grant Mid-Year Update

GOAL:

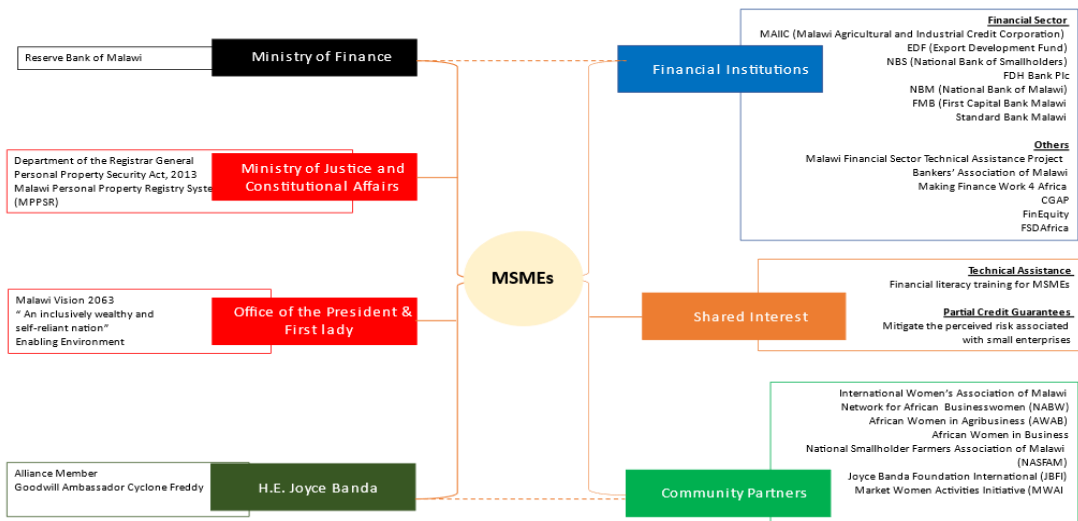
Pilot two systems change interventions that will address the gender lending gap for women entrepreneurs in accessing financial services through:

- 1) Driving Adoption of Movable Collateral Registries (MCR)
- 2) Implementing Borrower-driven changes to lender policies and products

OBJECTIVES:

- Identify key barriers to usage of MCRs via financial, government, and other stakeholder channels.
- Conduct data analysis/research to provide better understanding of factors in MCR success & benefit to women.
- Engage women's feedback on barriers to financial services is persuasive in engaging lenders to make change.
- Assess the buy-in of lenders and other partners re: proposed interventions to improve women's access to finance.

KEY STAKEHOLDERS SURVEYED



RECOMMENDATIONS TO DATE:

Movable Collateral Registries

- Drive uptake of the Malawi's Personal Property Security Registry System (MPPSRs) in Malawi by lobbying for improvements to the existing system, providing targeted training to lenders, and conducting outreach to women to increase awareness and utilization.
- Integrate financial literacy training for MSMEs into the registry's programs is suggested
- Implement credit guarantee schemes, such as Shared Interest partial credit guarantees, to help mitigate the perceived high risk associated with MSMEs. Bundling appropriate microinsurance with loans can benefit both banks and MSMEs by reducing losses, promoting timely loan repayment, and increasing overall welfare gains.
- To facilitate the adoption of the MPPSRs, a comprehensive approach is needed via targeted awareness-raising campaigns and capacity building initiatives .

Borrower-driven to Improve Accessibility to Financial Service/Credit

- Continuing support for existing initiatives, such as guarantee programs and microfinance institutions
- Foster collaborations and partnerships among various stakeholders, including financial institutions, government agencies, civil society organizations, and international development partners
- Enhance financial literacy programs
- Provide tailored financial products and services
- Address collateral requirements: Access to collateral remains a significant barrier for many women and youth in obtaining loans.

IMPACT TO DATE:

- More than 50 stakeholders engaged, including lending institutions, policy makers, women entrepreneurs and women's business coalition
- Recommended gender-smart lending practices are incorporated in Shared Interest \$2million Malawi guarantees being deployed that will reach more than 300 black women entrepreneurs in partnership with two major lending institutions (FDH Bank and Malawi Agricultural and Industrial Investment Corporation) and the Joyce Banda Foundation. Joyce Banda, the first female president of Malawi, is a globally respected champion of women's rights..
- Marketing collateral Video developed

Malawi Program Update

Partnership with FNB Bank and Joyce Banda Foundation International

- Former President Joyce Banda was Malawi's first female president. She is a globally respected champion of women's economic empowerment in Africa.
- To expand the financial inclusion of MSMEs in Malawi, Shared Interest recently approved and provided a \$1 million portfolio loan guarantee to FDH Bank to increase its capacity to lend to majority women-owned Micro, Small and Medium Enterprises in Malawi.
- FDH recently signed a Memorandum of Understanding with the Joyce Banda Foundation International (JBFI) Market Women Activities Initiatives (MWAI) Project. FDH Bank will leverage organizations like the JBFI Market Women Activities Initiatives (MWAI) Project to identify a pipeline of innovative high growth potential start-ups, MSMEs, individuals and cooperatives such as Village Savings Loan Account (VSLA), Women Entrepreneurs.
- **The project is targeting approximately 266 SMEs led by women, while also focusing on youth entrepreneurs.**



Thank You



Ann McMikel

Executive Director



ann@sharedinterest.org

