Unlocking LOCAL CAPITAL
Strengthening LOCAL RESOURCES
Benefitting LOCAL PEOPLE
Geographic Reach South Africa, Eswatini, Zambia, Malawi, Mozambique
Vision, Mission and History
MISSION:
Shared Interest mobilizes the resources for Southern Africa’s economically disenfranchised communities to sustain themselves and build equitable nations.

VISION:
Shared Interest envisions just and vibrant Southern African nations that eliminate disparities, uphold their peoples’ basic human rights and serve as models of economic justice.
In 1994, Donna Katzin and other U.S. anti-apartheid activists and socially responsible investors came together to establish Shared Interest as a non-profit guarantee fund to help reverse the legacy of apartheid.

Shared Interest was established to provide investors and donors with a catalytic vehicle to invest in the newly democratic South Africa by unlocking local capital and empowering black women entrepreneurs and other small and medium-sized enterprises (SME) as engines of economic growth and inclusive development.

The enduring vision that drives our organization – then and now – is to support sustainable solutions to address the region’s growing economic inequality and to foster long-term growth, promote systems change and achieve measurable impact for the black and economically disenfranchised communities we serve in Southern Africa.
SI’s board and management are increasingly diverse — racially and geographically with leaders from Southern Africa
Priorities, Business Model and Impact
Shared Interest raises capital from social impact investors to guarantee Small and Medium-Sized Enterprise (SME) loans and receives donations from the philanthropic community to provide technical assistance to SME lenders.

Shared Interest provides capacity-building technical assistance to marginalized SMEs, particularly those that are black-owned and women-led, and serves as a loan guarantor.

- Nearly $34 million in guarantees issued
- Unlocking $131 million in local capital for SMEs
- Benefitfitting more than 2.3 million black and economically disenfranchised Southern Africans
Shared Interest Guiding Star: Looking Ahead

After 29 years of effective work...

Plan 2020 will achieve its guiding star by working with 10 commercial lenders in 5 countries.

Benefitting 100k Black and economically disenfranchised Southern Africans

60% of whom are women and youth.
SI Recommended Updates to Strategic Plan

1. Deploying between $8 to $11 million in new guarantees for SMEs that are driving community impact in our thematic focus areas: agriculture, women, climate, etc.

2. Investing in human resources to scale the impact of our new model’s program design, monitoring and evaluation

3. Launching a targeted advocacy platform to support our work and establish SI as a financial inclusion thought leader for black-owned SMEs in our countries of focus

4. Implementing SI’s Racial Justice Resolution, framework increase SI’s impact

5. Developing a 30th Anniversary campaign to raise awareness of SI's strategic programs and priorities

6. Developing updated metrics to measure organization
In November 2020, the Shared Interest Board passed a Racial Justice resolution to redouble its commitment to this work by examining how we could increasingly apply racial justice values and anti-racist strategies to advance our mission and programs – internally and externally. This resolution is being implemented through our Racial Justice Framework adopted in 2022.

### Racial Justice Framework and Core Elements

- **SI’s specific areas of focus within our racial justice framework are economic empowerment of black and economically disenfranchised Southern Africans (particularly women) and promoting systems change. These core elements will drive the implementation of our racial justice resolution.**
- Understanding and acknowledging racial history and its impact on SI’s work
- Advocating for an affirmative economic vision that calls for a fair and inclusive society
- Mobilizing resources and technical assistance that builds the disruptive economic, civic and cultural power of SI beneficiaries and partners
- Emphasizing transformative economic solutions that contribute to systems change, financial inclusion and vibrant ecosystems for black-owned SMEs
Shared Interest focuses on high-impact sectors that benefit marginalized communities

Agriculture / Food Security
Smallholder farmers are underserved by the formal financial sector. Shared Interest has historically dedicated ~60% of its portfolio to these borrowers, helping them invest in productivity, scale, and technology.

Women and Gender
Women-owned businesses face formal and social barriers to accessing finance. Businesses that disproportionately employ and/or benefit women are vital to lifting household and community livelihoods.

Climate Change
Vulnerable communities, which have been particularly burdened by climate change, need solutions and technologies to build resilience and prevent further damage to the environment.

Social Enterprise
Entrepreneurs in Southern Africa are building enterprises that can do good while doing well, especially by serving base-of-pyramid communities with innovative technologies and business models.

Financial Technology
New technologies are improving poor consumers’ access to a range of formal financial services. Many of these are complementary to commercial credit, our primary focus.
High-Impact Advocacy Partnerships
The Shared Interest-Together Women Rise partnership has supported high-impact opportunities to economically empower women in Malawi. Shared Interest was a Featured Grant recipient in 2020 and most recently a recipient of a Transformation Partnership Planning Grant in 2022. This latest grant aligns with our Board-approved Racial Justice Resolution, Framework and Advocacy goals and supports a pilot to reduce the gendered gap in access to financial services in Malawi that policy goals have fallen woefully short of addressing.

**Systems Change Planning 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

➢ **MSME Definition:** Based on the Micro and Small Enterprise Development Policy and Strategy 2016.

➢ **Enterprise Distribution:** 74% micro-enterprises, 23% small enterprises, and 3% medium enterprises.

➢ **Women Ownership:** 84% of microenterprises are owned by women.

➢ **Turnover Distribution:** 32% fall into the micro-turnover category (US$ 6,098 per year) with an average of US$ 5,957.

➢ **Contribution to GDP:** Malawi's MSME sector contributes 40% of the total GDP.

➢ **Government Recognition:** Micro, Small, and Medium-Sized Enterprise Policy 2019 and Malawi 2063 Vision guide the business environment for MSMEs.

➢ **Registration and Licensing:** 89% of MSMEs were neither registered nor licensed, 7% registered, and 10% licensed.

➢ **Tax Compliance:** MSMEs are income tax, 22% municipality tax, and 40% Value Added Tax (VAT) compliant.

➢ **Female Ownership:** 46% of MSMEs are owned by females.

➢ **Business Spread:** 69% trading, 17% farming, 4% manufacturing, 1% agro-processing, 3% natural resources and mining, 1% business services, 0.3% construction, and 0.4% tourism.

➢ **Employment:** The sector employs nearly 2 million Malawians, generating MWK 11,771 billion (USD 15.8 billion) in revenues and MWK 5,066 billion (USD 6.8 billion) in profits in 2019.

➢ **Value Additions:** Formal and informal businesses contributed MWK 2,682 billion (USD 3.6 billion) and MWK 2,384 billion (USD 3.2 billion), respectively.

➢ **Business Owners:** 64% operate in the wholesale and retail sectors, 23% in primary agricultural activities, 4% in business services, and 5% in community or household services.

➢ **Developmental Challenges:** Key structural macroeconomic challenges identified in the MAP Micro, Small, and Medium Enterprise Diagnostic Report 2019.
Common Gender Norms

- Women-owned enterprises should only grow large enough to support the family
- Women's business activities should never impose on household commitments
- Women should take out loans for household needs only
- Married women should seek approval from their husbands on all financial decisions
- Women should not have control over household savings and assets
- Women should not hold assets in their own names
- Women should perform lower paying jobs or accept lower pay for the same work
- Women generally lack the skills to successfully manage a business

These norms affect women's ability to seek loans and lenders' willingness to provide them. Bank employees themselves are also influenced by these beliefs, which factor into their behavior and decision-making, from loan approval and pricing to service level and relationship management.

Sources: GIZ, UNCDF, EU RBA Joint Programme on Gender Transformative Approaches for Food Security and Nutrition, University of Malawi, CGAP FinEquity
The SI/Together Women Rise Partnership Will Support Critical Systems Change in Malawi for Women Borrowers

**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)

**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
Outcomes and Approach

As a planning grant, the project's outcomes are oriented toward the identification of information and creation of partnerships needed to lay the foundation for successful Phase II implementation, including:

- Financial, government, and other stakeholders recognize and identify key barriers to use of MCRs
- Data analysis/research provide better understanding of factors in MCR success & benefit to women
- Women's feedback on barriers to financial services is persuasive in engaging lenders to make change
- Lenders and other partners buy-in to proposed interventions to improve women's access to finance

We are working closely with borrowers through the use of focus groups, interviews, and surveys, and have used these tools to evaluate their perspectives on the process. We will keep close track of partnership development, as those relationships will be critical to the success of Phase II, and we are keeping a comprehensive record of insights collected and that data has been synthesized to validate hypotheses and formulate strategies for change.

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>OUTCOME</th>
<th>CRITERIA</th>
<th>DATA MANAGEMENT</th>
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</thead>
<tbody>
<tr>
<td>Research and evaluation of MCRs</td>
<td>Successes, failures, causes, impact to women identified</td>
<td>Legislation and policy analyzed and compared across countries</td>
<td>Project mgr review monthly &amp; at completion</td>
</tr>
<tr>
<td>Consultation with stakeholders</td>
<td>Malawi-specific factors discovered, partnerships built</td>
<td>Key parties from each sector consulted, hypotheses tested</td>
<td>Interview guides, final summary of learnings</td>
</tr>
<tr>
<td>Creation of theory of change and future action plans</td>
<td>Highest impact, most feasible interventions selected and planned</td>
<td>Conclusions from data, interventions ranked, partners engaged</td>
<td>Scorecard/ranking system, draft Ph. II program approach</td>
</tr>
<tr>
<td>Work with lenders</td>
<td>Lenders' views and current activities for women assessed</td>
<td>All key lenders engaged and share key data and insights</td>
<td>Summary and detailed reports for each lender</td>
</tr>
<tr>
<td>Collect women’s feedback</td>
<td>Women provide data on past experience and ways to improve</td>
<td>Broad sample of women consulted using quant. and qualitative tools</td>
<td>Ongoing process, analysis or report on each tool used</td>
</tr>
<tr>
<td>Generate recommendations and future plans</td>
<td>Sector-wide and lender-specific recs generated</td>
<td>Feedback incorporated into key deliverables and shared with lenders</td>
<td>Lender audits, sector report card, and Ph II. partners</td>
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</table>
# Methodology

## Movable Collateral Registries

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<th>ACTIVITIES</th>
<th>TIMING</th>
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</thead>
</table>
| Research and evaluate MCRs implemented to date in Malawi and elsewhere | Review Malawi’s Personal Property Security Registry System and evaluate barriers to adoption  
Compare policies of Ghana, Liberia, Mozambique, Rwanda, and other MCRs, identify the most successful, impact on women, and cause of success. | Jan-Mar ‘23 |
| Consult with stakeholders and analyze data to validate hypotheses | Consult local experts on history and context of Ghana and Malawi MCR programs, i.e., advocacy process, drafting of new laws, public reception  
Engage local counsel to evaluate Malawi’s regulations, legislation, and system for barriers to adoption  
Consult stakeholders (bank leadership, government representatives, community groups) to understand why MCR hasn't worked, especially for women | Apr-Aug ‘23 |
| Create theory of change and action plan addressing challenges | Summarize and rank factors behind poor adoption, actors responsible for each, and change drivers that could impact or improve current conditions  
Assess feasibility, cost, timeframe, chance of success, and magnitude of impact for proposed interventions  
Design program of work II based on the above analyses, enlisting partners (where feasible) to share duties | Sep-Dec ‘23 |

## Borrower-driven change

<table>
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<tr>
<th>METHOD</th>
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<th>TIMING</th>
</tr>
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</table>
| Work with lenders to gather data and identify partners | Meet with division leaders (Head of Credit, Retail Banking, Marketing) at Malawi’s 11 major lenders* to gather data and assess attitudes re: women’s access  
Identify institutions open to implementing policy and product changes and leaders conscious of obstacles imposed on women.  
Catalog existing initiatives focusing on women and evaluate commercial success and impact success | Jan-Mar ‘23 |
| Collect and distill women’s feedback and insights | Conduct interviews and focus groups with past SI borrowers, women’s groups, accelerators/incubators, and others on women’s experiences interacting with the financial sector and barriers to entrepreneurship  
Collect and test suggestions for specific product and process improvements to broaden accessibility and meet women’s needs by workshopping them with borrowers, conducting additional focus groups, and administering larger surveys to gauge ideas’ popularity | Apr-Aug ‘23 |
| Generate assessments, recommendations, and plans for implementation | Use learnings and existing research to create a ‘report card’ on individual lenders and the sector broadly, accompanied by a list of suggested changes (new products, rural outreach, streamlined processes)  
Discuss these deliverables with major lenders and develop customized recommendations for financial institutions that show interest in implementing them  
Develop Implementation Plan with target lenders to roll out new strategies, iterating directly with women to incorporate feedback and ensure appropriate design | Sep-Dec ‘23 |
The Malawi’s Personal Property Security Registry System (MPPSR) is a web-based collateral registry that was launched by the Department of Registrar General (DRG) in the Ministry of Justice and Constitutional Affairs. Its purpose is to provide a registration facility for lenders interested in taking collateral as security. It is used to both search if the proposed collateral has an existing security interest registered against it and to register lenders’ security interest against that collateral to protect their priority status as outlined in the Personal Property Security Act.

MOVABLE COLLATERAL REGISTRIES

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<table>
<thead>
<tr>
<th>Action</th>
<th>Focus</th>
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</thead>
<tbody>
<tr>
<td>Malawi Government &amp; IFC Malawi STCR Phase 1 project</td>
<td>Drafting the Personal Property Security Act (PPSA)</td>
</tr>
<tr>
<td>Enactment of the Personal Property Security Act (PPSA)</td>
<td>Establishing a comprehensive legal framework.</td>
</tr>
<tr>
<td>The Personal Property Security Registry Regulations (PPSRs)</td>
<td>Rules &amp; procedures governing the operation and management of the registry</td>
</tr>
<tr>
<td>The Personal Property Security Registry (PPSR)</td>
<td>Operation and management of the registry</td>
</tr>
<tr>
<td>STCR Phase 1 project closed</td>
<td>STCR Malawi Phase 2</td>
</tr>
</tbody>
</table>

Project end
- Users: 43 institutions
- No. of new registrations: 26,500
- Financing value: $19.5 billion facilitated.
- Of which SMEs: $70, 5 million

MSMEs received movable asset-based loans (MABL): more than 17,000 micro. Though access to financial services increased from the initiatives of the STCR Phase 1 project, there is still more work to be done to ensure that the ecosystem is robust and sustainably registering growth in transactions.

STCR Malawi Phase 2 is aimed at developing the movable asset-based lending industry to facilitate greater access to finance for MSMEs and entrepreneurs. To achieve this, the project will work to reduce the existing legal and market constraints to further strengthen the MABL ecosystem and deepen the capacity of the financial market players to develop new products.
Study Findings
### MOVABLE COLLATERAL REGISTRIES – DEMAND SIDE

<table>
<thead>
<tr>
<th>Category</th>
<th>MSMEs</th>
<th>Large corporations/salaried individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of women making up</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>Registered transactions</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>Transactions for women</td>
<td>5%</td>
<td>95%</td>
</tr>
<tr>
<td>Women with access to MABL</td>
<td>27%</td>
<td>71% individuals</td>
</tr>
<tr>
<td>Reason for lack of access</td>
<td>lack of acceptable collateral</td>
<td></td>
</tr>
<tr>
<td>Reason for high cost</td>
<td>high transactional costs</td>
<td></td>
</tr>
<tr>
<td>Reason for consideration</td>
<td>banks reluctant to accept</td>
<td></td>
</tr>
<tr>
<td>Reason for guaranteed</td>
<td>alternative moveable assets</td>
<td></td>
</tr>
<tr>
<td>Reason for strong balance</td>
<td>to be less risky</td>
<td></td>
</tr>
<tr>
<td>Reason for strong balance</td>
<td>balance sheets guaranteed monthly</td>
<td></td>
</tr>
<tr>
<td>Main source of credit</td>
<td>MFIs, SACCOS, Informal sources</td>
<td></td>
</tr>
<tr>
<td>Survey respondents</td>
<td>Banks reluctant to accept</td>
<td></td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>largest number of creditors</td>
<td></td>
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<tr>
<td>Challengess</td>
<td>lack of bankable business plans</td>
<td></td>
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<tr>
<td></td>
<td>among MSMEs;</td>
<td></td>
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<tr>
<td></td>
<td>lack of business registration and</td>
<td></td>
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<tr>
<td></td>
<td>licensing;</td>
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<tr>
<td></td>
<td>lack of business management skills;</td>
<td></td>
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<tr>
<td></td>
<td>lack of saving culture;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>lack of access to financial services;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>lack of property rights for women.</td>
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</tbody>
</table>

**Figure 4. MSME access to MABL (Source: Malawi Registry IFC unpublished database)**
Challenges

Challenges include internet downtime affecting register efficiency
1.5% stamp duty cost
Lack of payment gateway
Collateral identification and valuation expertise
Collateral management challenges
Loan agreement violations
lack of awareness
Rigid manual systems.
Thin secondary markets
Low patronage by MFIs and SACCOs contribute to challenges in asset disposal.

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Collateral Composition in MABL
motor vehicles, alternative collaterals.

Collateral Composition in MABL
motor vehicles, alternative collaterals.

Reasons for banks favoring motor vehicles include lack of secondary markets, fluctuating values, and absence of insurance covers.
The Enabling Environment

Challenges

- PPSR Act
  Stamp duty increases cost making it unaffordable for small businesses - limited usage

- There is a lack of integration of systems which support MABL such as the PPSR, Micro-finance Hub and National Registration Bureau.

Solutions

- Removal of stamp duty on specific assets such as household items, livestock and crop inventory

- This will help speed up the registration process of notices of security interests and reduce the cost of credit for MSMEs who rely on such assets.
BORROWER-DRIVEN CHANGES TO LENDER POLICIES & PRODUCTS

Existing Formal and Informal Financial Support Mechanisms among Farmers, FBOs and SMEs in Malawi Strengthening Inclusive Markets for Agriculture Project that the financial sector in Malawi has membership bodies that play important roles in representation, advocacy, capacity building, and promotion of financial inclusion. These membership bodies include:

- Bankers Association of Malawi (BAM) for commercial banks;
- Malawi Microfinance Network (MAMN) for microfinance institutions;
- Malawi Union of Savings and Credit Cooperatives (MUSCCO) for Savings and Credit Cooperatives; and
- Insurance Association of Malawi (IAM) for Insurance companies.

Impact Investors
Banks
Donors & Public Sector
Reserve Bank of Malawi
MFIs
SACCOs
Mobile money
Insurance
Credit Reference Bureaus
Financial Institution Barriers to Women

• Most financial institutions are gender blind at best neutral concerning treating women borrowers.

• Most Banks and MFIs do not have specific products for women.

• Certain MFIs have a special focus on women borrowers.

• MFIs and SACCOs acknowledge the advantages of borrowing women which include:
  • They usually have high repayment rates
  • More organized socially compared to men.

• Some MFIs such as Vision Fund Malawi, CUMO and Microloan Foundation have deliberated policies for lending to women. Their policies stipulate the percentage of women to be in a group.

• Given their propensity to participate in collective action, women tend to borrow as a group rather than as individuals.

• Group lending is one of the products which have been developed by MFIs to serve women-owned MSMEs, these groups have more than 95% repayment.
Loan Products

Overdraft

Working Capital Loans

- Warehouse facility loans
- Insurance Premium Finance
- Asset Finance loans
- Capital expenditure loan
- Business revolving loans
- Short- and Medium-term business loans for SME and large enterprises
- Leasing facilities loan
- Value addition loan
- Farm Infrastructure and Implements loan

Banks are located in urban centres of Malawi and because of long distances, they are not easily accessed by the rural masses who by the year 2020 formed 81.5% of the Malawi population.
Assessing Women's Access to Financial Services/Credit

Financial Barriers

- Poor Credit Score
  - Most women SMEs do not borrow from formal FIS so they do not have credit score reference

- High interest rates
  - Cost of borrowing from MFIs and other avenues as high as 25%

- Unviable businesses
  - Most women engage in businesses that are not viable enough to attract lenders to provide capital

- Lack of appropriate Products
  - The current women targeted products are still not sufficient to meet the large number of women operating different types of businesses

Non-Financial Barriers

- Broader conditions
  - Legal & regulatory environment
  - Quality of available infrastructure

- Education
  - Differentials in education or management

- Cultural Barriers
  - Lack of familiarity with and cultural barriers preventing interest in female clients

- Lack of incentives

- Property rights
  - Financial infrastructure that lacks incentive to reach out to more women borrowers (lack of credit bureaus or collateral registries)

Lack of collateral deemed right for the banks

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<td>28%</td>
<td>34%</td>
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<td>8% (initial funding)</td>
<td>4%</td>
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<td>Women less likely to take individual loans for various reasons. They do not consider themselves likely to qualify for loans from financial institutions</td>
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Women Credit Facilities

**FDH Bank Amayi Atakate**
Women SMEs to increase working capital to grow their businesses

**NBS Bank Bank Pafupi**
Mobile savings account for low-income people in rural areas especially women with no previous access to a bank account

**National Bank Amayi Angathe**
Women owned business with annual turnover of K50 million

**Centenary Bank Business Itukuke**
MSME owners access to finance in groups for capital expenditure and working capital

**CUMO Finance Masika Loans**
MSMEs in groups for working capital

**Vision Fund Tayamba Loans**
Start-up capital to grow MSMEs
Shared Interest Stakeholder Convening
Event Name: Driving sector-wide adoption of practices that remove gender-based barriers to credit and financial services

Date: Thursday, 27th October 2023
Time: 09:30 - 11:30
Location: Lilongwe, Malawi

Event Goals and Objectives: Identify the most impactful interventions to drive our desired changes in the financial system. Those are:

Specific objectives: Facilitate discussions among key stakeholders to support the main objectives

- Media Coverage: Videography, photography, DJ/MC services, projector screen for presentations, live-stream link
- Outputs: Video, photographs, report

Driving adoption of movable collateral registries with usage at gender

- Comprehensive slide-deck and materials provided by the Office of the Registrar General and the IFC (Secured Transactions Collateral Registry (STCR) Diagnostic Report), the custodians and implementing partners of the MPPRS respectively

Implementing borrower-driven changes to lender policies and products

- Presentation by MAIIC Acting CEO

Borrower Perspective

- LenzieMill Milling Limited Founder & CEO
Discussants

Government of Malawi
Reserve Bank of Malawi
Department of the Registrar General
Ministry of Finance

International Organisations
World Bank
USAID
Foundation for a Smoke-free World

Financial Institutions
FDH Bank
MAIIC
Tradeline Corporation Limited
Community Finance (CoFi) Limited

International Organisations
World Bank
IFC
USAID
Foundation for a Smoke-free World

Community Partners
COMESA Federation of Women in Business - Malawi Chapter
Joyce Banda Foundation International (JBFI)
Market Women Activities Initiative (MWAI)
Agricultural Transformation Initiative (ATI)
Centre for Agricultural Transformation (CAT)
National Smallholder Farmers Association of Malawi (NASFAM)
International Womens Association of Malawi (IWAM)
Network for African Business Women (NABW)
African Women in Agribusiness (AWAB)

SMEs
Greenleaf Investments
MAGWAZ Physiotherapy and Life Coaching
CDI Holdings Limited
MARS Photography
Warm Heart Football Foundation
Inu Ndl life
Dream Pictures
Homosphere
Summer Jam Gardens
Le Jardin
Bespat Enterprise
TnT Decor
• 70% of MFI financing goes to smallholder farmers (groups, association & cooperatives)
• Very difficult to use the MPPSR system
• Lack of a secondary market for the asset types typically held by Smallholder Farmers
• Asset registration & identification are key challenges especially on repossessed assets
• Motor Vehicles assets are easier as there is integration with Directorate of Road Traffic
• Lack of financial literacy in SMEs

Group 1

Group 2

Challenges like collateral disappearing
Fake land titles
• Moral hazard
• Complicated area from bank side to find comfort in the security registered under MPFPRS
• 1% charge on property from the Malawi Law Society
• Costs are high
• Find alternative collateral like warehouse receipts
• One size fits all does not work as the needs of MSMEs are very different to bank’s traditional borrowers
• Best solution for SMEs would be blended finance (TA, grant, part commercial)
• SMEs need to put skin in the game
• EIB Euro12 million 50% PCG cover from EIB is targeted to larger borrowers. It is provided through FCB and Ecobank is finishing soon and hopefully banks like MAIIC can get a portion when it is renewed

Group 3

• Need for stakeholder collaboration (insurance, government, Directorate of Road Traffic)
• Traceability of assets

Group 4

• Capacity of borrowers regarding asset quality dictated by banks
• Banks need to consider the alternative assets owned by rural borrowers
• Most of the clients on the MPPSR platform are from banks and not MFIs
• MPPSR charges are exorbitant
• Lack of knowledge of the existence of the MPPSR

Group 5

• What criteria is used by SI to assess the 75% PCG
• Lack of awareness
• How is the risk managed under MCR
• Is it easy to get funding for just business ideas without anything else?
• When banks provide equity are they getting involved
• In the operations of the organisation?

Group 6

• The presentations are an eye-opener
• Looking forward to receiving more literature on these discussions
• Banks give SMEs a lot of run around. SMEs miss opportunities or get money when the opportunity is gone and misuse the funds
• Banks need to communicate their position regarding credit applications
Validation of hypothesis through Stakeholder Engagement

Targeted areas of the gendered gap in access to financial services, in which we feel that policy goals have fallen short in the actual implementation or there is a need to better reflect the voices of women in the process of change:

1. Driving adoption of movable collateral registries with usage at gender parity or better

Enabling women to reap the benefits of recently implemented legal and regulatory structures (movable collateral registries and redesigned laws regarding personal property) specifically designed to eliminate the gender bias inherent in banks’ current collateral and lending practices by transforming attitudes and practices necessary to drive their adoption and routine use.

2. Implementing borrower-driven changes to lender policies and products

Helping lenders realise that by perpetuating exclusion of women through systems, products, and services that create barriers and reinforce harmful gender norms, they are neglecting a valuable market opportunity, and spurring them to create new processes and design new offerings that incorporate women’s preferences and needs.
### Initiative

#### Plan for MPPSRS Uptake in Malawi
- Lobby for improvements to the existing system
- Provide targeted training to lenders.
- Conduct outreach to women to increase awareness and utilization.

#### Lobbying for System Improvements
- Advocate for policy changes
- Streamline procedures.
- Enhance functionality and accessibility.
- Work with government agencies and financial institutions

#### Training for Lenders
- Ensure thorough understanding of MPPSRS.
- Equip lenders with knowledge and skills.
- Focus on collateral search, asset assessment, and integration into loan evaluation.

#### Outreach to Women
- Increase awareness of MPPSRS
- Target women entrepreneurs and MSMEs
- Provide information about registry benefits and registration process.
- Address specific needs and concerns of women.

### Initiative

#### Recommendations and Future Plans
- Integrate financial literacy training for MSMEs.
- Improve financial record-keeping.
- Implement credit guarantee schemes for MSMEs.
- Bundle microinsurance with loans

#### Comprehensive Adoption Approach
- Raise awareness through targeted campaigns.
- Provide capacity-building initiatives.
- Simplify registration procedures.
- Ensure accessibility to the registry platform.
- Improve institutional support.
- Create an enabling legal and regulatory environment.

#### Collaboration Among Stakeholders
- Involve government agencies, financial institutions, legal professionals, etc.
- Overcome barriers and maximize registry benefits.

#### Holistic Approach to MSME Finance Challenges
- Address gender inequalities
- Promote financial inclusion.
- Strengthen legal frameworks for women's rights.
- Provide targeted financial education and support.
- Create an enabling environment for women's equal participation in economic activities.

### Shared Interest Recommendations

Scaling up adoption of Movable Collateral Registries and Borrower-Driven Loan Products for Women
We are grateful to Together Women Rise for its forward-thinking approach to Transformation Partnerships and for giving us the opportunity to present our proposal for your feedback and continued support. We hope to partner with you once again to create change and provide equal opportunity to women and girls. Thank you for your consideration.