

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

LFSP APN RURAL FINANCE TECHNICAL ASSISTANCE FACILITY PHASE 2 ANNUAL REPORTING FORMAT

**TECHNICAL ASSISTANCE SERVICE PROVIDER: CARE INTERNATIONAL IN
ZIMBABWE**

FINANCIAL INSTITUTION: MICROPLAN FINANCIAL SERVICES

REPORTING PERIOD: QUARTER 5-JANUARY -MARCH 2017



DATE: 4/24/2017

1. BACKGROUND-Summary

The quarter under review witnessed an exponential growth of MicroPlan’s portfolio under the Rural Finance Project. The total number of clients almost doubled from an annual 2016 cumulative figure of 982 in December 2016 to 1786 clients by March 2017 representing an 81% client growth (804 clients) across the five branches within three months. The total rural finance loan portfolio grew by 55% from annual cumulative total of USD 629, 726 in December 2016 to USD 975,947.75 in March 2017. This growth demonstrates the financial institution’s ability to create business and claim a significant market share in the rural areas and move the rural branches towards sustainability and profitability for long term operation in rural areas. This growth and rural finance project was acknowledged by the FBC Group in their 2016 Annual Financial Results Statement which reported that *“In the period under review, five new branches were opened in Guruve, Hauna, Kadoma, Mt Darwin and Rusape, and these have been very active in the deployment of new MicroPlan products namely micro-leasing, house expansion loans and rural agricultural business finance. Partnerships with targeted development agencies have yielded exciting results which have advanced MicroPlan’s penetration of its target market”*¹ . The statement also acknowledged the MicroFinanza rating report as a significant development that occurred to MicroPlan. This acknowledgement and the growth of rural portfolio is evidence that the Technical Assistance, preparedness for the season, and partnerships developed with EAS partners and offtakers are beginning to bear fruit. MicroPlan has developed good partnerships and offtakers agreements with a number offtakers namely Zimbabwe Super Seeds (ZSS) in Manicaland, Shatbury and Green Trade in Mashonaland Central districts. These agreements with offtakers have guaranteed a market for the financed farmers’ produce and recovery of loans at point of sale, therefore reducing the default risk associated with smallholder farmers. A key highlight for the quarter was the successful hosting of a field day in Makoni district by MicroPlan and ZSS to showcase the success of rural finance in partnership with the offtaker and extension services providers.² While the macroeconomic environment continues to be unstable, some farmers were starting to repay their loans from other sources before they were due as they anticipate a bumper harvest from the financed crops. In some areas however, the incessant rains resulted in leaching, delayed planting and poor weed control which can compromise on the yields.

2. ACTIVITIES DURING THE QUARTER

Training workshops conducted by CARE for MicroPlan staff are summarized in Table 1 below

Table.1. CAPACITY BUILDING (STAFF TRAINED, TOPICS, RECOMMENDATIONS)

COURSE	TOPICS COVERED	NO OF STAFF TRAINED	RECOMMENDATIONS
Gender and Rural Finance	<ul style="list-style-type: none"> ✓ Definitions of Gender ✓ Gender terms ✓ Incorporating gender in rural finance 	9(7Male and 2 Female)	<ul style="list-style-type: none"> ● There is need to have a buy in of management of FIs

¹ FBC Group 2016 Annual Financial Results Group CEO Statement, 23 March 2017

² See success story 8.1 for more details

			<ul style="list-style-type: none"> • Need to train staff across all levels on gender (awareness raising). The training will enable bankers that will meet both their needs and the needs of the vulnerable members of the community.
Agribusiness for small holder farmers	<ul style="list-style-type: none"> ✓ basic concepts of agribusiness and smallholder farming systems ✓ Risk Assessment and Lending to Small holder farmers ✓ agricultural value chains ✓ modern agricultural techniques and some good farm practices for increased productivity 	<ul style="list-style-type: none"> • 9(7Male and 2 Female) 	<ul style="list-style-type: none"> • Agricultural value chain and SME finance require credit staff to actively seek out and interact with the clientele and provide a higher level of monitoring • Use of the farm management handbook as reference by loans officers when financing agricultural value chains

In addition to workshops, CARE provided continuous field based Technical Assistance (TA) in form of coaching and mentoring of each MicroPlan loan officer in their district of operation. CARE provided support to all five rural branches which enabled MicroPlan to reach out and market their products deeper in the rural areas where the Financial Institution (FI) may have not have been able to reach on their own. The specific district interventions are detailed are summarized in Table 2 below

Table 2 Field Based Technical Assistance

Date	District	Activity	Remarks
22-27/01/17	Mutasa	<ul style="list-style-type: none"> • Formulate a district monitoring team based on two way referral system • Registration of 4 new groups into ZSS contract farming • Feasibility visits to Zindi West banana farmers • Follow up on defaulting clients • Government office courtesy call and market development to civil servants 	<ul style="list-style-type: none"> ✓ District monitoring team was established with its full mandates ✓ Registration of groups was done and it was clear the registration form is cumbersome to complete
21-25/02/17	Makoni	<ul style="list-style-type: none"> • Contracted farmers crops monitoring • Field day preparation • Market development and POS machine clients search 	<ul style="list-style-type: none"> ✓ Field visits to contracted farmers showed that some farmers especially in Nyahukwe might not be able to repay loans from their field produce ✓ Two business people in Chiendambuya and Adlamont showed great interest in having POS in their shops
27/02-03/03/17	Mutare	<ul style="list-style-type: none"> • Follow up on ZSS clients and monitor their crops 	<ul style="list-style-type: none"> ✓ Most contracted farmers had not planted their beans owing to high rainfall

		<ul style="list-style-type: none"> • Pen fattening clients monitoring • Fish farming business market development 	<p>prevailing at the time of visit</p> <ul style="list-style-type: none"> ✓ Cattle farmers were doing well and showed a lot of understanding of their business as they had stopped pen fattening the cattle owing to high availability of natural and cheap feed. ✓ Farmers engaged in fish farming are getting an off taker called Drip Streams who need 5 tons of fish monthly.
06-10/03/17	Guruve	<ul style="list-style-type: none"> • Pen fattening review with Agritex and LPD , buyers, financiers and trainers • Follow up on 2015-16 loans • Monitoring contracted farmers' crops • Market development 	<ul style="list-style-type: none"> ✓ The review revealed the actual times when the business paid well. ✓ There is a slow response by 2015-16 clients, but after engaging a number of them and giving them all options available for repayments some reacted by paying off all their loans. ✓ Guruve hospital responded to our market development initiative by giving MicroPlan specific dates to advertise and also put a branded hospital visiting time's notice board at the hospital entrance as well as ward directional signs in the hospital if funds permit.
13-17/03/17	Mt Darwin	<ul style="list-style-type: none"> • Follow up on defaulting clients • Monitoring of crops grown under contract, Mung bean and ground nuts • Meet ENTERPRIZE partners for 2 way referral system operationalization • Market development in government institutions and other value chains 	<ul style="list-style-type: none"> ✓ Hopes of recovery are very slim though presence of TA team made some traction ✓ Crops grown under contract are good but need extensive weed management as most are overwhelmed ✓ 2 way referral system to be bolstered since its already operational ✓ Increased the loan book by \$3000 per week after a committed round of market development
20-25/03/17	Makoni	<ul style="list-style-type: none"> • Field day • Marketing on the field day • Market development • 3 way clients management with off taker 	<ul style="list-style-type: none"> ✓ District field day was done at a MicroPlan client and was featured on the national television broadcaster ZTV. ✓ A meeting between CARE, MicroPlan and ZSS was done to harmonize operations and reducing risks of default
28-31/03/17	Guruve	<ul style="list-style-type: none"> • Southern Africa World Vision National Directors visit • 2015-16 loans follow up 	<ul style="list-style-type: none"> ✓ CARE and MicroPlan made a joint presentation on the products that MicroPlan have and how as an FI what trainings we would expect EAS partners so much so that it becomes easy to engage communities ✓ The loans follow up continue as some of the farmers given loans cannot raise the money until they have harvested and marketed their crops for this season.

The Technical Assistance in all cases involved intensive marketing around institutions like schools and hospitals and identifying other non-agricultural activities in order to grow the loan book beyond the cropping season. Efforts were also made to encourage clients to repay

their full loans before the lapse of their tenures so as to avoid indebtedness and penalty charges.

2.2 BRANCH OPENED AND PERFORMANCE

Each branch is targeting a loan book of USD 200,000 by the end of the project to ensure sustainability and profitability in the long run. All the five low cost branches are operational and their performance is shown in Table 3 below;

Table 3: BRANCH OPENED AND PERFORMANCE

BRANCH	DATE OPENED	NO. OF STAFF		SAVINGS (USD)	LOANS (USD)	INSURANCE (#)	SUSTAINABILITY	REMARKS
Guruve	June 2016	2	Target	6,600	200,000	1050	Operationally self-sustaining and profitable	Branch has surpassed the loans target
			Actual	300	221,118	382		
Mt Darwin	May 2016	2	Target	6,600	200,000	1050	Operationally self-sustaining and profitable	On track
			Actual	230	180,191.11	460		
Rusape	June 2016	2	Target	6,600	200,000	1050	Operationally self-sustaining and profitable	On track
			Actual	140	180,104.13	218		
Hauna	June 2016	2	Target	6,600	200,000	1050	Operationally self-sustaining and profitable	On track, need to diversify loan portfolio
			Actual	225	125,351.40	204		
Mutare Rural	August 2016	2	Target	6,600	200,000	1050	Operationally self-sustaining and profitable	
			Actual	1800	188,055	257		

In terms of loan portfolio, Guruve is the best performing with Hauna being the least. In Guruve, and other branches, there is a good mix of both rural finance and salary based clients while Hauna is predominantly rural finance agricultural clients. Figure 1 below illustrates each branch’s portfolio as at 31 March 2017.

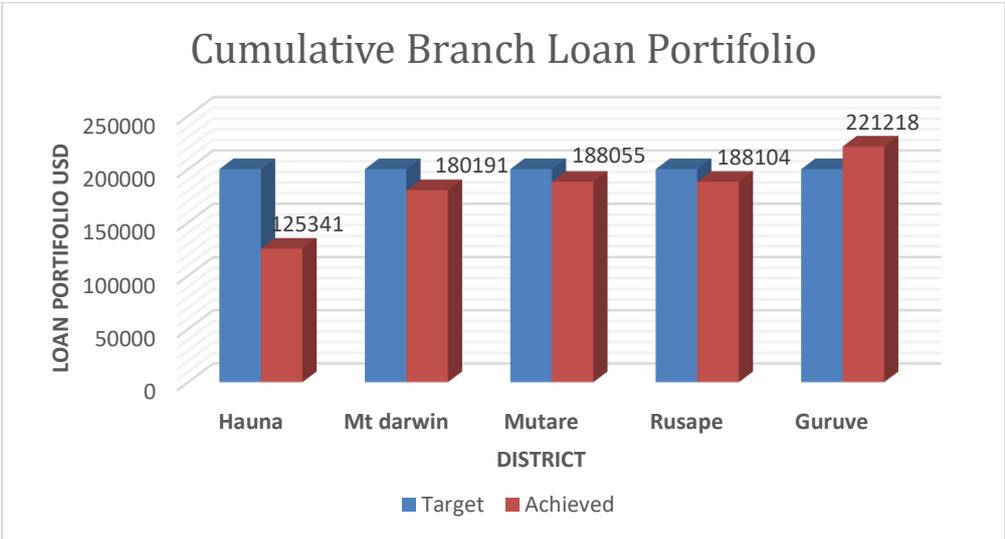


Fig 1: Cumulative Loan Portfolio by district; Source- MicroPlan Database

It is interesting to note that all the branches are close to achieve the USD 200,000 target with Guruve having already surpassed the target by March 2017. The Hauna branch however is still lagging behind and needs to start diversifying its portfolio from being predominantly small holder agricultural clients only to other value chains and non-agricultural activities.

Portfolio Quality by Branch

Table 4 below show the Non-Performing Loans (NPL) for each branch as at 31 March 2017

Branch	NPL (USD)	Clients in arrears	NPL% of branch loan book
Rusape	337.8	6	0.22%
Hauna	3297.67	6	3.43%
Mutare	3823.11	13	2.24%
Mt Darwin	6411.43	5	4.11%
Guruve	7656.01	89	4.28%
Total	21,526.10	119	1.24%

The NPL percentage increased from 0.9% in December 2016 to 1.24% in March 2017 driven mainly by Guruve, Mt Darwin and Hauna loans which are now in arrears. In Guruve, the arrears are from the 2015/16 agricultural season loans extended to Mungbean farmers and MicroPlan has so far managed to recover 50% of those loans. Recovery efforts are still underway with farmers pledging to repay with proceeds from this season's anticipated good harvest. In Mt Darwin the arrears are emanating from three clients who diverted funds from the original pen fattening business that they had applied the loans for, but when they failed to access cash to purchase cattle, they tried to do retail and petty trade and they suffered huge losses. In Mutasa, the fall in the price of bananas and non delievery of bananas to the market due the bad road network caused by the heavy rains resulted in farmers defaulting, including some of the best performing farmers who have been consistent in servicing their accounts. With prices bananas stabilizing and road connectivity improving, the farmers are expected to start servicing their debts.

2.3 POLICIES AND PROCEDURES

The review of policies and procedures was completed in 2016. Focus for the upcoming quarter is working on some recommendations of the MicroFinanza report.

2.4. PRODUCTS

2.4.1 New products (Specify the product and a brief description of the product features and target

- The new product introduced during the quarter is the **Crop Insurance Product**
This insurance product is designed to insure the farmer against any loss due to drought and floods .The cost is 3% of the of the input cost/ loan amount. In the event of any loss, the farmer is able to recover the total value of inputs used.

2.4.2 Existing products

The existing products on offer under the Rural Finance project are shown in table 5 below.

Table 5: MicroPlan Products on Offer

Microfinance	Banking	Insurance
Input scheme	Current account	Hospital Cash Plan (HCP)
Micro-lease	Savings Accounts (AmaRound- ISALS)	Crop & livestock Insurance

Stop order clients	Pre-paid cards	Life/Funeral Cover
Pen fattening / Poultry	Advisory services	Business Cover
Retail / Cross border	Remittances and payments	Life Protection Cover
Bridging finance for input suppliers and output buyers		

The subsidized input and pen fattening schemes and stop order schemes are the most popular clients among the smallholder farmers and civil servants respectively. The Hospital Cash Plan is appealing to the clients but uptake has been low, and new marketing strategies for this product will be applied in the 6th Quarter. CARE has developed a tool for market feedback on the products promoted and those used in the market to further inform refinement of the existing and development of new relevant products where needed. The tool will be rolled out in the next quarter and will further inform on client retention or drop out tracking.

3. PERFORMANCE VERSUS ACTUAL FOR THE QUARTER

Table 6 below shows the quarter performance against targets as well as the cumulative achievement so far for each indicator

Table 6; Performance Versus Actual For the Quarter

PARAMETER	TARGET	ACHIEVEMENT FOR QUARTER	CUMULATIVE	REMARKS
BRANCHES SET UP	0	0	5	All branches were operational by Oct 2016
SAVINGS ACCOUNTS	80	5	275	MicroPlan has relaxed conditions to allow clients to receive loans in their existing accounts and Ecocash Platforms
SAVINGS MOBILISED	4,000	2,695	7054.18	The recorded savings are actually moneys laying in someone's account after failing to withdraw it.
LOANS DISBURSED	1500	804 ³	1,786	The quarter witnessed exponential growth, (80%) in clients due to aggressive marketing the good relations with off takers particularly ZSS, Shatbury and Green Trade who contracted a lot of farmers.
LOAN AMOUNT DISBURSED	600,000	346,222.15 ⁴	975,947.15 ⁵	58% of the quarter target was achieved showing a quantum leap in business generated compared to 2016
PAR (%) ON LFSP PORTFOLIO	10%	(1.7%)	1.7%	While still within the acceptable threshold of less than 5% there has been an increase in the PAR from 0.9% in December 2017 showing need for better delinquency management in all branches

³ See Figure 2 showing the distribution of loans by district

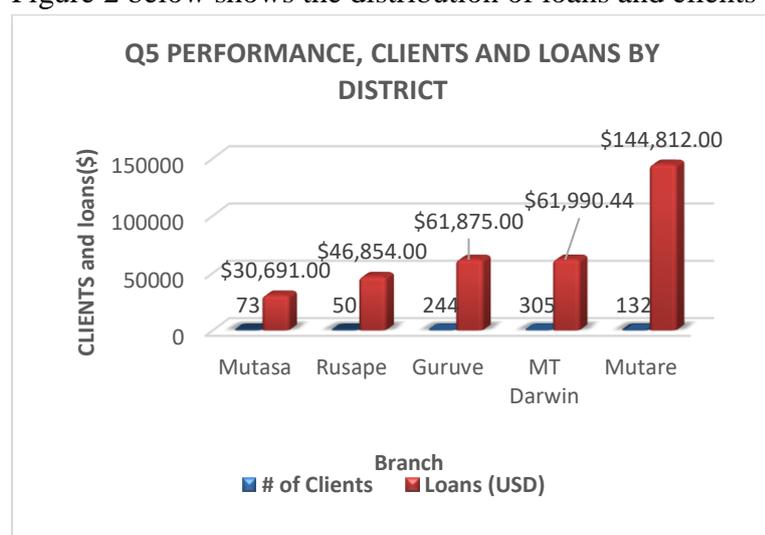
⁴ See Table 7 for detailed analysis on the loan portfolio for the quarter

⁵ See Fig 1 for detailed analysis of the total loan portfolio for all branches

PARAMETER	TARGET	ACHIEVEMENT FOR QUARTER	CUMULATIVE	REMARKS
NON PERFORMING LOANS (AMOUNT) ON LFSP PORTFOLIO	0	14,824	21,526.10 ⁶	The NPL is 1.24% of all the total loans by all branches, still within acceptable range but needs close monitoring
INSURANCE POLICIES SOLD	1500	804	1,802	Every loan that is being issued has an insurance hence the congruency between loans disbursed and number of insurances taken.
ACTIVE PAYMENT SYSTEMS	4	4	4	Ecocash, RTGS, POS and Bank transfer. POS machines installed in all branches for loan repayments
VOLUME OF TRANSACTIONS PROCESSED	5,850	2,412	5,587	The establishment of POS in branches has started to ease loan repayments
NO. OF LEASES ISSUED	150	22	128	A 14% achievement during the quarter driven mainly by motorcycles loans. More business is expected as farmers prepare for next season.
VALUE OF LEASE ISSUED	45,000	17,850	65,861	A 40% quarter achievement, robust marketing required for upcoming quarter.
TRAININGS CONDUCTED	2	7	10	Trainings were done on Rural Finance and Gender as well as Small Holder Farmer Agribusiness and one week long Field Based TA and support for each district
PRODUCTS DEVELOPED	1	1	8	The Crop and Livestock Insurance Product

3.1: Distribution of Loans and Clients by District/Branch

Figure 2 below shows the distribution of loans and clients by district during the quarter



District	# of Clients	Loans (USD)	%
Mutasa	73	\$30,691.00	9%
Rusape	50	\$46,854.00	14%
Guruve	244	\$61,875.00	18%
MT Darwin	305	\$61,990.44	18%
Mutare	132	\$144,812.00	42%
Total	804	\$346,222.44	100%

Fig 2, Clients and Loans by district/branch

⁶ Refer to Table 4 for the analysis of the NPL by branch

During the quarter, the Mutare branch was the most performing contributing 42% to the rural finance quarter loan portfolio while Mutasa came last. However it is important to note that the Mutasa loan book is the only one amongst the five branches comprising mainly agricultural loans to smallholder farmers unlike other branches with a mix of both rural finance and salary based clients. Mt Darwin notably witnessed a huge growth in both clients and loan book through lending to the groundnuts and mungbean farmers.

3.2 Loan Distribution by Category and Gender

Table 7 below summarizes the loans disbursed by type and gender so as to illustrate the different loan categories and the number of clients disaggregated by gender for each category.

Table 7. Loan Distribution by Category and Gender

		# OF CLIENTS	GENDER				LOAN VALUE	LOAN VALUE	
			M	%	F	%	TOTAL	Female	% F
Jan-17	LFSP-AGRIC	290	131	45%	159	55%	\$34,186.66	\$19,481.09	57%
	SSB-AGRIC	11	8	73%	3	27%	\$8,035.11	\$1,769.50	22%
	SSB-NON AGRIC	44	30	68%	14	32%	\$57,166.89	\$16,738.15	29%
	TOTALS	345	169	49%	176	51%	\$99,388.66	\$37,988.74	38%
Feb-17	LFSP-AGRIC	219	138	63%	81	37%	\$21,631.66	8024.61	37%
	SSB-AGRIC	16	14	88%	2	13%	\$19,970.56	1784.5	9%
	SSB-NON AGRIC	71	55	77%	16	23%	\$90,537.88	24446.56	27%
	TOTALS	306	207	68%	99	32%	\$132,140.10	\$34,255.67	26%
Mar-17	AGRIC	82	54	66%	28	34%	\$25,799.00	\$6,552.00	25%
	SSB-NON AGRIC	71	56	79%	15	21%	\$88,894.38	\$16,583.15	19%
	TOTALS	153	110	72%	43	28%	\$114,693.38	\$23,135.15	20%
Q5	GRAND TOTALS	804	486	60%	318	40%	\$346,222.14	\$95,379.56	28%

From the table above, it is interesting to note that a significant number of salary based loans are being used for agricultural purposes contrary to the general belief that all borrowing by civil servants is for consumption only. Out of the 804 clients, 618 (77%) are smallholder farmers or agricultural clients while 186 are nonagricultural clients as shown in Figure 3a below. This illustrates MicroPlan's drive to serve the rural market where agriculture is the main economic activity

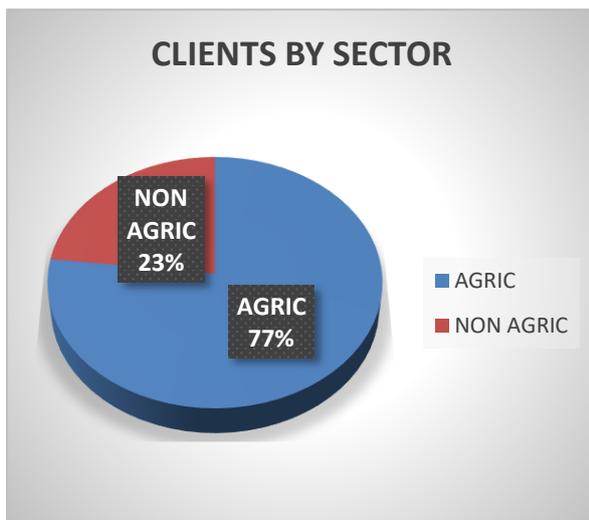


Fig 3a. MicroPlan Clients by Sector

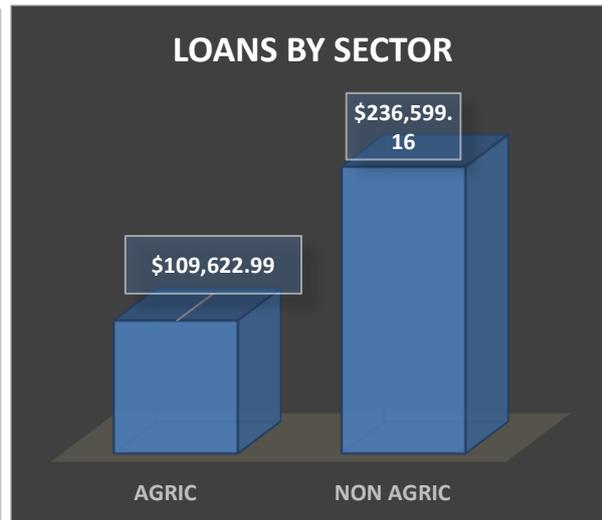


Fig3.b Loans by Sector

Despite agricultural sector having more clients, Fig 3b shows that a higher amount, 68% of total lending went to non-agricultural lending despite the fewer clients. Non-agricultural clients who are the civil servants usually apply and qualify for higher loan amounts of up to 6 times of their net salary, while smallholder farmers typically apply for small amounts for specific value chains and are not willing to coguarantee each other on higher amounts.

3.3. Gender

Figure 4a and 4b below shows the value of loans and number of clients for the quarter disaggregated by gender

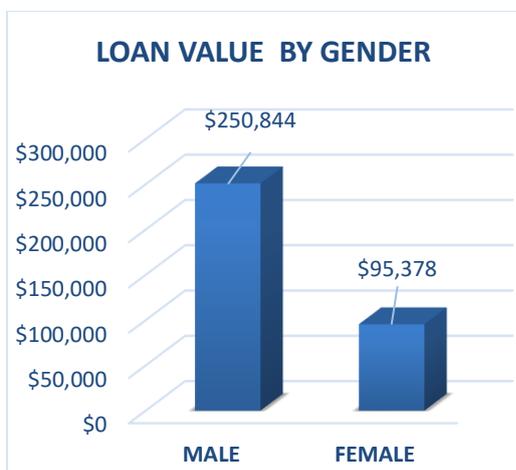


Fig 4a, Loan Value by Gender

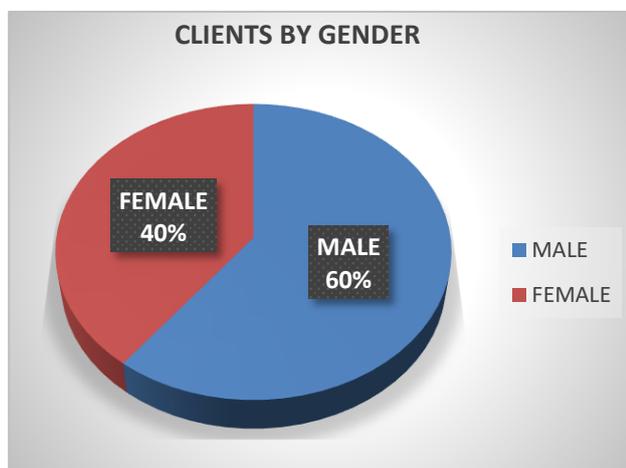


Fig 4b Clients by Gender

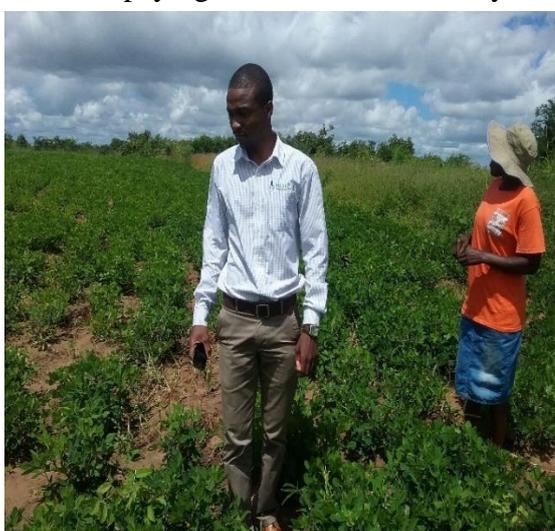
Both the number of clients and value of loans received is skewed towards males except only in January where more females received 57% of the loan amount. While the figures show less women beneficiaries in terms of number and value, this is remarkable when benchmarked to the national average which according to the Central Bank in 2016, women received only 5% of all loans disbursed by Financial Institution. Additionally, there has been a marginal increase in the number of women accessing loans as compared to the last quarter.

4. PROPOSED PIPELINE FOR THE NEXT QUARTER

Proposed Value Chain	Number of Clients	Amount (USD)	Expected date of approval/Disbursements
Cattle	50	50,000	June 2017
Tea Out growers	1000	150, 000	
Poultry	20	20,000	June 2017
Banana	200	60, 000	June 2017
Fisheries	50	50,000	June 2017
Non Agric SMEs	100	100,000	June 2017
Deduct at Source	200	200,000	June 2017
TOTAL	1620	630,000	

5. PROGRESS ON SEASONAL ACTIVITIES:

- In Mt Darwin a total of 342; 171 farmers were contracted by Shatbury to grow groundnuts while 171 were contracted by Green Trade for Mung bean production which invariably grew the loan book by leaps and bounds
- In Guruve 163 Mung bean farmers were contracted whilst 47 were contracted to grow groundnuts. The number of farmers contracted in groundnuts is much smaller owing due to the late supply of inputs by the offtaker
- Off-taker negotiations in progress – Drip Streams, ZSS, Montana Meats, Surrey Abattoir.
- CARE TA will continue to be mainly field based to assist MicroPlan Officers in new business development, monitoring loans disbursed and markets development
- Field days in association with other partners to showcase the success and potential of rural finance and marketing of the MicroPlan brand have been planned and one was successfully held in March 2017 in Makoni districts. Other field days are being planned in other districts
- Due to constant monitoring visits to clients during the quarter, some farmers have started repaying their loans before they are due so as to reduce their debt.



Tapiwa, Mt Darwin Loans Officer on a monitoring visit to groundnut farmers financed by MicroPlan

6. CHALLENGES AND STRATEGIES TO ADDRESS THE CHALLENGES

	Risk	Mitigation
1	Unconfirmed producer prices by some offtakers and delayed remittance of repayments by offtakers resulting in penalties charges accruing to farmers	Engagement of offtakers to announce prices prior to planting. A key lesson learnt is that open markets e.g for beef and bananas pay farmers better on a cash on delivery basis than some contracted offtakers. Efforts are underway to identify other non LFSP offtakers or markets so to diversify market options for farmers.
2.	Crop and Livestock losses due to natural causes like weather elements	FBC, through Eagle Insurance now offering in house weather index insurance product designed for small holder farmers.
3.	Continued Cash Shortages	Deployment of Point of Sale Machines in all branches and other local retail outlets, and direct deposit of loans to suppliers.
4	Financial Literacy and lack of business skills amongst rural clients continue to pose a risk for Rural Finance	Engaging with EAS partners for targeted training of identified groups and referring clients to EAS partners for training. Loans Officers capacitated with Financial Literacy skills and farm business management and basic agronomic practices to appreciate these rural markets.
5	The macroeconomic environment not conducive for small business growth	Rigorous risks assessment for each applicant by Loans Officers so as to lower the possibility of Non-Performing Loans

7. FINANCIAL PERFORMANCE

	BUDGET	ACTUAL	VARIANCE	REMARKS
CARE TA Budget	USD25,321	USD 28,168.63	(2848)	Actual expenditure included outstanding balances from previous quarters
MicroPlan Branch Set Up and Operational Costs	USD 7,463.91	USD 1,989.90	USD 5,474,01	MicroPlan to procure more POS machines for retail outlets in the districts.

Details will be provided in an attached financial report.

8. RECOMMENDATIONS

- MicroPlan to reduce concentration risk through adopting strategies of financing multiple value chains and non-agricultural activities. A good example can be Makoni whose mainstay is the continued good relationship with ZSS. To this end it is important to have diversity into dairy, horticulture and non-agricultural SMES going forward. Capacity on SME lending to all the Officers critical.
- Financial literacy training for clients needed to empower the rural clients to make informed decision when faced with a number of FIs offering similar products. CARE trained MicroPlan loan officers in financial literacy for rural engagement with rural clients who are financially illiterate to ensure better understanding and opportunity to interact towards facilitating financial inclusion

- All partners (EAS, Financial Institution and TAs) to implement the two-way credit referral system to avoid over indebtedness and double dipping by some farmers with the various FIs in the district.
- Efforts continued to engage the Guruve farmers and other stakeholders to recover the remaining 50% of mung bean loans advanced to the farmers in the 2015/16 season as well as the Mt Darwin defaulter to ensure that the NPL is reduced. There is need to for Head Office support to ensure that the loans are recovered to reduce the systemic risks that may arise with other clients.
- MicroPlan needs to conclude the setting up of POS terminal in identified locations to ease transactions for MicroPlan and other clients in the face of cash shortages.

9. STORIES OF CHANGES/CASE STUDIES

9.1. SHOWCASING THE SUCCESS AND IMPACT OF RURAL FINANCE-NYAMUSOSA FIELD DAY-21MARCH IN MAKONI DISTRICT

On the 21st of March, MicroPlan , Zimbabwe Super Seeds and INSPIRE Consortium jointly hosted a field day in Nyamusosa Village to showcase the success of rural finance and market linkages with an offtaker with support from extension services providers. MicroPlan financed a group of 19 farmers in Nyamusosa Village who were contracted by Zimbabwe Super Seeds to grow seed maize. Some key facts

- Number of farmers funded-19
- Crop Finance-Seed maize with ZSS as the guaranteed offtaker
- Value of Loan for the Group- USD 12,000(including interest charges)
- Hectare Grown:30 hectares
- Expected Yield per hectare:5 tons (Yield potential is 7tons/ha)
- Expected Yield :150tonnes
- Expected Gross Income @USD600/ ton: USD 90, 000
- Gross Profit after Loan repayment: USD 78, 000 for the Group- farmers used own labour.

The host farmers, Mr and Mrs. Nyoka received loan of USD 1,100 and grew fours hectare seed maize and are expecting at least 20 tons from their crop which had already reached maturity stage. From this, the farmer expects gross income of USD 13,200, and will net off around USD 11,500 after loan repayment and deducting labour cost. The success of the group



and the Nyoka family is clear testimony that a combination of well-designed loan product, payable after harvesting and selling the crop, a guaranteed offtaker and adequate extension support has the potential to take rural people out of poverty. This success also motivated other farmers from the district to venture into seed production as an alternative cash crop to tobacco production which is cumbersome and an environmental threat. Mr Nyoka is a civil servant

and this also helps to confirm the argument that civil servants also borrow for productive purposes and not always for consumption. The farmers are engaging MicroPlan for another loan to sink boreholes and buying a tractor after repaying their first loan.

9.2 Demystifying the civil servants myth on loans

Partson Munyengerwa is an Irrigation Officer under Department of Irrigation in Makoni District. He is a family man married with 3 children. As a civil servant, he realized the limitations his income has on the type of life style he envisages for his family and has engaged in agriculture to supplement his disposable income. He accessed an input scheme loan of USD200.00 from MicroPlan to grow 0.5ha seed bean under contract from Zimbabwe Super Seeds. From his plot, he harvested 1.1 tonnes of seed bean, at a price of USD1.50/kg, he realized a gross income of USD1.650. After his MicroPlan loan deduction of USD228, labour costs of about USD 50, 00, electricity and water to the irrigation scheme USD50.00 he remained with a surplus of USD 1,322 as disposable income. For a civil servant staying in the rural areas this is a like changing income within three months. He intends to have a borehole sunk at it his home to increase his irrigable hectarage and will go for a micro lease facility with MicroPlan to purchase irrigation equipment. MicroPlan looks forward to helping Mr. Munyengerwa achieve his goals.

Munyengerwa has demystified the old age myth that government employees take consumption loans as opposed to productive loans. He is one civil servant of his kind who can safely rely on agriculture and salary supplementing his agriculture income instead of the vice versa. Mr Munyengerwa story is similar to other civil servants like Mr Calvin Nyoka and Seth Katsumbe of Lesburn farm in Makoni district



Left , Mr. Munyengerwa sharing his story with a “MicroPlan official” and Right Mr. Munyengerwa field with maturing bean crop

SIGNED _____

TA REPRESENTATIVE

SIGNED _____

FI REPRESENTATIVE

ANNEX 1: QUARTERLY PERFORMANCE STATISTICS FOR MICROFINANCE INSTITUTIONS

QUARTERLY MICROFINANCE INDICATORS	Quarter ending March 2017		
A) PORTFOLIO			
i) Portfolio growth			
· Loans disbursed during the quarter	4,045,624.77		
· Loans repaid during the quarter	2,020,910.33		
· Portfolio balance at the end of the quarter	18,878,747.07		
Portfolio Concentration (Sector e.g. Agriculture, Trade, Services, Manufacturing; Rural/Urban)			
PURPOSE OF LOAN	NUMBER OF LOANS	VALUE (USD)	% OF TOTAL LOANS
TOTAL	13,753	18,875,747.07	1
DISTRIBUTION	87	342,281.42	1.80
MANUFACTURING	25	58,134.19	0.30
RETAIL	455	590,436.96	3.10
CONSUMPTION	3,148	3,781,572.48	20.00
SERVICES	356	682,286.48	3.60
HEALTH	152	172,068.30	0.90
EDUCATION	2,619	2,547,284.67	13.50
MINING	25	27,452.16	0.10
AGRICULTURE	2,738	2,038,795.44	10.80
CROSS BORDER TRADERS	30	32,736.20	0.20
VENDORS	400	1,507,264.59	8.00
FUNERAL ASSISTANCE	3	4,022.34	0.01
OTHER	284	580,755.72	3.10
Housing	3,431	6,510,656.12	34.50
· Gender disaggregation of the borrowers			
NUMBER OF FEMALE CLIENTS	4,613		
WOMEN PORTFOLIO SIZE	5,810,071.00		
ii) Portfolio quality			
· Portfolio at risk 30 days.			
· Aging analysis of the portfolio	DAYS OUTSTANDING/ ARREARS	TOTAL LOANS	% OF TOTAL LOANS
TOTAL PASS - CURRENT			

TOTAL SPECIAL MENTION	1-30 Days	504,586.71	
TOTAL SUBSTANDARD	31-60 Days	381,220.43	
TOTAL DOUBTFUL	61 - 90 days	42,523.45	
TOTAL LOSS	+91days	1,412,638.52	
GRAND TOTAL		2,340,969.11	
· Loan loss ratio	0		
B) PROFITABILITY AND SUSTAINABILITY			
i) Return on Assets (ROA)	6%		
ii) Return on Equity (ROE)	14%		
ii) Operational Self Sufficiency (OSS)	207%		
iv) Financial Self Sufficiency (FSS)	181%		
C) ASSET/LIABILITY MANAGEMENT			
· Portfolio to Assets	101%		
· Cost of Funds Ratio	19%		
· Debt to Equity	1.44		
· Liquid Ratio	19%		
D) EFFICIENCY and PRODUCTIVITY			
i) Average loan size disbursed	1,372.48		
ii) No. of credit officers	20		
· Number of active clients	13,753		
· Cost per Active client	142.03		
· Client turnover	11.41		
· Number of Staff	54		
· Number of credit officers	20		
iii) No of loans per credit officer (Average)	688		
iv) No. of loans per staff member	255		
v) Portfolio Yield (PY)	48%		
vi) Operating Cost Ratio (OCR)	15%		