

## **2018 Winter Newspaper Article from various Newspapers**



**2018 Winter School Group Photo**



*Dr. Jesimeni Chipika*

## **We will protect the consumer, RBZ tells micro-financiers**

**Shingira Vambe**

**NYANGA** - The Zimbabwe Association for Microfinance Institutions (Zamfi) CEO winter school conference was held in Nyanga last week to discuss issues affecting the sector and for a dialogue with the Reserve Bank of Zimbabwe (RBZ), as their regulator.

The conference drew over 180 micro-financiers who participated in the dialogue that also involved consumers, highlighting the challenges faced by both sides in a harsh economic environment.

Among the participants were Econet, Musoni, Getbuks and Microserv.

RBZ deputy governor, Dr Jesimeni Chipika said the central bank had started working with the central registry and big banks to identify unscrupulous borrowers who were prejudicing lending companies by borrowing from many companies but failing to pay back.

She also said the central bank had for some time now been calling upon commercial banks and mobile money operators to reduce their rates as customers continue to lament extortionate charges.

Zamfi managing director, Brian Zimunhu said the problems they face include high interest rates and the prohibitive capital base requirements of the RBZ.

"I urge all the 183 micro-finance companies that are here in Nyanga to come up with an alternative system of merging up to reduce expenditure and increase their capital base. It is very clear as many investors come in, our local players will be driven out of business if the new investors have a capital base of more than five hundred thousand or a million dollars.

"The micro-finance institutions should change the way they operate. As entrepreneurs, they should do better; improving their quality of delivery so that they become a development engine for the country," said Zimunhu.

Micro-finance institutions were also urged to reach out to rural areas and to adapt to the current digital environment.

Issues of rates were discussed, with the RBZ emphasising that its role was to create dialogue between micro-financiers and their consumers as the law should apply equally to both sides.

*Dr. Jesimen C. Chipika speaks on consumer protection in the microfinance sector published in TellZim News newspaper*

# Microfinance sector is stagnating: Zamfi boss

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ZIMBABWE Association of Microfinance Institutions (Zamfi) board chairperson Patrick Mangwendeza says the country's microcredit sector must shape up or risk becoming irrelevant to the unfolding economic environment.

Mangwendeza, a veteran banker, was officially opening the three-day 2018 Microfinance CEO Professional School which is running until tomorrow under the auspices of Zamfi in Nyanga.

"If we do not align ourselves to what is happening, what is unfolding or what is likely to happen, we run the great risk of becoming irrelevant and the dinosaur will be our greatest friend: we become extinct, history which is only seen in books," said Mangwendeza.

He added that the microfinance sector was generally not living up to expectations.

"Let me dwell briefly on a worrying issue, it seems the sector is stagnating.



Zamfi board chairperson Patrick Mangwendeza

"With all the efforts we are doing, according to RBZ and our own figures, the sector, has not breached the 300 000-outreach mark.

"This does not speak well of a sector with 189 players, four of which are deposit-taking colleagues. I think we need to reward the good space we have been given with reciprocal results.

"It was anticipated that the sector would explode but it seems it might be imploding. This we can change easily. I know we can do it," said Mangwendeza.

The Zamfi board chairperson said the 2018 Microfinance CEO Professional

School, running under the theme — The state of the Microfinance Sector: Are we ready for the next level?— presents opportunities to explore ways on how to achieve "inclusive finance for inclusive growth and development in our country."

"The world over inclusive growth has become a key objective for global policy makers including the AU, Sade and G20.

"Inclusive growth is typically defined as economic growth in which growth opportunities and benefits will be delivered to all people, regardless of their various socio-economic and gender attributes.

"In our attempt as a

country to achieve this inclusive growth, there is a major role that our inclusive microfinance model should be ready to play with undiminished passion and dynamism," said Mangwendeza.

According to the Zamfi board chairperson, several benefits will accrue from inclusive microfinance.

"Inclusive finance provides affordable access to financial services for all people. It enables both individual and economic agents to make longer-term consumption and investment plans. It shields households and firms from adverse financial shocks.

"It empowers people to exploit better economic and social opportunities...It drives economies on a sustainable growth trajectory," he said.

Mangwendeza added that the country's microfinance sector can become relevant to the current economic set-up by taking advantages of opportunities in agriculture, agribusiness, agro-processing, education, health, energy, greening and small business financing.

*Mr. Patrick Mangwendeza, the ZAMFI Board Chairman speaks on the microfinance sector stagnation published in the Daily News newspaper*

# We can't account for bond notes in circulation, RBZ admits

Shingirai Vambe

NYANGA – Reserve Bank of Zimbabwe (RBZ) deputy governor, Dr Jesimeni Chipika has said the central bank can no longer account for the bond notes and coins that are in circulation due to massive hoarding of the surrogate currency.

She was speaking at a winter school programme organised by the Zimbabwe Association of Micro Finance Institutions (Zamfi) last week.

"The RBZ can't account for the bond notes and coins on the market because those doing business are holding onto the money," said Chipika when the issue of shortage of cash was raised.

She also blamed the black market for the crisis, saying the illegal practice was depriving the economy of a lifeline by holding onto cash that must otherwise be

circulating in formal banking channels.

"The cash crisis is a symptom of lack of foreign exchange in the country. As long as our foreign currency earnings are not big enough to meet the demand, it surfaces as a crisis since we are in a dollarised economy and our exchange earnings should be in foreign currency," Chipika said.

She said the central bank would want to create and nurture an environment which improves the ease of doing business to sustain a positive credit culture in Zimbabwe and take the microfinance business to a higher level.

Parliamentary Portfolio Committee on Finance chairperson, David Chapfika acknowledged the problems that doing business in an economy with no cash present, and encouraged people to continue using digital money.

"Go digital. Even the Minister of Finance has said that is the solution. We are copying from Kenya and we have even surpassed them. We are recognised as number one in trading in a new digital era. Kenya is the number two economy that is running without cash in the market," said Chapfika.

Zamfi chairperson, Patrick Mangwendeza, however, said it was unfortunate that authorities were pushing for a more cashless society as a solution to the problems without reducing the cost of electronic transactions.

"As RBZ tries to engage with financial players in the country, it still fails to regulate the charges. Banks are recording massive profits through cashless transactions and that is abnormal in an economy that is trying to engage new investors," said Mangwendeza.

*RBZ's Deputy Governor, Dr. Jesimeni Chipika's remarks on bond notes in circulation published in [TellZim News](#) newspaper*



TAURAI TOGAREPI

## MICROFINANCE

institutions (MFIs) have the potential to act as a catalyst to extricate people from poverty and advance economic growth, the Deposit Protection Corporation (DPC) has said.

DPC manager for policy research Taurai Togarepi made the remarks at the three-day 2018 Microfinance CEO Professional School held by the Zimbabwe Association of Microfinance Institutions (Zamfi) in Nyanga which ended yesterday.

"Microfinance institutions act as the first window of opportunity for financially excluded individuals, micro and small businesses to have access to the formal financial system.

"MFIs should aim at increasing access to basic financial services such as insurance, savings accounts, loans, and remittances. By doing so MFIs empower the

financially excluded to smooth their consumption overtime, avoid potentially dangerous shadow markets, undertake entrepreneurial pursuits, and broaden their financial horizons," said Togarepi.

He, however, warned that MFIs can only contribute meaningfully to the upliftment of the financially excluded by adhering to principles of corporate governance.

"In order to achieve this, it is important to note that proper governance of companies is becoming as crucial to the world economy as the proper governance of countries,"

He said poor corporate governance is a big contributor to the collapse of financial services.

"Most failures in the financial services sector lie deeper in flawed macro-economic and monetary policies but inadequate regulation and supervision, bad governance makes these problems worse.

"The 'infant' microfinance industry recorded scores of success the world over; Zimbabwe included and must now institutionalise that success.

"However, like all small enterprises challenges such as issues of power, control, and transparency emerge. Governance becomes

more important as it helps to marry the various interests of stakeholders and protects the long-term health of the institution," said Togarepi, adding that competent boards were a must.

"In order to migrate to good corporate governance this myth of the 'visionary being the CEO and board' has to be broken. Globally, there is theoretical and empirical evidence that good governance is essential for the prosperity of nations and their citizens.

"In a bid to encourage good corporate governance, it is now enshrined in the new Constitution of the country. Good

governance is now a constitutional imperative, the Constitution enjoins companies to be good corporate citizens." The DPC manager for policy research also urged (MFIs) to embrace

technology. "According to a study by McKinsey & Co, financial inclusion for billions of the world's poor is achievable but it will require scaling and innovation, and mobile banking will play a key role in delivery of financial services," said Togarepi.

***MFIs must promote financial inclusion: DPC published in the Daily News newspaper***

## MFIs target productive lending in Manicaland



**Rumbidzayi**  
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Micro Finance Institutions  
(MFI) under the Zimbabwe  
Microfinance Fund (ZMF)  
have partnered with the Food  
and Agriculture Organisation  
to finance horticulture  
production in Manicaland, as  
the sector seeks to increase  
micro-lending towards the  
productive sector in line with  
Government's National  
Financial Inclusion Strategy.

In an interview on the sidelines of the Zimbabwe Association of Microfinance Institutions (ZAMFI) winter school held in Nyanga recently, ZMF managing director Mr Brain Zimunhu said microfinance institutions had of late been increasing the funding channelled towards production, unlike in the past where micro-loans were mostly consumptive.

"In Manicaland there has been a lot of productive lending going on. In addition to our traditional microfinance fund, we also have the Livelihood Food and Security Programme (LSFP) driven by FAO which has targeted horticulture value chains in Makoni and Mutasa,

Mutare rural and Nyanga districts. A lot of money from that fund has been channelled towards productive lending," he said.

He said the programme targeted projects such as paprika, bananas, beans and potato farming as well as pen fattening.

Mr Zimunhu said so far, more than \$2 million has been absorbed in paprika production while another \$500 000 had gone into sugar bean production.

He said other smaller value chains in the province had also received funding under the programme.

"Manicaland has very good soils and the weather good for horticulture. Much of the agriculture portfolio that we have been managed through the collaboration with FAO has been channelled towards Manicaland."

The Reserve Bank of Zimbabwe has been encouraging the Microfinance sector to increase lending towards the productive sector as a way of growing financial inclusion within the marginalised communities who are not catered for by big banks.

Mr Zimunhu said while the sector had been trying to move towards that direction, it had

however been dogged by challenges that included non-repayment of loans by its clients as well as lack of access to cheap finance, a development which has seen the sector charging exorbitant interest rates on their loans.

He said there was need to prime entrepreneurs so that they could become credit-ready and learn the importance of repaying loans.

"As much as the MFIs want to finance the youth in the informal sector, they think the youth are not yet credit-ready. They need to be taken through an entrepreneurship programme which will make them ready to take loans and repay them properly.

"Going forward there should be mechanism put in place to ensure that youths are still able to borrow even without collateral," said Mr Zimunhu.

He said the RBZ's guarantor scheme where the loans by the youths could be guaranteed by a third party to avoid the need for collateral, would help both the sector and the youths.

There are almost 190 Microfinance Institutions in Zimbabwe and the sector is likely to continue growing as it has been co-opted into Government's development agenda towards greater financial inclusion.

*MFIs Target Productive Lending in Manicaland  
published in the **Manica Post** newspaper*



**THANK YOU**