



ADC

**ADC MICROFINANCE
ANNUAL REVIEW**

1 April 2020 - 31 March 2021



OUR VISION

A world without poverty where people have access to the resources necessary to improve their lives.

OUR MISSION

To empower those living in poverty to improve their lives and enable transformation of households and communities, by providing access to client-focused microfinance and related services.

IMPACT: 2020-21 AT A GLANCE

**1,107 MICRO LOANS
DISBURSED**

**\$409,060: VALUE OF
LOANS DISBURSED**

**90% LOANS
TO WOMEN**



SINCE INCEPTION



12,895 microloans disbursed



\$3.5m: value of loans disbursed



For every dollar contributed by ADC, ZMF has distributed more than \$10.75 in loans. As loans are repaid, money is lent out again, continually multiplying the impact of donated dollars

TRANSFORMING HOUSEHOLDS AND COMMUNITIES



Nwe Nwe Win and her husband work hard to keep their family weaving business alive. They hire staff from across their region, provide them with food and lodgings, and pay them for their labour. The beautiful woven fabrics are sold on to large shops in their town at wholesale prices.

It's a longstanding family business that was thriving in their parents' generation but, a few years ago, it was hit hard by a labour shortage and increased competition.

To keep up, they were forced to borrow money - about 200,000 Kyats, or \$170NZD - from a local, informal lender. With compounding interest and the lender requiring them to pay back their debt in a lump sum, it took them years to pay back. Like so many others living on the poverty line in developing countries, Nwe Nwe Win was unable to access credit from a traditional bank. Many are forced to turn to loan sharks and pawn shops, which may charge interest rates in excess of 200 per cent per annum.

Thankfully, Nwe Nwe Win and her friends heard about ADC micro loans, through local partner, ZMF. That was when her family's livelihood and fortune was turned around.

“ The ZMF loan was really helpful for us when we were struggling financially. It saved us from going down the debt spiral.”

With safe access to small business loans, Nwe Nwe Win and her husband have been able to build up their customer base and expand their business successfully. Like others who receive micro loans from us, their repayment rate has been incredibly high. So much so, that they recently took out their fourth loan to build back their business further.

Nwe Nwe Win and her husband are just one example of the thousands we have been able to support. No longer living in a cycle of poverty, they have been able to sustainably increase their earnings. This leads to improved food security, access to healthcare, improved housing, and education. The latter in particular has an intergenerational effect on communities in Myanmar.

A MESSAGE FROM THE BOARD

The past year has been one of both anguish and hope for ADC and our friends in Myanmar. Just when it looked like Myanmar was set to bounce back from a series of COVID-19 lockdowns in 2020, Myanmar's Tatmadaw staged a military coup in February 2021, sparking violent repression and a reversal of economic progress and political reform (read more about this on the next page).

While this has been unfolding, ADC has been working to put in place a long-term strengthening programme in Myanmar, which we see as crucial for ZMF to grow sustainably to meet the huge demand for its services. So we are hugely excited to have been able to announce the launch in the very near future of *"Catalysing Financial Inclusion in Northern Myanmar"*, a programme for transformative capacity building and expansion with ZMF, to be delivered in conjunction with the New Zealand Aid Programme's Manaaki Fund. The project has total budgeted resources of \$800,000 across three years, with co-investment from ADC and the Ministry of Foreign Affairs and Trade (MFAT), and will be overseen by ADC's former Executive Director, Zac Colborne.

The timing of our capacity-building programme – in the midst of such upheaval and uncertainty in Myanmar – has thrown up some challenges. A lot of thought has been given to whether it should be delayed until a sense of normalcy returns. However, in discussion with ZMF, we have decided that the challenges are far outweighed by the need to respond to an acute need for poverty-focused financial services for communities in Northwest Myanmar as they weather and ultimately look to recover from devastating crises. In short, ZMF is needed now more than ever.

We are hugely grateful for the hard work of our staff and volunteers over the past year – in particular Emily Pavey (our Communications Manager), Simon Den Bak (our Finance Manager) and Zac Colborne (instrumental in our Manaaki design and application).

ADC are uniquely positioned to make a major impact on people's lives during one of their most challenging times – our biggest thanks, as always, goes to our loyal and generous donors, without whose support none of ADC's work would be possible. We thank you for your ongoing support in this mission

Ngā mihi nui
The ADC Board

THE EFFECTS OF THE COVID-19 PANDEMIC & THE COUP

When the COVID-19 pandemic struck the world in March 2020, our in-country partner, ZMF, made the decision to close their office to the public, suspending repayments for its 1,400 active loan clients and ceased to new loan disbursements. To support its clients the decision was also made to not to charge interest on loans to business unable to continue, while repayments were suspended.

As ZMF and communities in Myanmar worked to re-open and resume business, Myanmar was taken over by a military coup d'état on 1 February 2021.

The ZMF offices continue to open when it is safe. Although repayments are being made by clients, repeat loans are not currently being disbursed. The result is a temporary hiatus in new lending as ZMF looks to safeguard its capital pool for maximum benefit once the political climate improves (the closure of commercial banks has also meant that we have been unable to send funds to ZMF since the 1 February coup). Travel to visit clients has been limited and bank closures, internet blackouts, curfews and transport stoppages have only compounded the disruption. There has been a huge disruption to small businesses and thus to incomes and livelihoods. Timing could scarcely be worse, coming on the back of a big COVID-19 lockdown in December. Prices for food, fuel and other basic commodities have spiked. As with previous economic shocks, we expect that women, ethnic minorities and the poor will be hit disproportionately hard.

As with disruptions caused by COVID-19 lockdowns across the past year, the ZMF staff are committed to supporting clients get their businesses back up and running. ZMF has been part of the local community now for almost fifteen years, and has operated under military rule before. Recent events mean that its work – providing affordable financial services to those who are economically marginalised and living in poverty – will be even more crucial in the months and years to come as the people Kalaymyo, like the rest of Myanmar, recover from the current unrest and adjust to whatever the future brings. Affordable, small-scale business capital will be precisely what many in the community need to get back on their feet and regain a regular income.

OUR CO-FOUNDERS



Andrew Colgan - Chief Executive

Andrew's passion for ADC stems from a belief that access to affordable credit can transform lives and empower communities. He co-founded ADC in 2007 and has visited the project partners on a number of occasions. He is a Partner at litigation law firm McElroys and holds law and economics degrees as well as a Master of Laws from University of Chicago. Andrew is also a member of the ADC Board.



Geoff Cooper

Geoff's passion for enabling grassroots innovation and entrepreneurship through microfinance was a driving force in founding ADC. He has led several trips to ADC's partner organisations in Myanmar and Malawi, and has had a strong influence on the development of microfinance policy. Geoff is General Manager at Strategy at New Zealand Infrastructure Commission, Te Waihangā

OUR BOARD



Nick Hammond - Chair

Nick is a founder and the COO of Spring Sheep Milk Co, a start-up business successfully building a high value sheep milking industry in New Zealand. Creating opportunities for entrepreneurs is one of the reasons Nick is so passionate about ADC.



Sarah Colgan

Sarah is a Health Psychologist with the Counties Manukau DHB, having previously worked as an employment lawyer. She has been involved in ADC since its beginning and believes strongly in microfinance as a tool for empowerment of women and their families.



Fiona Natusch

Fiona is the GM of Ember Innovations, a hub designing new mental health and addiction services. She lived in Myanmar for 4 years, working with Proximity Designs on services for smallholder farmers. She is passionate about delivering services that complement the entrepreneurial spirit of Myanmar families.



Jeremy Kenealy

JK works for Palantir Technologies, an international data software company. He spent more than 5 years as ADC's Project Director, a role that took him multiple times to Myanmar. He is constantly inspired by the empowering impact microfinance has on entrepreneurs.



Fiona Millar

Fiona works in digital innovation for Harrison Grierson, an engineering and design consultancy, but her background is in international development and non-profit operations. She is passionate about connecting people, and solving social problems using human centred design and empathy based practices.

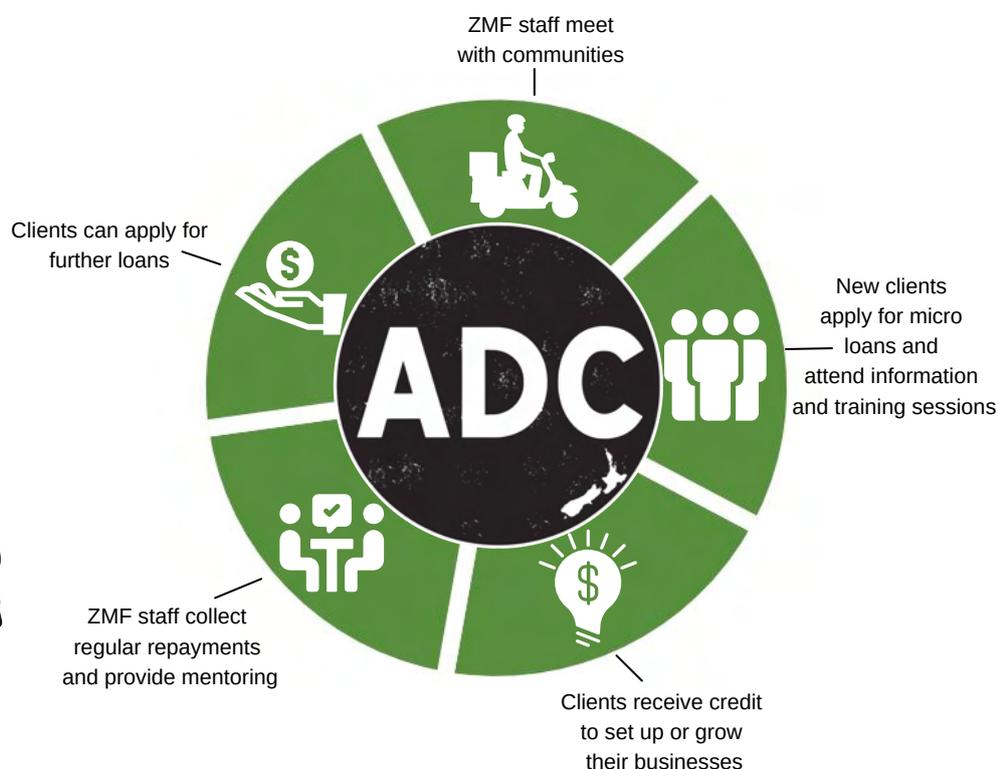
OUR IN-COUNTRY PARTNER: ZMF

Through our in-country partner, ZMF, we seek new clients through two main avenues: word of mouth and through ZMF staff visiting rural communities. New clients are required to attend training and information sessions about ZMF and the financial support available. Loans are uncollateralised and only basic information is required from clients, but all lending is within small groups of people who act as co-guarantors.

Through ZMF's discrete, reliable and trusted service, loans are disbursed in cash and all are repayable in weekly or monthly installments over a 6 or 12 month period. Clients are also required to put a small amount aside for insurance and savings. To secure additional capital, loans must be fully repaid. Ongoing mentoring is provided by ZMF staff who are well-known and trusted within their community.

- ✓ **Deep, local knowledge**
- ✓ **Build relationships based on trust and loyalty**
- ✓ **Discreet**
- ✓ **Passion for community welfare**

HOW WE WORK TOGETHER



OUR COMMUNITY



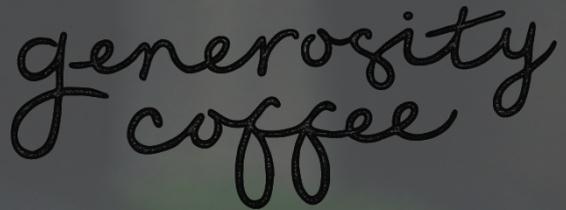
One Percent Collective is NZ's movement for a better way to donate. It's a community of people who donate 1% of their income to support great causes. ADC Microfinance is a proud partner charity of One Percent Collective. Last year, donors giving via this channel collectively gave over \$20,000! We are phenomenally grateful for their support.



ADC Microfinance is proud to be a partner charity of Swiss-Belhotel International. Swiss-Belhotel International offers luxury and economy hotel and resort accommodation worldwide.

the people place

The People Place designs and implements creative people and HR solutions. They work closely with their clients to identify where support will be beneficial and tailor their approach accordingly. ADC Microfinance is proud to be a partner of The People Place.



Enjoying your morning cuppa has never felt so good! ADC Microfinance is thrilled to be a partner of Generosity Coffee. You can choose to support ADC every time you order coffee with Generosity Coffee, and a whopping 20% of your order is automatically donated to our cause.



Putting the heart back into giving, The Good Registry are about simplifying giving, reducing waste, and helping good causes. Supporters can start a gift registry or buy a gift card for ADC Microfinance today.

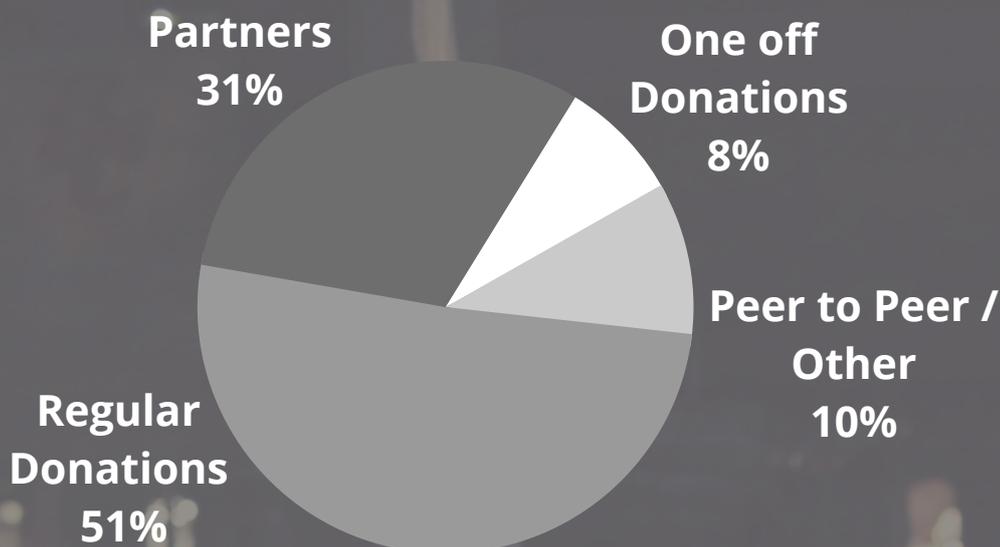


Raizor make it possible to save big on household essentials all while supporting a charity of your choice. It's win-win! We're so happy to be a charity partner of Raizor.

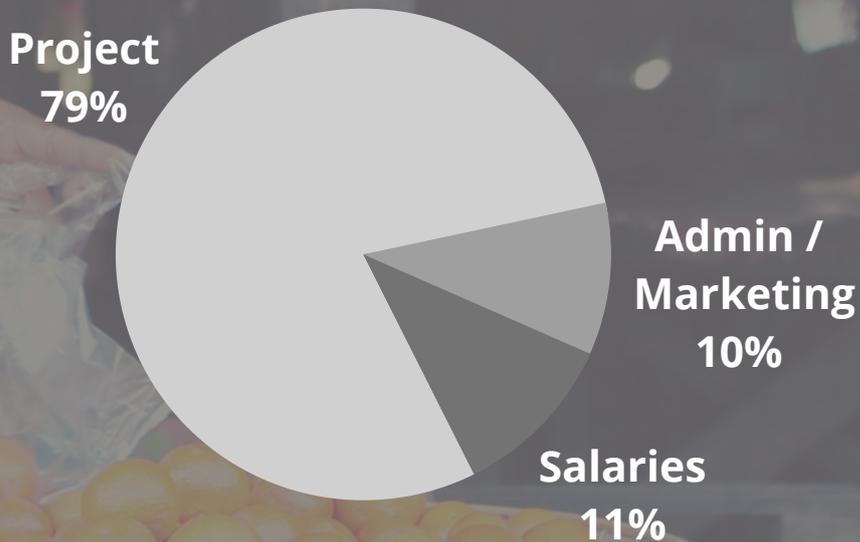
ADC YEAR IN REVIEW

We'd like to acknowledge every single donor and regular giver, every corporate partner, our volunteers, our members, and the dedicated ZMF team in Myanmar, all of whom make the work of ADC Microfinance possible. It's a privilege to be able to change outcomes for individuals and families in Myanmar.

INCOME: \$54,966



EXPENDITURE: \$57,654



Full financial details in Annual Report to be filed with DIA Charities Services.



ADC INCORPORATED

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ADC is a Registered Incorporated Society
Charity Commission registration number: CC50855