

Increasing access to finance among MSMEs

Access to capital remains the main challenge for micro, small and medium enterprises (MSMEs) across all stages of the business lifecycle in Malawi. Only 10 percent of medium enterprises, five percent of small enterprises and three percent of microenterprises have access to credit from a commercial bank. In this interview, *Times Business* talks with Financial Inclusion Entrepreneurship Scaling (FINES) Programme Manager Mark Lungu on how the FINES project is increasing access to finance.

What is the aim of FINES project?

Financial Inclusion and Entrepreneurship Scaling (FINES) is a five years Government of Malawi project being implemented by the Reserve Bank of Malawi under the Project Implementation Unit (PIU) with support from the World Bank. The project is aimed at increasing access to financial services, promoting entrepreneurship and capabilities of MSMEs in Malawi including addressing Covid implications. The project cost is \$86 million, with the entire amount financed by an International Development Association loan.

Who can access the loan?

All micro, small and medium enterprises in Malawi can access loans. We are particularly encouraging women and the youth to access these loans.

How can people access the loans?

Through the project, we are working with financial institutions including NBM Development Bank, NBS Bank, MyBucks Banking Corporation, Standard Bank, Malawi Agricultural Bank and Industrial Investment Corporation (Maitic), Comsiv Limited, Neef Limited, Microloan Foundation Limited,



LUNGU—MSMEs have potential to grow their businesses

have you reached out to so far?

So far, through the project, we have reached out to 32,962 MSMEs (24,348 women, 5,011 youths and 3,603 men. Out of these, 46 percent are women and 42 percent they will be assisted.

How many MSMEs

are the youth.

Women and youths have low access to loans in the country, and there seems to be a lack of knowledge and skills in growing their business; how are you addressing these challenges?

are men while 12 percent

youths are, indeed,

disadvantaged when it comes to accessing funds. The 2019 FinScope Survey estimates that there are only 11 percent female owners of MSMEs in Malawi against 89 percent male owners.

Specific focus is made to

From a project perspective, what are the key challenges and how are you addressing them?

The key challenges that MSMEs are facing are: Lack of finance; lack of appropriate technological infrastructure and awareness; and climate change effects. In order to address these challenges, we are providing training to entrepreneurs and firms, using a three-stage approach: psychological and technical skills, followed by measures to connect trainees with market opportunities. We are also creating an enabling environment for supporting the financial inclusion and growth of entrepreneurs by improving financial infrastructure.

We want to increase the use of digital financial services for MSMEs; improve the effectiveness of credit reference, movable asset registry, and business insolvency framework and systems; and increase financial literacy and consumer protection with the aim of increasing eligibility for MSMEs to access finance and grow.