

SIX QUESTIONS

FINES PROGRAMME MANAGER, MARK LUNGU

Increasing access to finance among MSMEs in Malawi



PHOTOGRAPH: PAULINE MBUKWA

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Sourcing capital in Malawi is the leading challenge faced by the Micro Small and Medium scale Enterprise sector across all stages of the business life cycle from start-up to enterprise maturity. Only 10 percent of medium enterprises, five percent of small enterprises, and three percent of microenterprises have credit from a commercial bank. In this interview, our contributor PAULINE MBUKWA talks to Financial Inclusion Entrepreneurship Scaling (FINES) programme manager MARK LUNGU on how the project is increasing access to finance.

Q1 . What is the aim of the FINES project?
A1 . FINES is a five-year 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, promote entrepreneurship and capabilities of MSMEs in Malawi including addressing Covid-19 implications. The project cost is \$86 million with the entire amount financed by the International Development Association loan

Q2 . Who can access the loan?
A2 . All Micro, small and medium enterprises (MSMEs) in Malawi can access the loans. We are particularly encouraging women and the youth to access these loans.

Q3 . How can people access the loans?
A3 . The project is working with Participating Financial Institutions namely: NBM Development Bank, NBS Bank, MyBucks Banking Co-operation, Standard Bank, Malawi Agriculture Investment and Industry Corporation (Miiic), Comsiv Limited, Neef Limited, Microloan Foundation Limited, Saile Financial Services Limited, Finca Malawi, Wealthnet Finance Plc, Cuno and Vision Fund. MSMEs can approach any of these institutions to apply for loans and they will be assisted.

Q4 . How many MSMEs have you reached so far?
A4 . So far, the project has reached out to 32 962 MSMEs (24 348 women,

Lungu: Specific focus is made to support women

5 011 youth and 3 603 men. Out of these 46 percent are women and 42 percent are men and 12 percent are youths

Q5 . How are you ensuring access to loans for women and youths?

A5 . Women and youths are indeed disadvantaged when it comes to accessing finance. 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 support women business capabilities to enhance their potential to

access financing because they have the potential to grow their businesses once they are fully supported with capital and capacity building.

Q6 . What key challenges are you facing, and how are you addressing them?

A6 . The key challenges 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 the financial infrastructure. We want to increase use of digital financial services for MSMEs; improve the effectiveness of the 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. ■