PROJECT SUMMARY

Title	Microfinance and Growth of Small-scale Agribusinesses in Malawi
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Purpose	This study to investigate the impact of microfinance institutions on poverty alleviation with a focus on assessing the extent to which the Microfinance sector has improved access to credit for the entrepreneurial poor and consequently enhanced small and medium scale agribusinesses.
Project Summary	Studies on Medium and small scale enterprises have reported that access to finance, resource inputs and market problems are the three main constraints hindering growth of the agribusiness sector in Malawi. Over 50% of small and medium scale entrepreneurs, residing in both rural and urban sectors, who have access to credit are get the services from a Microfinance institution hence the need to assess the effect of microfinance services on growth of SME agribusinesses in Malawi. Apart from providing credit to resource poor rural individuals, selected microfinance institutions have embarked on linking the smallholder farmers to markets so as to boost productivity and agribusiness profitability. In Malawi, poverty is the main development problem confronting the government today and access to microfinance is one of the poverty alleviation approaches, being promoted. Inspired by the success of the Grameen Bank in Bangladesh in reaching the poor, microfinance institutions using group-based lending are increasingly becoming important institutions in breaking the vicious

	circle of poverty in many developing countries today. Malawi is no exception. This study will use the financing constraints approach to assess the impact of Microfinance institutions in terms of how well they are able to enhance the local credit systems and performance of the small and medium enterprises. The focus of the assessment will be on agricultural group based businesses. There is an ongoing debate regarding the best approach to delivering microfinance services for poverty alleviation. Most joint microfinance economic models are an effort to formalize the idea that a well-structured microfinance programme can deal effectively with the major problems facing the lenders by utilizing the local information and the social capital that exists among them. The project will further assess the extent to which the Microfinance sector in Malawi has improved access to credit for the entrepreneurial poor and to determine whether there are any successful microfinance models that could be shared in the region. The two studies will be conducted by two students pursuing a Master of Science degree in Agribusiness management at Bunda College of Agriculture, University of Malawi. The studies will be conducted with guidance and mentorship by the Principal investigator and collaborators.
Country and Specific Location(s)	Malawi
Participating Institutions	Bunda College of Agriculture, University of Malawi
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