Early Warning System

# WB-P168577

## Financial Inclusion and Entrepreneurship Scaling Project

# Early Warning System

## Financial Inclusion and Entrepreneurship Scaling Project

WB-P168577

### Quick Facts

| | |
|---|---|
| **Countries** | Malawi |
| **Financial Institutions** | World Bank (WB) |
| **Status** | Proposed |
| **Bank Risk Rating** | U |
| **Voting Date** | 2019-11-04 |
| **Borrower** | Government of Malawi |
| **Sectors** | Finance |
| **Investment Type(s)** | Loan |
| **Investment Amount (USD)** | $ 60.00 million |
| **Project Cost (USD)** | $ 60.00 million |

## Project Description

The project will address the objective mostly through a private sector and market-led approach. Activities under this project will be structured under four mutually reinforcing components, namely:

1. Increasing Financing available to MSMEs: This component will focus on increasing MSMEs access to affordable finance, targeting women and the youth. Activities to be covered under this component will include the following:
    i. a Line of Credit (LOC) to provide affordable funds to eligible financial intermediaries for onlending to creditworthy MSMEs and entrepreneurs as well as export-oriented SMEs that require longer term financing to fund investment and working capital;
    ii. A Partial Credit Guarantee (PCG) to support the underwriting of guarantees to financial institutions that are extending credit to MSMEs; and
    iii. Technical Assistance (TA) support to PFIs that access the LOC and PCG financing support, and to strengthen the PFIs' ability to meet MSME credit demand using appropriate, innovative, sustainable, and efficient products and services.
2. Developing entrepreneurship and firm capabilities for MSMEs: This component will facilitate the improvement of entrepreneurship and firm capabilities through demand side interventions. Activities covered under this component will include the following:
    i. Strengthening the entrepreneurship and firm capabilities ecosystem to improve the survival and growth rates of entrepreneurs and MSMEs by developing a stronger innovation and entrepreneurship ecosystem and talent base.
    ii. Capacity building support to entrepreneurs and MSMEs to improve the survival and the growth rates of entrepreneurs and MSMEs in Malawi through direct capacity building support to MSMEs:
    iii. Supporting financial literacy (FL) schemes and Entrepreneurship awareness initiatives, targeting entrepreneurs, MSMEs and the general populace , including
    supporting integration of financial education in primary school and primary teacher training curricula and the development of financial literacy (FL) awareness programs for women and youth.
    iv. Establishing market linkages for MSMEs to improve the currently limited or non-existent access to markets: This will focus on identifying and implementing specific mechanisms to target women and youth.
3. Developing alternative MSME financing by enhancing structures and instruments for long-term finance: This component will support activities aiming at deepening the financial sector so that it can play a more significant role in the provisioning of long-term finance for MSMEs and long-term private sector investment projects,
including for infrastructure projects. Activities covered under this component will include the following:
    i. supporting the development of institutional channels for long-term finance;
    ii. enhancing the LTF enabling environment; and
    iii. market deepening through long-term/infrastructure demonstration transactions.
4. Enhancing the financial infrastructure and strengthening regulatory environment for supporting MSMEs: This component will aim at facilitating the financial inclusion and to increase access to finance for MSMEs by improving the infrastructure underlying the financial sector and the regulatory environment. It will build on the activities that were implemented under the FSTAP. Activities covered under this component will include the following:
    i. Enhancing the financial infrastructure and increasing financial institutions’ ability to expand their financial products and services, as well as building the capacity of stakeholders and users of these systems to encourage financial product uptake.
    ii. Leveraging the potential of Digital Financial Services (DFS), to expand the delivery of financial services to the underserved populations in a cost-efficient manner. (iii) promoting wider usage of digital financial services.

## Investment Description

- World Bank (WB)

## Contact Information

**World Bank:**
Efrem Zephnath Chilima, Gabi George Afram
Senior Private Sector Specialist

**Borrower:**
Ministry of Finance, Economic Planning and Development
Betty Ngoma
Director of Debt and Aid
betttyngoma@gmail.com

Implementing Agencies
Ministry of Industry, Trade and Tourism
Wiskes Nkombezi
Director of SMEs
wdgnkombezi@gmail.com

Reserve Bank of Malawi
Joseph Milner
Project Coordinator
josmilner@rbm.mw

### ACCOUNTABILITY MECHANISM OF WORLD BANK

The World Bank Inspection Panel is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by a World Bank-financed project. If you submit a complaint to the Inspection Panel, they may investigate to assess whether the World Bank is following its own policies and procedures for preventing harm to people or the environment. You can contact the Inspection Panel or submit a complaint by emailing ipanel@worldbank.org. You can learn more about the Inspection Panel and how to file a complaint at: http://ewebapps.worldbank.org/apps/ip/Pages/Home.aspx.

**Bank Documents**

- Concept Project Information Document (PID) - Financial Inclusion and Entrepreneurship Scaling Projec [Original Source]