
EVALUATING THE EFFECTIVENESS OF THE NATIONAL ECONOMIC EMPOWERMENT FUND WOMEN EMPOWERMENT ENTERPRISE LOAN INITIATIVE IN SUPPORTING WOMEN-OWNED BUSINESSES IN MALAWI: A CASE STUDY OF AREA 2 MARKET, LILONGWE

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ABSTRACT

Women's economic empowerment is widely recognized as a critical pathway to poverty reduction, inclusive growth, and gender equality in developing economies. In Malawi, women dominate the informal sector but face persistent barriers to accessing affordable finance, limiting the growth and sustainability of their enterprises. In response, the Government of Malawi established the National Economic Empowerment Fund (NEEF), including the Women Empowerment Enterprise Loan Initiative, to improve financial inclusion among women entrepreneurs. This study evaluates the effectiveness of the NEEF Women Empowerment Enterprise Loan Initiative in supporting women-owned businesses at Area 2 Market in Lilongwe. Using a qualitative case study design, data was collected through in-depth interviews and focus group discussions with twenty women loan beneficiaries and five local leaders involved in loan facilitation and monitoring. Thematic analysis was employed to examine women's experiences in accessing and utilizing NEEF loans, socio-economic outcomes, implementation challenges, and the role of local leadership. Findings indicate that the initiative has enhanced women's access to capital, improved business performance, increased household income, and strengthened women's confidence and decision-making power. However, challenges such as delayed loan disbursement, inadequate loan sizes, rigid repayment schedules, limited financial literacy training, and insufficient monitoring constrain the program's overall effectiveness.

The study concludes that while the NEEF Women Empowerment Enterprise Loan Initiative has positively contributed to women's economic empowerment, its impact would be significantly strengthened through integrated capacity-building programs, flexible repayment arrangements, and stronger post-loan support mechanisms.

KEYWORDS: Women's economic empowerment; microfinance; NEEF; women-owned businesses; Malawi

INTRODUCTION

Women's economic empowerment has emerged as a central development priority globally, particularly in low-income countries where women play a substantial role in informal economic activities.

In Malawi, women constitute the majority of informal traders, especially in urban markets, but their enterprises often remain small and vulnerable due to restricted access to affordable credit. To address these challenges, the Government of Malawi established the National Economic Empowerment Fund (NEEF) to promote financial inclusion among marginalized groups, particularly women and youth. The Women Empowerment Enterprise Loan Initiative under NEEF aims to provide low-interest, collateral-free loans to women entrepreneurs to stimulate business growth, self-reliance, and poverty reduction.

Despite the program's wide reach, empirical evidence on its effectiveness at the grassroots level remains limited. This study evaluates the effectiveness of the NEEF Women Empowerment Enterprise Loan Initiative in supporting women-owned businesses at Area 2 Market in Lilongwe.

Literature Review

Women's Economic Empowerment and Microfinance

Women's economic empowerment refers to the process through which women gain access to resources, exercise agency, and achieve improved economic and social outcomes. Microfinance initiatives have been widely promoted as mechanisms for empowering women by improving access to credit and enabling income-generating activities. Studies suggest that microfinance can enhance women's income, autonomy, and household welfare, although outcomes vary depending on institutional design and contextual conditions.

Theoretical Framework

This study is guided by Kabeer's Women's Empowerment Framework, which conceptualizes empowerment as the interaction of resources, agency, and achievements. Access to NEEF loans represents a critical resource, agency is reflected in women's ability to make business decisions, and achievements are observed through improved income, business growth, and enhanced social standing. Financial Inclusion Theory further complements this framework by emphasizing the role of accessible and affordable financial services.

Research Methodology

Research Design and Methodology

A qualitative descriptive case study design was adopted to explore the effectiveness of the NEEF Women Empowerment Enterprise Loan Initiative within its real-life context. The study was conducted at Area 2 Market in Lilongwe, a major urban trading hub dominated by women entrepreneurs. Purposive sampling was used to select twenty women loan beneficiaries and five local leaders involved in loan facilitation and monitoring. Data was collected through semi-structured interviews and focus group discussions conducted in English and Chichewa. Thematic analysis was employed to identify recurring patterns related to loan access, utilization, outcomes, and challenges. Ethical considerations, including informed consent and confidentiality, were strictly observed.

RESULTS AND DISCUSSION

Access to Finance and Business Expansion

Findings indicate that the NEEF loan initiative significantly improved women's access to startup and working capital. Many participants reported that prior to NEEF, they were excluded from formal financial institutions due to lack of collateral. Loan access enabled women to restock goods, diversify products, and invest in productive assets, resulting in improved business performance.

Socio-Economic Outcomes

Participants reported increased income levels, improved household welfare, and enhanced capacity to meet basic needs such as education and food. Beyond economic benefits, women experienced increased self-confidence, autonomy, and participation in household and community decision-making processes.

Implementation Challenges

Despite positive outcomes, several challenges constrained program effectiveness. These included delayed loan disbursement, inadequate loan sizes, rigid repayment schedules, limited financial literacy training, and insufficient post-loan monitoring. Group-based lending arrangements sometimes resulted in conflict when members defaulted.

Role of Local Leadership

Local leaders played a critical role in mobilizing women, verifying applicants, monitoring loan utilization, and resolving conflicts. However, their effectiveness was constrained by limited logistical support and weak coordination with NEEF officials.

Conclusion and Policy Implications

The study concludes that the NEEF Women Empowerment Enterprise Loan Initiative has made meaningful contributions to women's economic empowerment at Area 2 Market by improving access to finance, supporting business growth, and enhancing women's confidence and social status. However, operational and capacity-related challenges limit its transformative potential.

The study recommends integrating mandatory business and financial literacy training, introducing flexible repayment schedules aligned with business cycles, strengthening post-loan monitoring, and enhancing community-based support systems. Strengthening women-focused microfinance initiatives such as NEEF is essential for advancing inclusive growth, poverty reduction, and gender equality in Malawi.

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