



2nd SEM. 2006/2007

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UNIVERSITY OF SWAZILAND

FINAL EXAMINATION PAPER

**PROGRAMME: BSc in AGRICULTURAL ECONOMICS AND
AGRI-BUSINESS MANAGEMENT (III)**

COURSE CODE: AEM 206

TITLE OF PAPER: MICROFINANCE

TIME ALLOWED: TWO HOURS

INSTRUCTION: ANSWER ALL THREE (3) QUESTIONS

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INVIGILATOR**

QUESTION ONE

Although microfinance is often touted as a cure for poverty in developing countries, there is little evidence to support this claim. In Swaziland it has been observed that market penetration is still low and several thousands of the poorest people are still excluded. Give reasons as to why this is so.

(25 Marks)

What does the term microfinance commercialization mean to you and why does the term carry with it a negative connotation among most poor communities in the world?

(15 Marks)

QUESTION TWO

Explain what microfinance seeks to accomplish and how it fits into development.

(15 Marks)

Client groups served by different types of Microfinance Institutions (MFIs) exist along a continuum from the poorest to the less poor to middle income and Small Medium Enterprises (SMEs). Use a well labelled diagram to demonstrate this at different points along the continuum.

(15 Marks)

QUESTION THREE

Micro-finance projects have the ability to decrease poverty, empower women, and curb environmental degradation. However, the rapid spread and adoption of micro-finance programmes in many developing countries are reducing the opportunities that micro-finance offers. Comment on this statement.

(30 Marks)