Case Study Name: Microenterprise Occupation and Poverty Reduction in Microfinance Programs: Evidence from Sri Lanka
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Country: Srilanka
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Summary: The microenterprise earnings of microfinance clients in south-eastern Sri Lanka are linked to their initial incomes. Poorer clients face geographic, financial and sociocultural barriers to entry to the most promising
microenterprise occupations, leading them to select low-value activities with poor growth prospects. In semi-urban areas, poverty impacts could be strengthened by supplementing loans with nonfinancial interventions encouraging poor clients to select higher-value occupations. In arid rural areas, where microenterprises face severe market and infrastructure constraints, microenterprise development is unlikely to facilitate poverty exit.