

## **Abstract**

As an effective financial tool for socio-economic development, today microfinance has gained enormous success in tackling poverty on a global scale and helping various governmental and non-governmental actors to achieve their Millennium Development Goals (MDGs). Given the positive impact of microfinance on small business, agriculture, education, health, and other indicators of development, the practice of micro-credit is crucial to poverty alleviation, which is a key feature of many Caribbean government agendas. This article sheds light on how the governments in the Caribbean region have incorporated microfinance in their economic development efforts, reporting findings from our recent research conducted in Barbados. Drawing on contemporary practices, we examine the challenges faced by the microfinance sector within the Caribbean, with an emphasis on the Barbadian context.

**Keywords:** Barbados, Caribbean, microcredit, microfinance, non-governmental organisations, credit unions, remittance, poverty reduction strategies.

**Farhad Hossain** is Lecturer and Programme Director, MSc in Organizational Change and Development at the Institute for Development Policy and Management, School of Environment and Development, University of Manchester.

**Tonya Knight** is Project Analyst at Caribbean Financial Services Corporation