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FROM PROFIT-LED MICROFINANCE TO STATE-LED MESOFINANCE: THE CASE STUDY OF MARICÁ, BRAZIL

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Microfinance was a key development policy in the 2000s. After extensive reviews and reported negative outcomes, in particular due to over-indebtedness, policymakers, financial institutions and governments have adopted a rebranded version in the all-encompassing term financial inclusion (Mader and Sabrow, 2015; Mader, 2018). In the mainstream literature, financial inclusion can be defined as “the access to and usage of deposits, payments, credit, insurance, and savings by individuals provided by for-profit financial institutions” (Balliester Reis, 2026, p. 219).

Current approaches primarily focus on providing microcredit and microinsurance to low-income households and micro- and small enterprises (MSEs) through private financial institutions, as direct government interventions are considered inefficient (World Bank, 2014). Yet, critical studies have shown that such tools often fail in the Global South: microcredit has led to over-indebtedness (Guérin, Morvant-Roux and Villarreal, 2013), while microinsurance has struggled with low demand (Bernards, 2022).

While much of the existing scholarship focuses on documenting the unintended consequences of microfinance, particularly over-indebtedness and weak developmental impact (see Duvendack and Mader, 2020), fewer studies have examined the emergence of credible public-sector initiatives in the Global South. This paper presents a case study of “Fomenta Maricá” (FM), a state-led loan programme launched in 2020. Leveraging its oil royalty revenues, Maricá established Brazil’s first subnational Sovereign Wealth Fund and redirected part of these funds to finance local MSEs. The FM lends at low or zero interest rates with longer maturities than those available from commercial banks. This design also seeks to fill the gap left by national development banks, whose subsidised credit is often inaccessible to small, local businesses.

Our research uses qualitative methods, drawing on semi-structured interviews with policymakers and borrowers. We investigate the programme’s design process and impact from 2020 to 2025. The findings suggest that Maricá has successfully created an alternative to market-based finance, with a shift from microfinance (loans between US$ 173 – 346) to mesofinance (up to US$7,071). Borrowers generally reported positive experiences with the FM, in particular as an emergency solution during COVID-19.

The case speaks to broader theoretical debates on financialisation and the state’s role in development policies. Rather than treating financial inclusion as a neutral expansion of access, we conceptualise it as a contested policy field in which different institutional logics compete and intersect. The Maricá experience illustrates that alternative financial architectures are possible when fiscal resources are strategically mobilised to support local productive activity.

Based on our results, we argue that profit-driven models cannot meet the needs of MSEs in the Global South, as macroeconomic constraints in developing countries lead to costly credit from the private financial sector. Moreover, microfinance values are too low to be considered helpful for significant MSEs development and success.

This paper contributes to a growing critical literature that interrogates the limits of market-based finance and the ideological assumptions underpinning financial inclusion as a policy (dos Santos and Harvold Kvangraven, 2017; Warnecke-Berger, 2022; Balliester Reis, 2026). By situating “Fomenta Maricá” within debates on developmental state capacity and local financial experimentation, the paper extends current understandings of how financial instruments can be reconfigured outside of profit-driven logics.

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Palavras-chave: brazil; mses; financial inclusion; microfinance.