United Nations
Economic Commission for Africa

Promoting inclusive industrialization and the development of micro-, small and medium-sized enterprises through a tailored financing model

Abstract

The present brief[1] is the product of technical assistance from the Economic Commission for Africa (ECA) to the Government of Eswatini, following a call by the latter for support in developing an inclusive financing model for micro-, small and medium-sized enterprises. Given the paramount importance of the micro-, small and medium-sized enterprise sector to the socioeconomic development of the African continent, and indeed to the inclusive industrialization agenda, the model produced with the help of that technical assistance was intended to alleviate a key constraint for micro-, small and medium-sized enterprises: access to finance.

I. Background

Micro-, small and medium-sized enterprises are considered the backbone of many African economies, accounting for most of the businesses, jobs and output on the continent. These enterprises represent about 90 per cent of businesses worldwide[2] and create more than 80 per cent of new jobs on the African continent each year.[3] They represent an important source of employment, value added and exports, and constitute a significant force for economic empowerment and for poverty and inequality reduction, in particular among marginalized and disadvantaged groups, such as women, young people and the poor.

Micro-, small and medium-sized enterprises are widely recognized as cornerstones of inclusive and sustainable development, with the potential to significantly accelerate industrialization and support high-value-addition activities. They have an immense potential to promote domestic-led growth in nascent and established industries, to strengthen the resilience of the economy in a challenging environment and to contribute considerably more to employment and poverty reduction. The integration of the continent's micro-, small and medium-sized enterprises into national, regional and global value chains remains key to creating an inclusive industrialization agenda, with such enterprises serving as champions of the manufacturing sector. Moreover, innovation-driven micro-, small and medium-sized enterprises can be a catalyst for structural transformation.

However, the majority of African micro-, small and medium-sized enterprises remain small-scale, informal and rudimentary, often struggling to survive, grow and develop linkages with larger players, partly owing to their resource constraints. In the absence of opportunities to enter formal labour markets, many individuals engage in entrepreneurship by necessity, in order to survive; often, since microenterprises are owned by independent entrepreneurs and create no jobs, their potential is not realized. Necessity-driven entrepreneurship stands in contrast with the high-impact, opportunity-driven entrepreneurship that the continent needs. The result is that micro-, small and medium-sized enterprises in Africa are characterized by informality and low productivity, and are disconnected from key value chains, trade and industrial strategies. In addition, the continent's persistent commodity dependence is reflected in the characteristics of its micro-, small and medium-sized enterprises, most of which are concentrated in low value-added activities in the agriculture and the wholesale or retail sectors.

Micro-, small and medium-sized enterprises continue to face significant constraints on their growth, with access to finance being one of the key barriers, if not the single most important. The SME Finance Forum estimates that the finance gap for micro-, small and medium-sized enterprises in developing countries is about $5 trillion, a figure that is 30 per cent higher than the current level of lending to such enterprises.[4] The overreliance on internal sources of funds, whether personal savings or aid from family and friends, is a clear indicator of the limited access to external finance that such enterprises enjoy;[5] almost 70 per cent of micro-, small and medium-sized enterprises do not have recourse to external financing and another 15 per cent are underfinanced.[6] It has been argued that the rise of microfinance across the developing world would ease access to credit, but the evidence on its success remains mixed.[7] At the same time, equity, bonds, bank credit and other traditional sources of external financing for micro-, small and medium-sized enterprises, while diverse in theory, are mostly out of reach for many such enterprises, in particular when it comes to life-cycle development finance for startups. For instance, small businesses are often unable to raise funds through the stock market because of their low capitalization and, typically, their family-ownership structure. In addition, while corporate bonds may be an option for enterprises with good growth potential, such financial products typically carry high interest rates. Moreover, while there has been growth in alternative finance, such as angel investing and venture capital, for startups, this has mainly been in the developed world. Crowdfunding and peer-to-peer lending, enabled by developments in Internet and cellular phone technology, are also becoming popular, but are constrained both by poor digital infrastructure and by the regulatory environments in developing countries. Ultimately, bank credit remains the most feasible source of finance for micro-, small and medium-sized enterprises in developing countries, yet access to it is widely cited as being among the biggest constraints on the development of such enterprises. From a supply-side perspective, limited financial development in many developing countries affects micro-, small and medium-sized enterprises in terms of the availability and cost of credit and the range of financial products and the quality of service offered. The credit supply is further constrained by a lack of competition in the banking sector, which is typically dominated by a few large banks.

[4] SME Finance Forum, "Data sites: MSME finance gap" (n.d.).

[5] M. Pretorius and G. Shaw, "Business plans in bank decision-making when financing new ventures in South Africa", *South African Journal of Economic and Management Sciences*, vol. 7, No. 2 (2004).

[6] World Bank, *Improving Access to Finance for SMEs: Opportunities through Credit Reporting, Secured Lending and Insolvency Practices* (Washington, D.C., 2018).

[7] Some researchers argue that microfinance institutions have led to greater exploitation of the poor by subjecting them to "mega-interest" rates (J. Sandberg, "Mega-interest on microcredit: Are lenders exploiting the poor?", *Journal of Applied Philosophy*, vol. 29, No. 3 (2012), pp.169–185) while others have questioned the impact of microcredit on poverty alleviation, arguing that microfinance borrowers are likely to be subsistence or "reluctant" entrepreneurs, rather than transformational entrepreneurs, which limits the impact of microcredit on entrepreneurship and poverty alleviation (A. Banerjee, "The miracle of microfinance? Evidence from a randomized evaluation", *American Economic Journal: Applied Economics*, vol. 7 (2015), pp. 22–53).

In Southern Africa, and indeed in most of the developing world, the inability of micro-, small and medium-sized enterprises to provide adequate collateral is perhaps the most critical challenge they face in accessing credit. Most firms struggle to meet the qualifying conditions for a bank loan, as collateral is required in about 78 per cent of cases globally.[8] Some studies have found that, in the assessment of a loan application submitted by a micro-, small or medium-sized enterprise, collateral is the most important factor, taking precedence over capacity to repay the loan and the character of the owner.[9] The literature also shows that smaller, younger and locally owned firms typically face greater challenges in obtaining credit.[10] The impact on business owned by young people and women is even more significant. Moreover, business services that are essential to supporting loan applications are often underdeveloped or uncompetitive in the developing world and come at high cost to small firms. These challenges are compounded for firms in rural areas, where the presence of bank branch networks is limited.

Despite the various policies, programmes and institutions in place to support the development of micro-, small and medium-sized enterprise, numerous gaps exist, including in relation to the available financing options, with the effect that the current landscape for such enterprises is not yielding the desired outcomes. Whether micro-, small and medium-sized enterprises in the region can start to effectively play a part in industrialization and socioeconomic development will depend on the ability of Governments to work closely with the private sector to furnish home-grown and innovative solutions to the multiple challenges faced by those enterprises. These challenges relate to finance, including strengthening the capacity and preparedness of micro-, small and medium-sized enterprises to obtain finance; to gaining access to markets, including the identification of new markets and new niche sectors; to access to technology, including the leveraging of digitalization; to entrepreneurial and managerial skills development; and to the improvement of the policy and regulatory environment that would enhance the performance of such enterprises.

II. Developing a financing model for micro-, small and medium-sized enterprises of Eswatini

A financing model for micro-, small and medium-sized enterprises in Eswatini has been developed for several reasons. The first is that, while it is estimated that such enterprises have the potential to provide employment opportunities for more than 65 per cent of the workforce and contribute over 50 per cent of gross domestic product, this potential remains unfulfilled. At present, micro-, small and medium-sized enterprises employ approximately 92,000 people, representing about 21 per cent of the workforce.[11] Furthermore, the landscape for the micro-, small and medium-sized enterprises of the country is highly skewed towards the informal sector, with an estimated 75 per cent of such enterprises operating without a business licence and, thus, facing important constraints on their growth, as many are unable to produce invoices, tax clearance certificates and other basic financial documentation required by banks.

Second, it is estimated that 90 per cent of micro-, small and medium-sized enterprise owners started their businesses using money from personal savings, family and friends, informal credit or grants, with only 10 per cent managing to secure credit from financial institutions. Dependence on such informal sources of finance severely limits the potential economic contribution of micro-, small and medium-sized enterprises. As an example, the Small-Scale Enterprise Loan Guarantee Scheme has not been particularly successful because the route to accessing the Scheme is through commercial banks, the onerous eligibility requirements of which effectively shut out potential applicants.

Third, young people and women dominate micro-, small and medium-sized enterprises, with about 25 per cent of owners being between 18 and 34 years of age and 65 per cent being women. These enterprises are typically micro-businesses, implying that the lack of access to finance has far-reaching implications for job creation, poverty reduction and the empowerment of young people and women. With the youth population of Eswatini burgeoning, the challenges faced by young entrepreneurs in the country are particularly damaging, as the constraints on obtaining credit faced by all micro-, small and medium-sized enterprises are compounded by a severe lack of experience, of credit history and, owing to non-ownership of assets, lack of collateral.[12] Youth entrepreneurs also tend to be sidelined by formal financial institutions, in part because startups are perceived as high-risk, but also because of the failure to submit realistic business plans, including cash-flow projections, due to limited business acumen. The relatively underdeveloped payments system in Eswatini, with over 90 per cent of the economy predominantly cash based, exacerbates the issue, as financial institutions find it harder to monitor the businesses and credit histories of their customers.

Finally, while a variety of Swati institutions provide support for micro-, small and medium-sized enterprises, the institutions operate a limited range of schemes and programmes that are aimed at improving access to finance and enhancing the economic impact of such enterprises. In particular, there are few services to help micro-, small and medium-sized enterprises with business development (including high-quality, impactful and coordinated support for enterprises) and few measures to remove barriers to the growth of enterprises led by women and young people (such as through capacity-building and business incubation). In addition, key institutions, such as dedicated organizations for female entrepreneurs and export development, are absent from Eswatini, while those that do exist lack the means

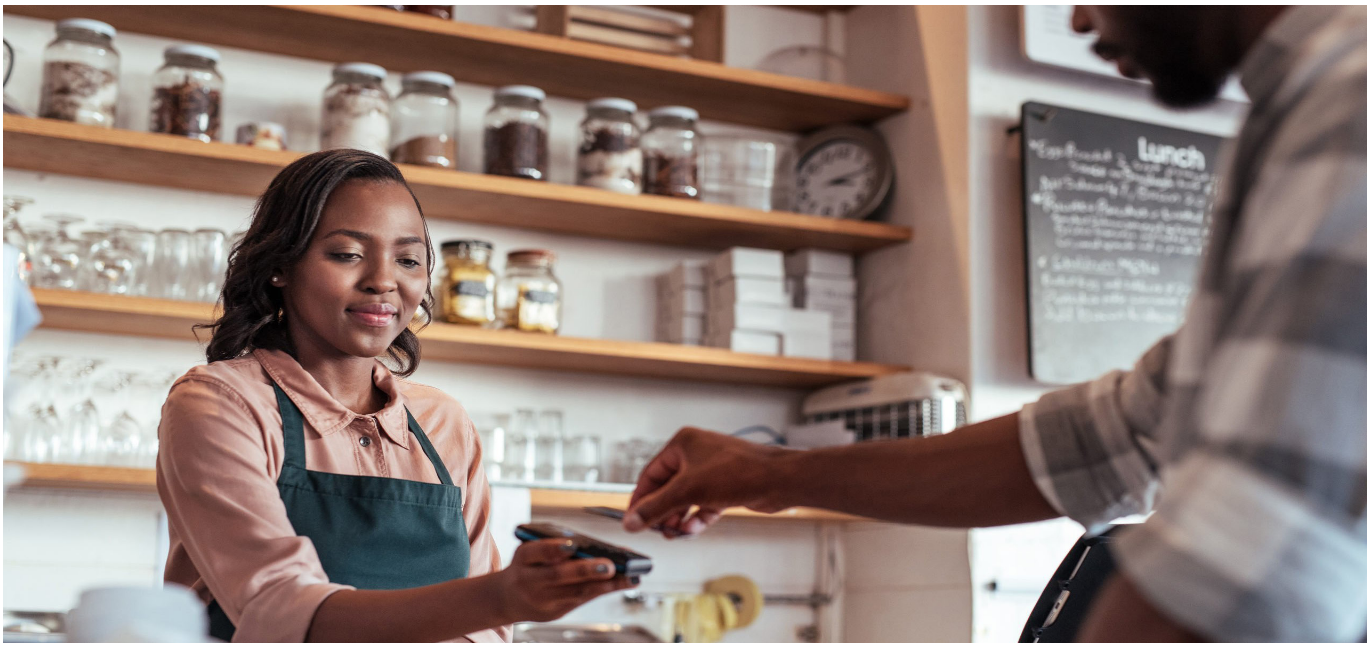
[8] World Bank Enterprise Survey Database (2020).

[9] H. Haron and others, "Factors influencing small and medium enterprises in obtaining loan", *International Journal of Business and Social Science*, vol. 4, No. 15 (November 2013).

[10] T. Beck and others, "The determinants of financing obstacles", *Journal of International Money and Finance*, vol. 25, No. 6 (October 2006).

[11] Montle N. Phuthego, *Eswatini Diagnostic 2018* (Johannesburg, FinMark Trust, 2018).

[12] Data from the World Bank Enterprise Surveys indicate that the value of collateral averaged 285.5 per cent of the loan amount in Eswatini, compared to 127 per cent for the Southern African Customs Union countries (Botswana, Eswatini, Lesotho, Namibia and South Africa).



to implement their mandates effectively. Despite the number of well-meaning support institutions, their efforts and services remain uncoordinated, leading to fragmentation and inefficiency.

Following a request from the Ministry of Commerce, Industry and Trade, the Subregional Office for Southern Africa of ECA provided technical support in developing an inclusive financing model for micro-, small and medium-sized enterprises. The exercise involved undertaking a situational analysis of such enterprises, including the financing, policy, regulatory and institutional support landscape in which they operate. The exercise also entailed devising a holistic action plan to help address the critical impediments to accessing finance faced by the micro-, small and medium-sized enterprises of Eswatini. The financing model was approved by the Government and launched in late 2021, with the overarching goal of enhancing the growth and integration of micro-, small and medium-sized enterprises in the industrialization process, in line with the strategy and road map for industrialization produced by the Southern African Development Community. The model is aligned with the mission statement of the policy on micro-, small and medium-sized enterprises of the Government of Eswatini, revised in 2018, and will help with promotion of vibrant entrepreneurship among such enterprises, by means of the pursuit of the following strategic objectives:

(a) Ensuring that micro-, small and medium-sized enterprises are finance-ready before they approach a financial institution with a credit request;
(b) Meeting the requirements for financing, at reasonable cost, of micro-, small and medium-sized enterprises at different stages of their growth cycle;
(c) Ensuring that micro-, small and medium-sized enterprises have a broad range of alternative and innovative financing options available to suit their specific needs and status;
(d) Offering financial incentives that enhance access to affordable credit.

Under the financing model, a set of 15 key actions have been identified, which rest on five pillars. The first pillar is improving the financial capabilities of micro-, small and medium-sized enterprises. The second is enhancing the ability of banks and financial institutions to evaluate the projects of such enterprises. The third is promoting greater competition in the financial sector. The fourth is expanding financing opportunities for those enterprises. Lastly, the fifth is broadening sources of funding for the enterprises in question, especially high-growth enterprises.

Under each pillar, several key actions have been proposed, each of which incorporates specific measures, key performance indicators and a suggested time frame for implementation. In total, the model comprises 15 key actions and 69 specific measures and key performance indicators. Given the large number of recommendations, a shortlist has been set out of priority actions that could be taken by the Government, and by other stakeholders, in the short term and the medium term. To do this, each specific measure was given a score based on two indicators: ease of implementation and urgency.[13] Recommendations that received scores of 9 or 10 and that can be implemented in the short term are considered low-hanging fruit; examples are given in the left-hand column of the table. Recommendations with a score of 8 are considered second-order priority interventions. The prioritization of recommendations allows for a sequential approach to implementation. However, it is important to note that recommendations located further down the priority list are not unimportant; they are just harder to implement and, typically, require reform of policies, regulations and institutions. The shortlist of priority actions is presented in the annex, along with the corresponding key performance indicators, time frames and priority levels.

[13] “Ease of implementation” means the level of difficulty associated with taking a given measure; “urgency” means the degree of importance attached to the measure, on the basis of its impact on facilitating access to finance for micro-, small and medium-sized enterprises. Both indicators are based on a five-point Likert scale, where a higher number indicates greater urgency or ease of implementation. The sum of the two scores determines the priority level.

Table

Example shortlisted measures

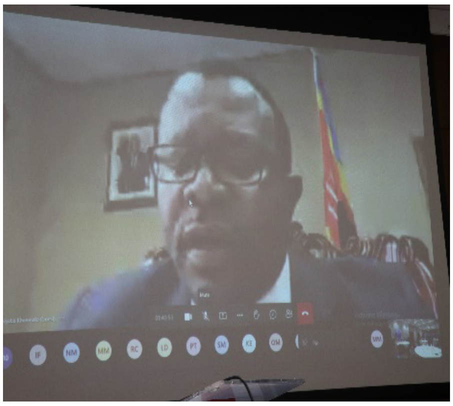
First-order priority interventions (scoring 9 or 10)	*Second-order priority interventions (scoring 8)*
• Offer free, differentiated, enhanced and inclusive entrepreneurship training. • Formalize informal micro-, small and medium-sized enterprises. • Review the functioning of the Small-Scale Enterprise Loan Guarantee Scheme. • Set up dedicated concessional finance schemes for micro-, small and medium-sized enterprises. • Leverage other financing instruments for micro-, small and medium-sized enterprises (factoring, leasing, venture capital funds, etc.).	• Establish women-friendly infrastructure and business environment, such as through a publicly funded association of women entrepreneurs. • Implement a performance-driven incubator programme, including private sector-led initiatives. • Support innovation and strengthen the innovation culture by means of a national innovation policy. • Set up a joint advisory team with industry experts and stakeholders to consider the dissemination of modern best practices and their adoption in the risk-assessment processes of micro-, small and medium-sized enterprises and to encourage relationship lending.

III. Setting the stage for implementation and next steps

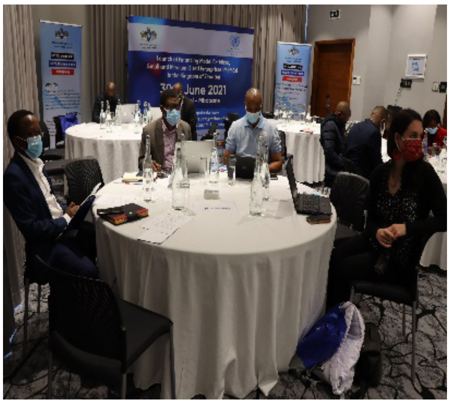
Several of the recommendations stress the need for awareness-raising, for closer collaboration between the Government and key players in relation to micro-, small and medium-sized enterprises, and for the adoption of best practices by the relevant stakeholders, with a view to effectively implementing the financing model. Following the political launch on June 2021 (see figure 1), ECA supported awareness-raising workshops with key stakeholders, including private-sector representatives, in all four regions of the country. As a low-hanging fruit, this was relatively easy to implement and could have a significant impact on the strategic goal of enhancing access to finance for micro-, small and medium-sized enterprises, especially in light of the new National Development Plan (2023/24–2027/28) and the aforementioned policy on such enterprises. In the medium term and long term, a multi-stakeholder task team is to be established to monitor progress in the various areas of intervention identified in the model that has been developed.

Figure 1

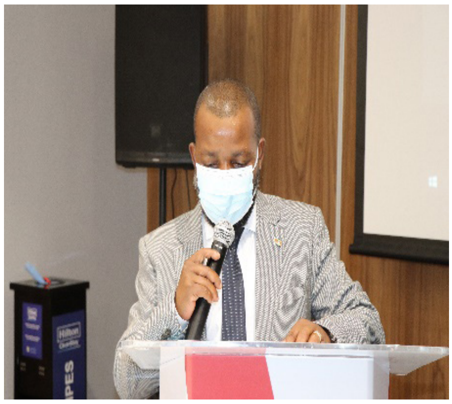
Photographs from the political launch of the financing model



Minister of Commerce, Industry and Trade, Manqoba Khumalo, addressing participants



Participants during the launch



Director of Micro-, Small and Medium-sized Enterprises, Mluleki Dlamini, addressing participants

A. Early successes in implementation

Capacity-building workshops for micro-, small and medium-sized enterprises have been held in all four regions of Eswatini since 2022; these have been conducted in parallel with awareness-raising workshops. The workshops were targeted at entrepreneurs who had previously been unsuccessful in applying for funding from the various providers of financing in the country. The overall objective of the course was to hone the skills of entrepreneurs and better equip them to access future funding opportunities. The specific objectives of the entrepreneurship development course included assisting participants to acquire the knowledge and skills needed for organizing and carrying out entrepreneurial activities (from business idea generation, including writing a well-structured business plan, to full business implementation). The 40-hour course consisted of business planning for success, including risk management, record keeping and financial statements, marketing and tax compliance. The value of the course was demonstrated by a 94 per cent average rating across the country on evaluations administered to participants at the end of the course (figure 2).

Figure 2

Photographs from the workshops for micro-, small and medium-sized enterprises

Group photo taken after presentation of certificates at a closing ceremony in Manzini

Student presenting to peers following group discussions in Siteki

Database development and the formation of cooperatives to include marginalized groups are some of the early successes of the financing model. Following the capacity-building and awareness-raising workshops, the department in the Ministry of Commerce, Industry and Trade that is responsible for micro-, small and medium-sized enterprises has begun to develop a database of entrepreneurs across the country, using the registration forms completed during the workshops, while exploring additional funding to create a more robust national database of micro-, small and medium-sized enterprises.[14] In addition, young people and women have already begun forming cooperatives. For instance, with the assistance of the International Cooperation Development Fund, the department is coordinating a project aimed at helping women in rural areas to form cooperatives, in order to increase and facilitate their access to finance, which is one of the goals of the financing model. Phase 2 of the project, which will be rolled out in 2023, is intended to boost the capital base of the cooperatives that underwent training in phase 1.

B. Lessons learned from early implementation

1. Common vision for project sustainability

The shared interest of the two partner institutions, ECA and the Ministry of Commerce, Industry and Trade, in developing micro-, small and medium-sized enterprises and in accelerating industrialization and structural transformation processes in Eswatini and the region as a whole, facilitated implementation of the programme and made it more sustainable. Examples include the capacity-building and awareness-raising workshops, which were spearheaded by Ministry of Commerce, Industry and Trade, through the Small Enterprises Development Company, and development of the database of micro-, small and medium-sized enterprises, which was the Ministry's initiative.

2. Consultative process to secure buy-in, commitment and shared responsibility from key stakeholders in implementation

Stakeholder consultations throughout the development of the financing model ensured ownership of the model and helped to drive implementation, especially after the technical support from ECA had ceased. These included a national stakeholder workshop to seek input from a diverse group of stakeholders and a thorough review of the complete model, which culminated in its endorsement and launch by the Government. The inclusive consultation process during the model-formulation stage also provided a sense of shared responsibility among stakeholders, geared towards surmounting crucial implementation barriers.

3. Awareness-raising and capacity-building workshops to kick-start implementation

As stated above, these workshops are easy-to-implement and impactful. However, owing to financial constraints, training for micro-, small and medium-sized enterprises and awareness-raising activities for other stakeholders had to be combined. While the workshops still proved invaluable, it is recommended to hold the two separately, in order to allow the micro-, small and medium-sized enterprises more time for technical discussions on issues such as development of business plans and personal development plans for each entrepreneur. In addition, the training workshop should be spread over a period of four or five weeks, rather than held in one week; a longer duration would allow participants to digest material and begin to apply the principles learned, while also giving entrepreneurs sufficient time to attend to their businesses.

C. Next steps: project roll-out in the Southern African subregion

The official project close-out meeting with the Government of Eswatini in July 2023 will be used to showcase to the other countries of the subregion the early success stories from implementing the financing model in Eswatini. The intention is to roll out the support to the rest of the subregion, starting by adapting the financing model in two or three SADC member States, or perhaps more, in particular those countries with a clear policy focus on micro-, small and medium-sized enterprises, and working with key stakeholders that have already expressed interest in the support for such enterprises.

Annex

Model for facilitating access to finance for micro-, small and medium-sized enterprises in Eswatini: priority interventions

Key action	*Specific measure*	*Term*	*Priority level*
Pillar 1: Improve the financial capabilities of micro-, small and medium-sized enterprises			
Offer free, differentiated, enhanced and inclusive entrepreneurship training.	● Ensure that all startups and micro-entrepreneurs wishing to apply for a business loan attend a mandatory, free, five-day basic training course and are awarded a certificate of completion after passing an assessment.	Short	9
	● Offer a longer course to high-growth-potential entrepreneurs.	Short	9
	● Democratize entrepreneurship training and make it accessible in remote, rural areas.	Medium	8
	● Develop train-the-trainer programmes, using selected course graduates.	Medium	8
Establish women-friendly infrastructure and business environment.	● Ensure that business-development services are gender-sensitive and tailored to female entrepreneurs, who may not have the same level of preparedness and mindset as male entrepreneurs.	Medium	8
	● Set up a publicly funded association of women entrepreneurs, which will provide information, capacity-building, networking and market-research services to aspiring and established female entrepreneurs.	Medium	8
Implement a performance-driven incubator programme.	● Overhaul and reinvigorate the incubation programme implemented by the Small Enterprises Development Company. The terms of incubation should be well publicized and an entitlement mentality should not be tolerated.	Short	8
	● Encourage private sector-led incubation services.	Medium	8
Support innovation and strengthen the innovation culture.	● Develop a national innovation policy.	Medium	8
Formalize informal micro-, small and medium-sized enterprises.	● Launch a national awareness-raising campaign to effectively communicate the benefits of operating in the formal sector and the costs of remaining informal.	Medium	9
	● Enhance business productivity and competitiveness by offering an expanded range of business-development services to micro-, small and medium-sized enterprises.	Medium	8
Pillar 2: Enhance financial institutions' capabilities to evaluate projects targeted at micro-, small and medium-sized enterprises			
Set up a joint advisory team with industry experts and stakeholders to consider how finance providers can leverage digital technology and big data to assess demand for credit from micro-, small and medium-sized enterprises.	● Encourage financial institutions to reduce default risk by adopting modern best practices, such as credit scoring, loan analysis and effective monitoring.	Medium	8
	● Encourage financial institutions to invest more in relationship lending, leveraging digital technologies.	Medium	8

Key action	Specific measure	Term	Priority level
Pillar 4: Expand financing opportunities for micro-, small and medium-sized enterprises			
Take a differentiated approach to the promotion and development of a microfinance market.	● Make the Small-Scale Enterprise Loan Guarantee Scheme accessible to all development finance institutions and microfinance institutions.	Short	9
	● Require all institutions that use the Small-Scale Enterprise Loan Guarantee Scheme to lend at a concessional rate, since their risk is significantly reduced.	Short	9
Review the functioning of the Small-Scale Enterprise Loan Guarantee Scheme.	● Redefine the eligibility criteria for accessing the scheme in terms solely of loan size, not firm size.	Short	8
	● Set up a working group to review the way in which the Small-Scale Enterprise Loan Guarantee Scheme currently operates, with a view to making it more customer-friendly.	Short	9
	● Task the working group with assessing how the Export Credit Guarantee Scheme could be made more functional and effective.	Short	9
	● Maintain the current practice of providing less than 100 per cent coverage.	Short	8
Set up dedicated concessional finance schemes for micro-, small and medium-sized enterprises.	● Negotiate with all financial institutions, including development finance institutions, to have them set aside a sum of money determined on the basis of the size of their assets, for lending to micro-, small and medium-sized enterprises.	Short	9
	● Cap the interest rate on loans under these schemes at, for instance, the prime rate plus 3 per cent.	Short	9
	● Automatically apply the credit guarantee scheme to all loans approved under these schemes.	Short	9
	● Waive all processing costs in respect of credit applications by micro-, small or medium-sized enterprises.	Short	8
	● Limit the coverage of the schemes to specific sectors.	Short	8
	● Specifically, for microfinance schemes: have Eswatini Development Finance Corporation and Eswatini Bank set up specialized microfinance units focused on alleviating poverty rather than on making profit.	Short	8
	● Specifically, for microfinance schemes: ensure that such units are duly staffed and properly equipped.	Medium	8
	● Specifically, for microfinance schemes: require financial institutions specializing in microfinance to step up their relationship banking capabilities.	Short	10
	● Specifically, for microfinance schemes: have microfinance institutions focus on startups and on enterprises led by women and young people, which are left out by mainstream approaches.	Medium	8
	● Specifically, for microfinance schemes: establish a code of conduct for governance of microfinance institutions.	Short	8
	● Specifically for schemes targeting small and medium-sized enterprises: have such schemes follow the same general principles as microfinance schemes, albeit with higher limits on loan amounts and longer repayment periods.	Short	9

Key action	Specific measure	Term	Priority level
	● Specifically for schemes targeting small and medium-sized enterprises: design such schemes to target innovative firms in, for example, manufacturing, agribusiness and information and communications technology.	Short	8
Pillar 5: Broaden funding sources for micro-, small and medium-sized enterprises			
Promote greater participation in the Eswatini Stock Exchange.	● Set up a working group to investigate barriers to entry into the Eswatini Stock Exchange and take appropriate remedial measures.	Short	8
Explore fintech solutions.	● Promote financial literacy.	Medium	8
	● Foster closer cooperation with willing fintech firms, in order to better serve startups and small and medium-sized enterprises.	Long	8
Leverage other financing instruments for micro-, small and medium-sized enterprises (factoring, leasing, venture capital funds, etc.).	● Encourage more financial institutions to offer factoring services.	Medium	8
	● Work with the Eswatini Bankers Association and other development finance institutions on promoting and popularizing factoring as a financing option for small and medium-sized enterprises.	Medium	9
	● Explore the possibility of linking factoring to contract financing.	Medium	9
	● Set up a dedicated leasing scheme for micro-, small and medium-sized enterprises, to be operated by a development finance institution (e.g. FinCorp).	Medium	8
	● Design and offer optimal fiscal incentives for angel investors to invest in startups and early-stage small and medium-sized enterprises.	Medium	9
	● Provide a platform conducive to the development of angel investing, venture capital finance and private equity funds.	Short	9
	● Encourage larger, well-established firms to provide incubation facilities for promising startups or to invest in them as angel investors.	Long	8