Impact of COVID-19 and the Russia-Ukraine Crisis on Micro Small and Medium-Sized Enterprises (MSMEs) in ESwatini

United Nations Economic Commission for Africa
Sub-Regional Office for Southern Africa

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### ABBREVIATIONS

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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AfCFTA</td>
<td>African Continental Free Trade Agreement</td>
</tr>
<tr>
<td>BE</td>
<td>Business Eswatini</td>
</tr>
<tr>
<td>CBE</td>
<td>Central Bank of Eswatini</td>
</tr>
<tr>
<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
</tr>
<tr>
<td>CSO</td>
<td>Central Statistics Office</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>IC</td>
<td>International Consultant</td>
</tr>
<tr>
<td>MCIT</td>
<td>Ministry of Commerce, Industry and Trade</td>
</tr>
<tr>
<td>MEPD</td>
<td>Ministry of Economic Planning and Development</td>
</tr>
<tr>
<td>MSME</td>
<td>Micro, Small and Medium Enterprises</td>
</tr>
<tr>
<td>NC</td>
<td>National Consultant</td>
</tr>
<tr>
<td>SADC</td>
<td>Southern African Development Community</td>
</tr>
<tr>
<td>SEDCO</td>
<td>Small Enterprise Development Corporation</td>
</tr>
<tr>
<td>ECA SRO-SA</td>
<td>Sub-regional Office – Southern Africa</td>
</tr>
<tr>
<td>UNECA</td>
<td>United Nations Economic Commission for Africa</td>
</tr>
<tr>
<td>USD/US$</td>
<td>United States Dollar</td>
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ACKNOWLEDGEMENTS

This country report is a deliverable of the project titled “Global initiative towards post-COVID-19 resurgence of the MSME Sector”, or the MSME Surge project that was funded by the United Nations (UN) Development Account (DA) 13th tranche from 2020 to 2022. The project brought together the United Nations Conference on Trade and Development (UNCTAD), the UN Department of Economic and Social Affairs (DESA) and the five UN regional economic commissions including the United Nations Economic Commission for Africa, through its Sub-regional office for Southern Africa (ECA SRO-SA) based in Lusaka, Zambia.

The country report for Eswatini was authored by Lunga Simelane, the ECA SRO-SA consultant who led the conduct of the survey in Eswatini with a team of enumerators, working under the overall coordination of Mads Knudsen, lead SRO-SA international consultant, from Vanguard Economics Ltd. The report was prepared under the direct supervision of Bineswaree Bolaky, Economic Affairs Officer, ECA SRO-SA, working under the overall guidance of Isatou Gaye, Chief, Sub-regional Initiatives Section, ECA SRO-SA.

This country report is one of 11 country reports assessing the impact of COVID-19 and the Ukraine crisis across the member states of ECA SRO-SA which are Angola, Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia and Zimbabwe. The report is a joint collaboration between ECA SRO-SA, the SADC Business Council, and Business Eswatini.

Special thanks are expressed to Peter Varndell, Chief Executive Officer, SADC Business Council and his team, and Nathi Dlamini, Chief Executive Officer, Business Eswatini for their support and guidance on this initiative. The draft country report was presented and discussed at the Regional Meeting on Technology and Innovation for MSMEs in Southern Africa, 21-23 June, 2023 in Cape Town, South Africa, organised by the ECA SRO-SA and the SADC Business Council. The meeting was attended by senior government officials and private sector associations of ECA SRO-SA member states.

Special thanks are extended to the Director of MSMEs in the Ministry of Commerce, Industry and Trade, Mr Mluleki Dlamini, for the insights on government response to the crises that were under study. Special thanks to Mr Mbuso Sacolo, Business Eswatini’s Marketing Manager, who was instrumental in soliciting the MSME database from which the sample that participated in the study was drawn. MSME data was also obtained from the Small Enterprise Development Company (SEDCO). Most importantly, gratitude is extended to the MSMEs that participated in the survey, for providing the information that was sought for this study during the face to face and telephone engagements with the enumerators.
EXECUTIVE SUMMARY

The economic ramifications of the COVID-19 pandemic were monumental and are still being felt in most parts of the globe. What started off as a health crisis quickly mutated into an economic crisis when it forced governments to restrict human movement and contact, consequently halting business operations to a devastating effect.

Studies conducted in the African context with a focus on Micro, Small and Medium Enterprises (MSMEs) have mostly concluded that the pandemic had highly significant negative impacts on business operations with extensive financial consequences. These conclusions are true in the Eswatini context, with studies conducted at national level revealing that the disruptions caused by the pandemic had major impact on businesses. This current study has revealed that 84% of enterprises reported to have been negatively impacted by the pandemic, with as much as 34% having to stop operating as a result.

The government of Eswatini did implement some interventions to counter the impact, the MSME Revolving Fund being a key one in this regard. In 2021, the government working with local and international partners, implemented the roll-out of vaccines in the country, and alongside this intervention slowly eased up the restrictions that had been enforced to counter the spread of COVID-19. This allowed businesses to start on the recovery path. The Russia-Ukraine crisis which started in February 2022 presented another threat to businesses with its effects at the global and regional levels resulting in a new set of supply chain disruptions particularly from an import and export viewpoint. For the Eswatini context, the recovery efforts were also disrupted to a significant extent by the socio-political unrest of 2021.

This study was conducted with the backdrop of the aforementioned context with a view to understand the extent of the impacts of these two crises on the MSME sector in Eswatini, and the response thereof, particularly in terms of technology uptake, and regional integration and trade. It is a study that has been conducted as part of 11 country studies carried out in all the member states of the Sub-regional office for Southern Africa (ECA SRO-SA) namely Angola, Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia and Zimbabwe.

A total of 283 enterprises were randomly selected to participate in the study. These were obtained from all the four administrative regions of the country, Shiselweni, Manzini, Hhohho, and Lubombo. Enumerators were engaged to conduct face to face interviews with representatives of the selected enterprises with only about 20% of participants engaged telephonically.

Of the 283 enterprises, only 4 indicated that they were non-operational, with 279 being operational at the time of conducting the study. The majority (97%) of the enterprises fall within the micro category, with 2% classified as small, and 1% falling within the medium category. The services sector had the larger share in terms of participating enterprises at 86%, with the industry and agriculture sectors having 11% and 3% of enterprises respectively, participating in the study. Most (81%) of these businesses are fully owned by nationals.
Ownership by gender of the participating enterprises is largely in equal proportions for men (51%) and women (49%). In terms of trading, 52% of the businesses are involved, and this is mainly in the import market. Only 1% of the enterprises are involved in both the import and export markets.

The results of the study indicate that overall revenue growth was negatively affected by the advent of both crises of focus in the study, irrespective of business size, trading status, or age. Of the three sectors, industry is the one that has been highly sensitive to the disruptions from the two crises with the highest drops in revenue growth in 2020 and 2022. In terms of layoffs for staff, part time employees have been the hardest hit as a result of both crises, and this was largely in the services sector.

Inflation, low demand for goods and services, as well as price of inputs were highlighted as the main challenges faced by MSMEs in Eswatini. Inflation, in particular, has been a major challenge for most (45%) enterprises in the services sector. Importers and microenterprises also highlighted inflation as the major challenge they face. For industry, non-traders, and small and medium enterprises, the major challenge is the low demand for goods and services. These three challenges as highlighted by the businesses, particularly inflation, got worse during the COVID-19 pandemic and the Russia-Ukraine crisis.

COVID-19 and the restrictions thereafter required radical adaptation for most businesses in Eswatini. Technology and innovation became central in this regard, and this study sought to examine the extent to which technology and innovation were adopted by the MSME sector during COVID-19. The results of the survey indicate that there was a low uptake of technological advancements and innovation by MSMEs in Eswatini during the COVID-19 period, with only 6% of the enterprises reporting that they resorted to new tools and processes for their business operations. Online media was the most popular tool that was adopted by enterprises. Improved infrastructure and financial support are the major support areas that MSMEs expressed a need for in order to invest in new technologies.

From an export perspective, the results of the study indicate that poor market knowledge and lack of finance are the major reasons preventing enterprises from exporting. The findings indicate that most MSMEs have poor knowledge of the international markets at their disposal from both the export and import perspective. Regarding the available trade agreements to which Eswatini is a signatory, half of the MSMEs are aware of SADC, and a third know of COMESA. The least known agreement is the AfCFTA, with only 4.8% of the enterprises indicating being aware of it. These findings reflect a huge gap within the Eswatini MSME sector in regard to regional integration and accessing the trade agreements benefits.

The MSME sector in Eswatini generally has a positive outlook for the future from a financial viewpoint. Only just over 10% of the participating enterprises in this study were of the view that they would digress from where they currently are in terms of their businesses’ financial situation. Over 50% are optimistic of their business prospects, holding the view that these will improve going into the future. For some the view is that at worst they would remain where they are at this point with regards to their financial standing (37%).
The more positive outlook on the future as held by most of the MSMEs will require government support and improved policy conditions for businesses. For most businesses the major areas of support are centred on access to finance and markets; access to capital, government subsidies, and markets.

In view of the findings, the study presents three recommendations for government and other key stakeholders within the MSME space. These are:

- Facilitate increased exposure of MSMEs to technology.
- Capacitate MSMEs regarding international trade agreements and access to regional markets.
- Review the MSME policy and general regulatory framework.
1. INTRODUCTION

1.1 Background of the study

The COVID-19 pandemic started off as a health crisis and was justifiably perceived as such. It would however transcend into other spheres of society causing unprecedented disruptions on people’s ways of life mainly from a social and economic perspective, especially as governments introduced stringent measures to curb its spread. Businesses were the hardest hit in this regard.

In the African context wherein the micro, small and medium enterprises (MSME) sector is a key driver for most of the countries’ economies, the effects of the pandemic from an economic perspective have been significant. An online survey conducted by UNECA in 2020 assessing the impact of COVID-19 on African businesses revealed that 80% of companies indicated that they had been significantly affected by the pandemic (UNECA, 2020).

The effects were mainly felt in business operations which subsequently affected profitability and led to closure for some businesses. In the case of large companies, a reduction of opportunities to meet new customers, as well as issues with changing business strategies and offering alternative products/services were the main concerns. Whilst MSMEs seemed to be primarily concerned about surviving the COVID-19 crisis, larger businesses appeared to be more worried about adaptation to a new business environment.

As the effects of the pandemic were being mitigated through vaccination and other health protocols that had proven to be effective, another catastrophe hit the global trade environment. On February 4, 2022, Russia invaded Ukraine in an armed conflict. This created a new set of supply chain disruptions, putting further strain on the COVID-19 recovery strategies that were being implemented by countries across the globe.

Building on the survey that was conducted by UNECA in 2020, the ECA SRO-SA commissioned a study with a view to gain an understanding of the impacts of these two crises on MSMEs in particular at regional level, with a focus on its 11 member states. Critical in this regard was examining the extent to which MSMEs have adopted technological and innovative solutions to drive their operations in the wake of the impacts from the pandemic. The study also sought to determine the extent to which businesses have taken advantage of regional integration initiatives and trade agreements in response to the effects of these crises.

This report is therefore a presentation of the findings of the survey as carried out in Eswatini. It highlights experiences from local MSMEs with regards to some of the challenges they have faced and are currently dealing with as a result of COVID-19, and the ongoing Russia-Ukraine crisis.
The survey was conducted in Eswatini over the period December 2022 to February 2023 using a questionnaire that was based on a generic regional questionnaire tailor-made to fit the Eswatini context. The data collected was then analysed, and a resultant report which reflects on the MSME experiences in terms of challenges and some mitigation measures being employed and implemented at operational levels has been produced.

In conducting the survey, collaboration was sought with national partners, particularly the MSME department at the Ministry of Commerce, Industry and Trade (MCIT), Business Eswatini (BE), the apex organization representing the interests of private business in Eswatini, and the Small Enterprises Development Company (SEDCO), the agency responsible for the development of MSMEs in the country. The collaborative efforts of these stakeholders were instrumental in supporting the study by availing the necessary information and also providing a link between the survey team and participating MSMEs.

1.2 Research methodology

The methodology section highlights the approach that was used in implementing the survey. This has been largely adopted from the overall methodology developed for the wider regional scope for all the countries wherein the survey has been conducted. This was deemed important for uniformity in approach with the rest of the countries. The survey was carried out across the four regions of the country, Shiselweni, Manzini, Hhohho, and Lubombo.

Through collaborative efforts from the MSME department in the Ministry of Commerce, Industry and Trade, Business Eswatini and SEDCO, a list of known MSMEs was developed and used as the database from which a sampling frame could be established, and a sample drawn. A database of 19,000 MSMEs was established from sourcing data from these three stakeholders in the MSME space in the country. It was determined that a total of 250 MSMEs participating in the survey would yield a 95% confidence level from a sampling perspective. A total of 283 MSMEs eventually participated in the survey across the four regions of the country.

The survey was electronically coded in Survey CTO for purposes of capturing the data in a common cloud-based data repository. This allowed for data input into a tablet, phone, or laptop and this could be done off-line. For the most part data collection was done through physical engagements with the MSMEs representatives, involving face to face interviews and phone calls by a team of 4 enumerators working under the supervision of a national consultant. Only about 20% of the total respondents were engaged telephonically.

Proper ethical standards and considerations were maintained and observed during the data collection exercise. To this end, all the respondents were informed that they could withdraw from the interview at any time. They were asked to give explicit consent after being informed that they will not benefit directly from participating in the study.

In addition to the survey of the MSMEs, an interview was held with the Director of the MSME unit within the Ministry of Commerce, Industry and Trade with the purpose of
gaining insights on what were government responses to address the impacts of these two crises on MSMEs.

With the background to the study and the methodological approach used to implement the survey having been outlined, the next sections of the report present the findings that were generated from the collected data. For a contextual framework for the study, secondary data were collected to present the country context, which is presented in the next section. Sections 3, 4 and 5 present the profile of the surveyed MSMEs, impact of sales revenue and staffing, and current challenges for MSMEs, respectively. Sections 6 and 7 present the impact and response to COVID-19, and Russia-Ukraine crises respectively. Challenges and opportunities for technology uptake are presented in Section 8, whilst Section 9 analyses those for international trade and regional integration. Section 10 addresses the future outlook as perceived by MSMEs with the conclusions and policy recommendations presented in Section 11.
2. ESWATINI – COUNTRY CONTEXT

The country context in relation to this study has been generated through secondary data sources. Key in this regard was the Central Bank of Eswatini (CBE) and the Central Statistics Office (CSO). The International Monetary Fund and the World Bank reports were also used as references for Gross Domestic Product (GDP) performance in Eswatini to inform the country context as described in this report. For the MSME sector related information, the 2017 Finscope MSME survey report for Eswatini was used as the main reference.

2.1 Economic Context

At US $4.67 billion (current prices), Eswatini’s GDP has over the years been growing at a rate of 2% annually until 2020. This is the year that marked the advent of the COVID-19 pandemic in the country and across the globe. As recorded by the IMF, in 2020, the GDP in Eswatini nosedived from a previous growth of 2.7% down to -1.6% (Figure 2.1). As reflected in Figure 2.1, in 2021, there was a resurgence of the economy as a growth of 7.9% in the GDP was recorded, but this was to later drop down to 2.4% in 2022. In a similar fashion to the 2020 drop which coincided with the advent of COVID-19, this drop in 2022 coincided with the start of the Russia-Ukraine crisis. It is in this context that both the COVID-19, and the Russia-Ukraine crisis are considered to have had significant adverse effects on the country’s economic performance between 2020 and 2022. Exacerbating these effects, Eswatini as a country also had a crisis of her own in 2021, wherein widespread political and social unrest resulted in the destruction of property and assets for most businesses.

As noted in the World Development Indicators Report, in terms of composition in as far as the GDP of the country is concerned, the services sector accounts for the largest proportion at 54% as at 2021, with industry at 32.4%, and agriculture at 8.1% (Figure 2.2). Up until 2020, the services sector was thus expectedly the major contributor to GDP growth at 2.9% compared to industry and agriculture at -3% and -0.6%, respectively, in 2020 (Figure 2.3). As reflected in Figure 2.3, in 2021 there was a noticeable shift in terms of contribution to GDP by the sectors. Industry recorded a 4.9% contribution whilst services dropped to 2.2% contribution to GDP. Agriculture largely remained the same in terms of GDP contribution over the years sitting in and around 0%.

The exchange rate and inflation have been extremely difficult to moderate since 2020 with spikes especially at the height of both the COVID-19 pandemic and the Russia-Ukraine crisis (Figures 2.4 and 2.5). The Central Bank of Eswatini, has been trying to avert hyperinflation through monetary policies which would increase interest rates. The impact of the two crises is again evident for both the exchange rate and inflation. Between the last quarter of 2019 and the first quarter of 2020 there was a sharp rise in both economic indicators in the country. A downward trend was observed in 2021 only for a sharp rise again in the first quarter of 2022, a trend that has been characteristic of the whole of 2022, with the exchange rate sitting at around SZL18.00 to the US Dollar, and inflation ranging between 5.5% and 8%.

Eswatini has over the years been a net importer of goods with neighboring South Africa being the main source of the country’s imports. In 2018 however, the value of imports and
exports were at par only for a drop in exports and an increase in imports to be experienced in 2019 (Figure 2.6). The country was again a net importer in 2020 with exports at an aggregate US $1,605 million and imports at US $1,752 million. In 2021 however, the balance of trade improved as exports were largely at par with imports. This could be attributed to increased demand for locally produced goods and import substitution attempts by government.

From an employment perspective, the World Development Indicators Report notes that in Eswatini, the industry sector is the most prominent employer in terms of share of employment by sector at 64.4%, with the agriculture sector contributing the least in this regard at 12.2% (Figure 2.7). Although not the major contributor to GDP, the industry sector in Eswatini is characteristically labor-intensive, and it is from this perspective that as a sector it accounts for the largest share in terms of employment.

The Revised MSME policy of Eswatini (2018) defines MSMEs in the Eswatini context as a continuum ranging from informal micro-enterprises to formal medium-sized enterprises. Expanding on this definition, the policy provides a classification in the form of the table below:

### Table 1: MSME classification in Eswatini

<table>
<thead>
<tr>
<th>Category</th>
<th>Sub-category</th>
<th>Employees</th>
<th>Value of Assets</th>
<th>Turn-over</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro-Enterprise</td>
<td>Informal</td>
<td>0</td>
<td>No formal registration</td>
<td></td>
</tr>
<tr>
<td>Micro-Enterprise</td>
<td>Formal</td>
<td>0 to 10</td>
<td>Under E50,000.00</td>
<td>Up to E60,000.00</td>
</tr>
<tr>
<td>Small Enterprise</td>
<td>Formal</td>
<td>11 – 20</td>
<td>&gt;E50,000.00 to E2 Million</td>
<td>Up to 3 Million</td>
</tr>
<tr>
<td>Medium Enterprise</td>
<td>Formal</td>
<td>21 – 60</td>
<td>&gt;E2 Million to E5 Million</td>
<td>Up to 8 Million</td>
</tr>
</tbody>
</table>

*Source: Government of Eswatini (2018)*

The FinScope report of 2017 provided a similar classification in terms of categories but differed slightly in terms of the sub-categories. Micro enterprises according to this report are those with 0 – 3 employees, small enterprises employ 4 – 10 employees, whilst medium are those that have between 11 and 50 employees (FinScope, 2017). According to the report, in Eswatini the MSME sector is largely constituted by micro enterprises at 92% (Figure 2.8).

The MSME sector is considered one of the areas with a huge potential to churn out employment opportunities for about 41% of the country’s working age population (International Trade Centre, 2022). The sector has a potential of generating up to 50% of national output if nurtured appropriately. In as much as the MSME sector has all the makings of the much-needed relief package, there lies a myriad of challenges stacked against its development. Over and above the structural limitations, some of the challenges for the MSMEs were wrought by the COVID-19 pandemic, the social unrest of 2021 and climate change.

The other limitations inherent with small businesses observed in Eswatini include poor management capacity (which partially drives weak productivity whereby 44% of firms have no bank account and 36% keep no economic records), lack of intelligence on market
opportunities, inhibited marketing efforts, lack of innovation, and limited access to finance (International Trade Centre, 2022).

Whilst the MSME sector has the potential to address the economic malaise borne by the high unemployment rate in Eswatini, some tough challenges have to be addressed. Some of the challenges that were apparent include the shortage of capacity by MSMEs to professionalize their trade holistically. As reflected in engagement with government for purposes of this study, MSMEs tended to switch to a different trade as soon as they faced difficulties in their current operations. This has resulted in most MSMEs in Eswatini being poorly competitive and they are continually battling with new sets of complexities as they are constantly navigating new territories in terms of product and market dynamics.
Eswatini’s GDP, which is at 4.67 billion US$ (current prices), has annually grown at the rate of 2% until 2020. Both COVID-19 and the Russia-Ukraine crisis have had substantial impact on Eswatini’s economy. The services sector accounts for 53% of the GDP, has been driving the growth of the economy until 2020 and the industry sector has contributed more to GDP growth in 2021.

The exchange rate and inflation rate spiked in 2020, then returned to normal in 2021 before rising again in 2022.

Both export and import contribute significantly to Eswatini’s GDP.

In Eswatini, the industry sector employs the vast majority of the population.

93% of MSMEs in Eswatini are micro enterprises. Most business were established within the last 5 years.
2.2 Government response

The Ministry of Commerce, Industry and Trade which is the ministry responsible for attracting, stimulating, and retaining investment in Eswatini was consulted to get insights on how government responded to the impacts and effects of the pandemic on business, particularly the MSME sector. The Director of the MSME unit within the ministry was instrumental in providing the necessary information in this regard. Reports from previous studies were also reviewed to get more insights into government response to these two crises in as far as keeping businesses afloat and getting them back to operating optimally.

At the advent of the COVID-19 pandemic, the priority from government’s perspective was to save lives. Like most governments across the globe measures were implemented, mainly on the advice of the World Health Organization (WHO) to curb the spread of the coronavirus. Short term measures that were implemented included restrictions on local movements and travel, closure of borders, social distancing, restrictions on public gatherings, wearing of masks and hand hygiene enforcement through regular hand sanitization. As can be expected these measures had negative implications on business. Again, government had to respond to ensure that there was no total shut-down of businesses. Government also had to ensure that people do not lose their jobs amid the disruptions caused by the implementation of the COVID-19 prevention measures.

To this end, short and long-term responses from government were implemented. In the short-term government responded by issuing a directive to say businesses should put retrenchments on hold during this emergency period, and for the long term, government took the route of establishing layoff relief funds, the Unemployment Relief Fund being one (ILO & Business Eswatini, 2021).

From a business and economic recovery perspective the Government of Eswatini established the Post-COVID-19 Economic Recovery Strategy to address the impacts of COVID-19 on the economy by creating opportunities for income generation and wealth creation in key priority sectors of the economy. The plan was crafted to resuscitate the economy and reignite economic growth through high impact private sector-led projects which would be implemented as soon as the country came out of the COVID-19 state of emergency. The MSME department within the Ministry of Commerce, Industry and Trade (MCIT), relied on the same plan to assist the MSME sector deal with the setbacks caused by the pandemic.

Some key elements of the strategy included the following:

i. **The MSME Revolving Fund**
   This is a fund which was worth E45,000,000.00 (approximately US $2.5 Million) which was set up by government and given to one of the local commercial banks to lend to MSMEs at preferential rates. This initiative proved to be fairly successful with reports indicating that MSMEs were utilizing this fund, and most were realizing the benefits with their businesses slowly picking up from the effects of the pandemic. The bank even reported that the businesses were honoring their repayment obligations, such that their limit in terms of funding was increased.
ii. **Cross-border trade subsidies**

Government subsidized the testing fees for MSMEs who source their products from across the border. This was at the time where a compulsory negative test certificate was required in order for one to be allowed passage from and into Eswatini. The testing fee was prohibitive for most of the micro-enterprises, government therefore heavily subsidized the fee in order for them to continue with their businesses.

iii. **Extension of license renewals**

Some businesses that had not been allowed to operate for prolonged periods had their license renewal periods extended in recognition of the time and revenue lost whilst they were closed. This was also to minimize the pressure on them to pay for licenses whilst funds were limited due to business closure.

iv. **Inspections of business premises**

As the Ministry of Health was enforcing restrictions to curb the spread of the virus, the MCIT conducted regular inspections on business premises with the view to assist them in complying with the health conditions required as part of the restrictions. The MCIT advocated for the MSME sector and provided guidelines on how to conduct business in a manner that complied with the regulations which had been developed by the Ministry of Health.

Most of these recovery strategies by government were however mostly undone in mid-2021 when Eswatini went through a destructive and disruptive political and social unrest. A number of businesses, most of which had just emerged from the effects of COVID-19 through some of these initiatives by government, were vandalized and burnt down. The supply chains for most of the businesses were also disrupted as movement of goods into the country was restricted due to fears of trucks transporting these goods being vandalized and burnt down. During this unrest there were also instances of fuel shortages and telecommunications shut-downs. The MSME sector was the hardest hit as a result of these events. The revolving fund which had been established suffered and got depleted as businesses could now no longer honour their repayment obligations citing losses due to the unrest as the reason.

By the time the Russia-Ukraine conflict played out and its effects were being felt in most parts of the African continent including the SADC region, businesses, particularly the MSMEs in Eswatini were already at their lowest points. From a government perspective and its response thereof the situation got more complicated. To an extent there were no specific measures that were put in place to respond and assist businesses cope with the impact of the Russia-Ukraine crisis. This is largely because by the time it started in February 2022, government was still dealing with the effects of COVID-19 and the complications which had now come about as a result of the civil unrest. A Reconstruction Fund was established to assist businesses whose properties and assets had been damaged during the unrest.
3. SAMPLE DESCRIPTION

3.1 Location of Enterprises

Eswatini has four administrative regions, namely, Hhohho, Manzini, Lubombo and Shiselweni. The respondents of the survey were spread evenly across all four regions. The total number of businesses which participated in the study was 283 enterprises, with 87 being from the Hhohho region, 76 from the Manzini region, whilst Lubombo and Shiselweni contributed 60 responses each (Figure 3.1). Hhohho and Manzini regions are the predominant economic hubs of the country and as such tend to be more urbanized compared to the other 2 regions. As reflected in Figure 3.1, 93% of the participating enterprises are based in urban areas with the 7% based in areas largely considered to be rural. This suggests that there is less formalized economic activity in the rural areas compared to urban areas. Of the 283 participating enterprises, 279 reported to be operational, with the remaining 4 being non-operational (Figure 3.1).

3.2 Operational Enterprise Demographics

The majority of the enterprises (97%) that participated in the study are formal businesses with 3% reporting to be informal (Figure 3.2.1). This suggests that most of the MSMEs are registered. Only 7% of the 283 surveyed enterprises indicated being registered members of an association (Figure 3.2.2). Most of the participating enterprises fall under the micro enterprise category with 97.1% indicating having 0-10 employees (Figure 3.2.3). As reflected in Figure 3.2.3, 1.8% and 1.1% of the enterprises indicated being within the small (11-20 employees) and medium (21-60 employees) categories, respectively. This is largely consistent with the FinScope report (2017) which reported that 93% of the MSMEs in Eswatini fall within the micro category (FinScope, 2017). From a sector perspective, a majority of the surveyed enterprises are within the services sector with 86% falling in this category, 13% and 1% falling into the industry and agriculture sectors, respectively (Figure 3.2.4). This finding is as consistent with GDP composition by sector wherein the services sector has the largest share at 53.9%, followed by the industry sector at 32.4%, with agriculture at 8.1%. In terms of annual turnover, only 3.5% reported to be above US $100,000 with the majority (54.1%) reporting to be between US $0 and US $5,000 (Figure 3.2.5).

A majority of firms that were surveyed demonstrated resilience as 21.5% of respondent businesses reported having been in business for more than 6 years (Figure 3.2.6). As shown in Figure 3.2.6, 7.2% of businesses were only a year old since opening their doors whilst 32.6% and 14.7% were between 1-3 years and 4-5 years respectively. As mentioned earlier, that Eswatini is a net importer of goods and services predominantly from neighboring South Africa, most MSMEs (51%) indicated that they import only (Figure 3.2.7). As reflected in Figure 3.2.7, only 1% of businesses indicated being involved in import and export, whilst 48% of them are not involved in the import and export of goods. None of the respondents reported exclusively serving export markets.
3.3 Owner Demographics
A majority of MSMEs that participated in the survey (81%) are Emaswati (Figure 3.3.1). Figure 3.3.1 also shows that 15.8% of the businesses indicated being fully owned by foreigners, whilst 1.4% have less than 50% local ownership and 1.8% have more than 50% ownership by nationals. There is a good balance in the ownership by gender of surveyed enterprises as 51% of businesses are owned by men whilst 49% were reported to be owned by women (Figure 3.3.2). In terms of owner age, only 17% of the enterprises are under the ownership of young people, with 83% having non-youth owners (Figure 3.3.3).
3. PROFILE OF SURVEYED MSMEs

3.1 Enterprise location
283 businesses were surveyed and most are located in urban areas.

87 Hhohho
60 Lubombo
76 Manzini
60 Shiselweni

Total businesses surveyed: 283

Operational: 279
Non-operational: 4

3.2 Operational enterprise demographics
The majority of businesses are formal, micro (0-10 employees) and in the service sector. Half of the businesses earn less than U$S 5k.

3.2.1: Formal vs. informal business
- Formal business: 59%
- Informal business: 41%

3.2.2: Enterprise registered with association
- 7% of the businesses are part of a member association

3.2.3: Size of enterprise by employees
- Micro 0-10: 97.1%
- Small (11-20): 1.8%
- Medium (21-60): 1.1%

3.2.4: Sectors
- Agriculture: 86%
- Industry: 1%
- Services: 13%

3.2.5: Annual turnover 2021 (USS)
- 0-5k: 54.1%
- 5-25k: 3.9%
- 25-50k: 6.6%
- 51-100k: 35%
- >100k: 3.5%

3.3 Owner demographics
Enterprises are predominantly owned by Swazi and equally owned by women and men. The vast majority is owned by non-youth.

3.3.1: Nationality of owners
- Fully (100%) owned by nationals: 81%
- Less than 50% owned by nationals: 14%
- Fully (100%) owned by foreigners: 15.8%
- More than 50% owned by nationals: 1.8%

3.3.2: Gender of owners
- Enterprises owned by men: 51%
- Enterprises owned by women: 49%

3.3.3: Age of owners
- Enterprises owned by youth: 17%
- Enterprises owned by non-youth: 83%

3.3.4: Respondent role in the enterprise

- Staff: 53.4%
- Sole owners: 24.6%
- Co-owner: 12.1%
- MD: 7.8%
- CEO: 1.1%
- Administrator: 0.9%
- Board member: 0.3%
4. IMPACT ON MSME SALES REVENUE AND STAFF NUMBERS

Some of the key focus areas of the study in the analysis of the impact of COVID-19 and the Russia-Ukraine crisis on MSMEs in Eswatini were annual sales revenues and staff numbers between the years 2020 and 2022.

4.1 Sales revenue for MSMEs

The bases for the sales revenue analysis in the study were overall revenue growth; business sector; size of business, international trading, and age of enterprise. From an overall revenue growth perspective, the findings reflect that businesses were hard hit in 2020 with revenues recording a negative growth of 58% (Figure 4.1.1). The country-wide shut-downs implemented in 2020 proved to have significant adverse effects on businesses’ sales revenue. As shown in Figure 4.1.1, there was to be a resurgence in 2021 in revenues from sales with a 50% growth recorded by MSMEs. This growth coincided with relaxations on some of the restrictions that were in force for the whole of 2020. In 2021, trade started stabilizing as the early batches of the vaccine proved fit for purpose in terms of reducing fatalities and hospitalization rates. Businesses began trading again as soon as restrictions were eased by the government which was also consistent with an early rapid uptake of the vaccine. As reported by the enterprises, revenue from sales dropped in 2022 with a recorded overall revenue growth of 20%. This drop coincided with the Russia-Ukraine conflict that started in 2022. For the Eswatini context, the political and social tensions that manifested in 2021 way into 2022 may have also had a significant contribution to this reduction in the overall sales revenue growth for MSMEs. A number of businesses in the country suffered losses as a result of arson attacks, vandalism, and looting on their businesses.

Sector analysis of the results shows that all the sectors experienced a negative growth in sales revenue as a result of the pandemic and the subsequent restrictions that were implemented at national level. The Russia-Ukraine crisis, combined with the civil unrest that started in mid-2021 also affected revenue growth for most MSMEs. The industry and services sector were the hardest hit with a negative sales revenue growth of 54% and 59%, respectively, whilst the agriculture sector registered a 22% negative growth in 2020 (Figure 4.1.2). As reflected in the overall revenue growth, in 2021, the industry and services sectors recorded a positive growth in sales revenue at 56% and 50% respectively whilst the agriculture sector recorded a 0% growth rate (Figure 4.1.2). Industry and services experienced a significant drop in revenue growth in 2022 at 20% and 21% respectively, whilst agriculture-based enterprises continued on an upward trajectory at 16% from 0% in the previous year. The results indicate that the industry sector is the most sensitive to these crises, with the services sector also highly sensitive (Figure 4.1.2).
The effects of the crises on the MSMEs were largely similar across all of them irrespective of the size (Figure 4.1.3). The indication however from the results is that micro enterprises were slightly more sensitive to the disruptions that were resultant from the two crises of focus in this study. In 2020 the micro enterprises had the most negative sales revenue growth rate (58%), and also experienced a lower growth rate (20%) in 2022 compared to the small and medium enterprises (34%) (Figure 4.1.3). International trading also seemed not to be a factor in terms of sensitivity to the two crises with both non-traders and importers performing similarly between the years 2020 and 2022 (Figure 4.1.4). This trend was also true in relation to the age of the enterprise, wherein enterprises were reportedly affected similarly by both COVID-19 and the Russia-Ukraine crisis, irrespective of years in operation (Figure 4.1.5). All enterprises experienced a negative growth in 2020 (between 47% and 65%), a revenue growth rate rise of more than 50% in 2021, and a drop to rates ranging between 19% and 25% in 2022 (Figure 4.1.5).
Figure 4.1.1: Overall revenue growth
Businesses experienced a significant decrease in sales revenue in 2020 due to the impact of COVID, and recovered in 2021. However, growth slowed in 2022.

Figure 4.1.2: By sector
Businesses in the industry and services sectors performed better compared to those in the agriculture sector.

Figure 4.1.3: By size of business
Micro enterprises performed better compared to SMEs before 2021 but SMEs performed better in 2022.

Figure 4.1.4: By international traders
Both importers and non-traders revenues decreased in 2020 AND 2022

Figure 4.1.5: By age of firm
All enterprises regardless of the age saw a decrease in revenue growth 2020 and 2022
4.2 Staff changes

The loss of business inevitably translated to a loss of jobs for employees across the whole MSME business sector. The impact on staff numbers in the MSMEs was analyzed from three perspectives in the study. An analysis was done in the first instance for overall staff growth in MSMEs. Secondly the impact was analyzed in accordance with the type of business from an international trading perspective. Lastly a sector analysis was conducted. The findings indicate a general drop in staff numbers in the year 2020. Part time employees were the most affected with a layoff rate of almost 17.7% compared to 7.1% for permanent employees (Figure 4.2.1). There however was an indication of a higher uptake of part-time employees in 2022 (Figure 4.2.1). Lessons from COVID-19 adaptation measures, such as working from home may have had an influence in this regard with employers realizing that some work can be done without having staff on a full-time basis.

This trend was also true for non-trading enterprises, where the move for part-time employees seems to be the preferred employment model with a 4% reduction in the number of permanent staff between 2021 and 2022 compared to a more than 50% increase for part-time employees in the same period (Figure 4.2.2). Importers also followed a similar trend, although in different proportions. From a sector perspective COVID-19 had a greater impact on the services sector, with 22% and 7% lay-offs for part-time and permanent employees, respectively, in 2020 (Figure 4.2.3). For the agriculture sector there were no layoffs between 2020 and 2022. It is actually the one sector where the demand for human capital subsequently increased post-COVID-19 in 2021 with a 33% uptake for permanent staff (Figure 4.2.3). Industry-based MSMEs only reacted at the peak of the COVID-19 pandemic in 2020 with a 9% layoff rate for permanent staff, with steady improvement in the subsequent years; 2% layoffs in 2021 and 2022 respectively (Figure 4.2.3).

The general observation in terms of revenue and staff growth for MSMEs in Eswatini is that the former has been more affected than the latter with both crises having a negative effect on revenue. From a staffing perspective, enterprises largely maintained their numbers, particularly for permanent staff. There was actually a positive growth in 2021 and 2022 in the numbers (Figure 4.2.3). Interventions by government may have also played a part in this regard. As noted in the report by Business Eswatini (BE), in collaboration with the International Labour Organization (ILO) on the changing workplace in Eswatini, government had to respond in the immediate term in terms of securing employment and avoiding layoffs (ILO & Business Eswatini, 2022).
**4.2 AVERAGE GROWTH CHANGES FOR STAFF**

**Figure 4.2.1: Overall staff growth**

Part-time employees were laid off at a higher rate than full-time employees on average, especially in 2020. When compared to previous years, the COVID-19 in 2020 had a significant impact on permanent employees.

**Figure 4.2.2: By international traders**

In 2022, non trading enterprises cut down the number of permanent employees but increased the number of part-time employees.

**Figure 4.2.3: By sector**

In 2022, the services sector was more affected for part-time workers, whereas agriculture was less affected for permanent workers.
5. CURRENT CHALLENGES FOR MSMEs

This section of the study sought to gain insights into some of the key challenges that MSMEs in Eswatini are faced with. A previous study conducted by UNECA in 2020 on financing model for MSMEs in Eswatini highlighted three main challenges for MSMEs development in the country (UNECA, 2021). These are:

i. Access to public goods – includes all government-provided goods and services, including the regulatory environment, policies, institutions, and infrastructure.

ii. Access to markets – includes domestic, international, and digital markets.

iii. Access to resources – includes mainly financial resources but extends to availability of a skilled workforce at competitive costs, and easy access to technology and information.

In the current study, the three main challenges as reported by the participating MSMEs (Figure 5.1) are:

i. **Low Demand for Goods and Services:** 43.4% of businesses experienced a low demand for their goods and services. This may be attributable to the general increase in prices of inputs which made goods and services more expensive to customers.

ii. **Inflation:** 43.4% of businesses reported inflation to have increased. The general rise in commodities reduced the sales companies were making as clients’ disposable incomes became limited. Importers reported to have experienced inflationary pressures more than the others (60%) (Figure 5.3), which may also have been caused by foreign exchange rates.

iii. **Price of inputs:** As a result of the COVID-19 pandemic and the Russia-Ukraine crisis, prices of supplies for commodities in the market have escalated due to increased demand and low supply. 27.2% of businesses surveyed reported that prices of inputs escalated.

An analysis of these three main challenges by sector reveals that MSMEs in the services sector were the ones mostly feeling the effects of the first two challenges, whilst for the agriculture-based enterprises the cost of inputs was the major challenge (Figure 5.2). From a trading perspective, inflation and low demand for goods and services were the major challenges for both non-importers and importers, more so for importers in terms of inflation (Figure 5.3). An analysis by size of business revealed that for the micro-enterprises, price of inputs has been the major challenge followed by inflation, whilst the small and medium enterprises reported inflation and low demand for goods and services as the major challenges at 97% and 98%, respectively, of the surveyed firms (Figure 5.4).
5. CHALLENGES

Figure 5.1: Challenges faced by businesses

Low demand for goods and services, inflation and price of inputs are the main 3 challenges that surveyed businesses face.

- Low demand of goods and services: 43.4%
- Accessing capital: 16.1%
- Regulations: 3.2%
- Inflation: 43.4%
- High interest rates: 19.4%
- Insecurity: 1.8%
- Price of inputs: 27.2%
- Hard to get imported goods: 6.8%
- Foreign currency is expensive: 1.8%
- High taxes: 17.9%
- Access to skilled labor: 6.8%
- Technical constraints: 1.4%
- Undue involvement from government officials: 1.1%

Figure 5.2: Main challenges by sector

The main challenges are prevalent in the services sector compared to other sectors.

Figure 5.3: Main challenges by traders

Inflation affects more importers whereas low demand for goods and services affects those who do not trade.

Figure 5.4: Main challenges by size of business

Small and medium enterprises are more impacted by the 3 main challenges.
6. IMPACT AND RESPONSE TO COVID-19

With the contextual elements in relation to the MSME sector in Eswatini having been established in the previous 5 sections, the study then sought to gain detailed insights on the impacts with a specific focus on COVID-19. Analysis in this regard was in terms of impact extent, impact by business size, and by trading status. An understanding was also established in terms of key business aspects affected by COVID-19, how enterprises responded to COVID-19, and lastly whether the main business challenges as described in section 5 worsened since 2020.

The findings of the study reveal that the impacts of COVID-19 have been negative for a large majority of MSMEs irrespective of size and whether they importers or not (Figures 6.1, 6.2, and 6.3). The impacts have extended beyond 2020 when the pandemic and the control measures thereof were at peak (Figure 6.1). Slightly more micro enterprises reported negative impact compared to small and medium enterprises (Figure 6.2). Importers and non-importers provided similar responses in terms of how they were impacted upon by the pandemic (Figure 6.3). A number of business aspects were majorly impacted upon negatively by the pandemic (Figure 6.4).

Profits lowered for 92% of MSMEs in Eswatini (Figure 6.4). This is attributable to lowered sales and the number of clients as reported by 90% and 87% of the enterprises, respectively. Whilst the negative impact of the pandemic was felt by the majority of businesses, a few businesses reported to have been boosted. For 8% of businesses that were surveyed, sales increased during the COVID-19 period, with 5% of enterprises reporting increased profits.

With all the impacts which have been mainly negative, businesses were forced to respond in different ways (Figure 6.5). Just over a third (34.5%) of the businesses reported that they stopped operating during the COVID-19 pandemic. Other responses as reported by just over 10% of the participating enterprises included deferring any planned investments, laying off staff, and changing market targets to focus more on the domestic market.

The major challenges that most MSMEs reported to be facing in general have largely worsened since 2020 (Figure 6.6). Inflation in particular has been the major one in this regard for most MSMEs, with 75% of them reporting it as the one challenge that has gotten worse. For each of the two other challenges in the form of low demand for goods and price of inputs, two thirds of the surveyed enterprises reported these to have worsened since 2020.
6. IMPACT OF COVID-19

Figure 6.1: Extent of COVID-19 Impact
Most enterprises were negatively impacted by the COVID-19 pandemic.

- Negative Impact: 2020 = 13%, 2022 = 15%
- No Impact: 2020 = 83%, 2022 = 82%
- Positive Impact: 2020 = 4%, 2022 = 2%

Figure 6.2: Impact by size of business
Micro businesses experienced more negative effect of the pandemic.

- Negative Impact: Micro = 84%, Small & Medium = 76%
- No Impact: Micro = 13%, Small & Medium = 12%
- Positive Impact: Micro = 3%, Small & Medium = 13%

Figure 6.3: Impact on international traders
Both non trading and importers were affected by the COVID-19 pandemic.

- Doesn’t trade: 15%
- Imports: 84%
- Exports: 83%
- Lowers: 2%

Figure 6.4: Aspects of business affected by COVID-19
Sales, net profits and number of clients are the most affected business aspects.

- Stock of finished goods: Lower = 60%, No change = 25%, Higher = 15%
- Sales: Lower = 90%, No change = 3%, Higher = 7%
- Production level: Lower = 77%, No change = 18%, Higher = 5%
- Number of employees: Lower = 21%, No change = 75%, Higher = 4%
- Number of clients: Lower = 87%, No change = 3%, Higher = 10%
- Net profits: Lower = 85%, No change = 5%, Higher = 5%
- Loans: Lower = 60%, No change = 26%, Higher = 14%
- Imports: Lower = 68%, No change = 31%, Higher = 11%
- Exports: Lower = 60%, No change = 33%, Higher = 4%
- Access to supplies: Lower = 59%, No change = 39%, Higher = 2%
- Ability to pay salaries: Lower = 68%, No change = 32%, Higher = 0%
- Ability to pay for inputs and variable expenses: Lower = 84%, No change = 15%, Higher = 1%

Figure 6.5: How businesses responded to COVID-19
A third of the enterprises stopped operating during the COVID-19 pandemic.

- Stopped operating: 34.5%
- Deferring planned investments: 10.8%
- Laying of staff: 10.4%
- Focused more on domestic market: 10.2%
- Stopped paying staff: 8.2%
- Increased e-commerce focus/capabilities: 6.6%
- Invested in new technologies: 6.2%
- Lowering production: 3.4%
- Found new domestic suppliers: 3.2%
- Found new external markets: 2.5%
- Started working more online and from home: 6.4%

Figure 6.6: Whether main challenges that businesses face have worsened since 2020
More than three fourths of the businesses who faced inflation believe that the challenge has worsened since 2020.

- Inflation: 75%
- Low demand for goods and services: 67%
- Price of inputs: 67%
7. IMPACT AND RESPONSE TO THE RUSSIA-UKRAINE CRISIS

In a similar fashion as the COVID-19 impacts, the study collected information for purposes of analyzing impacts on MSMEs related specifically to the Russia-Ukraine crisis. A similar analysis was conducted in terms of impact extent, impact by business size, and by trading status. The key business aspects that have been affected by the crisis, how enterprises responded in this regard, and whether the main business challenges are related to the conflict were also analyzed in the context of the impacts of the Russia-Ukraine crisis.

As reported by the majority (66%) of the participating MSMEs, the Russia-Ukraine crisis had a negative impact on their businesses (Figure 7.1). Compared to the small and medium enterprises, micro enterprises were the most affected by the crisis, with 67% of them indicating that they had experienced its negative effects and only 1% reporting a positive impact (Figure 7.2). The results confirmed the sensitivity of the micro enterprises to any shocks in the supply chain, with COVID-19 also having had more of an adverse effect on the micro enterprises compared to the small and medium enterprises.

Unlike with COVID-19 where the impacts were felt similarly by both importers and non-importers, the Russia-Ukraine crisis affected more importers than non-importers from a business perspective (Figure 7.3). In terms of the affected business aspects, the ability to pay for inputs and variable expenses, sales, and imports have been the most affected by the crisis (Figure 7.4).

With regards to business response to the crisis, only 14.8% of the participating enterprises indicated that they stopped operating, with the majority reporting having focused more on domestic market (Figure 7.5).

Inflation remained the major challenge for MSMEs even during the Russia-Ukraine crisis as highlighted by 97% of the enterprises, who were of the view that it has worsened since the start of the conflict in February 2022 (Figure 7.6). The price of inputs is also another notable challenge for MSMEs in Eswatini as reported by 87% of the participating enterprises in this study and 91% of them believing it has worsened since February 2022 when the crisis started. The results in terms of the challenges faced by MSMEs indicate that for most enterprises in Eswatini, the view is that these worsened from the time of COVID-19, and after the start of the Russia-Ukraine crisis.
7. IMPACT OF THE RUSSIA-UKRAINE CRISIS

Figure 7.1: Extent of the Russia-Ukraine Crisis

More than 50% of the enterprises experienced a negative impact due to the Russia-Ukraine Crisis

- Negative impact: 66%
- No impact: 32%
- Positive impact: 1%

Figure 7.2: Impact by size of business

Micro businesses experienced more negative effect of the crisis.

- Negative impact: 67%
- No impact: 32%
- Positive impact: 1%

Figure 7.3: Impact on international traders

Importers were more negatively impacted by the Russia-Ukraine crisis compared to those who do not trade.

- Negative impact: 38%
- No impact: 60%
- Positive impact: 2%

Figure 7.4: Aspects of business affected by the Russia-Ukraine Crisis

Sales, ability to pay for inputs and variable expenses, and imports were the most affected business aspects.

- Stock of finished goods: Lower 66%, No change 36%, Higher 2%
- Sales: Lower 73%, No change 23%, Higher 4%
- Production level: Lower 66%, No change 33%, Higher 1%
- Number of employees: Lower 54%, No change 42%, Higher 4%
- Number of clients: Lower 66%, No change 33%, Higher 3%
- Loans: Lower 66%, No change 33%, Higher 1%
- Import: Lower 73%, No change 23%, Higher 4%
- Exports: Lower 66%, No change 33%, Higher 1%
- Access to supplies: Lower 49%, No change 47%, Higher 4%
- Ability to pay salaries: Lower 39%, No change 47%, Higher 8%
- Ability to pay for inputs and variable expenses: Lower 80%, No change 18%, Higher 2%

Figure 7.5: How businesses responded to the Russia-Ukraine crisis

More enterprises responded to the crisis by focusing more on domestic market.

- Focused more on domestic market: 42.1%
- Stopped operating: 14.8%
- Deferring planned investments: 12.8%
- Increased e-commerce focus/capabilities: 9.1%
- Found new foreign suppliers: 7.9%
- Lowering production: 4.7%
- Invested in new technologies: 4.5%
- Found new domestic suppliers: 4.5%
- Laying off staff: 2.5%
- Taken new loans to bridge the crisis: 2.5%
- Stopped paying staff: 1.7%
- Found new external markets: 1.7%
- Started working more online and from home: 0.8%

Figure 7.6: Whether main challenges of businesses are related to the Russia-Ukraine crisis

The majority of businesses believe that inflation and price of inputs are related to the crisis.

- Challenges related to Ukraine-Russia Crisis: 97%
- Challenged worsened since Feb 2022: 98%

- Inflation: 58%
- Low demand for goods and services: 87%
- Price of inputs: 91%
8. CHALLENGES AND OPPORTUNITIES IN TECHNOLOGY UPTAKE

COVID-19 and the restrictions thereof required radical adaptation for most businesses in Eswatini and the globe in general. The restricted face to face business interactions both internally amongst employees and externally with customers required a shift in the way of doing things where interactions and engagements were still critical for business continuity. Technology and innovation became central in this regard. It is in this context that the study examined the extent to which technology and innovation were adopted by the MSME sector during COVID-19. The results of the survey indicate that there was a low uptake of technological advancements and innovation by MSMEs in Eswatini during the COVID-19 period, with only 6% of the enterprises reporting that they resorted to new tools and processes for their business operations (Figure 8.1). Online media was the most popular tool that was adopted by enterprises.

Zeroing on social media usage for marketing purposes in particular, the results indicate that a third of the enterprises did not adopt any of the available social media platforms (Figure 8.2). Of those that adopted one or more of the platforms, they mainly went for Facebook and WhatsApp as their marketing platforms.

For almost 60% of the enterprises the share of sales from the adoption of these social media tools sits at 26% to 50% (Figure 8.3). Of note however is that though accounting for up to 50% of the sales for most of the enterprises, technology adoption did not necessarily translate to improved numbers in terms of sales, with over 81.7% indicating that the shift to digital platforms did not result in a change in sales (Figure 8.4). The shift did, however, work for 18.3% of the enterprises with some increase in sales being realized after the adoption of these digital platforms for marketing purposes (Figure 8.4).

Improved infrastructure and financial support are the major support areas that MSMEs expressed a need for in order to invest in new technologies (Figure 8.5). This was reported by 36.6% and 25.1% of the enterprises, respectively. As indicated in the discussion of government response to the pandemic, the government of Eswatini did put interventions in place to assist MSMEs, particularly from a financial support perspective. As already presented, the positive impacts that were being realized from these interventions were drastically hampered when the country was hit with socio-political unrest in 2021 which was characterized by property damages and looting which mainly affected MSMEs.

The technological advancements that emerged, improved, and intensified in terms of use during COVID-19, particularly the digital platforms are not limited by geography and tend to be cost-effective. The low uptake of these platforms in the MSME sector could be a missed opportunity for a sector that characteristically does not have resources to invest in costly marketing campaigns. This could, however, be an indication of the profiles of both the business owners and the target market being served. Going online when the target market is not on the platform could have been viewed as a waste of resources and effort.
8. USE OF TECHNOLOGY AND INNOVATION DURING COVID-19

**Figure 8.1: Whether businesses resorted to new tools and processes as a result of COVID-19**

Only 6% of enterprises resorted to new tools and processes due to COVID-19, companies mainly adopted the use of online media.

- **Online media**: 32%
- **Entering new markets**: 20.6%
- **Digital platforms**: 17.6%
- **Increased the use of internet**: 14.7%
- **New products**: 8.8%
- **Workers specialising more**
  - New process is faster: 2.9%
  - Specialised apps: 2.9%

**Figure 8.2: Social media used for marketing**

The two most popular social media platforms used by businesses for marketing are Facebook and Whatsapp.

- **Facebook**: 25.1%
- **Whatsapp**: 10.9%
- **Twitter**: 2.0%
- **Tiktok**: 2.4%
- **Website**: 9.6%
- **Instagram**: 14.7%
- **None**: 32.7%
- **Youtube**: 0.7%
- **An online shop**: 2.0%

**Figure 8.3: Share of sales from digital tools**

Social media accounts for 25% to 50% of sales for more than half of the businesses.

- **Less than 10%**: 6.1%
- **Between 11% - 25%**: 15.3%
- **Between 26% - 50%**: 11.5%
- **More than 50%**: 8.4%
- **Don't know**: 2.9%
- **58.7%**: Does not apply

**Figure 8.4: Impact of COVID-19 on sales from digital platforms**

The majority of business have seen no change in sales from digital platforms.

- **81.7%**: No change
- **11.1%**: Increased a little
- **7.2%**: Increased a lot

**Figure 8.5: Support needed to invest in innovation and new technologies**

A third of companies need improved infrastructure to invest in new technologies.

- **Improve infrastructure**: 36.6%
- **Financial support**: 25.1%
- **Access to inputs**: 10.2%
- **Capacity building**: 9.1%
- **Access to markets**: 8%
- **Access to affordable internet**: 6.6%
- **Improve e-commerce**: 4.7%
- **Access to electricity**: 0.4%
9. CHALLENGES AND OPPORTUNITIES IN INTERNATIONAL TRADE AND REGIONAL INTEGRATION

Eswatini is a signatory to a number of international trade agreements. The view in this regard is that through these agreements’ businesses in Eswatini can have access to markets beyond the country’s borders thereby increasing their revenues. Agreements such as the Southern African Development Community (SADC) Protocol on Trade, Common Market for Eastern and Southern Africa (COMESA), African Growth and Opportunity Act (AGOA), and most recently the African Continental Free Trade Area (AfCFTA) all present opportunities for Eswatini businesses, including MSMEs to import and export goods and services at preferential conditions. On the basis of these established agreements from which Eswatini MSMEs should be benefitting, this survey examined the challenges and opportunities for MSMEs to realize the benefits therein in terms of international trade and regional integration. The AfCFTA in particular was of interest in this regard.

From an export perspective, the results of the study indicated that poor market knowledge and lack of finance were the major reasons preventing enterprises from exporting (Figure 9.1). It is in this context that for most MSMEs (40%) the opportunity for export improvement was dependent on access to finance (Figure 9.2). Market knowledge emerged as the major issue as well in terms of enterprises accessing the import market (Figure 9.3). From an opportunity viewpoint in terms of improving imports, tax reduction and regulation improvement were highlighted by MSMEs as the main focus areas with 42.4% and 22.2% of enterprises suggesting these, respectively (Figure 9.4).

From the results, it is apparent that most MSMEs have poor knowledge of the international markets at their disposal from both the export and import perspective. Regarding the available trade agreements to which Eswatini is a signatory, half of the MSMEs were aware of SADC, and a third knew of COMESA (Figure 9.5). The least known agreement was the AfCFTA, with only 4.8% of the enterprises indicating being aware of it. Of note is that this lack of knowledge of the AfCFTA cuts across both non-traders and importers with 94% and 95.9%, respectively, stating that they have never heard of it (Figure 9.6).

The findings reflect a huge gap within the Eswatini MSME sector with regards to regional integration and accessing the trade agreements’ benefits. A number of hurdles are highlighted, the lack of market knowledge being key in this regard for most enterprises. There is also the view from businesses that high taxes and a stringent regulatory framework are the main deterrents in terms of accessing the import markets. There is an obvious gap between what the established trade agreements seek to provide with regards to ease of trade between member states on the continent, and what businesses and MSMEs know and understand about international trade and regional integration opportunities.
9. IMPORT AND EXPORT CHALLENGES

**Figure 9.1: Export challenges**
Market knowledge and lack of finance are the main reasons preventing businesses from exporting.

- Market knowledge: 16.9%
- Lack of finance: 16.9%
- Home market is large enough: 14%
- High transport costs: 14%
- Customs tariffs: 14%

**Figure 9.2: What could be done to improve exports**
Access to finance was the top suggestion to improve exporting.

- Access to finance: 40%
- Support business to export: 20%
- Reduce transportation costs: 20%
- Reduce taxes: 20%

**Figure 9.3: Import challenges**
Market knowledge is the main hurdle hindering businesses from importing.

**Figure 9.4: What could be done to improve imports**
Enterprises suggested tax reduction, improve regulation and custom duty as the main aspect to improve importing.

- Tax reduction: 42.4%
- Improve regulation: 22.2%
- Reduce custom duty: 16.7%
- Government support/Import subsidies: 5.7%
- Financial support: 2.8%
- Training: 14%
- Transportation: 0.7%

**Figure 9.5: Proportions of enterprises who know trade agreements**
Less than 5% are aware of the AFCFTA.

- SADC: 50.5%
- COMESA: 33%
- AGOA: 11.6%
- AFCFTA: 4.8%

**Figure 9.6: How traders perceive AFCFTA**
A very small of both non traders and importers is aware of the AFCFTA potential.

- Non traders: 94%
- Importers: 95.9%

- I am aware of its potential: 6%
- Never heard of it: 44%
10. OUTLOOK FOR THE FUTURE AND BUSINESS POLICY REQUESTS

The MSME sector in Eswatini generally has a positive outlook for the future from a financial viewpoint. Only just over 10% of the participating enterprises in this study were of the view that they would negatively digress from where they currently are in terms of their businesses’ financial situation (Figure 10.1). Over 50% are optimistic of their business prospects, holding the view that these will improve going into the future. For some the view is that at worst they would remain where they are at this point with regards to their financial standing (37.3%).

This positive future outlook as held by most of the MSMEs will require government support and improved policy conditions for businesses. For most businesses the major areas of support are centred on access to finance and markets. As reflected in Figure 10.2, the majority (30%) of enterprises highlighted access to capital as the main area of support they require, with government subsidies and market access suggested by 20% and 18% of enterprises, respectively. The issues of improved tax policies and improved business regulation also come up as suggested areas of support by enterprises.
**Figure 10.1: Forecast for financial situation**

Most entrepreneurs are optimistic about the future of their businesses.

- Much worse than today: 2.9%
- A bit worse than today: 7.9%
- The same as today: 37.3%
- A bit better than today: 47%
- Much better than today: 5%

**Figure 10.2: Area of support needed**

Access to capital, government support and subsidies, and access to markets are the main areas of support needed.

- Access to capital: 30%
- Government support and subsidies: 20%
- Access to market: 18%
- Improve tax policies: 8%
- Access to raw materials: 5%
- Increase delivery services: 5%
- Improve regulations: 4%
- Access to business infrastructure /premises: 3%
- Access to internet and network: 2%
- Empower local production: 2%
- Deferral of rent: 1%
- Reduce corruption: 0%
11. CONCLUSIONS AND RECOMMENDATIONS

The economic ramifications of the COVID-19 pandemic were significant and are still being felt in most parts of the globe. What started off as a health crisis quickly mutated into an economic crisis which forced governments to restrict human movement and contact, consequently halting business operations to a devastating effect. The MSME sector was the hardest hit in Eswatini, with the findings of this study showing that over a third of enterprises had to close down during the COVID-19 period. As much as 84% of the businesses within the MSME sector reported being negatively affected by the pandemic.

In 2021 when the health effects of the pandemic started to be under control after the wide roll-out of vaccines in the country, there was a gradual easing of restrictions with increased movement for people and goods within the country and across the borders. Businesses started to be on the recovery path, aided by government interventions like the MSME Revolving Fund that was established at the height of the pandemic.

In Eswatini, however, there was to be another national crisis with spates of violence and destruction to property due to the socio-political unrest that hit the country in mid-2021. This crisis also had a devastating effect on business and watered down post-COVID-19 recovery strategies initiated by government for MSMEs. As reflected in the results a further complication for MSMEs from a recovery and business operation perspective was to come with the start of the Russia-Ukraine crisis. Therefore, in the Eswatini context, businesses have been hit by three devastating crises within a short space of time.

The findings of the study indicate that the challenges faced by MSMEs worsened after 2020 and the effects thereof extended into the start of the Russia-Ukraine crisis where they got even more complicated. This has been particularly true for inflation and the price of inputs as reflected by the enterprises that participated in the study. With all these challenges and the complications that have come with the two global crises and to some extent the 2021 civil unrest, MSMEs have not adopted new ways of doing business using technology and innovative approaches, with most not resorting to using new tools and business processes. International trading and regional integration have also not been explored by MSMEs in Eswatini, with most of them not even aware of the existing trade agreements.

MSMEs in Eswatini are however optimistic regarding the future in as far as their financial performance is concerned. With the right support from government and other stakeholders, particularly with regards to access to finance and markets, the outlook from the MSMEs’ perspective is a positive one. To facilitate the achievement of this positive future envisaged by most enterprises, the following recommendations are made by the study:

i. **Facilitate increased exposure of MSMEs to technology and innovation** – government and other key stakeholders like SEDCO and Business Eswatini should consider and develop strategies to assist MSMEs in terms of exposure to the available and latest technology and innovations that can assist them to drive their businesses forward, particularly from a marketing and sales perspective. The adoption of these technological advancements by MSMEs would increase their resilience to some of these uncertainties like pandemics, conflicts, and political unrest. A resilient MSME sector for Eswatini would result in a resilient national economy.
ii. **Capacitate MSMEs regarding international trade agreements and access to regional markets** – For most MSMEs the lack of awareness regarding regional integration opportunities as presented through some of the regional and continental trade agreements like AfCFTA has limited their scope to only the local market. It is apparent from the results of this study that MSMEs in Eswatini are not in the import and export space because they are not aware that the opportunities to participate are available to them. Government and other key stakeholders should examine ways to intensify current efforts to ensure that Eswatini MSMEs are aware of these opportunities and can work toward taking advantage of them from a market access viewpoint.

iii. **Review the MSME policy and general regulatory framework** – the latest version of the MSME policy is from 2018. This was before the advent of COVID-19. The pandemic has provided so many lessons for the MSME sector and the country as a whole. COVID-19 has presented challenges and opportunities that may not have been considered in the formulation of the current MSME policy. There is therefore a need to review and incorporate some of these elements realized from the challenges and opportunities that emerged as a result of COVID-19 as well as the Russia-Ukraine crisis. This is also true for the general regulatory framework in terms of key statutes that govern the operations of MSMEs in the country.
REFERENCES


ANNEXES

Survey Questionnaire

Introduction and consent to interview
  a. Yes  
  b. No

A. Respondent Demographics

A1. Current role in the business (tick those that apply)
  a. Sole owner
  b. Co-owner
  c. Board member
  d. Managing Director/CEO
  e. Manager
  f. Staff
  g. Other_____________________

B. Enterprise/Firm Characteristics

1.1 Name and start year

B1. Country of the Survey
  a. Eswatini

B2. Name of the Enterprise/Firm
  a. ____________________________

B3. In what year did the Enterprise/Firm start operating in the Eswatini?
  a. ____________________________

1.2 Location

B4. Does the Enterprise/Firm have global Headquarters in Eswatini?
  a. Yes
  b. No

B5. If no to B4, in which country is the Headquarters located?
  a. Country_____________________

B6. If yes to B4, does the Enterprise/Firm have establishments in other countries?
  a. Yes
  b. No

B7. If yes to B6, please list the countries in which the Enterprise/Firm has establishments
  a. Country a_____________________
  b. Country b_____________________
  c. Country c_____________________
  d. Other countries_________________

B8. Province of the national enterprise Headquarters
  a. Hhohho
  b. Lubombo
c. Manzini
d. Shiselweni
e. Other: __________________________

B9. Location of the national enterprise Headquarters
   a. Rural
   b. Urban

1.3 Main economic activity

B10. Main Economic Activity of the Enterprise/Firm (select as applicable)
   a. Agriculture, forestry and fishing (A)
   b. Mining and quarrying (B)
   c. Manufacturing (D)
   d. Construction (F)
   e. Wholesale and retail trade (G)
   f. Transport and storage (H)
   g. Accommodation and food services (I)
   h. Information and communication (J)
   i. Financial and insurance activities (K)
   j. Real estate activities (L)
   k. Professional, scientific and technical (M)
   l. Human health and social work activities (Q)
   m. Arts, entertainment and recreation (R)

B11. Description of economic activity (describe what your enterprise does)
   a. _______________________________

1.4 Business registration

B12. Business registration
   a. Sole proprietorship
   b. Private company limited by shares
   c. Publicly traded company (Ltd)
   d. Cooperative
   e. Limited by guarantee
   f. NGO
   g. Not registered (informal)
   h. Other __________________________

B13. Is the Enterprise/Firm a member of a business association?
   a. Yes
   b. No

B14. If yes, which ones?
   a. Business Eswatini
   b. Other (specify) __________________________

1.5 Ownership
B15. What is the gender of owners?
   a. Fully owned by women (100%)
   b. More than 50% owned by women
   c. Less than 50% owned by women
   d. Fully owned by men (100%)

B16. What is the nationality of owners?
   a. Fully owned by nationals (100%)
   b. More than 50% owned by nationals
   c. Less than 50% owned by nationals
   d. Fully owned by foreigners (100%)

B17. If any foreign owners, list their nationality
   a. ______________________________
   b. ______________________________

C. Enterprise/Firm Performance

1.6 Capacity utilization

C1. Are you currently producing at full capacity
   a. Yes
   b. No

C2. If no to C2, what level of capacity are you currently operating at?
   a. Less than 50%
   b. 50-60%
   c. 61-70%
   d. 71-80%
   e. 81-90%
   f. 91-100%
   g. Don’t know

1.7 Staffing

C3. Number of employees in the beginning of July 2022:
   a. Permanent employees________________
   b. Part-time employees________________
   c. Casual Labour____________________

C4. Number of employees in the beginning of July 2021:
   a. Permanent employees________________
   b. Part-time employees________________
   c. Casual Labour____________________

C5. Number of employees in the beginning of July 2020:
   a. Permanent employees________________
   b. Part-time employees________________
   c. Casual Labour____________________

C6. Number of employees in the beginning of July 2019:
   a. Permanent employees________________
   b. Part-time employees________________
C7. Do you currently have any plans for increasing or decreasing staff numbers in the coming 6 months?
   a. Significantly increase
   b. Moderately increase
   c. No change planned
   d. Moderately decrease
   e. Significantly decrease

1.8 Sales turnover

C8. In what currency do you report sales:
   a. Eswatini Kwacha
   b. USD
   c. Other: (specify) _______________

C9. Estimated sales turnover for the financial year ending in the following years:
   a. 2022 (expected) _______________
   b. 2021 _______________
   c. 2020 _______________
   d. 2019 _______________

1.9 International trade

C10. Does this Enterprise/Firm export, import or both?
   a. Both exports and imports
   b. Export only
   c. Import only (skip to C15)
   d. Firm does not import nor export
   e. Don’t know

C11. In what currency do you report export sales:
   a. Eswatini Kwacha
   b. USD
   c. Other: (specify) _______________

C12. Estimated exports for financial years ending in the following years
   a. 2022 (expected) _______________
   b. 2021 _______________
   c. 2020 _______________
   d. 2019 _______________

C13. Over the past year, which countries did the enterprise export to?
   a. Southern Africa
   b. Rest of Africa
C14. If “a.” to C13, to which countries? (Tick those that apply)
   a. Angola
   b. Botswana
   c. Eswatini
   d. Lesotho
   e. Malawi
   f. Mauritius
   g. Mozambique
   h. Namibia
   i. South Africa
   j. Zambia
   k. Zimbabwe

C15. Over the past year, which countries did the enterprise import from?
   a. Southern Africa
   b. Rest of Africa
   c. Europe
   d. Asia & Oceania
   e. North America
   f. South America

C16. Over the past year, what type of imports did the enterprise buy from foreign suppliers?
   a. Intermediate goods
   b. Finished goods
   c. Services
   d. Others: (specify)__________________

D. Business Challenges and Policy Response

1.10 Challenges in general

D1. What are currently the main challenges for the business? (tick the 3 most relevant)
   a. Low demand for goods and services
   b. Accessing capital
   c. High interest rates
   d. Devalued currency
   e. Price of inputs
   f. Supply chain disruptions
   g. Regulations
   h. Corruption
   i. Access to skilled labour
   j. High taxes
   k. Others: (specify)__________________

For each selected, specify the issue (loop):
D2. If challenge a selected:
   a. Specify__________________________________________________________

D3. If challenge b selected:
   a. Specify__________________________________________________________

D4. If challenge c selected:
   a. Specify__________________________________________________________

D5. If challenge d selected:
   a. Specify__________________________________________________________

D6. If challenge e selected:
   a. Specify__________________________________________________________

D7. If challenge f selected:
   a. Specify__________________________________________________________

D8. If challenge g selected:
   a. Specify__________________________________________________________

D9. If challenge h selected:
   a. Specify__________________________________________________________

D10. If challenge i selected:
    a. Specify__________________________________________________________

D11. If challenge j selected:
    a. Specify__________________________________________________________

D12. If challenge k selected:
    a. Specify__________________________________________________________


1.11 Impact of pandemic 2020-2022

D13. How did the pandemic impact your business during 2020 and 2021?
   a. Highly positive impact
   b. Moderately positive impact
   c. No impact
   d. Moderately negative impact
   e. Highly negative impact
D14. What was the impact on your business in the following parameters? (Tick your rating)

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Very High</th>
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<th>No Change</th>
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<td>b. Exports</td>
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<td>c. Number of employed staff</td>
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<td>e. Number of clients/contracts</td>
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<td>f. Stock of finished goods</td>
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<td>g. Access to supplies to operate the business</td>
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<td>h. Ability to pay salaries</td>
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<td>i. Ability to pay for inputs and variable expenses</td>
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<td>j. Ability to pay back loans</td>
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<td>k. Imports</td>
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</table>

D15. If positive impact (a or b to D13), in what way did the pandemic have a positive impact on your business?

- a. Increased profit margins from higher prices
- b. Less competition in the market
- c. Improved access to skilled labour
- d. Increased use of technology
- e. Increased use of local raw materials
- f. Other: (specify)_________________________

D16. How did your business respond to the pandemic 2020-22? (select those that apply)

- a. Stopped operating
- b. Stopped paying staff
- c. Laying off staff
- d. Lowering production
- e. Found new domestic suppliers
- f. Found new foreign suppliers
- g. Invested in new technologies
- h. Taken new loans to bridge the crisis
- i. Started working more online and from home
- j. Increased e-commerce focus/capabilities
- k. Deferring planned investments
- l. Found new external markets
- m. Focused more on domestic market
- n. New customer/go to market strategy
- o. Created new organizational structure
- p. Other: (specify)_________________________

D17. Since the outbreak of in 2020, has this establishment benefited from support measures issued in response to the crisis?

- a. Yes
- b. No
D18. If no to 17, what of the follow options best describe the reason why this establishment did not receive any national or local government measures issued in response to the crisis?

a. We were not aware
b. Too difficult to apply
c. We were not eligible
d. We applied but did not receive it
e. Corruption is preventing us to access
f. Other: (specify)

D19. If yes to D17, what kind of support? (tick those that apply)

a. Cash transfer
b. Deferral of rent, mortgage or utilities
c. Deferral of credit payments
d. Suspension of interest payments
e. Rollover of debt
f. Access to new credit
g. Loans with subsidized interest rates
h. Fiscal exemptions or reductions
i. Tax deferral
j. Wage subsidies
k. Suspension of membership fees
l. Personal Protection Equipment (PPE)
m. Hand washing stations or hand sanitizer
n. Health and Safety guidelines on social distancing in the workplace

D20. Who provided the support?

a. Landlord
b. Commercial bank
c. The Government
d. Family
e. Suppliers
f. Buyers
g. Business Association
h. Other: (specify)

D21. To what extent was the support useful for the business?

a. Very useful
b. Useful
c. Not very useful
d. No effect
e. Negative effect

D22. By mid-2022, to what extent was the business still impacted by the pandemic?

a. Now a highly negative impact
b. Now a moderately negative impact
c. No impact any more
d. Now a moderate positive impact
e. Now a highly positive impact

1.12 Impact of war since February 2022

D23. How is the war since February 24th impacting your business?
   a. Highly negative impact
   b. Moderate negative impact
   c. No impact
   d. Moderate positive impact
   e. Highly positive impact

D24. What was the impact on your business in the following parameters? (Tick your rating)

   a. Sales
   b. Exports
   c. Number of employed staff
   d. Production level
   e. Number of clients/contracts
   f. Stock of finished goods
   g. Access to supplies to operate the business
   h. Ability to pay salaries
   i. Ability to pay for inputs and variable expenses
   j. Ability to pay back loans
   k. Imports

D25. If positive impact (a or b to D13), in what way did the Ukraine crisis have a positive impact on your business?

   a. Increased profit margins from higher prices
   b. Less competition in the market
   c. Improved access to skilled labour
   d. Increased use of technology
   e. Increased use of local raw materials
   f. Other (specify)__________________________

D26. How did your business respond to the Ukraine crisis? (select those that apply)

   a. Stopped operating
   b. Stopped paying staff
   c. Laying off staff
   d. Lowering production
   e. Found new domestic suppliers
   f. Found new foreign suppliers
g. Invested in new technologies  

h. Taken new loans to bridge the crisis  

i. Started working more online and from home  

j. Increased e-commerce focus/capabilities  

k. Deferring planned investments  

l. Found new external markets  

m. Focused more on domestic market  

n. New customer/go to market strategy  

o. Created new organizational structure  

p. Other: (specify)_________________________

D27. Since the Ukraine crisis, has this establishment benefited from additional support measures beyond those issued in response to the crisis?  

a. Yes  

b. No  

D28. If no to D17, what of the follow options best describe the reason why this establishment did not receive any national or local government measures issued in response to the Ukraine crisis?  

a. We were not aware  

b. Too difficult to apply  

c. We were not eligible  

d. We applied but did not receive it  

e. Corruption is preventing us to access  

f. Other: (specify)_________________________

D29. If yes to D17, what kind of support? (tick those that apply)  

a. Cash transfer  

b. Deferral of rent, mortgage or utilities  

c. Deferral of credit payments  

d. Suspension of interest payments  

e. Rollover of debt  

f. Access to new credit  

g. Loans with subsidized interest rates  

h. Fiscal exemptions or reductions  

i. Tax deferral  

j. Wage subsidies  

k. Suspension of membership fees  

l. In-kind contribution of inputs/raw materials  

m. Other: (specify)_________________________

D30. Who provided the support?  

a. Landlord  

b. Commercial bank  

c. The Government  

d. Family
e. Suppliers
f. Buyers
g. Business Association
h. Other: (specify)_________________________

D31. To what extent was the support useful for the business?
   a. Very useful
   b. Useful
   c. Not very useful
   d. No effect
   e. Negative effect

1.13 Desired Policy response

D32. To what extent do you think the current Government policies are positive for the business environment in Eswatini?
   a. Extremely positive
   b. Very positive
   c. Moderately positive
   d. Moderately negative
   e. Very negative
   f. Extremely negative

D33. What measures would be needed to improve the business environment in the current situation? (pick maximum 2)
   a. Prefer as little government interventions as possible
   b. Loan guarantee facilities
   c. Trade agreements with improved market access
   d. Tax deferral
   e. Wage subsidies
   f. Subsidies on inputs
   g. Cash transfers
   h. Other: (specify)_________________________

E. Trade Agreements

E1. Does the Ukraine crisis have any impact on your ability to trade?
   a. Severe impact
   b. Moderate impact
   c. Insignificant impact
   d. No impact at all

E2. As of today, does the pandemic still impact your ability to trade internationally?
   a. Severe impact
   b. Moderate impact
   c. Insignificant impact
   d. No impact at all
E3. What hurdles are you currently facing related to exporting?
   a. Regulations ☐
   b. Customs tariffs ☐
   c. Market knowledge ☐
   d. Not competitive in foreign markets ☐
   e. Technology ☐
   f. High transport costs ☐
   g. Corruption ☐
   h. Lack of knowledge how to export ☐
   i. Home market is large enough ☐
   j. Other (specify) _______________________

E4. In your view, what could government do to improve your ability to export?
   a. Specify _______________________________ 

E5. What hurdles are you currently facing related to importing?
   a. Regulations ☐
   b. Customs tariffs ☐
   c. Market knowledge ☐
   d. Not competitive in foreign markets ☐
   e. Technology ☐
   f. High transport costs ☐
   g. Corruption ☐
   h. Lack of knowledge how to import ☐
   i. Home market is large enough ☐
   j. Other (specify) _______________________

E6. In your view, what could government do to improve your ability to import?
   a. Specify _______________________________ 

E7. To your knowledge, which of these trade agreements is your country signatory to?
   a. AfCFTA ☐
   b. SADC ☐
   c. COMESA ☐
   d. AGOA ☐
   e. Others (specify) _______________________

E8. In your perception, what is the main objective of the AfCFTA?
   a. Specify _______________________________ 

E9. Are you planning to take advantage of new opportunities in AfCFTA?
   a. Yes ☐
b. No

E10. What will be the impact of AfCFTA on your business?
   a. Very positive impact
   b. Positive impact
   c. No impact
   d. Negative impact
   e. Very negative impact

E11. If positive impact, how does the business benefit? (tick maximum 2)
   a. New market access on the company
   b. Improved access to suppliers and inputs
   c. Improved access to skilled labour
   d. Improved access to investing in other countries
   e. Opportunities for using new technology
   f. Improved access to investment into the business due to a larger market
   g. Others (specify) ________________________

E12. If negative impact, how is the business impacted? (tick)
   a. Increased competition in our home market
   b. Others (specify) ________________________

E13. What do you think will be the top 3 most significant challenges for your enterprise to be able to trade under the AfCFTA and benefit?
   a. Specify_______________________________
   b. Specify_______________________________
   c. Specify_______________________________

F. Use of Technology

F1. For which of the following business functions has this establishment started using or increased the use of internet, online social media, specialized Apps or digital platforms in response to outbreak? Choose all options that apply
   a. Communicating with employees
   b. Communication with clients and suppliers
   c. Supply chain management
   d. Marketing
   e. Sales and bookings
   f. Payment methods
   g. Service delivery
   h. Other: (specify) _______________________

F2. Has the use of technology in the business increased or decreased in response to?
   a. Increased a lot
   b. Increased a little
   c. No change as a result of
   d. Decreased a little
   e. Decreased a lot
F3. Does your business use any of the following to market your business or sell your products or services?
   a. A website  
   b. Facebook  
   c. An online shop  
   d. Youtube  
   e. Instagram  
   f. Whatsapp  
   g. Twitter  
   h. None of the above  
   i. Other (specify)_________________________

F4. If any to the above, what is the share of sales generated using the external digital platforms?
   a. Less than 10%  
   b. Between 11%-25%  
   c. Between 26%-50%  
   d. More than 50%  
   e. Don’t know  

F5. Has the focus on using digital platforms for sales increased or decreased as a result of?
   a. Increased a lot  
   b. Increased a little  
   c. No change  
   d. Decreased a little  
   e. Decreased a lot  

F6. In the year ahead, do you plan to invest in new technologies for your business operations or sales?
   a. Yes  
   b. No  

F7. If yes, in what?
   a. Specify______________________________

F8. What is the motivation for investing?
   a. Demanded by clients  
   b. Responding to competitors  
   c. To lower costs  
   d. To access new markets  
   e. Others (specify)_________________________

F9. If No, why not?
   a. Too expensive  
   b. Don’t know what to invest in  
   c. Cannot find a product/supplier  
   d. No need  

F10. What kind of support would you need from Government in order to invest in new technologies?
a. Specify____________________________