



# REVISED SMALL, MICRO, & MEDIUM ENTERPRISE POLICY OF ESWATINI

*SMMESREPOSITIONING & UP-SCALING SMMES FOR MEANINGFUL GROWTH AND  
STABILITY*

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## LIST OF ACRONYMS

BDS – Business Development Support

Bill – Citizens Economic Empowerment Bill

DFIs – Development Funding Institutions

FSRA – Financial Services Regulatory Authority

FGDs – Focus Group Discussions

GDP – Gross Domestic Product

GOE – Government of Eswatini

IASB – International Accounting Standards Board

IDCA – International Development Centre for Africa

IFRS – International Financial Reporting

IP – Implementation Plan

MCIT – Ministry of Commerce, Industry and Trade

MFU – Micro Finance Unit

SMMEs – Micro, Small & Medium Enterprises

NDS – National Development Strategy

Policy – SMME National Policy

SMME – Small, Micro, Medium Enterprises

The Government of Eswatini (GOE), through the Ministry of Commerce, Industry and Trade (MCIT) has made a decision to update the existing SMME Nation Policy which was first issued in 2004 and revised in 2009. This revised SMME National Policy ("Policy") aims to create a modern, comprehensive, targeted and coherent framework that will create a highly profitable and entrepreneurial sector, characterized by innovative, competitive and sustainable businesses and supported by an enabling institutional and regulatory environment.

From a strategic perspective, the Policy is an important move by the MCIT to align its operations to achieving the vision articulated in the National Development Strategy (NDS) of Swaziland. The proposed strategies outlined in Part B are largely consistent with those articulated in the Citizens Economic Empowerment Bill (Bill) and the NDS.

The achievement of the Policy goals and objectives require a partnership among key stakeholders within the public and private sectors, and associations and/or organizations representing SMMEs.

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### 3.4.1. INTRODUCTION

1. Micro, Small, and Medium-sized Enterprises (SMMEs) are the principal driving force in economic development mostly for developing economies. In an economy such as that of Eswatini, one cannot overlook the role of the sector. They stimulate private ownership and entrepreneurial skills, they are flexible and can adapt quickly to changing market dynamics and supply situation, they generate employment, help diversify economic activity and make a significant contribution to exports and trade. In Eswatini assistance to the SMMEs development is an integral part of overall economic reform together with enterprise development and sustainability, investment promotion and financial reform.
2. The Government of Eswatini (GOE), through the Ministry of Commerce, Industry and Trade (MoCIT) and other related portfolio agencies, and the private sector, has over the years attempted to address the development of the SMMEs through various development projects and programs ranging from *capacity building* to *setting up developmental funding institutions* providing financing. However, despite the significant role that SMMEs play in the economic development of Eswatini and the official recognition of the importance of the sector, *the absence of a coherent and comprehensive policy framework for the sector* has resulted in an *un-coordinated and ad hoc approach to providing support to SMMEs*. This has resulted in limited focus on critical areas such as *broadening the entrepreneurship base of the country, increasing productivity and fostering a culture of innovation among the SMMEs*.
3. This revised SMME National Policy is intended to update the existing SMME National Policy, first issued in 2004.. The Policy aims to *create a modern, comprehensive, targeted and coherent framework* that will create a highly competitive, profitable and entrepreneurial sector, characterized by *innovative, competitive and sustainable businesses and supported by an enabling institutional and regulatory environment*.
4. The achievement of the Policy goals and objectives will therefore necessitate a *partnership among key stakeholders within the public and private sectors*, and associations and/or organizations representing SMMEs.
5. The revised SMME Policy is based on a situational analysis of the SMME sector in Eswatini, which was conducted during January 2015 and the subsequent assessment of the Informal Trade which was conducted by the Coalition of Informal Entrepreneurs Association of Swaziland (CIEAS) through the support of the Co-ordination Assembly of NGOs (CANGO) in

October 2016. This analysis included a series of broad and in-depth consultations with all stakeholders with an interest in the SMME sector (government, regulators, business community, civil society, development partners and representatives of the SMME sector); a review of all major government, private sector and development partner initiatives in the SMME sector; literature review; and a review of the latest SMME policies in a number of developing and developed countries whose policies could be relevant for Eswatini.

### 3.4.2. Alignment with National Policies

6. From a strategic perspective, the Policy is an important move by the MoCIT to align its operations to achieving the vision articulated in the National Development Strategy (NDS) of Eswatini. The proposed strategies outlined in Part B are largely consistent with those articulated in the Citizens Economic Empowerment Bill (Bill) and under the NDS, both of which provide for the policy framework and sets out the strategic framework for improving the business environment in Eswatini. The NDS framework is supported by a set of national strategies that will ensure a well-functioning labour market; improved opportunities for SMMEs; efficient bureaucracy; adequate financial inclusion; and supportive trade relations.

### 3.4.3. Policy Strategic Pillars

7. The strategies that will be implemented under the Policy fall within eight (8) main pillars, namely:
  - i) Increase Access to *Financial Products and Services*;
  - ii) Strengthen *SMME Business Support Institutions and Structures*;
  - iii) Strengthen the *Legislative and Regulatory Framework* for the Development of SMMEs;
  - iv) Promote and Develop a *Culture of Entrepreneurship and Innovation*;
  - v) Strengthen the *Domestic and International Competitiveness* of SMMEs;
  - vi) Define, recognise and protect the Informal Trade Sector;
  - vii) Develop and Improve the *Position of and Support of SMMEs Owned by Women, Youth and Disadvantage Group*; and,
  - viii) Enhance Policy Implementation and Integration by improving *dialogue between Key Stakeholders*.

#### 3.4.4. Structure of the Document

8. This Document is divided into three parts. Part A is the SMME National Policy Framework ("Policy"), which provides an overview of Eswatini's economy; definitions of key concepts; profile and role of the SMMEs; and the Policy framework, which covers the vision, mission, policy objectives, policy goals; and main policy principles, While Part B outlines the policy provisions, strategies and the monitoring and evaluation element of the policy.
9. Finally, Part C provides the 5 years' strategic action plan that builds upon the policy strategies. This action plan is incorporated in an implementation framework template. The actions will need to be assigned and agreed with officials in the SME Unit at MoCIT and in consultation with other relevant government agencies that have the mandate to support SMME development.

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### 3.4.5. BRIEF OVERVIEW OF ECONOMY OF ESWATINI

10. Eswatini is an open economy country with a trade to Gross Domestic Product (GDP) ratio of about 120% and a population of about 1.2 million. Based on the World Bank Report (2013), it has a Gross Domestic Product (GDP) per capita of about \$3,500, and is classified as a lower middle-income country. Eswatini's ranking in the 2014 Doing Business Index by the World Bank was 123 out of 189 countries, while over the same period, the World Economic Forum's Global Competitiveness Report ranked Eswatini at 124 out of 148 countries. Also, despite the importance of trade to Eswatini's economy, the country is lowly ranked under the trade barriers (84), trade tariffs (78) and burden of customs procedures (137) categories in the Global Competitiveness Report 2013.
11. Although the business environment is slowly improving, a significant number of reforms are still needed to make it conducive. South Africa accounts for about 85% of imports and about 60% of exports due to its close links with Eswatini - while the European Union (EU) is the second largest export market for Eswatini. Although the country was able to use trade effectively to generate growth in the past, exports performance has weakened in recent years.
12. According to the World Bank Report, Eswatini faces considerable vulnerabilities in its existing export base because a significant portion of current exports is dependent on trade preferences, including sugar (under the EU Sugar Regime which is scheduled to expire in the near term) and apparel (under the African Growth and Opportunity Act (AGOA)) and the World Bank Country Overview (2014).
13. An overview in the African Economic Outlook indicated that in spite of an expansionary fiscal stance, economic growth of Eswatini decelerated to just over 2% in 2014 as private sector investments remained low. This was mainly due:
  - i) To the uncertainty in Southern Africa Customs Union (SACU) revenue receipts beyond 2015, which calls for accelerated fiscal reforms, which would lock-in the benefits from the current high inflows; and
  - ii) To an unfavourable business environment constrains, to which the economy could benefit from existing links into global value chains. (AfDB, OECD, UNDP, African Economic Outlook, 2014).

14. Key challenges impacting negatively on Eswatini's ability to benefit from global value chains are the existing constraints to domestic production. A report in the African Economic Outlook (2014) indicated that export-oriented businesses have been hamstrung by an unfavourable investment environment, regulatory restrictions, government distortions and the high cost of trade – while the service sector, which is one of the fastest growing sectors, especially telecommunications, is still to fully emerge out of a legislative bind that has impacted investments. Also, limited export market diversification has cast a shadow of uncertainty regarding trade preferences in key products. Limited access to finance by local SMMEs in the face of declining FDI affects the extent that the country can exploit existing links into global value chains. (AfDB, OECD, UNDP, African Economic Outlook, 2014).
15. Eswatini's membership to various regional and international trade arrangements is important to promoting trade, a critical element of its development and the health of the economy, given its small size. Eswatini has made some progress in implementing regional commitments. It has, together with other Common Monetary Area (CMA) countries, fulfilled the conditions for participation in the cross-border electronic payments system that began in July 2013. As part of the SACU, Eswatini meets most of the convergence criteria for the Southern African Development Community (SADC).

### **1.1. Definition of SMME Sector**

16. There is no single global definition for SMMEs, mainly due to divergences in economic structures and stages of development. Globally, most countries have developed their own definitions in an effort to craft appropriate and effective policies and programs for SMMEs to fit its context and economic circumstances. This is based on the number of employees (salaried), value of assets and the turn-over.
17. This Policy classify the SMMEs as a continuum, from informal micro-enterprises all the way to formal medium-sized enterprises. The distinctions within the continuum is not important, only the ease with which enterprises can change within the scale is more critical – i.e. a micro-enterprise deciding to formalise its operations and a medium-sized enterprise downscaling its businesses operations. Table 1 below provides the classification.

**Table 1: Defining SMMEs in Eswatini**

Category	Sub-category	Employees	Value of Assets	Turn-over
Micro-Enterprise	Informal	0	No Formal Registration	
Micro-Enterprise	Formal	0 to 10	Under E50,000	Up to E60,000
Small Enterprise	Formal	11 to 20	Over E50,000 to E2 million	Up to E3 million
Medium Enterprise	Formal	21 to 60	Over E2 million to E5 million	Up to E8 million

18. However, this should be considered a working definition, and could be reviewed and revised regularly to better respond to the economic developments and changing dynamics of the sector to develop and target specific policies for the SMMEs.

## 1.2. Profile of the SMME Sector

19. Employment Creation: It has been proven that the SMME sector is responsible for providing employment, helping to create wealth, form the foundation for private sector growth and expansion and most importantly, contribute to the social development. Therefore, in order to address the development needs of the sector on a deep and meaningful level, a comprehensive and enforceable legislation is required.
20. Partnerships: Deliberate and coordinated interventions are required between government, private sector and all relevant key stakeholders in order to transform the SMME sector into a job-creation structure and to increase its important contribution to the economic development of the country, which will be to the benefit of all Swazis.
21. Recognition of the Sector: Official recognition of the importance of the sector in the economic development of Eswatini, hence the need for a well-co-ordinated approach to the development and growth of this sector to enable it to achieve the targeted results of transforming the sector for the better.
22. Lack of Formalization: The provision of appropriate structures and incentives for business formalization is key. This has to address the following issues:
- Stringent and costly regulatory compliance requirements
  - Limited knowledge on relevant policies and legislation
  - Inadequate business development, mentoring and coaching support
  - Cumbersome and inconsistent licensing and registration services

- Lack of information on the quality assurance and standards of SMMEs
  - Lack of proper linkages and co-ordination amongst government agencies and other support structures
23. Segmentation of the Enterprises: Diversification of the enterprises to optimally exploit available and potential opportunities to maximise economic return and contribution to overall economic growth. Support for value-addition to take advantage of horizontal and economic integration, as well as export focus.

### 1.3. Challenges Facing the Sector

24. The following are the most common challenges and constraints faced by SMMEs in Eswatini:
25. Missing Middle: From the analysis, it was clear that there is a marked “missing middle” of enterprises in between the very small informal and the very large SMMEs and this is mainly due to the *lack of well-managed and vibrant businesses*, hence the need for proper support to eventually upscale to larger enterprises. The previous efforts of the government to address the above constraints for better development of the SMME sector have fallen short as they more often confine to the bottom segments (micro and small businesses) of the sector. Many of the other businesses remain unprofitable, while the foreign owned business dominates and operate the more profitable businesses.
26. Lack of access to finance – This is due to *lack of awareness of available credit facilities, limited bankable projects and lack of collateral*. In addition, other contributing factors include the *lack of entrepreneurial spirit and financial & business management skills, limited development and transfer of skills to employees* and the use of the business funds to meet personal expenses (no separation between personal and business needs). The provision of value chain financing is necessary.
27. Lack of entrepreneurial culture - Lack of management and business development abilities of the SMME owners to *establish long-term vision and be pro-active* is a challenge. *Limited appropriate, affordable and credible vocational training services structure along the commercial values, mentoring and coaching support* impede the generation of innovative and sustainable entrepreneurship. Lack of *partnership incubation, graduate process and fair competition coupled with opportunist and/or foreign companies flooding the environment* for the SMME sector. Starting and running a *business just to survive rather than to expand and grow the business*. Lack of *innovativeness, aggressiveness, competitiveness, risk taking*, hence resulting to similar and low value businesses.

28. Regulatory and licensing issues - *Un-commensurate preferential treatment* for foreign direct investment relative to domestic investors. *Ineffective licensing and registration services* that would facilitate the easier transition of the informal to formal businesses. Lack of *preferential procurement policies* among government entities and parastatals. Absence of *quality assurance and standards of SMMEs*. Lack of proper government support structures.
29. Other challenges - Lack of *access to available markets* (local, regional and international) that will provide scope for increased scale and investment for these businesses to be competitive. Increased *costs of doing business* due to lack of affordable premises coupled with finding premises reduce average cost of production.
30. The above challenges and constraints as well as the key role SMMEs play in the economy of Eswatini necessitated the revision of the existing policy, policy framework and the strategies to achieve the policy goals.

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31. This Policy Framework consists of the Vision, Mission, Policy Objectives, Policy Goals and main Policy Principles.

### 3.1. Vision

32. To have a vibrant entrepreneurial SMME sector that contributes to the economic development of Eswatini through innovative and creative business practices supported by an enabling environment, which fuels transformation of rural households and other communities in productive economic structures.

### 3.2. Mission Statement

**3.3. To promote and stimulate a deep-seated entrepreneurial culture in the SMME sector, build capacity, improve opportunities and supportive trade relations for SMMEs, reduce bureaucracy, provide adequate access to finance, business advisory services building strategic partnerships, so as to achieve competitiveness of the sector. Policy Objectives**

33. The Policy objectives are aimed at:
- Facilitate increased access to financial products and services for SMMEs;
  - Create an enabling institutional and legislative environment to strengthen the business development support for SMMEs;
  - Support for the ease of doing business for the SMMEs through improved business start-up and growth;
  - Facilitate and foster a culture of entrepreneurship, innovation and increase ICT usage in the SMME sector;
  - Enact into law a legislative framework that will enable the promotion and co-ordination of the SMME sector;
  - Facilitate and foster a culture of entrepreneurship, innovation and increase ICT usage in the SMME sector; and,

- Support and develop SMMEs owned by women, youth and disadvantaged groups and the informal sector.

### 3.4. Main Policy Principles

34. The fundamental principles, which support this Policy, are that SMMEs are:
- The principal driving force of economic development;
  - Stimulate private ownership and are entrepreneurial in all undertakings;
  - Employment generating engine and catalyst for human and social economic development;
  - Key drivers of economic diversity and growth; and,
  - Key enablers for social stability.

### 3.5. Policy Goals

35. The Policy goals and outcomes as articulated, aligned and consistent with the key national policies and the National Development Strategy of Swaziland (NDS) and the Poverty Reduction Strategy and Action Plan (PRSAP). The following are the policy goals:
- Foster economic growth and development;
  - Increase employment opportunities;
  - Alleviate poverty by creating access to sustainable livelihood; and
  - Increase levels of ownership in the economy for Swazi and historically underprivileged populations.

### 4.0. Policy Provisions

36. There are eight (8) policy elements that are covered and under each provision key policy issues are discussed, policy objectives defined and strategies to achieve these objectives outlined.

#### 4.1. Increase Access to Financial Products and Services

##### POLICY ISSUES

37. Access to finance at all levels of SMMEs remains a formidable obstacle to growth in this sector. SMMEs and rural households *remain unattractive as business propositions*. This stem from *lack of documentation* to support loan applications (e.g. cash flow statements, credit & financial history, valuation reports, legal fees); difficulty in providing *evidence of a market for products* in loan applications; *low financial management skills* among entrepreneurs; and the *agricultural nature* of many SMMEs are perceived as risky. Most of the SMMEs have difficulty to *meet collateral requirements*. *High costs of credit* also discourage borrowing by SMMEs.
38. SMMEs need *long-term finance* and *working capital*, however most loans issued by credit providers have short-term loan repayment terms. Banks are known for offering *standard terms and conditions*, leaving little chance of refinancing if repayment problems arise, which most often result in early foreclosures. There is a need for *financial support for the start-up capital* to grow and sustain the existing businesses. Access to *savings, investment, credit and financing facilities* to support business start-up and working capital is essential. Limited *SMME industry specific financial products and services* at competitive prices remains a big constraint.

##### POLICY STATEMENT

39. The Government will facilitate increased access to financial products and services for SMMEs by establishing an enabling environment for both the public and private sector to enhance financial outreach and depth for the sector.

## POLICY OBJECTIVES

40. To introduce alternative financing options that are *less dependent on the provision of traditional collateral*, since most SMMEs do not have the capacity to raise collateral. Facilitate an increase in the *supply of financial products* and services to SMMEs, as well as *preferential interest rates and charges* for the businesses.
41. To support business surveys and appropriate platforms to provide *relevant information on key business ventures* to enable financiers to make informed and timely decisions on loan appraisal. Enhance *capacity of the financial institutions staff* on the operation and performance of the SMME sector. The following are the specific objectives of the SMMEs to enhance access to finance for the sector:
- Facilitate the development of *bankable projects*, as well as appropriate *skills in business and financial management* to attract finance;
  - Support the development of *appropriate structures* including access to effective business development services and entrepreneur profiling that will enhance access to required documentation to support business loan applications;
  - Promote the development of *industry value chain linkages* to improve access to required raw materials, markets and financing through clear demonstration of market evidence for the products;
  - Ensure the re-alignment, targeting and effective *provision of SMME government funding* and other *related development finance facilities* to enable business start-up and growth;
  - Support appropriate *financial literacy programs* along the financial inclusion agenda, including *own-savings mobilization* and the *utilization of mobile financial services, formal remittance payment systems, insurance to better manage risk* and, *reducing the cost of credit & consumer protecting*; and,
  - Improve the *awareness and demonstrate the profitability* and *contribution of the sector* to overall economic growth and development.

## POLICY STRATEGY

42. In order to increase access to financial products and services for the SMMEs, this policy articulates the below strategies.

**i). Value Chain Approach**

43. To stimulate credit outreach and depth for the SMMEs, support the development of mechanisms to *enhance the attractiveness of the sector for finance*, particularly the bank finance. Identify and promote *investment on high-value enterprises* with opportunities for *effective business linkages* with the SMMEs to maximise *business returns, business skills transfer* and *overall impact to economic growth*. Emphasize on the value chain approach and elaborate information to create awareness on the opportunities and enable informed decision-making.

**ii). Alternative Viable Financing Options**

44. Support and promote viable methodologies for the on-lending of funds to SMMEs, particularly without the need for *traditional collateral*. Collaborate with the relevant agencies to develop and implement the enabling policy environment such as the establishment of the *credit infrastructure, secured lending & movable property registry, competitive SME Scoring* and the *national SMME loan register* to minimize the risk perception on the sector and reduce the cost of lending.
45. Promote *equity financing* for the sector, particularly the participation in the Eswatini Stock Exchange through the introduction of less stringent registration rules for SMMEs willing to list on the Exchange. This should be coupled with relevant support for these businesses to *cost-effectively maintain accurate and quality financial statements* on their operations.
46. Encourage and incentivise *angel investors* that would partner with these businesses with the intention to grow and nurture them. Collaborate with the Bankers Association of Eswatini to explore the possibility of introducing innovative financing options. These include "Factoring" where the accounts receivable of the SMME is used as collateral, or "Floor Planning" where the inventory of the SMME is used as collateral until the sale is made.

**iii). Lending Targets for the SMME sector**

47. Through moral persuasion and appropriate incentive measures promote the establishment and operation of mechanisms to encourage financial institutions, including banks, to increase *lending to the businesses in the rural and peri-urban areas*. Provide the *State of the SMME sector report*, on an annual basis, indicating the performance of the businesses, contribution to macro-economic indicators and the credit outreach and depth compared to the specific target lending established.

**iv). Accessible and Affordable Credit**

48. Support the development of an *effective, efficient and competitive local microfinance sector* to cater for the financial needs of the micro businesses and facilitate *graduation to the mainstream finance*, as well as *sustainable well-targeted government funding facilities* that will ensure complementarities and good inter-face with all the key players in the financial system. Collaborate with the private sector to explore the feasibility of establishing a public-private-partnership to provide *Venture Capital for SMMEs* and/or establishing a *SMME Development Fund*. Encourage credit providers to introduce innovative financial products and services such as *Mobile Banking and E-money*.

**v). Credit Guarantee Schemes**

49. Provide financing for the business clusters using the Credit Guarantee Scheme, which eliminates the need for *individual collateral*. Expand the scheme to *include all credit providers* who provide credit and financing facilities to SMMEs. In addition, implement a *property evaluation system* to increase the range of personal properties and land that can be used as security for loans; expand guarantees for export oriented, innovating businesses and entrepreneurs operating in the creative industries; and also adjust Credit Guarantee Scheme and require less collateral in case of special loans for SMMEs.

**vi). Financial Products, Services and Processes**

50. Encourage the building societies and mortgage finance providers to provide loans to SMMEs desirous of purchasing land or property for business use, at a concessionary rate. Develop monitoring mechanisms that will ensure the entity operating at the specified location is executing the activity that it is registered to undertake.

## **4.2. Strengthen SMME Business Support Institutions and Structures**

### **POLICY ISSUES**

51. Rationalise and harmonize the contribution to SMME business support from the various key agencies that are working in the sector. The intention is to enhance *complementarity and the capability to monitor and account for the contribution*. This will entail clearly articulating and mapping of the support being provided and the corresponding support entities.

### **POLICY STATEMENT**

52. The Government will create an enabling institutional and legislative environment to strengthen the business development support for SMMEs through clearly articulating the key objectives of the sector, the roles and responsibilities of the business support entities and mechanisms to improve the effectiveness of service provision that would respond to customer needs. Provide mechanisms that will support research and information dissemination on the sector to guide the business support entities to appropriately target and segment the entrepreneurs to cost-effectively address their needs.

## POLICY OBJECTIVES

53. The following are the specific objectives of key policy issues:
- To provide support to the SMME development through *creating awareness and advocacy* on the contribution of the sector, as well as identifying the key priorities for development.
  - Promote *effective linkages* as well as *harmonization and co-ordination* amongst all the business support entities with emphasis on clear and measurable outputs contributing to sustainability;
  - To define the key *roles and responsibilities* of all the business service providers, employer associations and other key relevant agencies that promote the development of the sector through providing guidelines on the key policy priority areas, expected outputs and effective mechanisms for co-ordination and monitoring;
  - To support the development and adoption of appropriate tools and systems that will *enhance and harmonize an all-inclusive provision of appropriate, quality and affordable* business management & technical training, business mentoring & coaching, financial & market advisory services, access to financing, business consulting services provision of marketing, exposure and access to local and regional trade markets as well as other relevant support services that will improve the profitability and sustainability of the entrepreneurs within this sector;
  - To encourage the development and implementation of appropriate mechanisms for *targeting, segmentation and systematic profiling* of the entrepreneurs that will improve the effectiveness of service provision and the linkages with markets and finance; and,
  - To facilitate the provision of *institutional capacity building and strategic guidance* to the key stakeholders to improve the performance of the sector, as well as encourage the formation of *business indigenous clusters* as a means of developing the SMME Sector; and,

- To increase the *competitiveness and market access* of good and services produced by SMMEs through the provision of standards, certification and accreditation framework or structures through building-up an *internationally competitive labour force* that will strengthen productivity performance. To increase *demand for traditional goods and services* produced by SMMEs in order to increase their market share in all the industries.

## POLICY STRATEGY

54. This Policy has the following strategies to enhance business development support for SMMEs.

**i). STRENGTHEN THE CAPACITY OF THE SME UNIT**

55. Provide the *resourcing of the SME Unit* to increase the effectiveness of the Unit to manage the implementation of the SMME National Policy and SMME Road Map, including the *co-ordination* of all the SMME activities, harmonization of service provision, conduct research and disseminate information on the performance of the sector;

**ii). SMME SURVEYS**

56. Collaborate with the Central Statistical Office (CSO) and other relevant agencies, facilitate the conduct of relevant surveys that will provide pertinent data and information to *establish the performance of the various enterprises within the sector*. Manage research and disseminate information on pertinent issues such as market research, product competitiveness, product development, market segmentation and export penetration to better inform service delivery and access to finance. In order to determine the impact of the support programs and services provided to SMMEs, a uniformed monitoring and evaluation policy or procedures needs to be developed by government and should fall under the SME Unit.

**iii). TRAINING AND DEVELOPMENT PROGRAMMES FOR SMMEs**

57. To increase *access to appropriate training and development programmes*, including technical skills such as marketing, production and planning that will address specific issues that impede the growth and sustainability of the entrepreneurs. Based on international best practice, *continuously review and harmonize the programmes* to ensure that these are effective and respond to the needs. Accelerate the wider incorporation of technical/vocational training at the secondary and tertiary levels of the educational system and promote the development of the career advancement programme to facilitate application of technical learning.

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**iv). APPROPRIATE BUSINESS MENTORING & COACHING PROGRAMMES**

58. Develop and implement plan for a *structured mentorship programme* through private-public-partnerships. This programme should encourage entrepreneurs, senior executives and business professionals with proven track record, in particular volunteers as mentors. *Recognize business mentors* for their contributions through annual awards ceremonies. Provide resources to *facilitate networking opportunities* and *organize educational activities* to enhance the mentorship experience through seminars, workshops, visits, etc. Facilitate and promote online business counselling. Establish Quality-Based Competitions in the SMME sector, the reward for which will be mentorship from successful businesses. Conduct technical workshops to *showcase new and emerging method* of business operations.

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**v). CAPACITY OF THE BUSINESS SUPPORT ENTITIES AND STRUCTURES**

59. Strengthen agencies that play a key role in the identification, facilitation and development of products with a high export potential as well as those in the areas of standards-setting, package design and marketing. Develop and strengthen the capacity of local intermediaries (e.g. business support organizations) to provide services to SMMEs in the implementation and maintenance of regional and international standards.

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**vi). PRIVATE SECTOR PARTICIPATION**

60. Implement a structured and sustainable programme to provide training to SMMEs through public-private-partnerships in key areas such as *business planning, cash flow projections, management, book-keeping, inventory management, protection of intellectual property, market penetration, marketing and communications, etc.* with greater "hand-holding" given to businesses that are at the infancy stage. Establish more *business incubators (I-hubs) for creative entrepreneurs*. The incubation program shall be more biased towards benefiting indigenous informal traders, youth and other target entrepreneurs that have a potential to significantly contribute to improved livelihoods and economic development.

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**vii). USE OF ICT AND INNOVATIVE SOLUTIONS**

61. Facilitate *the use of ICT as an avenue for SMME operators* to access information necessary to facilitate "self-paced" empowerment and knowledge and encourage the use online social networks such as Facebook and Twitter, to promote their products. Develop and implement communication mechanisms to increase the awareness of SMMEs about the benefits of standards and certification (product and management

systems). In addition, to providing a platform to encourage SMMEs to seek certification (product and management system) for their goods and services.

#### 4.3. Strengthen the Legislative and Regulatory Framework for the Development of SMMEs

##### POLICY ISSUES

62. The following are the specific key policy issues:

- There seems to be a high number of informal SMMEs, which are operating without formal registration. The *lack of proper registration and data* on these businesses *impede the ability to appropriately plan and provide requisite resources to meet their needs*, as well as *measure the contribution of the performance*;
- The *non-formal “briefcase businesses”* SMMEs prevent genuine competition and promote the culture of non-compliance within the sector. This contributes to the lack of information on these businesses which might impact negatively when applying for formal credit.
- The lack of *clearly defined, specific and comprehensive targets* to monitor the performance of the sector makes it *difficult to determine and measure the contribution and performance of the sector*. This limits the capacity to establish appropriate plans to support the development of the sector;
- Various government ministries (often using well-meaning development-partner funding), NGOE and the private sector have commissioned *many studies, reports, strategy documents and business advisory services* to improve SMME support and development. There appears to be a *distinct lack of co-ordination* between these efforts, *poor integration and haphazard implementation*. There is *fragmented policy coordination within government as well as between government, the private sector and development partners*;
- The lack of standardization and harmonization of the provision of business management training and business advisory services has led to the *duplication of efforts, provision of inappropriate services and cover similar issues*. The *validation, documentation and dissemination* of the information is also a challenge.
- To create and enable a *structure* that will provide meaningful impact towards the development of the sector through providing effective strategic leadership, co-ordination and the harmonization of all the SMME activities, as well as the monitoring of the performance of the sector. This will avoid duplication amongst the key players in the sector and facilitate complementarity of efforts;

## POLICY STATEMENT

63. Support for the ease of doing business for the SMMEs through improved business start-up and growth. Development of the SMME Road Map to guide the promotion of the sector and review of the plan every 5 years. Creation of an SMME Council that would provide oversight and monitoring on the contribution of the sector to overall macro-economic indicators. Implementation of clear criteria for the accreditation of BDS providers and an accrediting body designated through the relevant structures. Support for the integration and effective participation of the SMME sector in domestic, regional and international economic blocks to enhance markets and finance.

## POLICY OBJECTIVES

64. The following are the policy objectives:
- Ensure *alignment and harmonization* with all relevant policy and legislative framework that would promote the development of the SMME sector. These include the National Budget, Smart Partnership, Investor Roadmap for ease of doing business, Poverty Reduction Strategy, Economic Recovery Strategy, as well as effective linkages with the donor support.
  - Improve the *capacity of the SME Unit* to implement the business-friendly policy outlined in the Bill and included in the strategy
  - MoCIT, SME Unit and other relevant agencies to initiate and strengthen existing efforts to *transform the operation and the contribution of the SMME sector* to economic growth and development.
  - Develop and implement measures to improve *access to information* related to the laws, policies and regulations governing SMME business activities as well as improve its reporting mechanisms to be more effective.
  - Advocate for the creation of a *conducive, simpler, transparent and fair tax system* to encourage the contribution of the SMME sector.
  - Encourage the government ministries and agencies responsibility for Information to mount a major and sustained public education/social marketing programme to *change the attitudes of the Swazis towards the payment of taxes, creating awareness of the benefits to the country when the tax base is broadened and of how the government can support the SMME sector* if revenue inflows increase.
  - Stimulate *stakeholder commitment and participation* through the development and implementation of an elaborate SMME Road Map that will provide a

roadmap on the development of the sector. Facilitate the development of the required data on the sector in collaboration with the relevant agencies.

- The SME Unit to provide mechanisms and resources for the *regular monitoring of the performance* of the Policy and provide bi-monthly reports to the National SMME Co-ordination Council.

## POLICY STRATEGY

65. Establish a legislation, SMME Act, to improve inter-ministerial, private sector and SMME development agencies support and co-ordination of the SMME Policy and Strategy:

### **i). BUSINESS REGISTRATION OF THE SMMEs**

66. Improve the *efficiency, cost-effectiveness and harmonization of the legal, regulatory and administrative environment for businesses*, as well as appropriate incentive packages. Promote greater simplicity, cost effectiveness and efficiency in business licensing and registration and tax compliance procedures through greater use of Information and Communications Technologies (ICTs). Introduce “*one-stop-shop*” to facilitate business registration and application to reduce time and cost for setting up new businesses.

### **ii). ESTABLISH AN SMME NATIONAL COUNCIL**

67. The Council chaired by the Prime Minister, will meet semi-annually to provide an oversight and mechanism to co-ordinate and report on the performance of the SMME sector based on set targets in the SMME Road Map. The SME Unit shall prepare comprehensive report articulating the progress achieved by the SMME sector based on the SMME Road Map.

### **iii). DEVELOPMENT AND IMPLEMENTATION OF THE SMME ROAD MAP**

68. Develop and implement a 5-year SMME Road Map that would provide *comprehensive and clear target performance indicators* to monitor the progress achieved by the sector. The purpose of the SMME Road Map is to indicate targets on the key areas of the sector including the segmentation to key enterprise clusters. The SMME Surveys will determine the baseline and periodic progress achieved on the set indicators. Prepare and submit semi-annual reports to the SMME Council detailing progress achieved on the targets including the contribution of the sector to key macro-economic indicators such as the proportion of the SMMEs to the entire business sector and the percentage contribution to GDP, employment and exports.

### **iv). ACCREDITATION OF BUSINESS SUPPORT ENTITIES**

69. Develop *clear criteria for the accreditation* of BDS providers and an accrediting body designated by government. This should also aim at improving the operations of the BDS providers in order to be uniformed and accountable. This will entail defining what the accreditation means and understanding who should be accredited, how and by whom.

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**v). PREPARED ENTREPRENEURS**

70. Promote greater synergies and best practices amongst SMMEs to enhance productivity and competitiveness. Support *backward and forward business integration* to improve the economies of size for these businesses. To mitigate risk for the financial sector, develop and implement mechanisms *for the segmentation and rating of the entrepreneurs* to provide appropriate information for credit appraisal, as well as to monitor the performance of the sector. This will entail the development and support for tools and systems that will support the systematic collection and collation of data in collaboration with the key public and non-public sector agencies that work with SMME sector.

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**vi). INCENTIVE PACKAGES**

71. Without perpetuating the dependence syndrome, promote the design or implementation of *market-related supportive incentive packages* for competitive and disadvantaged businesses within the SMME sector with a view to enable the transition towards access to mainstream services, (such as SME Parks, markets, finance, government & parastatal procurement and tax relief), and achieve sustainability. Develop, document and replicate appropriate incentives models and mobilize support for resource allocation.

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**vii). COMPETITIVE SMME SECTOR**

72. To increase the SMMEs competitiveness and participation in government procurement of tenders (Proposal to revise Procurement Act of Eswatini). Consolidate and establish a sound private sector legislative and regulatory framework for SMMEs including improved access to information on laws and regulations.
73. Establish a special team dedicated to reducing bureaucracy and increasing efficiency among public entities that directly interface with businesses and institute a rigid monitoring and evaluation system to measure progress in reducing the bureaucracy and cost of doing business. Improving the ability of SMMEs to take full advantage of a favourable and enabling internal and external environment by strengthening Eswatini's bilateral, regional and international economic and trade relations, while simultaneously promoting local and foreign investment.

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**viii). CITIZEN'S ECONOMIC EMPOWERMENT**

74. Government and parastatals set aside a minimum of twenty percent (20%) of their procurement budgets for eligible, competent and credible SMMEs. The "Set Aside" will be mandatory and procuring entities will be required to review and report on the volume and value of contracts issued, with justification when the minimum "Set-Aside" is not achieved. The maximum values for any single contract awarded under the Set-Aside programme must be defined. However, in order to widen access to government procurement opportunities in general, a SMME that is awarded a contract based on the above criteria will not be eligible for another Set-Aside contract until the job is completed. A procurement framework must be developed that outlines key requirements to be complied with by the procuring entities. This framework must at minimum include:

- Use of *local competent and credible SMMEs and resources* for large contracts that foreign companies tender for (inclusion of SMMEs at a certain percentage);
- Attractive payment terms for SMMEs for contract; and
- Specific evaluation criteria provision for MSME's proposal for tenders.

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**ix). TAXATION FOR SMMES**

75. Policy consideration must provide for tax breaks to prescribed SMME segments. Explore the feasibility of an annual flat tax rate for particular vulnerable self-employed individuals and target business sectors. Lobby for businesses to truthfully self-declare and comply with the taxation order.

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**x). TRADE SUPPORT FOR SMMES**

76. The survival of local SMMEs depends in part on the trade policy being pursued by the government both regionally and internationally. It is imperative that the MCIT, in partnership with the Ministry of Foreign Affairs, and other key stakeholders, work harmoniously to capitalize on these opportunities. Encourage and support the participation of the SMMEs in relevant regional and global value chains by facilitating greater linkages with regional and international production networks and the effective sharing of the information.

#### 4.4. Promote and Develop a Culture of Entrepreneurship and Innovation

##### POLICY ISSUES

77. The following are the policy issues:

- The majority of the entrepreneurs are *replicative entrepreneurs* (i.e. start businesses based on pre-existing markets, products, models, processes) and not innovative, and this is mainly due to the lack of entrepreneurial culture, which hinders the transformation of these enterprises into risk-taking, innovative enterprises.
- There is a *lack of coordination and support of value chains* in the SMME sector due to mainly limited understanding and appreciation of holistic thinking about market systems and how they can be used to benefit the sector. A value chain inclusive market development approach is demand-driven and focuses on specific market sectors identified as having substantial potential for impact, growth and profitability, while also benefiting the informal micro enterprises.
- Developing *linkages between large and very small enterprises* in Eswatini is paramount to future growth and poverty alleviation. To provide better market access for small producers and SMMEs, these linkages must be sustainable and beneficial to all. This then requires an integrated and harmonised approach to holistically address market constraints. This means addressing shortcomings in both the public and private sectors.

##### POLICY STATEMENT

78. The government aims to facilitate and foster a culture of entrepreneurship, innovation and increase ICT usage in the SMME sector through a value chain inclusive market development framework.

##### POLICY OBJECTIVES

79. The following are the objectives:

- To promote sound entrepreneurial practices through the provision of *sustainable capacity building and public education programmes*. Support the *development and dissemination of reliable, timely and appropriate information* to the SMMEs to indicate potential business opportunities and the linkages;
- To assist *viable SMMEs experiencing losses or insolvency* to restructure and turnaround in order to limit fear of failure and promote business sustainability;

- Foster *business-to-business linkages and focus on supporting high potential value chains* in local market distribution and export promotion; and
- To create an enabling environment that will help to *foster innovation among SMMEs* through greater supply of and demand for ICT products and services thereby increasing productivity in the sector.

## POLICY STRATEGY

80. The strategies to foster a culture of entrepreneurship and innovation in the SMME sector are outlined below.

### **i). STRENGTHEN THE ENTREPRENEURIAL CULTURE**

81. Precondition for SMME development is to strengthen the entrepreneurial culture for all the population strata. *Introduce entrepreneurship in the curricula* of all primary, secondary and tertiary institutions. Provide and support a practical component where students are encouraged to form businesses and gain useful skills from doing what they have been taught. Partner with the various development organizations, key private sector entities and academia, to promote entrepreneurship throughout the country, not just as a means of survival, but highlighting its possibilities for generating wealth and transforming the economy.

### **ii). SMALL BUSINESS RESCUE**

82. Educate business owners and managers on how to choose and execute *strategies for sustainable turnaround*. Support relevant structures that would provide advice to viable small businesses that are experiencing problems or insolvency liaising with the judicial and financial services to resuscitate and restructure the businesses.

### **iii). DOMESTIC AND EXPORT FOCUS**

83. Institute and implement a *national export strategy* for Eswatini, with a particular focus on improving the value addition and integration of SMMEs that have high potential for engaging in agricultural export and import substitution crops.

### **iv). STIMULATE CREATIVITY AND INNOVATION**

84. Promote *creativity and innovation* among SMMEs in order to gain and sustain competitive advantages locally and internationally. Introduce as part of SMME development training a module introducing creativity and innovation to SMME owners, managers and potential new entrepreneurs. Utilize entrepreneurship as a catalyst for

transforming SMMEs into high-growth enterprises. Partner with the SMMEumbrella organizations to actively promote awareness of the importance of technology in today's competitive global marketplace. Encourage business development service providers etc., to develop and use online customer relationship management software to help stimulate productivity and technological adaptation among SMMEs.

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**v). ICT-ENABLED SERVICES**

85. Introduce *new ICT-enabled services* to the sector, including Mobile Money and other innovative products and services that will boost the productivity of SMMEs as well as enhance the delivery of business service providers in the sector. Facilitate the provision of private equity financing and other types of financing options for high-tech SMMEs (those involved in innovation and creation of ICT products and services) that need to acquire ICTs for business development purposes. Collaborate with the relevant agencies to encourage more SMMEs to take advantage of e-commerce opportunities and expand ICT infrastructure by collaborating with providers of low cost broadband services that can be accessible to all businesses.

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**vi). INCENTIVES FOR ICT BASED INNOVATIONS**

86. Develop and promote a framework/structure that offer incentives to the private sector to engage in SMME and inclusive business practices through innovation, to address market failures in the SMME sector. This will help mitigate risk by backing innovation models that combine potential commercial success with proven high social impacts. Instruments like these would promote business-to-business linkages, enhance entrepreneurial skill and challenge businesses to provide cost effective support and mentoring services.

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**vii). VALUE CHAINS THROUGH SUPPORT AND BUSINESS LINKAGES**

87. Establish a dedicated, well-resourced professional research office to collect and facilitate research into the value chains operating within Eswatini and identify key gaps, challenges and recommendations for support initiatives to expand these. Promote the use of an objective approach for offering assistance to innovating SMMEs. This approach should ensure that businesses that are innovative are given certain incentives to help them to develop. In addition, an innovation award scheme to promote business-to-business linkages, improve the competitiveness of local enterprises and transfer of skills and technology to SMMEs.

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**viii). CO-OPERATION BETWEEN ACADEMIA AND BUSINESSES**

88. Assist youth and students develop into independent citizens who know how to take initiatives and cooperate with business support structures in developing business ideas. Create a basis for choosing entrepreneurship as a career option by fostering a *change in attitudes and education skills of youth* and students through general and vocational education. Introduce a formal graduate enterprise framework and structure this to the following:

- Encourage the establishment of incubators within colleges and universities;
- Increase the number of student internships in SMMEs;
- Promote entrepreneurship understanding among teachers, professors and academia; and
- Expand mentorship schemes for coaching start-up business.

#### **4.5. Strengthen the Domestic and International Competitiveness of SMMEs**

##### **POLICY ISSUES**

89. The following are the policy issues:

- There is considerable hidden entrepreneurial ability in Eswatini, but it will require *coaching to set-up and start businesses*, which in turn will need stable training institutions.
- SMMEs are *unable to compete both in the domestic, regional and international markets* mainly due to the lack of a framework (legal and business support), which creates an environment in which SMMEs and family own businesses can thrive where *entrepreneurship is rewarded* and which assist SMMEs to benefit from the growth of markets. For example, a typical supermarket in Eswatini is stocked with large number of imported products, most of which could be produced locally.
- Technical colleges do not have sufficient *experienced entrepreneurship trainers*, so graduates only acquire technical and vocational skills. Nor is entrepreneurship taught at schools. In rural areas, not enough training in business, management and financial literacy skills is supplied, with poor knowledge of available opportunities or the benefits of such skills by many rural entrepreneurs. Few SMMEs know about export opportunities and procedures, and are often intimidated by red tape and paperwork.
- There is *limited usage of computers, email and internet*, despite growing mobile phone penetration. Although there is increasing availability of new production and

technologies in Eswatini, SMMEs still tend to engage in traditional manufacturing practices. There is little attention paid to quality, branding, packaging and aggressive marketing.

- Corporate governance practices are poor: there are often *no advisory boards* for the small businesses, owners show little accountability, external audits are not conducted, and few institutional means exist to enforce better governance.
- *Quality standards of product and services are low*, and customers have poor quality consciousness, making products and services uncompetitive and undermining export opportunities. The product certification by the Eswatini Standards Authority (SWASA) is not currently operating at its optimum and businesses have to go to considerable expense to have products certified. The SWASA is not educating SMMEs in matters of quality, a vital element for export purposes, and currently lacks capacity to do so.

#### **POLICY STATEMENT**

90. The Government will facilitate the skills enhancement of SMMEs and the increase utilization of ICT based platforms products and services to strengthen the domestic and international competitiveness of MSME.

#### **POLICY OBJECTIVES**

91. The following are the policy objectives:

- Create and implement an effective *communication and information strategy*, to regularly provide the latest information (including national statistics, taxation and licencing regulations, details of international trade agreements and market information) to SMME stakeholders;
- Promote entrepreneurship by *changing the mind-set* in Eswatini that often sees those operating their own businesses as failures;
- Review and improve *SWASA infrastructure* in order to develop exports of the requisite international quality and health standards, enhance competitiveness and benefit domestic consumers;
- Create *quality consciousness* by assisting those managing SMMEs to emphasise standards and quality in their operations, including those required to satisfy local consumers and export markets, and provide training in these areas; and
- Promote *usage of ICT products, services and ICT-based business platforms* among SMMEs.

DRAFT

### **i). ACCESS OF SMMEs TO REGIONAL AND FOREIGN MARKETS**

92. Eswatini needs to enhance its cross-border cooperation and regional business partnerships by developing *regional business clusters* and *eliminating trade barriers*. This will contribute to the increase competitiveness of the SMMEs. Special focus should be given to ensuring the market access into the neighbouring countries by instituting effective trade fairs at national and regional level.
93. Establish a web-based national database and knowledge portal to provide information to SMMEs in Eswatini including national statistics, latest policy documents and proposals, and export opportunities and market information. Develop a coherent and practical policy for technology transfer to SMMEs to help build awareness of technologies that can improve production efficiency, as well as educate them on how to acquire technologies and commensurate training.

### **ii). IDENTIFY AND DEVELOP PRIORITY TARGET SECTORS FOR SMME SUPPORT**

94. It is well known that new jobs are created by start-up businesses – however, the majority jobs originate from the growth of existing SMMEs in sectors that have a better potential of growth. It is therefore important to support both growing and start-up SMMEs in sectors and sub-sectors with high potential of growth. Conduct a sector needs Assessment to identify high to medium growth sectors and sub-sectors in order to support and develop these by creating cluster networks both in the domestic and cross-border markets to better promote these sector clusters.

### **iii). DEVELOP TECHNICAL, INNOVATIVE AND MANAGERIAL SKILLS OF SMMEs**

95. Encourage among SMMEs the use of *new technologies*, fully utilizing electronic communications and applications. Conduct a training needs assessment among SMMEs and develop a customised training program to upgrade the managerial, technical and innovative skills of SMME owners and managers with particular attention to be paid to problems associated with managing family-owned businesses.

### **iv). RAISE THE PROFILE OF THE SMMEs**

96. Publicity efforts need to be made to *build an enterprise culture* in Eswatini and raise the profile of entrepreneurship and self-development. Institute an annual entrepreneur awards programme in various categories to raise the profile of SMMEs, celebrate success, provide incentives for excellence and create role models.

v). **INTERNATIONAL STANDARDS AND QUALITY MANAGEMENT SYSTEMS**

97. Develop an *import substitution plan* to assist SMMEs to compete adequately in the domestic market. This structure will provide support to SMMEs to enable them to compete with imported products and services. Review the *national standards, quality assurance and accreditation system* to become more acceptable for export purposes in targeted markets but to better cater for SMMEs certification of products and services. Review and strengthen the operations of the SWASA to considerably improve its operations, management and outreach to SMMEs. Institute national training programmes on quality standards improvement.

#### **4.6. Position of and Support of SMMEs Owned by Women, Youth and Disadvantaged Groups**

##### **POLICY ISSUES**

98. According to the 2010 Global Entrepreneurship Report: "Entrepreneurship in a society should contain a variety of business phases and types, led by different types of entrepreneurs, including women and underrepresented age groups." The society must be cognizant of the differences that exist between males and females. Each gender responds to, and is affected differently by the same policies.
99. Many recent analyses reveal that women remain disadvantaged in virtually every economic dimension, and government has not been equipped to deal with their specific needs. They note that the government lacks sufficient staff trained in gender issues to provide guidance on women's issues in relation to SMME business management, and for youth and disadvantage groups. The following are the key specific issues:
- Women mainly *carry out small trading* in Eswatini. However, the greater the level of formality businesses show, women are *not formalising their businesses*, and moving up the value chain.
  - Some of the *factors affecting women-owned SMMEs* has been found to include high cost to operate formal businesses; high rent-charging; lack of information on business issues, access to government tenders, grievance procedures; poor networking and business linkages among women; and low education levels.
  - A significant number of the country's youth are *disconnected from proper education and appropriate employment*. They don't receive adequate appropriate support and interventions to harness their potential creativity in order to establish enterprises that will contribute to national development.

- Indications are that although persons with disabilities are still employable and are being employed, there *remains a high level of unemployment within the group*. Self-employment provides persons from the disabled community with a freedom to work at their own pace and to work in a familiar environment that accommodates their special needs. Hence, this group can need support to establish meaningful and sustainable businesses.

## POLICY STATEMENT

100. The Government will create policies and frameworks that will enhance the support and development of SMMEs owned by women, youth and disadvantaged groups and the informal sector.

## POLICY OBJECTIVES

101. The following are the key policy objectives:
- Remove *barriers to equal access* in order to eliminate the various obstacles to fostering gender equality in industry, trade and enterprise, and strive for gender parity in administration and board representation.
  - Facilitate the design and implementation of *appropriate financial products and services* for women, youth and disadvantaged groups, as well as the informal sector.
  - MoCIT and SME Unit develop a comprehensive training program for gender issues amongst SMMEs.
  - Collect and monitor gender disaggregated information on participation in the SMME sector in order to enable systematic review and evaluation of the impact of policies, strategies and programmes on gender mainstreaming objectives.
  - Promote awareness about gender sensitivities in business to ensure development of gender differentiating policies and equality and equity of opportunities between women-owned and men-owned businesses.
  - To provide full inclusion, opportunities and support for persons with disabilities within the business community.
  - To encourage and support youth entrepreneurship as a strategy for youth empowerment and employment.
  - Provide an enabling environment for a structured informal trading with provision for rapid graduation to mainstream formal SMME sector.

102. The following are the specific policy strategies:

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**i). IMPROVE THE SOCIO ECONOMIC POSITION OF AND SUPPORT OF SMMEs OWNED BY WOMEN, YOUTH AND DISADVANTAGED GROUPS.**

103. Create an enabling business environment for these SMMEs through the development adequate collection of data, provision of specific tailor-made technical training, and access to appropriate financial products and services;

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**ii). PROMOTE AND FACILITATE NETWORKING EVENTS FOR THESE SMMEs.**

104. Promote the *youth/women market as a viable financing option* for SMMEs. Remove barriers to equal access to eliminate the various obstacles to fostering gender equality in industry, trade and enterprise, and strive for *gender parity in administration and board representation*. Continuously identify factors that constrain the participation of women in business, through partnership with the women advocacy organizations and other women's associations and develop appropriate strategies to address the constraints.

105. Implement a youth/women entrepreneurship strategy in an attempt to create an enabling framework for the development of successful and sustainable youth/women-led businesses. Under this strategy, efforts should be made to establish projects and programmes on entrepreneurship that specifically target under-served youth/women, in an effort to bring them into the mainstream of society through self-employment.

106. Partner with institutions that are involved in youth development to attract and engage youth in basic literacy and numeracy skills development to help with assimilation of information on entrepreneurship and create community clusters for youth-led enterprises and strengthen youth advocacy organizations to help encourage interest in entrepreneurship.

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**iii). DEVELOP APPROPRIATE FINANCIAL PRODUCTS**

107. Design appropriate loan products for women and disadvantaged groups, including defined informal trading, by encouraging credit providers to develop innovative financial instruments that target and benefit them. Explore and find alternatives to prevailing collateral requirements. Longer repayment periods should be considered.

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**iv). IMPROVE THE SOCIO-ECONOMIC POSITION OF ENTREPRENEURS OPERATING IN THE DISADVANTAGED (RURAL) AREAS**

108. Conduct an assessment to identify disadvantaged regions. Develop policy framework and ensure that it is implemented, which is geared towards providing equal development in all regions with specific attention to be paid to rural regions.

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**v). DEVELOP AND ENSURE IMPLEMENTATION OF PROGRAMS THAT PROVIDE BUSINESS DEVELOPMENT SUPPORT TO SMMEs OWNED BY WOMEN, YOUTH, DISADVANTAGED GROUPS AND INFORMAL TRADERS**

109. Implement *structured internship programmes* involving tertiary level students in order to increase business development support in the area of marketing and communication. Promote greater use of technology especially in schools. Require credit providers and government departments to offer information relevant to SMMEs in other national languages, as many female small traders are illiterate and struggle with information and forms only available in English. Capacitate the SME Unit to be able to address gender issues relating to SMMEs by providing customise trading.
110. Collect and monitor gender disaggregated information on participation in the SMME sector. This disaggregated data is critical to enable systematic review and evaluation of the impact of policies, strategies and programmes on gender mainstreaming objectives. Build capacity of organizations/entities to design and deliver programmes that take the unique challenges of women and physically disabled entrepreneurs into account.
111. Facilitate training with a reasonable proportion of training resources allocated to women entrepreneurs and partner with women advocacy organizations in the development of business-related policies/strategies for women. Ensure that a reasonable proportion of participants in all relevant training programmes offered by the MoCIT, SME Unit and other agencies comprise persons with disabilities. Collaborate with all key stakeholders such as the community leaders and municipalities to identify emerging entrepreneurial opportunities and support the emerging informal trading to gradually formalize their entrepreneurial activities.

#### **4.7. Define and recognize the Informal Trade Sector**

##### **POLICY ISSUES**

112. Eswatini has high levels of unemployment and there is empirical evidence that survivalist enterprises, (of which the informal sector accommodates the majority of) thrives in such conditions. The formal sector cannot meet the demand for jobs. The SMME Census (2010) established that 82% of the entrepreneurs were survivalists and 56%

were especially women. The majority of these have found refuge in the informal sector. These include *women, school leavers, returnees from migrant employment, and redundant, unskilled and disadvantaged members of society*. The majority of these are street traders such as hawkers, fruits & vegetable vendors, barbers, dress makers, car mechanics, plumbers, painters, electricians, bricklayers, etc. that operate individually and without much business structure.

113. Informal sector activities are usually the "smallest, most fragile concerns" and these are responsive to the needs of the poorest in society (Callaghan, 2014). According to the review of the state of the informal sector in Eswatini<sup>1</sup> (2016), there has been an increase in rural-urban migration due to the opportunities available to improve one's livelihood and as such, the consequent overcrowding in the urban centres is as a result of internal migration. As alluded to by informal traders interviewed, the population density in the urban areas seems positive for the following reasons amongst others:

- It legitimizes the *congregation of traders* in the city centres;
- It gives traders *access to social capital* to facilitate the process of opportunity recognition and implementation;
- Presents a unique opportunity to *tap into the value chain* of their enterprises and *trans-border connections*;
- Offers *competitiveness* as traders provide services and products that were unavailable in less connected areas; and,
- Presents an improvement in the quality of the business opportunities, infrastructure and logistics.

114. As much as this sector plays a significant role in providing a source of livelihood for the majority of the under-served segments of the population, it faces the following key issues:

- Activities tend to be *replicative in nature, with minimal differentiation* hence *diminishing marginal returns*;
- Over time, *entry barriers* could also become entrenched as the concentration of more traders' increases in the population;
- Some of the product offering and environment may pose a *threat to the survival of informal trader and the intended clientele* (e.g. quality of perishable goods);
- *Conflict* between the intentions to improve the sustainable livelihoods and laid down policies and procedures to govern business; and,

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<sup>1</sup> The Coalition of the Informal Economy Association of Eswatini (CIEAS) was supported by the Coordinating Assembly of Non-Governmental Organizations (CANGO) in Eswatini to conduct a study establish the situation of the informal sector in the country and to recommend strategies to address the issues in October 2016.

- *Attractiveness to finance* for these activities and *linkages with bigger market players*.

## **POLICY STATEMENT**

115. The Government of Eswatini will *define, recognize, record and protect* the operation of the working poor and the contribution of the informal sector through *facilitating appropriate, affordable and accessible services* to enhance *the performance and graduation of the informal trader into mainstream enterprise development* in a sustainable manner.

## **POLICY OBJECTIVES**

116. The following are the key policy objectives:

- *Define, record and protect* the operation of the informal trader in a systematic and beneficial manner to stimulate growth and sustainability;
- *Decentralize the support services and monitoring* of the informal traders within the regions and accomplished nodes to sustain their growth;
- *Differentiate, segment and profile business activities* to enhance standards, quality assurance and beneficial linkages with the bigger market players; and,
- *Provide a simple, affordable and accessible tiered registration process and mechanisms to incentivize graduation to mainstream business*.

## **POLICY STRATEGY**

117. The following are the policy strategic actions:

### **i). DEFINITION OF THE INFORMAL SECTOR**

118. The Policy draws from the National Informal Business Strategy of the South African Department of Trade and Industry (2013) which differentiated the informal sector and the informal economy. These are more often used interchangeably, yet they describe different elements.

119. The informal sector are the *legal activities of the working poor who were working very hard, but who were not recognised, recorded, protected or regulated by the public authorities*. The informal economy constitutes *all economic activities by workers and economic units that are – in law or practice, not covered or insufficiently covered by formal arrangements*. This is different from the so called 'underground' economy.

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**ii). DECENTRALISED SUPPORT SERVICES**

120. Identify, offer guidance and co-ordinate all the relevant institutions that support the activities of the informal traders with a view to improve service delivery and the mentoring & coaching services. Advocate and promote the “*Adopt an Entrepreneur*” program in which the private sector will orient the informal trader on the wider spectrum of the business including the essence of the business, product quality & standards, branding, packaging, pricing managing finances.
121. Develop appropriate business development support tools and orient the service providers on the usage of these to empower the informal traders. Conduct research on the performance of the sector, customer preference and value chains to inform the development and growth of the sector.

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**iii). DIFFERENTIATED BUSINESS ACTIVITIES**

122. Maintain a database and disseminate information on the informal traders, gender, types of businesses, geographic characteristics, infrastructure (roads, telecommunication, electrification, incubation, etc.) and access to markets and finance. Develop and implement a credible, simple and appropriate non-mandatory competitive scoring system that will assist segment and profile the traders to enhance access to finance. Support the development of appropriate financial products and services for the sector.

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**iv). DECENTRALIZED BUSINESS REGISTRATION**

123. Develop and legislate a low-tier business registration process that will be simple affordable and accessible to the informal traders. Build-upon and strengthen the role of the municipalities, development centres and relevant decentralized Government centres, such as the Revenue Offices to facilitate the registration of the informal traders. Develop and support mechanisms that will provide incentives for the registration and graduation of the informal traders into mainstream business. Advocate and lobby for simple and preferential tax and other compliance requirements for the SMMEs.

## **4.8. Improving Dialogue between Key Stakeholders**

### **POLICY ISSUES**

124. The following are the policy issues:
- SMMEs are faced with several social challenges that stem from a general deterioration in the country’s social capital. That is, many challenges facing the sector emanate from a break-down of the norms, values, obligations and trust

embedded in the country's social structures, social interactions and overall social institutional arrangements that are crucial to facilitating cooperation within and among organizations and helping businesses to grow.

- There is a lack of trust and cooperation (environment-related social capital), especially among SMMEs, which hinders their efforts to lobby matters affecting the sector, and build in goodwill/good public relations with policymakers, regulators and support structures or organizations.
- SMMEs lack awareness of the factors which impede (or can enhance) their development and growth, including available services, programmes and initiatives. In addition, though business development support is provided by private and public BDS providers, a significant number of SMMEs are unaware of these services.
- There is lack of data on SMMEs. There is need for continuous and comprehensive data and studies to adequately inform policy direction, including project and programme development.
- Some of the business practices of some SMMEs pose serious threats to the environment. Business operations must consider fundamental issues such as pollution, flooding (as a result of dumping in gullies, drains, etc.) and climate change.
- Several assessment reports on Eswatini and some data confirmed by the analysis, shows that deliberate efforts are needed to enhance communication, cooperation and coordination among and between all stakeholders to enhance the support and development of SMMEs.

## **POLICY STATEMENT**

125. The Government will ensure proper implementation and integration of all national policies, legislation and programs through improve dialogue between key stakeholders.

## **POLICY OBJECTIVES**

126. The following are the key policy objectives:
- Promote social capital to foster greater cohesiveness and promote the benefits of information and knowledge sharing, unity and cooperation.
  - To improve the capacity of the public sector in order to better support the SMME sector, comprehensive data on SMMEs must be continuously collected.

- To provide on-going informational support to SMMEs, implement a public education programme.
- There is a need for the government to prioritize the development and support of SMMEs by deliberately directing all support efforts towards the development of this sector.
- Improve awareness of and the role the SMMEs play in the economic development of Eswatini by enhancing the advocacy process.

## POLICY STRATEGY

127. The following are the policy strategic actions:

**i). IMPROVE RESPONSIVENESS OF GOVERNMENT ORGANIZATIONS TOWARDS SMMEs**

128. Facilitate the creation of a partnership with all key public and private utility providing institutions such as treasury, tax, customs, agriculture, telecommunications, electricity, water, public health, environment and etc. to better support the SMME sector development through quick service. Convert to electronic, on-line or other formats all relevant key documents for business registration and operation for ease of access (e.g. tax returns, customs declaration, import/export permits, business registration, trading licensing, etc.).

129. Develop business incubators and effective graduation mechanism, to facilitate innovation particularly in ICT and the use of indigenous material.

**ii). RAISE AWARENESS OF THE ROLE OF SMMEs IN ESWATINI'S ECONOMIC DEVELOPMENT**

130. SME Unit needs better resourcing to ensure that *legislative reforms take effect* in order to better support the SMME sector and to disseminate information to create awareness on changes in policy and legislation related to SMMEs. Partner with donor agencies to help fund the awareness campaigns. Sensitize SMMEs about the *importance of gathering data* for policy formulation and decision-making and impose *mandatory reporting requirements* on business activities. In addition, implement *national strategy for collecting and disseminating data and information* on SMMEs. Ensure acceptance of the definition for SMMEs among all stakeholders to help to standardize data collection and reporting.

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**iii). IMPROVE DIALOGUE BETWEEN KEY STAKEHOLDERS THROUGH AN ADVOCACY PROCESS**

131. Key stakeholders such as business development institutions and advocacy agencies need to enhance their efforts in *raising awareness about SMMEs* by coordinating their advocacy for SMME development policies. Strengthen the management, communication, and presentation and advocacy skills of these organizations. Any lobbying by these organizations and/or SMMEs to government institutions must be recorded and tracked and feed back to the SME Unit to follow-up for action. Promote conformity among SMMEs, to national environmental policies and/or legislation.

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**iv). FOSTER GREATER SOCIAL CAPITAL AMONG SMMEs THROUGH COMPREHENSIVE BUSINESS SUPPORT PROGRAMS**

132. Collaborate with SMME umbrella organizations and trade associations to foster greater social capital among SMMEs through programmes. Strengthening social cohesion, unity, cooperation, trust and solidarity. Improve knowledge sharing and information symmetry. Build and strengthen existing networks including improving experience sharing and best practices. Encourage SMME umbrella organizations to take a united and harmonized approach to seeking government's intervention as and when deemed necessary.

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### 5. Monitoring and Evaluation

133. To effectively implement the various strategies mentioned in this policy, there needs to be specific strategic action plan put in place and implemented by various stakeholders. This strategic action plan is to be implemented within 5 years. The MCIT (SME Unit) is the focal institution responsible for the coordination of the various strategic actions. All stakeholders will be relied upon to furnish the Ministry with the relevant information. This information will then be processed so as to compare the various benchmarks with actual implementation of strategic actions. The processed information will be published in a document which will be discussed at a forum of SMME stakeholders. As such this monitoring and evaluation mechanism will be a major policy instrument.
134. The implementation strategic actions are detailed in terms of activities in Annexure A. The activities will be benchmarked so as to form the basis for assessment of the implementation of the SMME National Policy.

### 6. Introduction

135. The strategic actions are detailed in terms of activities with specific time frame as shown in Annexure B. The activities will be regularly monitored and evaluated, and where required adjusted, so as to form the basis for assessment of the implementation of the SMME National Policy.
136. In Part A of this document, the Vision, Mission and Policy Goals are summarized. These Policy Goals are set to achieve the Vision and the Mission over the next five years. Part B outlines the Policy Provisions and with specific Objectives to be implemented to achieve the set Policy Goals. Finally, Annexure A provide the Strategic Action Plan with, measurable actions, timelines and key drivers of those action to achieve the Policy Objectives and Goals.

### 7. THE STRATEGY IMPLEMENTATION PROCESS

137. The SMME National Policy and Strategy has been formulated in two phases. In Phase, the draft Policy and Strategy from 2015-2019 has been completed after consultation with key stakeholders to be approved by the government during later 2015. Once approved, during Phase 2, a detailed Implementation Plan ("IP") - attached as

Annexure B needs to be completed and approved by the government for implementation by MCIT and SME Unit.

## **7.1. The Implementation Plan**

138. The approved Strategic Action Plan is divided into Policy Goals, Policy Provisions and Strategic Goals. For each Strategic Goal, there will be an actions that demonstrate how the strategic goals will be achieved and a corresponding objectively verifiable indicator. The government agencies with other business support organizations will under the direction of SME Unit participate in the IP formulation plan. The SME Unit will review the IP annually and update where necessary.

### **ACTIVITIES**

139. The IP will group activities for the years from 2017 to 2022 under each strategic goal. Each activity will be developed with corresponding timeline, deadline, responsible government institution accepting responsibility for the implementation of the activity and resources required.

### **THE IMPLEMENTATION PLAN FORMULATION PROCESS**

140. The formulation of the activities under the IP will have to be supervised by the SME Unit. The MoCIT through the SME Unit will supervise the implementation of the Strategic Action Plan. Each government institution accepting responsibility for the implementation for an activity need to confirm such acceptance in writing.

### **MONITORING OF THE SMMESECTOR PERFORMANCE**

141. The SME Unit will conduct annual review of the SMME sector based on the IP and report all outcomes in a different report and also as part of its annual report.

- Foster economic growth and development;
- Increase employment opportunities;
- Alleviate poverty by creating access to sustainable livelihood; and,
- Increase levels of ownership in the economy for Swazi and historically underprivileged populations.

## ANNEXURE A

# STRATEGIC ACTION PLAN (FIVE YEARS)

## SMME NATIONAL POLICY OF ESWATINI

### VISION

Create a vibrant entrepreneurial SMME sector that contributes to the economic development of Eswatini through innovative and creative business practices supported by an enabling environment, which fuels transformation of rural families and other communities in productive economic structures.

### MISSION

To promote and stimulate a deep-seated entrepreneurial culture in the SMME sector, build capacity, improve opportunities and supportive trade relations for SMMEs, reduce bureaucracy, provide for adequate financial and other support by building strategic partnerships, so as to achieve competitiveness of the sector.

### POLICY GOALS

- Foster economic growth and development;
- Increase employment opportunities;
- Alleviate poverty by creating access to sustainable livelihood; and
- Increase levels of ownership in the economy for Swazi and historically under-privileged populations.

OBJECTIVES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	BASELINE	TARGET
<b>Overall Objectives:</b> Create a vibrant entrepreneurial SMME sector that contributes to the economic development of Eswatini through innovative and creative business practices supported by an enabling environment, which fuels transformation of rural families and other communities in productive economic structures.					
<b>Policy Goal:</b> To promote and stimulate a deep-seated entrepreneurial culture in the SMME sector, build capacity, improve opportunities and supportive trade relations for SMMEs, reduce bureaucracy, provide for adequate financial and other support by building strategic partnerships, so as to achieve competitiveness of the sector.					
<b>Expected Outcomes:</b> Forster economic growth & development, increase employment opportunities, alleviate poverty by creating sustainable livelihoods, and increase the level of ownership particularly for the under-privileged citizens.					
<b>1. Increase Access to Financial Products and Services</b>					
1.1. Develop, expand and promote a range of financial products for SMMEs	1.1.1. Percentage of SMMEs required to provide collateral on any existing loan	MFU/CBS	Demand-side survey & Semi-annual	9%	30%
	1.1.1. Percentage of SMMEs with a deposit account at a regulated financial institution	MFU/CBS	Demand-side survey	69%	90%
	1.1.2. Percentage of SMEs with an outstanding loan or line of credit at a regulated financial institution	MFU/CBS	Demand-side survey	5%	25%
	1.1.3. SMME loan guarantees as a percentage of SMME loan (in terms of value)	MFU/CBS	Demand-side survey	9%	30%
	1.1.4. Percentage of enterprises with access to digital financial services	MFU/CBS	Supply-side survey	82%	95%
	1.1.5. Difference between average SME loan rate and average corporate loan rate	MFU/CBS	Demand-side survey	10%	3%
	1.1.6. Percentage of non-performing SMME loans:	MFU/CBS/FSRA/CCD	Supply-side survey	<ul style="list-style-type: none"> <li>▪ x%</li> <li>▪ 9%</li> </ul>	<ul style="list-style-type: none"> <li>▪ x%</li> <li>▪ 5%</li> </ul>

OBJECTIVES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	BASELINE	TARGET
	<ul style="list-style-type: none"> <li>▪ To total loans</li> <li>▪ To SMME loans</li> </ul>				
	1.1.7. Percentage of SMMEs with formal asset insurance products	MFU/FSRA	Supply-side survey	2%	15%
	1.1.8. Percentage of SMMEs with informal loans	MFU/FSRA/ CCD	Supply-side survey	5%	3%
	1.1.9. Percentage of SMMEs with an outstanding loan or line of credit	MFU/CBS/FSRA	Supply-side survey	5%	30%
	1.1.10. Start-up SMMEs obtaining a loan as a percentage of total number of start-up SMEs	MFU/SEDCO/ SME Unit	Supply-side survey	9%	30%
1.2. Implement comprehensive training program for SMMEs on financial products, services and processes	1.2.1. Financial Services Directory to provide information on available financial products for SMMEs is established & operational,	MFU/SEDCO/ SME Unit	Reports	Financial Services Directory Operational	Financial Services Directory Operational
	1.2.2. Percentage of SMMEs that use the Directory for referral per month	MFU/SEDCO/ SME Unit	Call Register	0%	15%
	1.2.3. Number of educational materials on the features and availability of financial products and services developed	MFU/SEDCO/ SME Unit	Brochures/ Leaflets - Quarterly	0	3
	1.2.4. Percentage of the level of satisfaction on the usage of the educational materials	MFU/SEDCO/ SME Unit	Demand-side survey - Semi-annual	N/A	75%
1.3. Attract, direct and facilitate development and micro-finance funds towards development of	1.3.1. Percentage of micro finance institutions providing financial services to the SMMEs	MFU/FSRA	Supply-side survey - Semi-annual	20%	80%
	1.3.2. Percentage of SMMEs receiving financial services and products	MFU/FSRA	Supply-side survey - Semi-annual	3%	30%

OBJECTIVES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	BASELINE	TARGET
SMMEs	from the micro finance institutions				
	1.3.3. Percentage of SMMEs with at least one loan account from the micro finance institutions	MFU/FSRA	Supply-side survey - Semi-annual	3%	30%
	1.3.4. Size of loan portfolio to SMMEs from the micro finance institutions	MFU/FSRA	Supply-side survey	X%	X%
	1.3.5. Improve the technical skills of 20 SMMEs Minimum and maximum loan size to SMMEs	MFU/FSRA	Supply-side survey	Semi-annual	Framework in place to collect the data
	1.3.6. SMME micro finance loan as a percentage of total SMME loan (in terms of value)	MFU/FSRA	Supply-side survey - Semi-annual	X%	X%
	1.3.7. Difference between average SMME micro finance loan rate and average bank SMME loan rate	MFU/FSRA	Supply-side survey -- Semi-annual	16%	8%
	1.3.8. Start-up SMMEs obtaining a loan as a percentage of total number of start-up SMMEs	MFU/FSRA	Supply-side survey - Semi-annual	X%	x%
	1.3.9. Micro finance SMME loans granted/ SMME loans requested	MFU/FSRA	Supply-side survey - Semi-annual	X%	x%
	1.3.10. Percentage of non-performing micro finance SMME loans: <ul style="list-style-type: none"> <li>▪ To total loans</li> <li>▪ To SMME loans</li> </ul>	MFU/FSRA	Supply-side survey - Semi-annual	<ul style="list-style-type: none"> <li>▪ 30%</li> <li>▪ X%</li> </ul>	<ul style="list-style-type: none"> <li>▪ 5%</li> <li>▪ X%</li> </ul>
	1.4. Foster an enabling environment that integrates all	1.4.1. Percentage of SMME loans assessed with information from a credit bureau or a credit rating agency	MFU/FSRA	Credit Register - Semi-annual	X%

OBJECTIVES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	BASELINE	TARGET
support efforts for SMMEs	1.4.2. Percentage of SMMEs that utilized generated business cluster information before obtaining loans	MFU/SEDCO/SME UNIT	Demand side survey - Semi-annual	N/A	8%
2. Strengthen SMME Business Support Institutions and Structures					
2.1. Strengthen the capacities and increase the effectiveness of SME Unit in coordinating the implementation of the SMME National Policy and Strategy	2.1.1. Implementation of the SMME National Policy 2018.	SME Unit	Implementation Roadmap	N/A	Strategy in Place.
	2.1.2. The organizational structure is adequately resourced	SME Unit	Establishment Register	N/A	Unit adequately resourced.
	2.1.3. Number of meetings held by the SMME Co-ordination Council	SME Unit	Minutes – Semi Annual	N/A	Twice.
	2.1.4. The SMME Masterplan is implemented	SME Unit	Minutes – Semi Annual	N/A	Twice.
	2.1.5. The performance of the SMME sector is monitored and reports made	SME Unit	State of SMMEs Report	N/A	Once.
2.2. Develop the capacities of the Business Development Institutions and Structures	2.2.1. Framework and structure for the accreditation of the Business Development Institutions is in place	SME Unit	Accreditation Framework and Structure – June 2019	N/A	Cabinet Approval.
	2.2.2. Percentage of Business Development Institutions that are accredited	SME Unit	Register - Annually	N/A	80%
	2.2.3. Percentage of the SMMEs successful with loans after receiving Business Development Service	SME Unit/ SEDCO/MFU/ CBS	Supply-side survey - Quarterly	30%	70%
	2.2.4. Level of satisfaction from the Business Development Institutions services	SME Unit	Supply-side survey - Semi-annual	N/A	75%
	2.2.5. Business Mentoring & Coaching Framework is in place and adopted	SME Unit	Framework - March 2019	N/A	Cabinet Approval.
	2.3.2. Appropriate Business Mentoring & Coaching Tools are in place and adopted by the service providers	SME Unit	Mentoring/Coaching Tools - December 2019	N/A	Cabinet Approval.
	2.3.3. Percentage of the SMMEs successful with loans after receiving the mentoring & coaching	SME Unit/ SEDCO/MFU/ CBS	Supply-side survey - Quarterly	30%	75%.

OBJECTIVES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	BASELINE	TARGET
	2.3.4. Percentage of the SMMEs linked to markets after receiving the mentoring & coaching	SME Unit/ SEDCO	Supply-side survey	N/A	8%
3. Strengthen the Legislative and Regulatory Framework for the Development of SMMEs					
3.1. Improve inter-ministerial and SMME development agencies support for the implementation of the SMME Policy and Strategy	3.1.1. Developed system for the segmentation and profiling the SMMEs and farmers.	SME Unit/ CFI/SEDCO/MoA/SNAU	Competitive Scoring System – March 2019	N/A	Business development Measure in place.
	3.1.2. Percentage of the SMMEs that have registered and scored.	SME Unit /CFI/SEDCO	SMME Repository - Quarterly	N/A	50%
	3.1.3. Percentage growth of the SMME sector. <ul style="list-style-type: none"> <li>▪ Least Developed</li> <li>▪ Emerging Businesses</li> <li>▪ Most Developed</li> </ul>	SME Unit /CFI/SEDCO	SMME Repository - Annually		
				▪ 42%	▪ 30%
▪ 42%				▪ 50%	
▪ 16%	▪ 20%				
3.2. Significantly increase the number of SMMEs to enter the formal sector	3.2.1. Percentage of formally registered micro entrepreneurs	SME Unit/SEDCO/CFI	Register	25%	50%
	3.2.3. Percentage of SMMEs with more than one employee.	SME Unit/SEDCO/CFI	Demand-side Survey - Annually	44%	60%.
3.3. Enhance the contribution of the SMME sector to economic growth	3.3.1. Percentage of the SMMEs with full-time employees	SME Unit/SEDCO/CFI	Demand-side Survey - Annually	67%	75%.
	3.3.2. Percentage of SMMEs with personal monthly income less than E5, 000	SME Unit/SEDCO/CFI	Demand-side Survey - Annually	77%	50%.
	3.3.3. Percentage contribution of Agriculture/Farming to the SMME sector	SME Unit/SEDCO/CFI	Demand-side Survey - Annually	23%	35%.
	3.3.4. Percentage contribution of Manufacturing to the SMME sector	SME Unit/SEDCO/CFI	Demand-side Survey - Annually	13%	20%.
	3.3.5. Percentage contribution of Business Services to the SMME	SME Unit/SEDCO/CFI	Demand-side Survey - Annually	1%	5%.

OBJECTIVES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	BASELINE	TARGET
	sector				
3.4. Simplify existing legislation and the regulatory framework and introduce new enabling policy and regulatory framework	3.4.1. Number of decentralized business registration points e.g. Municipalities, Regional Towns, Development Centres, etc.	SME Unit/MCIT	Registration Points - Quarterly	N/A	12
	3.4.2. Percentage of SMME businesses that are registered through the decentralized points	SME Unit/MCIT	Register - Quarterly	N/A	25%
	3.4.3. Percentage of the SMME business start-ups	SME Unit/MCIT	Register - Quarterly	32%	40%.
	3.4.4. Percentage of the SMME with mature businesses	SME Unit/MCIT	Register - Quarterly	29%	35%.
3.5. Improve the ease of doing business	3.5.1. World Bank Ranking on the Ease of Doing Business	SME Unit/IRM	<ul style="list-style-type: none"> <li>▪ Starting a Business</li> <li>▪ Getting Credit</li> <li>▪ Paying Taxes</li> <li>▪ Trading across borders</li> <li>▪ Enforcing contracts</li> </ul>	<ul style="list-style-type: none"> <li>▪ 112</li> <li>▪ 077</li> <li>▪ 063</li> <li>▪ 032</li> <li>▪ 169</li> </ul>	<ul style="list-style-type: none"> <li>▪ 070</li> <li>▪ 050</li> <li>▪ 037</li> <li>▪ 020</li> <li>▪ 093</li> </ul>
	3.5.2. Establish a one-stop facility for the registration, licensing and promotion of the SMMEs.	SME Unit/ SEDCO/IRM	Reports	N/A	One-Stop Facility in Place.
	3.5.3. Percentage of SMMEs that utilize the One-Stop Facility.	SME Unit/ SEDCO/IRM	Reports	N/A	15%.
3.6. Enact the Citizens Empowerment Bill	3.6.1. Bill is enacted as law.	MoCIT	Legislation – March 2020	N/A	Legislation.
	3.6.2. Percentage of SMMEs that benefitted from the incentives.	MoCIT	Legislation – Semi Annually	N/A	25%
4. Promote and Develop a Culture of Entrepreneurship and Innovation					
4.1. Strengthen the entrepreneurial culture	4.1.1. Prevocational education institutionalized in schools and tertiary institutions	SME Unit/MoET	Curricula – December 2019	N/A	Curricula in Place
	4.1.2. Number of schools and tertiary institutions that provide entrepreneurial education.	SME Unit/MoET	Register	13	30
	4.1.3. Percentage of school & out-of-	SME Unit/MoET/ JA/Kick-	Register	-	-

OBJECTIVES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	BASELINE	TARGET
	school students that start and operate their own businesses	start			
4.2. Stimulate creativity and innovation	4.2.1. Percentage of micro businesses utilizing any form of ICT for business operation or information processing	SME Unit / SEDCO	Business survey - Semi-annual	-	-
	4.2.2. Number of businesses that register through the online platform	SME Unit/ SEDCO	Register - Semi-annual		-
4.3. Develop and promote value chains through support and business linkages	4.3.1. Number of commodities/enterprises with established value-chain information	CFI/SEDCO/ MoA /SIPA	Databases	3	10
	4.3.2. Value chain or gross margin information platforms established	CFI/SEDCO/NAMBoard/ SIPA	Information Platforms - December 2018	-	Platform in Place
	4.3.3. Number of SMMEs accessing the information platforms	SEDCO/ SME Unit/ SIPA/ NAMBoard	Register	-	20%
	4.3.4. Number of commodities/enterprises with established gross margin information	SEDCO/ MoA/SIPA /NAMBoard	Databases	-	10
	4.3.5. Number of promotional materials developed on the value chains and disseminated	CFI/ SEDCO/ SME Unit	Brochures/ Leaflets	2	10
4.4. Promote and increase cooperation between academia and businesses	4.4.1. Number of business policy dialogue fora conducted	SEDCO/SME Unit/ SIPA	Attendance - Semi-Annual	-	4
	4.4.2. Number of businesses participating in the policy dialogue fora	SEDCO/SME Unit/ SIPA	Attendance - Semi-Annual	-	200
5. Strengthen the Domestic and International Competitiveness of SMMEs					
4.5. Facilitate the access of SMMEs to regional and foreign markets	4.5.1. Information & communication strategy, including domestic and international trade established	MCIT/SIPA/ SME Unit/ Embassies	Concept Document - March 2019	-	Concept in Place.
	4.5.2. Number of campaigns conducted to disseminate the information on the regional and foreign markets	MCIT/SIPA/ SME Unit/ Embassies	Reports - Semi - Annual	-	8
	4.5.3. Number of businesses accessing the information on the regional and foreign markets	MCIT/SIPA/ SME Unit/ Embassies	Register - Semi - Annual	-	480
4.6. Identify and	4.6.1. Criteria for selecting priority target	MCIT/SIPA/ SME Unit/	Selection Criteria	-	Criteria in Place

OBJECTIVES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	BASELINE	TARGET
develop priority target sectors for SMME support	sectors for SMME support	Embassies			
	4.6.2. Number and types of the priority target sectors for SMME support identified		Database – Semi - Annual	-	Database in Place
	4.6.3. Percentage and type of businesses that participate in the priority target sectors		Register	-	8%
	4.6.4. Contribution of the priority target sectors to GDP, employment and exports	CSO/ CBE/ SME Unit	Statistical Bulletin	<ul style="list-style-type: none"> <li>• GDP - X%</li> <li>• Employment - 21%</li> <li>• Exports – X%</li> </ul>	<ul style="list-style-type: none"> <li>• GDP - X%</li> <li>• Employment - 21%</li> <li>• Exports – X%</li> </ul>
4.7. Develop technical, innovative and managerial skills of SMMEs	4.7.1. Loan success rate of businesses that have benefited from technical and business management training.	SIPA/MCIT/SEDCO/SME Unit & CFI	Demand-side survey	5%	23%
	5.3.2. Percentage of businesses that maintain quality business records.	SIPA/MCIT/SEDCO/SME Unit & CFI	Demand-side survey	42%	60%
	5.3.3. Number and type of customized training modules for businesses developed.	SIPA/MCIT/SEDCO & SME Unit	Demand-side survey	-	5
	5.3.4. Number and type of businesses that access customized training modules for businesses developed.	SIPA/MCIT/SEDCO & SME Unit	Demand-side survey	-	<ul style="list-style-type: none"> <li>• Agric/Farming – x%</li> <li>• Manufacturing – X%</li> <li>• Community &amp; Households – X%</li> <li>• Wholesale &amp; Retail – X%</li> <li>• Services – X%</li> <li>• Other – X%</li> </ul>
	5.3.5. Level of satisfaction from the developed customized training.	SIPA/MCIT/SEDCO & SME-Unit	Demand-side survey	-	75%
5.4. Introduce International Standards and Quality Management Systems into SMMEs	5.4.1. Number of systems that have been established and adopted.	MoCIT/ SWASA /SME Unit	Register -Semi - Annual	-	-
	5.4.2. Percentage and types of businesses that have been accredited for the systems	MCIT/ SWASA /SME Unit	Register – December 2019	-	8%

OBJECTIVES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	BASELINE	TARGET
<b>6. Develop and Improve the Position of and Support of SMMEs Owned by Women, Youth and Disadvantage Group</b>					
6.1. Facilitate the access of SMMEs to regional and foreign markets	6.1.1. Number of regional and foreign market trade fairs, expos, etc. that are held	MoCIT/SIPA/SEDCO/SME Unit	Reports		-
	6.1.2. Number and types of businesses that participated in the fairs and expos	MoCIT/SIPA/SEDCO/SME Unit	Reports		-
	6.1.3. Percentage increased sales from the participating businesses	MoCIT/SIPA/SEDCO/SME Unit	Business survey		-
6.2. Facilitate appropriate financial products for women, youth and disadvantaged groups	6.2.1. Number and types of financial products that have been established.	MFU/CBS/FSRA/CDD/SME Unit	Register		-
	6.2.2. Number and types of businesses that access the financial services	MFU/CBS/FSRA/CDD/SME Unit	Business surveys		-
6.3. Support gender mainstreaming within the SMME sector	6.3.1. SMME gender issues mainstreaming framework is developed	SME Unit	Gender Document		-
<b>7. Define, recognize, protect and ensure the graduation of the informal traders</b>					
7.1. Define, record and protect the operation of the informal traders	7.1.1. Definition of the informal trader is in place	MoCIT/ SME Unit	SMME Policy & Legislation		-
	7.1.2. Database on the informal traders and incentives to register are in place	SME Unit/Municipalities/ Development Centres	Register	-	-
	7.1.3. Number of informal traders that are operating			-	-
	7.1.4. Key types of businesses operated by the informal traders			-	-
	7.1.5. Catalogue of incentives provided to support the growth and graduation of the informal traders	SME Unit/MoCIT/SEDCO	Reports	-	-
7.2. Decentralize and co-ordinate the provision of support	7.2.1. The "Adopt an Entrepreneur" attachment program is established and operationalized	SME Unit/SEDCO/Municipalities/ Development Centres	Reports	-	-

OBJECTIVES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	BASELINE	TARGET
services and monitor impact on growth	7.2.2. Number of service providers and types of services accessed by the informal traders		Reports – Semi - Annual		
	7.2.3. Catalogue of the business support tools developed		Reports – Semi Annual		
	7.2.4. Percentage of informal traders and value of business accessing the support services		Survey - Semi Annual	-	-
	7.2.5. Proximity of the services to the informal traders		Reports - Semi Annual	-	-
	7.2.6. Satisfaction level from the support services that are provided		Survey - Semi Annual	-	75%
7.3. Differentiate, segment and profile the business activities conducted by the informal sector	7.3.1. Catalogue on the key business activities undertaken by the sector	SEDCO/CFI	Reports	-	-
	7.3.2. A scoring system on the informal traders is in place	SEDCO/CFI	Reports	-	-
	7.3.3. Number of informal traders linked to markets	SEDCO/CFI	Reports	-	
	7.3.4. Number of informal linked to finance and the value of business	SEDCO/CFI	Reports	-	
7.4. Provide a simple, affordable and accessible registration process for the informal traders	7.4.1. Legislative and regulatory framework is in place	MoCIT/SME Unit	Legislation		-
	7.4.2. Memorandum of Understanding with the Municipalities are in place	MoCIT/SME Unit	Reports		
	7.4.3. Catalogue on the incentive package provided for the sector	MoCIT/SME Unit/SEDCO	Reports		
	7.4.4. Percentage of informal traders graduating into mainstream registration and value of business	SEDCO/Municipalities	Survey	-	
8. Enhance Policy Implementation and Integration by Improving Dialogue between Key Stakeholders					
8.1. Improve responsiveness of government & organizations towards SMMEs	8.1.1. E-based systems to enable easier access to information and documents for businesses established	MoCIT/ SME Unit	Reports		-
	8.1.2. Number and types of key	SME Unit	Business survey		-

OBJECTIVES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	BASELINE	TARGET
	documents available on-line				
8.2. Raise awareness of the role of SMMEs in Eswatini's economic development	8.2.1. Number of awareness campaigns conducted	SME Unit	Reports		-
	8.2.2. Reporting framework on key business activities to monitor the sector is in place	SME Unit	Reports		-
	8.2.3. Number of SMMEs that provide reports on the key business activities	SME Unit	Reports		-
8.3. Improve dialogue between key stakeholders through an advocacy process	8.3.1. Number of partnerships and networks to support the SMMEs established	SME Unit	Reports		-
	8.3.2. Number and types of SMMEs that are benefiting from the partnerships	SME Unit	Reports		-
8.4. Foster greater social capital among SMMEs through comprehensive business support programs	8.4.1. Cohesion amongst the SMME umbrella bodies and knowledge sharing	SME Unit	Reports		-

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