



Micro Leasing for Poor Peoples Enterprises AG 2630

Project Completion Report

**Prepared for :
Enterprise Development Innovation Fund – DFID**

**Prepared by:
Intermediate Technology Consultants and
Development Outcomes**

1. Introduction

A significant gap exists in the financial services market for medium-term finance for small and micro-enterprises (MSEs) looking to invest modest amounts (e.g. US \$ 500 - \$ 5,000) in capital equipment. Such enterprises rarely qualify for tradition bank loans, and require smaller amounts than are accommodated by commercial leasing companies. MSEs usually therefore have to purchase capital equipment for cash up-front. This significantly increases business risks, discouraging enterprise start-ups and the graduation of MSEs into established businesses.

Micro-leasing services (MLS) (defined below) could encourage MSE investment in business equipment by reducing cash-flow problems, and providing a less risky exit-strategy where businesses prove non-viable. However, in most developing countries, especially in sub-Saharan Africa, there are a range of obstacles that prevent the spontaneous emergence of viable micro-leasing services:

- MLS are relatively unknown and untested as a financial service, both among potential lessees and also among micro-finance institutions / lessors.
- The legal basis for contracting MLS arrangements is uncertain, and enforcement of contracts is difficult
- Potential MFIs (lessors) have limited experience and thus confidence in assessing the business-risks associated with MSE investment
- Potential MSE lessees often face excessive uncertainty about the technical-viability, reliability and maintenance costs of business equipment
- Equipment suppliers (who stand to gain most from the existence of MLS) are often socially and economically divorced from the potential customer-base among MSEs

This project was devised to tackle the challenge of developing micro-leasing services in one country: Kenya. It explored and provided insights into the obstacles above from the perspective of different stakeholders. Subsequently, in partnership with an established micro-finance institution, the project sort to design and pilot test a 2-year scheme to provide micro-leasing contracts to at least 200 micro-enterprises in western Kenya.



How these objectives relate to development work already undertaken in Kenya

ITDG has worked with small-scale producers in Africa (including Kenya for 15 years) and has recognised expertise in the management of technology choice for small-scale enterprises¹. Two studies^{2,3} examined both the demand for business equipment, and MFIs interest in extending their financial services to a wider clientele of MSEs in Kenya.

Context of the project

Leasing is an arrangement allowing businesses (lessees) to use an asset that is owned by a leasing company (lessor) in return for periodic payments. Unlike hire-purchase, leasing is characterised by clear separation of legal ownership from the economic use of the asset. This has advantages for both lessor and lessee: reducing the cash required up-front for business start-up or expansion; providing a simple mechanism for loan-security, and permitting flexibility in the contractual arrangements rarely seen in the traditional banking sector. As a result, in the past two decades, leasing has grown hugely as a source of financing for capital equipment.⁴

Leasing has particular developmental benefits where lessees are predominantly smaller enterprises seeking to make medium-term investments in business equipment and tooling. Operating-leases, in particular, can provide MSEs with a lower risk way to test business ideas, and thus increase business opportunities for more risk-averse entrepreneurs in poorer communities, especially women. For social reasons, women are more likely to be able to take on leases than to make purchases in cash.

The growth in leasing described above has however essentially excluded the poorest countries and enterprises at the lower-end of the size spectrum. (Lower limits on commercial leasing contracts are typically around US \$10,000⁵). Leasing companies have thus far largely ignored or avoided the market for leasing among micro-enterprises – partly because the potential in this market segment has never been tested, and partly because of the particular challenges they face in dealing effectively with clients who require only modest credit-lines, and lack the paraphernalia of formal registration, accounts and officially-recognised business premises.

In contrast, the same two decades have also seen a huge growth in popularity of micro-credit schemes providing tiny short-term loans to people on low-income. These schemes have demonstrated various innovative mechanisms for overcoming poor people's lack of physical assets to secure loans against. The main benefits of these schemes have been to smooth household cash-flow and to provide short-term liquidity for trading or vending enterprises. The potential for relatively larger, medium-term loan schemes has been largely unexplored – partly because micro-finance institutions have regarded these as outside their social remit.

It seems that neither commercial leasing companies, nor the MFIs that run micro-credit schemes yet have the confidence to address the need for micro-leasing on a wide scale. However, recent experience in Pakistan⁶, suggests that properly-run

¹ ITDG Southern Africa, Light Engineering Project (Service Centres and Business Shops), DFIDCA funded

² Promoting Enterprises Through Technology Access, Report for SITE, March 1999

³ E Milimu, Micro-Leasing of Business Equipment in Kenya, Report for ITDG East Africa, May 2000

⁴ IFC (1996) *Leasing in emerging markets*, Lessons of Experience Series No. 3, IFC, World Bank, Washington

⁵ Eg: EADB guidelines in Kenya only approve leases larger than US \$20,000.

⁶ Havers (1999) *Micro-enterprise and small business leasing – lessons from Pakistan*, SEDJ 10 (3):44-51



micro-leasing schemes enabling small enterprises to invest in capital equipment can become profitable activities with potential for financial sustainability. The potential for reaching large numbers of MSEs with widespread economic and employment benefits is enormous.

Several projects to strengthen the SME sector already exist in Kenya. Their aims include: improving access to appropriate business technology (Micro Ped Project, USAID), introduction of product development and provision of sustainable financial services (MESP, EU) and the provision of technical training for SMEs (Jua-kali Voucher Training Scheme, World Bank). This micro-leasing project is consistent with the strategies of these major donors.

Key hypotheses of the project

The project assumes that micro-leasing schemes can serve to reduce risk and encourage MSE investment in capital equipment by allowing small business owners to spread investment costs over a period of time; and to test the equipment, process and markets before committing to full purchase.

The basic research hypotheses was that given access to up-to-date knowledge of the markets for small-scale capital equipment, and the technical parameters for their use; and greater capacity to appraise the business ideas of micro-entrepreneurs, then a micro-finance institution with prior experience of dealing with low-income client groups could deliver micro-leasing services to a wide range of poor people's enterprises in Kenya in a financially sustainable way.

This hypothesis thus encapsulates a number of propositions:

- There is an unmet demand for medium-term credit for capital equipment among small and micro-enterprises which are unable to secure traditional bank loans or other financing.
- Lack of knowledge about the technical and business parameters associated with investment in small-scale capital equipment is currently constraining potential micro-leasing ventures.
- Micro-finance institutions with experience of dealing with low-income clients, can be given the capacity to manage the different tasks involved in micro-leasing services and provide synergy across their range of services.
- The administrative costs of micro-leasing schemes, which include application-appraisal, asset insurance, default-risk premiums, payment collection costs etc. can be recovered from the "leasing-spread" which MSEs are willing to pay for the service.

What practical value did the project have?

The project aimed to have immediate practical value to the 200 or so micro-enterprises that are enabled to increase their investment in capital equipment through the pilot scheme in its first two years of operation. It was anticipated that investment would lead to increased employment and income for poor people in the micro-enterprise sector.

More profoundly, the results generated by the preliminary research and subsequent pilot scheme would help determine the future of micro-leasing programmes in Kenya and other countries with similar MSE contexts.

Preliminary research findings were valuable for detailed understanding of the context and constraints on micro-leasing in Kenya, including the legal and institutional



frameworks, the market demand for micro-leasing from MSEs, and the perceptions of other stakeholders including equipment suppliers and other financial institutions.

The pilot scheme results would help determine the value of key variables, such as the administrative overheads, risk premiums etc. required to sustain a leasing scheme. Valuable insights into the efficacy of different marketing approaches, asset security mechanisms and payment collection methods would also be generated.

Target groups for the project findings

The principal target groups for the project findings were:

- *Micro-finance institutions* – especially those with an interest in promotion of micro-enterprise development at a level above the most basic income-generating activities of the poorest clients.
- *Commercial leasing companies* - especially those with portfolios at the lower-end of the leasing spectrum who might be influenced to lower their minimum lease-value range.
- *Institutional Donors and Banks* – especially those interested in small enterprise development and promotion of private sector investment e.g. EADB

Other stakeholders with an interest in the project findings were :

- *Business and Trade Associations of Small Entrepreneurs* – who represent the primary beneficiaries of the project and whose participation in the design of the pilot scheme will be essential.
- *Manufacturers and suppliers of small-scale capital equipment* – who stand to benefit from expanded markets for their products, and who may play an important role in marketing micro-leasing schemes to potential clients.
- *Agencies for Technology Development* – who stand to improve their impact through more widespread dissemination of technologies, and who may be an important source of technical information on small-scale capital equipment, e.g. KIRDI (Kenya Industrial R&D Inst.)

Changes during the life of the project

Several changes were made to the project since the start. Most of these are due to the inability of the finance sector in Kenya to turn interest in leasing in Kenya into concrete partnerships to set up leasing schemes. The log frame revisions took account of this difficulty. By the time a potential sector had been identified, independent market research done and the basics of a leasing scheme developed, there was no enough time left to start to develop developing a 3 way partnership as envisaged in the supply chain leasing format. A decision was then made by DFID to close the project early, concentrating on disseminating what lessons had been learned already. This had the effect of enabling the project to concentrate on producing good materials to generate knowledge about leasing, rather than try and continue pursuing partnerships and getting lease contracts signed with MSEs.



2 . Performance against outputs – Revised Logframe as approved by EDIF in July 2002

Outputs /OVIs	Planned	Actual and Explanation	PRISM score
Phase One			
1. High quality research partnership between ITDG, possible partners and other stakeholders	A project agreement between ITDG and partner was planned.	MOU signed with K-REP, no further arrangement between ITDG and any partner, which was one of the main reasons for no implementation of a pilot scheme. Main difficulty was convincing a partner of the merits of leasing enough for them to invest time and energy in a pilot, due to such a weak leasing market in Kenya.	4
2. All background data needed to inform design of Pilot Scheme	2.1 Micro-leasing literature review 2.2 Legal framework review	Literature review complete. Annex 1 Initial legal framework review complete. Annex 2	1
Phase Two			
3. Establishment of Micro-leasing Development Unit	3.1 Business model tested and promoted amongst Kenyan finance industry.	3.1 Draft business model developed and feed into market research in specific sectors. Model promoted within Kenya finance and NGO sectors. Interest generated is large, but not enough to convince backers to invest their own effort in making a scheme work.. There is a real need for a small pilot scheme, which will hopefully go ahead with a new lease brokerage company using donor funds, formed by the project staff at the end of the project. (Company started in November 2003)	3
4. Market research for leasing in specific sectors	4.1 Market research review by independent agency	4.1 Market research into potential sector for leasing complete. Annex 3	1
5. Lobbying of Ministry of Finance and Planning	5.1 Lobbying material produced for potential lessors and policy advisors	5.1 Leasing materials produced which can be used for lobbying, Successful stakeholder workshop held at Kenya School of Monetary Studies on the 5th February 2002 for policy advisors hosted by ITDG. New leasing regulations were then gazetted in April 2002, which has since enabled interest in leasing to grow.	1
Phase Three			
6. Pilot testing of supply chain leverage mechanism	6.1 Conventional finance secured through supply-chain leverage	6.1 No finance secured through supply chain mechanism. Interest in supply chain mechanism is being generated and several other NGO and projects are currently using supply chain lending. Failure to find a financial backer meant this output was unlikely to be	5



		achieved	
7. Pilot testing of supply chain leasing	3 business ideas approved for leases each month	7.1 No leases entered into. Interest in leasing as a finance mechanism is being generated. The new lease brokerage firm, has already brokered one lease and has several parties interested in others. These are not necessarily supply chain leases, but some do include some of the concepts proposed in this projects definition of supply chain leasing.	5
Phase Four			
8. Experience generated and documented proving supply-chain leveraged leasing in Kenya	Baseline data on MSE clients collected for impact monitoring Pilot scheme evaluated Impact evaluation on supply chain leveraged clients	Evidence of a working leasing scheme has not been generated, neither has evidence of a working supply chain lending system. Evidence is required by private sector backers before they will invest heavily in a new concept. Once evidence has been documented, the private sector is likely to take up leasing. This project had the difficulty in persuading the private sector to jointly develop and fund the pilot activity. Evidence from this and other projects seeking to engage the private sector in developing new concepts have shown reluctance of the private sector to funding new and unproven concepts.	1
9. Information disseminated and influence achieved over target audience	Regional workshop for MFIs /banks and others interested in leasing in Kenya	Workshop held in November 2003. Materials on leasing in Kenya disseminated widely in Kenya and on website http://www.itcltc.com/leasing . Supply chain leasing concept included in new ILO publication on leasing to SMEs in developing countries (Chp 3 pg 57) http://www.ilo.org/public/english/employment/finance/leasing.htm	1

PRISM scoring

- 1 = likely to be completely achieved
- 2 = likely to be largely achieved
- 3 = likely to be partially achieved
- 4 = only likely to be achieved to a very limited extent
- 5 = unlikely to be realised
- x = too early to judge extent of achievement



3. Performance against purpose

The purpose of the project was

To generate better knowledge about how to design and deliver micro-leasing services to MSEs

This purpose has been achieved by the project, as many outputs have been disseminated and shared nationally and internationally about the project and the findings it has made. PRISM score 1

The project OVIs however were

1. Financially sustainable approach to micro-leasing services by MFI partner
2. Significant uptake of micro-leasing services by MSE's in project areas

The first OVI has been proposed, but has not been taken up and verified by an MFI partner. The network brokering firm is pursuing this approach and has had limited success to date in brokering schemes, mostly those that have access to donor funding. PRISM score 4

The second OVI has not been verified. There has been no significant uptake of micro-leasing services in the project area due to no pilot scheme being undertaken in Kenya. This project has in fact delivered very valuable knowledge about the design of micro leasing services targeting MSEs. The project has corrected important misconceptions about the design of sustainable micro leasing services. It is highly likely that any future effort to develop micro leasing will end up applying the principles developed through this project. PRISM score 5

The purpose assumptions have not been disproved, and both are still valid

MSE investment in capital equipment is constrained by poor access to micro-leasing

MSE sectors are targeted in which opportunities for business growth exist

The hypothesis of the project was that given access to up-to-date knowledge of the markets for small-scale capital equipment, and the technical parameters for their use; and greater capacity to appraise the business ideas of micro-entrepreneurs, then a micro-finance institution with prior experience of dealing with low-income client groups could deliver micro-leasing services to a wide range of poor people's enterprises in Kenya in a financially sustainable way.

The key findings of the research do not support this hypothesis. The main incentives for leasing are tax and VAT incentives to the lessor and lessee. Most MFIs are not registered for VAT and so can not make full use of the incentives for leasing. Other organisations would be able to make full use of the leasing legislation and deliver more benefits to their customers. MFIs do still have an advantage in their dealings with low-income client groups, but an improved ability to appraise the business ideas of MSE entrepreneurs is not as critical to successful micro leasing as the ability to analyse and find opportunities for leasing of equipment within particular supply chains in which lasting participation by MSEs is assured by some sustainable strategic advantage they enjoy in that supply chain. Prior experience in dealing with low income borrowers was assumed to be a critical factor in selection of institutions to offer micro leasing, and hence the assumption that, if micro leasing was to develop it would most likely be through micro finance institutions.



In practice we found that mere experience in dealing with low income borrowers is not enough. More important is actually the nature of business that one has been conducting with MSE. MFIs are especially disadvantaged in capitalizing micro leasing services as they in a majority of cases cannot appropriate the tax incentives available to lessors, nor are they able to raise money cheaply from the public.

If MFIs can combine their experiences with formal registration as companies (as some already have) then they may be as able as other finance houses to start leasing schemes. Both MFIs and finance houses require other things apart from technical knowledge and different business appraisal skills. Access to medium term capital, and new MIS systems are also required before a leasing scheme can be rolled out beyond any pilot area.

4. Performance in relation to EDIF criteria

The overall question to be addressed in assessing projects is: have they generated and disseminated valid learning? In doing so, four contributory factors should be considered.

The project has generated and disseminated valid learning. The learning has been slower than envisaged, as the subject has been more complex than first thought. A huge amount of interest has been shown in the disseminated materials, at a project and policy level. A major success has been the influencing of new government legislation on leasing and a continued interest from policy makers and ministries on the way forward for leasing.

The knowledge will be taken forward in Kenya, and with the support of other funders and regional leasing companies and leasing associations, there is a bright future for small ticket item leasing in Kenya.

a) Innovativeness

- Was the project grounded in a detailed knowledge of the local development context and of the constraints to enterprise development?
Yes – the project was devised by Kenyans, knowledgeable in the field of enterprise development and the constraints faced by the sector. Rigour was applied to the proposal document, and at first the ideas were rejected, although not through lack of contextual knowledge. The project made five assumptions about the constraints to enterprise development related to acquisition of equipment for business in general, and micro leasing in particular. These assumptions have been held true throughout the project life, indicating that the project was well grounded. An implicit assumption about micro leasing; that it would most likely be taken up by micro finance institutions however proved incorrect.
- Was the project informed by a strong understanding of relevant trends and practice in the enterprise development field?
Yes – for reasons given above the project was correctly assessed to be innovative and at the cutting edge of enterprise development. Experience across the globe with asset finance at the small enterprise level, and especially focusing on business assets is at best patchy and poorly understood. In spite of actively seeking information from all parts of the world about experience in this area, the project team came up with very little experience in this area of enterprise development. It is also borne out by the inclusion of two of the project team on a piece of work funded by the ILO in 2002 to write a book on leasing for small enterprises.



- In the context of (a) and (b), was the project genuinely innovative?
Yes – The ILO team brought together as many experts as it could find to write a new publication on how to go about designing a leasing scheme for small enterprises. The ILO thought there was demand for such a publication, yet could only find a team of 4 people, two of whom were from the ITC project team. The Micro finance sector has been undergoing a shift in recent years to look at other sectors apart from micro credit. Insurance and leasing are areas being explored, but little work on actual schemes has been done. This project sought to build on the initial studies (such as done by MicroSave Africa) on micro leasing in taking forward the practical initiation of leasing schemes in Kenya. To date the project has given form and structure to what has hitherto only been intuitively understood. Supply chain leveraged leasing, as developed through this project postulates the greatest potential for leasing to small businesses is to be found in supply chains within which small businesses are locked in either as suppliers of input or marketers of output. Previous perceptions of micro leasing that conceived micro leasing happening similarly to other passive lending models have been discarded.

b) Immediate impact in project area

- Did the project achieve significant change:
 - in enterprises
Little significant change in enterprises due to no pilot scheme occurring, but there is a growing body of enterprise development professionals and commercial companies that are examining the micro leasing option. This is a positive change that lays the ground for actual impacts on small businesses.
 - in the business “system” or markets impinging on enterprises
Large impact in the enabling environment for leasing services. Change in the leasing legislation shortly after the ITC workshop and further policy lobbying has created an increase in knowledge on leasing amongst all sectors and by many organisations. This has slowly lead to some entering into the marketplace offering leasing products, although others are currently standing on the sidelines waiting to make their move. The legislation was only gazetted in April 2002 and many people are still somewhat unsure over the exact treatment of leasing. They are waiting until others have had their leasing accounts and VAT instalments subjected to the new legislation to see what the outcome is, rather than risk a hefty fine if they have misjudged the new regulations.
The project has also made available a standard lease agreement that allows individuals and small companies wishing to enter lease contracts for small numbers of low unit value items to do so at considerably lower legal cost. A standard agreement is extremely useful in the absence of a statute – as it then becomes the de-facto statute experience around which will then shape any eventual statute that may be enacted. The standard agreement is a contribution to a system change in the leasing environment.
- To what extent have the project’s achievements contributed to poverty reduction?
Little direct impact so far. The project goal of “Creation of employment opportunities for poor people through strengthening and expansion of MSE private-sector”, should lead to poverty reduction, primarily through increased access by poor people to employment in small and micro enterprises.
- How has the project addressed gender and environmental issues in its activities?



To a minimal extent, although women are large users of micro-credit, so may also stand to gain substantially from any new micro-leasing schemes.

c) Sustainability

- Has the project contributed to more sustainable enterprise development:
 - in the project area?

In the area of leasing in Kenya, the prospect is good, as new legislation will enable the industry to grow. Further changes may be necessary and other countries (such as Uganda) are now also recommending changes be made to stimulate the market for leasing services in their economy. Relationships between the leading leasing company in Uganda (DFCU leasing) and the project team were excellent and much learning was done between them. Continuation of the link may lead to the next Afro Lease Convention being held in Mombassa in 2004 and lobbying in Uganda for similar regulation change as occurred in Kenya.

- in the wider enterprise development field?

This project found that lenders do wish to, and in fact need to lend funds, because it is by so doing that they make their money. The reason they are reluctant to lend to small enterprises, whether through leasing schemes or others, are largely because they are not satisfied with the quality of those debts. In many cases then, efforts to develop enterprise need to focus less on “introducing additional funds into a market” and more on raising the quality of MSE borrowing and making arrangements for administration of MSE borrowings. Further contribution to sustainability in the wider enterprise development field is unknown and difficult to verify. The fact the 2 members of the project were able to use the knowledge gained for an ILO publication which has global appeal should prove useful in the long term, especially to promote the idea of leasing to small enterprises.

d) Dissemination

- Did the project identify appropriate stakeholders to whom it should disseminate its findings?

Yes – most of these we invited to the two stakeholder workshops that the project held. Others were identified, or could not attend the workshop and these have been / will be posted the dissemination materials and given the website address.

Both members of the Kenyan project team have participated in and made contributions to the African Leasing Convention and training that took place in Kampala Uganda in 2002 and 2003. These events focused on leasing more generally, but micro leasing experience was clearly sought after since in many African countries the majority of businesses are small, and this represents a big potential market for lessors if only they knew how to tap into it effectively. Louis Othieno also spoke to two different workshops on leasing, both having been organized by different entities with an interest in leasing. A paper prepared by Louis Othieno on micro leasing was presented to a UNICEF conference that took place in September in Arusha, Tanzania.

- Did it identify appropriate means for reaching these stakeholders?

The most applicable forms of dissemination were used, in that the biggest challenge was a lack of understanding of the basics of leasing and how this can be applied in Kenya. A booklet was printed and disseminated to overcome this challenge, and other materials were also developed. These have been disseminated in hard copy and also on the leasing website, which has collated a large array of documents related to leasing worldwide.

<http://www.itcltd.com/microleasing>



- Has the project able to reach relevant stakeholders effectively through its dissemination activities?

Attendance at the workshops has been particularly impressive, with the following organisations having been represented at either or both of the workshops: Kenya Revenue Authority, Kenya Commercial Bank, Kenya Institute for Public Policy Research and Analysis, East African Development Bank, Ministry of Finance, Ministry of Labour, NIC Bank, Export Processing Zone Authority, Department of Industry and many more

- Are there any plans known – in the project organisation or among other stakeholders – for replication or for other initiatives influenced by the project's experience?

Kenyan members of the project team, together with others, have constituted themselves into a commercial entity (registered in Kenya under the company's Act as Development Outcomes Limited) to continue with micro leasing as a commercial activity. Development Outcomes Ltd has been asked to host the African Leasing Convention in Nairobi in 2004. This is an annual convention that brings together leasing companies and institutions interested in leasing from all over Africa. The convention has never taken place in Kenya. A group of investors have approached Development Outcomes Ltd to partner with them in a new leasing company they intend to set up in Kenya. A local NGO has also shown a keen interest in micro leasing and has been seeking funding to set up a micro leasing programme in Kenya. Other organisations are also currently pursuing leasing in Kenya, and have started up since the project was initiated. These include Barclays Bank, EADB and Rentworks. Good links with DFCU leasing in Uganda have been established and this could lead to collaboration in the near future. Other financial institutions in Kenya looking seriously into leasing are Stanbic and NIC Bank although their planned date of entry into the market is not known. Other organisations who have contacted the lease brokerage firm about leasing include Maji na Ufanisi, UN-HABITAT and DFID, Brookside Dairy company, DK Engineering and others who are interested in the concept and piloting of supply chain leasing Kenya.

5. Summary

What have been the key lessons to emerge from the project of wider relevance to the enterprise development field as whole?

- Unlike Micro credit, micro leasing is not a passive lending process that reacts to expressed demand of existing small businesses. It is an active business discipline that depends on pro-actively finding opportunities in sectors of the economy where deployment of business equipment is capable of being "self funding" and inviting SMEs to participate as lessees. Moreover, research into opportunities for micro leasing in particular sub-sectors may reveal the need to manipulate equipment or how equipment is used in order to render such equipment "leasable". The rigor and specificity of research into business sectors necessary to craft a viable leasing scheme in that sector should not be underestimated.
- Investment in developing micro leasing services should focus on supporting lease brokers in generating viable business proposals based on micro leasing and on marketing these to existing financial institutions. It is not strictly necessary to "set aside" funds specifically to finance micro leases



- Micro finance institutions are unlikely to be the principal drivers in developing micro leasing services as they in general are unable to appropriate the tax incentives that make leasing more attractive than loans. Lease brokers and leveraging companies are the best targets for doing this
- Pegging the continuation of a project on securing matching investment by an established private company motivated by profit alone to so invest should be done cautiously as this requirement can easily paralyse project progress
- Win-win situations create more interest with private sector investors.
- Using the supply chain as security / collateral for financial products is an innovative approach, and has been shown to work in some sectors. Other sectors do have potential for similar supply chain financial services, including leasing services.
- Private sector / financial services sector is risk adverse – will not invest time or money in new concepts unless physical proof that it will work. Room for donor funded small pilots to prove concept, or schemes to share risks associated with new schemes.
- Changes to policy need to be communicated effectively to those who it affects. Effective dissemination of these changes will lead to quicker uptake of the regulations, rather than a slower, cautious approach.