

**DETERMINANTS OF LOAN REPAYMENT AMONG AGRI-BUSSINESS SMES RECIPIENTS OF THE YOUTH ENTERPRISE REVOLVING FUNDS IN ESWATINI**

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**ABSTRACT:**

*The Government of Eswatini (GoE) established the Youth Enterprise Revolving Fund (YERF) to reduce on the youth unemployment in the country estimated at 47.4%. Although the fund attracted many youth entrepreneurs, about 69% beneficiaries have failed to repay back their loans and the majority (82%) of defaulting Small-Medium Enterprises (SMEs) are agribusiness related. Factors responsible for this poor repayment of funds back into the state Youth Enterprise Revolving Fund scheme are scanty known given the limited literature accessed by the authors of this article, hence the study. The study sampled 62 recipients out of the 72 agri-business SMEs holder financed by the YERF institution across the country. Primary data were obtained from the 62 recipients, through face to face interviews. To achieve the objectives of this study, descriptive analysis and binary logistic regression model were employed to describe the characteristics of the sampled recipients and determinants of YERF loan repayments, respectively. The findings of this study briefly characterise YERF beneficiaries as majority being males aged averagely 31 years, attained high school education(66%), not married (61%), business skilled (69%), and mostly engage in broiler chicken and piggery enterprises. The findings generated by the binary logit model indicate that gender and off-farm incomes were the determinants of loan repayment. It can be concluded that males earning more off-farm incomes have a relatively higher probability of repaying the YERF loans compared to their female counterparts. There were three major constraints faced by youth agribusiness SMEs loan repayments processes and this included COVID-19 Pandemic, political unrest and fluctuating agricultural market prices. The study recommends additional support should be availed to female youth owned SMEs, and also be provided equal opportunities to access off-farm prospects that will enable them payback the needed YERF to the government. Additionally, business affected by the COVID-19 pandemic, political unrest and rising inflation on agro-inputs shocks should be given recovery funds and input-subsidies to normalise production enough enabling loan repayments.*

**Keywords:** Eswatini, Loan repayment, Agri-business SMEs, Youth Enterprise Revolving Fund.

**INTRODUCTION:**

Eswatini is faced with multi-dimensional problems like poverty, unemployment and unequal income distribution. Youth unemployment stands at 47.4% (15- 24years) in Eswatini remains high [1-2]. As a result the government is framing different strategies and policies to create job opportunities and to pull the country out of such burning problems. One of the strategies includes

the empowerment of SMEs development in the country especially among the youth. One of the important challenges facing the youth is lack of access to funding. This is due to their rejection by other financial institutions because of their lack of collateral or deposit. The Government of Eswatini established the Youth Enterprise Revolving Fund in 2009 as one of the strategies to create job opportunities through the empowerment of SMEs development in the country among the youth and this is thought to reduce on the youth unemployment in the country. The Youth Enterprise Revolving Fund (YERF) provides collateral/deposit free loans as start-ups towards their self-employment. Among services provided by the YERF includes provision of seed capital to the youth between the ages of 18 to 35 years without the need for collateral, financial services to all kinds of businesses that are legally registered and have a well-documented business plan.

Agricultural related business was selected to be one of the sectors to benefit from the YERF program. The sector provides several entrepreneurship opportunities that are not labour-intensive, and most opportunities are located at the upper side of the vertical integration along the agribusiness value chain. The above mentioned opportunities are the youth to undertaking into the agricultural sector and develop their own small or medium enterprises. Ofgaha (2018) states that SMEs play a crucial and important role in developing countries because of a number of potential contributions such as improvement of income distribution, job creation, poverty reduction, industrial development, rural development and export growth [3]. SMEs are faced with a number of challenges and factors that make it difficult for SMEs to reach their full potential such as lack of access to finance in their operations, low managerial capabilities, low level of productivity, insufficient skills to use technologies and regulatory burdens including business registration [4]. Among those challenges, Muhammad *et.al* (2019) identifies access to finance as the major factor that supports the smooth operations of MSMEs [4].

It is common knowledge that agribusiness SMEs in Eswatini are predominantly on Swazi Nation Land (SNL). Many young people do not own land to conduct their farming businesses. The YERF allows the youth to use/lease land from either their parents, relatives or other owners for their farming businesses, as long as there will be supporting documentation on the proof of ownership by the land owners as well as a letter by the owner committing to lease the land to the young people. According to Eswatini Farming (2021) the Fund (YERF) has a capacity building programme which is provided to the young entrepreneurs once their loans have been approved [5]. Upon approval of their loans, they undergo business training which is aimed at ensuring that they know how to manage a business. Upon completion of the training, they are then handed over to a coaching and mentorship programme where they are monitored closely by experienced business development service providers as they run their businesses. In this programme they are supervised on records keeping, financial management, market linkages and loan repayment amongst other areas. This capacity building programme is aimed at ensuring that their businesses remain sustainable and be able to repay the business loans in full.

The YERF loan procedures are: (i) The youth collect application forms from the nearest constituency centres or the YERF offices, fill in the application forms and compile all the accompanying documents such as the business plan, cash flow projections, market confirmation letters, quotations from different suppliers, land right, certified copy of ID, trading permits, all registration paperwork and proof of technical expertise; (ii) The YERF then records the

applications, and send to the intermediary, shortlists applications and recommends to the Board for approval. Applications are then returned to intermediary with the Board's approval and the youths are advised through letters of approval issued by the intermediary. The intermediary monitors and reports to the Board about performance on a monthly basis report; (iii) While it is a requirement at application stage that the beneficiaries must submit proof of market for their produce, in the coaching and mentorship programme, YERF also facilitates market linkages to strengthen the market for their produce. This is where new markets are explored and the young entrepreneurs are linked to those markets in an attempt to enhance sales; (iv) Apart from market linkages, the mentorship program also facilitates the value chain linkages between the young agribusiness MSMEs and other service providers in the value chain. These may include but not limited to input suppliers, agro-processors and extension service providers. The beneficiaries also get the opportunity to interact amongst themselves and link with other producers who complement their commodity lines. (v) The Fund came up with interventions such as performance monitoring (business coaching and supervision) for MSMEs as suggested by previous studies due to MSMEs are now struggling to repay their loan obligations due to poor repayments which place the Fund at greater risk since it's a revolving fund. If MSMEs are not able to repay their loan obligations, the sustainability of the fund is compromised despite its ease of access.

Eswatini is currently facing a problem of increasing unemployment rate amongst the Youth. Entrepreneurship has since become one of the best alternatives for reducing the unemployment rate, which is currently at 47.4 %. The fund is meant to provide financial support to youth entrepreneurs who have started Small-Medium Enterprises (SMEs). The SMEs established by the youth including agribusinesses are given a grace period to take-off and thereafter are expected to repay the loans of which funds are extended to other youth established enterprises. The YERF is a revolving fund and the loan repayment is important for the up keep of the fund. In addition to financial service support, the YERF also provide capacity development programmes for its beneficiaries. However, reports from the Organization (SEDCO) providing the capacity development programmes such as business coaching, have indicated 69% of recipients failing to repay the loans and 82% of those failing to pay are agribusiness related. Although the limited literature accessed by the researchers indicate that there are studies that have described the challenges faced by SMEs, there is less information available related to determinants of loan repayments of agribusiness SMEs benefiting from the YERF program. Therefore, this motivated the authors to investigate the factors influencing loan repayment in the Youth Enterprise Revolving Fund institution.

## Literature Review

MSMEs have different meanings from country to country. Ofgaha (2018) states that MSMEs are defined in terms or with reference to the number of people enterprise engagements which are ranges between 10 and 250 people [3]. Micro enterprises are those with less than 10 employees, small enterprises employ between 10 to 49 employees and medium sized enterprises employ between 50 to 249 employees. MSMEs can also be defined in terms of the assets they own.

**Table 1: Defining SMMEs in Eswatini**

Category	Sub-category	Employees	Value of Assets	Turn-over
Micro-Enterprise	Informal	1	No Formal Registration	
Micro-Enterprise	Formal	2 to 10	Under E50,000	Up to E60,000
Small Enterprise	Formal	11 to 20	Over E50,000 to E2 million	Up to E3million
Medium Enterprise	Formal	21 to 60	Over E2 million to E5 million	Up to E8 million

Source: Revised Small, Micro, & Medium Enterprise Policy of Eswatini (2018) [6]

Loan repayment: According to Mukono (2015), Loan repayment can be defined as the ability of a borrower to service their loan effectively as to and when loan instalments fall due. An instalment that is not serviced on time is said to be delinquent and a repayment that has not been made is said to be default [7]. Angaine and Warri (2014), from their study on factors influencing loan repayment conclude that there are various factors that influence non repayment of loans which include client or borrower characteristics, business characteristics, lender characteristics and other external factors such as economic, political and business environment in which the borrower operates [8]. Brozovic (2021) defines loan default as missing one or more payments on an account for a certain amount of time [9]. Loan default is different from loan delinquency which is when one does not make a payment by the specified due date. This can result in serious consequences after 90 days. If one continues to be delinquent, they risk their loan going into default.

#### **Empirical review:**

Mukono (2015) studied the determinants of loan repayment by Small and Medium Enterprises (SMEs) in Nairobi County, Kenya [7]. The study employed descriptive statistics and logistic regression to analyse the data. The study revealed that loan and lender characteristics have a negative effect on loan repayment by SME's in Nairobi County, Kenya. Whilst borrower characteristics had a positive effect on loan repayment by SME's in Nairobi County, Kenya. The study also concludes that firm, loan, borrower and lender characteristics are major determinants of loan repayment by Small and medium enterprises in Nairobi County, Kenya. Angaine and Waari (2014) undertook a study on the factors Influencing Loan Repayment in Micro-Finance Institutions in Kenya [8]. The study used both qualitative and quantitative methods and regression analysis to analyse the data. The study found that younger people were more likely to default than the old. The study also reveals that the respondents cited various reasons that contribute to their default in repayment, and these are the reasons; business idea does not work out, cash-flow problems, failure in the business, and lack of liquidity, inadequate sales and undercapitalization.

Ofgaha (2018) carried a study on the Determinants of Loan Repayment of Micro and Small Enterprises in Jimma Town, Ethiopia [3]. The study reveals that sex of respondents positively influences loan repayment and inconvenience of loan payback period (ILPP) inversely influences loan repayment and hence these two are major determinants of loan repayment by Micro and small. It further concludes that Experience of respondents and Lack of Marketing Skills (LMS) affect loan repayment. Salifu *et al.* (2018) conducted a study on the Determinants of Loan Repayment Performance of Small and Medium Enterprises (SMEs) in Ghana [9]. The study finds that application cost, loan size and interest rate as significant determinants of loan repayment performance of SMEs. The study concludes that higher educational level (i.e., secondary and tertiary) of SME borrowers has a positive effect, application cost, loan size and interest rate have a

negative effect on loan repayment performance measured as the percentage of the amount of loan repaid. Roslan and Karim (2009) states that the default can arise if an entrepreneur who is yet to access the lower level needs access the loan [10]. The entrepreneur would utilize the credit to meet another need instead of investing in the business which would result in lower returns from the business which would be insufficient to repay their obligations of loan.

#### **METHODOLOGY:**

The study area of interest is Eswatini. Eswatini is divided into four Regions namely; Hhohho, Manzini, Shiselweni and Lubombo Regions. The study covered entrepreneurs financed by the YERF in four regions of Eswatini within the 59 constituencies. This was because the entrepreneurs engaged agri-business is distributed almost in all the 59 constituencies in the four regions of Eswatini. A descriptive research was employed in this study. It used mainly primary which was gathered through a research study survey. The study comprised of agricultural SMES financed by the YERF institution in Eswatini. The researcher first requested permission from the YERF to conduct the study and was given permission by the YERF since these SMEs are their beneficiaries. The sources of data were: The total population of all active SMES and available for business coaching from their assigned coaches was used as respondents from the four regions of Eswatini for the interviews. Agri-business owners were interviewed since most of the agri-business enterprises are owned and run by one holder/owner. The method of simple random sampling was used for the study. Out of the 72 agri-business SMEs holder financed by the YERF institution in Eswatini, a sample size of 62 recipients was used in the study. In this study, primary data was used and obtained from the recipients, directly through the use of interviews. The researcher would go with the business coaches to the business site where the agribusiness owners are located or operate their businesses. The questionnaire was administered to the business owners since they are the ones responsible for the loan with the YERF. The advantage of this method of data collection was that the enumerator was able to clarify the questions which were not clear to the respondents during the course of the interview.

Reliability refers to the degree to which the instrument gives/yields consistent or the same results on data when repeatedly administered [7]. To establish the instruments validity a number of experts including the project supervisor, business research development officer from SEDCO and business coaches were consulted. In addition, a pre-test was carried out to test the validity of the data-collection instrument and procedures, where by six business coaches volunteered to attempt to answer the questionnaire and sections where both coaches came with different answers were corrected accordingly. The study utilized the analytical software according to the requirements to analyse the collected and captured information in the computer. The study employed both the descriptive analysis and binary logistic regression model to analyse the recipient characteristics, agri-business characteristics and loan characteristics which influence loan repayment within the YERF program in Eswatini.

#### **Econometric model:**

Most studies conducted in modelling the determinants of loan repayment use dichotomous discrete choice models (Logit and Probit) where the dependent variable (loan repayment) is a dummy that takes a value of zero or one depending on whether or not a borrower has defaulted [7]. There is no much difference between logit and probit model since they yield the similar results. In the present

study employed the logistic regression model. The binary logistic regression model was also used to examine the relation of each beneficiary characteristics such as age, gender, marital status, level of education, household size, number of dependants, training, number of business experience and off farm income amount with loan repayment within the YERF institution in Eswatini.

### The empirical Model:

$$\text{Pr (LR)} = \alpha + \sum \beta_i X_i + \mu_i$$

$$\text{LR} = \alpha + \beta_1 \text{Age} + \beta_2 \text{Gender} + \beta_3 \text{Maritalstatus} + \beta_4 \text{Hhsize} + \beta_5 \text{Training} + \beta_6 \text{Ndep} + \beta_7 \text{NbsExp} + \beta_9 \text{OffFarmIncmAmnt} + \mu_i$$

Where: Age = age of beneficiary (number of years); Gender = gender of beneficiary (1= male, 0= female); Maritalstatus = marital status of beneficiary (1 = married, 0= otherwise) ; Hhsize = Household size of beneficiary (number of household members); Training = Training (1=Yes, 0=No) Ndep = Number of dependants of beneficiary (number of household members); NbsExp = Number of years of business experience for beneficiary; OffFarmIncmAmnt = Off-farm income amount for beneficiary (Emalangen/Rand);  $\beta_i$  = Parameters to be estimated;  $\alpha$  = Constant ;  $\mu_i$  = disturbance term

## RESULTS AND DISCUSSION:

### The Characteristics of Beneficiary:

Gender: Table 2 shows gender categories of the recipients from total 62 samples taken. As shown in Table 2 above, from total of 62 sample recipients (entrepreneurs) 69.35 % ( 43) are males, and 30.65 % (19) are females. This indicated that there are more males than female beneficiaries from the YERF who are participants in involvement and management of agri-business enterprises.

**Table 2: Gender of the recipients**

Gender	Frequency	%	Cumulative Percent
Male	43	69.4	69.4
Female	19	30.6	100.0
Total	62	100.0	

According to Table 3, the age of recipients are divided into four parts. The minimum is 18 and the maximum age being 38 because according to the YERF, youth is ages from 18 – 35, but because the maximum loan payback period is three years an individual could have obtained a loan at age 35 and are still repaying their loan until they are of age 38. the participants from age of 18 - 23 are 2 in number (3.2%), within 24-28 are 12 in number (19.4%), within 29-33 are 31 in number (50%), and within 34-38 are 10 in number (27.4%). This shows that the large number of owners or managers of micro enterprises are within age of 29-33 years, the second largest group of age are between 24-28 years, the third are within 34 – 38 and the small number of age group are within 18-23 years. Salifu *et.al* (2018) argued that older borrowers are more responsible than younger borrowers because they have their reputation to protect and their responsibility would contribute positively towards loan repayment [9].

**Table 3: Age of the recipients**

Age Group (Years)	Frequency	%	Cumulative %
18-23	2	3.2	3.2
24-28	12	19.4	22.6
29-33	31	50.0	72.6
34-38	17	27.4	100.0
Total	62	100.0	

Table 4 shows the educational status of agricultural micro, small and medium enterprise's holders. From 62 agribusiness owners 2 of them ended at primary school (3.226%), 41 agribusiness owners (66.13%) reached high school and 19 agribusiness holders (30.65%) reached tertiary. This reveals that all of the agribusiness holders have at least acquired formal education that is all participants of the study were literate recipients.

**Table 4: Education level of the recipients**

Education Level	Frequency	%	Cumulative %
Primary	2	3.2	3.2
High school	41	66.1	69.4
Tertiary & above	19	30.6	100.0
Total	62	100.0	

It was also obtained from Table 5 that a majority of the agri-businesses entrepreneurs were single. This was evident from the 38 recipients (61.3%), then 23 recipients (37.4%) were married and only 1 recipient (1.6%) was widowed. This was expected since they are recipients of a Youth Fund.

**Table 5: Marital status of the recipients**

Marital Status	Frequency	%	Cumulative %
Single	38	61.3	61.3
Married	23	37.1	98.4
Widowed	1	1.6	100.0
Total	62	100.0	

Table 6 result shows the business experience of recipients. Out of 62 samples taken 19 recipients (30.6%) have experience while 43 respondents (69.4%) had no experience before starting the current agri-business enterprise. This shows that most of the owners or managers of agri-business enterprises were not experienced, and that indicated that most of the agribusiness enterprises were run by holders who lack experience.

**Table 6: Business experience of the recipients**

Experience	Frequency	%	Cumulative %
No	19	30.6	30.6
Yes	43	69.4	100.0
Total	62	100.0	

Table 7 shows that a majority of the entrepreneurs were engaged in the poultry enterprise, which included layers and broilers. About 29.0% were ventured into the piggery and broiler production enterprise, then 17.7% were into vegetable production, followed by layer production at 11.3%, Green meallies at 8.1%, animal feed distributor with 3.2% and only 1.6% was into bee keeping.

**Table 7: Table 5: Types of enterprises of agricultural entrepreneurs**

Type of Enterprises	Frequency	%	Cumulative %
Broiler production	18	29.0	29.0
Layer production	7	11.3	40.3
Piggery	18	29.0	69.4
Vegetable production	11	17.7	87.1
Green meallies	5	8.1	95.2
Bee Keeping	1	1.6	96.8
Animal feed distributor	2	3.2	100.0
Total	62	100.0	

The findings presented in Table 8 indicate that the average age of the respondent was 31.18 years, average household size of 7 household members with the average number of dependants 2, and the average off-income earned by the respondents was E3, 374.19. The respondents reported to have an average years of experience in business of about 3 with an average amount of money invested equivalent to E20, 095.16.

**Table 8: Descriptive Statistics for continuous variables**

Variables	Minimum	Maximum	Mean	Std. Deviation
Age	23	38	31.18	4.083
Household Size	3	15	7.23	2.967
No. Dependents	0	7	2.03	2.040
Business Experience in Yrs.	1	12	2.84	2.606
Off Farm Income Amount	0	15000	3374.19	3170.196
Invested amount in business except loan	0	150000	20095.16	30738.812

As shown in Table 9, only two independent variables; gender and off farm income made a statistically significant category since p value (Sig.) is less than 0.05 and 0.01 respectively, for both the two coefficients in the logistic regression model. All the remaining seven independent variables; age, training, marital status, level of education, household size, number of dependants and number of years of business experience made a statistically insignificant category since p value (sig) is greater than 0.05 for all their coefficients in the logistic regression model. According to Ofgaha, (2018) the Exp ( $\beta$ ) column in Table 9 presents the extent to which raising the corresponding measure by one unit influences the odds ratio and can be interpreted in terms of the change in odds [3]. If the value exceeds 1 then the odds of an outcome occurring increase; if the figure is less than 1, any increase in the predictor leads to a drop in the odds of the outcome occurring.



**Table 9: Results of the logistic regression for beneficiary characteristics**

MODEL:1	$\beta$	S.E.	Wald	Sig.	Exp( $\beta$ )
Age	.070	.103	.460	.497	1.072
Gender	1.909	.920	4.306	.038**	6.744
Maritalstatus	-.265	.755	.123	.725	.767
Hhsize	-.047	.172	.075	.784	.954
Ndep	-.239	.288	.692	.406	.787
Training	-1.454	.935	2.418	.120	.234
NYBsExp	.143	.165	.752	.386	1.153
OffFarmIncm	3.587	1.314	7.448	.006***	36.135
Constant	-4.865	3.825	1.618	.203	.008

-2 Log likelihood= 58.193; Model Chi-square= 21.570; Cox and Snell  $R^2=0.298$ , Nagelkerke  $R^2=0.408$   
 Note:\*\*, \*\*\* = significant at 0.05 and 0.01 levels, respectively.

**Gender:** Gender had an odd ratio of 6.744 and significant at 5% level, indicating that the odds ratio is 6.7446 more times likely to be “Male” category. The study revealed that the coefficient of Gender of beneficiary is positive hence an indication that the male gender of respondents positively and significantly affects loan repayment in the YERF institution in Eswatini and which indicates that the log odds that a ratio of male to female is more times higher for loan repayment as compared to females beneficiaries (agri-business owners).

**Off-farm income:** The odds ratio 36.135 was greater than 1 for off farm income, indicating that the odd ratio is 36.135 times more likely found to be “Yes” category (having off farm income). Coefficient for off farm income is positive hence an indication that off farm income positively affects loan repayment in the YERF institution in Eswatini.

The Table 10 indicates the challenges faced by agribusiness SMEs holder. Most of recipient mentioned about the COVID-19, political unrest, market price and interest rates as the main challenges faced when repaying YERF loans.

**Table 9: Challenges faced by agribusiness SMES with loan repayment**

Challenges	Strongly Agree (%)	Agree (%)	Strongly Disagree (%)	Disagree (%)
Govt. Policy	16 (25.8)	28 (45.2)	06 (09.7)	12 (19.4)
Int. Rate	03 (04.8)	34 (54.8)	08 (12.9)	17 (27.4)
Market Price	26 (41.9)	22 (45.5)	06 (09.7)	08 (12.9)
Political Unrest	38 (61.3)	23(37.1)	00	01 (01.6)
Covid	45 (72.6)	16 (25.8)	00	01 (01.6)
Paper work	02 (03.2)	02 (03.2)	45 (72.6)	13 (21.0)
Sickness	01 (01.6)	12 (19.4)	25 (40.3)	24 (38.7)
Family Disputes	01 (01.6)	10 (16.1)	27 (43.5)	24 (38.7)

Where Frequency ( % )

Table 11 presents the challenges faced by the agri-business in relation to loan repayment. Some of these challenges affect either the business performance and or the business owners personally yet have a significant influence on their ability to repay their loans. Most agri-business owners reported that they were greatly affected by the Covid-19 pandemic, political unrest and market price for their produce. The respondents also reported that they were affected by government policy and interest rate but their effects were not that much that could hinders their loan repayment ability. Paper work,

sickness either of the beneficiary or in their family and family disputes were also reported though most beneficiaries disagreed that they were affected by these challenges.

**Table 10: Challenges faced by agribusiness SMES with loan repayment**

Challenges	Minimum Strongly Agree =1	Maximum Disagree=4	Mean	Std. Deviation
Government policy	1	4	2.23	1.047
Interest rate	1	4	2.63	.945
Market price	1	4	1.94	1.022
Political unrest	1	4	1.42	.588
Covid19pandemic	1	4	1.31	.561
Paperwork	1	4	3.11	.603
Sickness	1	4	3.16	.793
Family disputes	1	4	3.19	.765

(Strongly Agree=1, Agree=2, Strongly Disagree=3 and Disagree=4)

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusion

The study determined that most of the agri-business SMEs holders in the YERF institution in Eswatini are majority owned by males. The majority of the holders are of middle age and all of the holders have at least obtained some level of education and this could be due to the provision of free primary education by the government of Eswatini for all children in the country.

The results of the logistic regression model conclude that recipient characteristics such as gender and off farm income positively and significantly influence loan repayment by agri-business SMEs in the YERF institution in Eswatini whilst age, and number of years of business experience positively and insignificantly influenced loan repayment and marital status, level of education, household size, number of dependants and training negatively and insignificantly influence loan repayment in the YERF institution in Eswatini.

Agri-business characteristics such as age of the business, tax compliance and quarterly income insignificantly influence loan repayment by agri-business SMEs holder in the YERF institution in and Loan characteristics such as number of instalments and purpose of loan also insignificantly influence loan repayment by agri-business SMEs holder in the YERF institution in Eswatini.

### Recommendations

It is evident from the study that a majority of the SMEs owners have reached high school and at that level, the use of credit in financing a business is not elaborated much. Which is why a majority of the beneficiaries may not be informed on the use of credit, the importance of a good history of loan repayment on accessing other credit or more credit either for business or personal purposes? Therefore it is recommended that the government of Eswatini makes entrepreneurial subjects compulsory at high school level on the use of credit, so that at least a majority of the loan applicants have an idea of entrepreneurship. Also encourage graduates to take advantages of such funds since they have been trained on Entrepreneurship.

The SMEs owners/beneficiaries lack motivation to repay their loans, this was evident from the number of beneficiaries who have other sources of income but still do not repay their business loans, since they do not pledge any collateral which they are not afraid to lose. It is recommended

that the fund uses extrinsic motivation such as penalties and or fines for the SMEs to repay their loans with the fund.

Further research has to be done on the effects or influence of lender characteristics on loan repayment by agri-business SMEs recipients in the YERF institution in Eswatini. This would help the YERF improve the operation and administration of the fund to ensure that recipients are better in able to repay their loans successfully.

Overall, the study recommends additional support should be availed to female youth owned SMEs, and also be provided equal opportunities to access off-farm prospects that will enable them payback the needed YERF to the government. Additionally, business affected by the COVID-19 pandemic, political unrest and rising inflation on agro-inputs shocks should be given recovery funds and input-subsidies to normalise production enough enabling loan repayments.

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