Challenges And Opportunities For Loan Financing Of Small And Medium Enterprises (SMEs) Through Citizens Economic Empowerment Fund, Lusaka-Zambia

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Abstract: This study was purposed to empirically analyse challenges, opportunities and prospects for loan financing of SMEs in Lusaka through the statutory Citizens Economic Empowerment Fund. The study adopted a descriptive analytical research design incorporating quantitative and qualitative methodological paradigms with the questionnaires, focus group discussion and semi-structured interviews being the main data collection tools. The study targeted 500 (N) SMEs in selected Central Business District points of Lusaka with 50 as sample size (n). As the study involved a heterogeneous population, the sampling criteria involved arrangement of entities in 10 strata (restaurants; hair saloons; computer services; small grocery stores; barbershops, photo studios, poultry farming, tutoring, website designing, and small-scale manufacturing) as SMEs which had access or attempted to access loans from the CEEC. After this stratification, the samples were chosen purposively and randomly. The collected data was analysed through excel and content analysis. The study established that CEEC loans did not to a greater extent benefit the SMEs despite their dire need for the same. It was also ascertained that small businesses were unable to obtain loans because of strict and stringent conditions such as the need to generate equity / collateral and documentation requirements before approval of loans. The underfunding and low capital base for CEEC was also discovered to be the major teething problem for failure to disburse sufficient loans to SMEs. Therefore, the study concluded that while small businesses still encounter a lack of access to credit, there was still minimal support from the CEEC for them even by way of skills and capacity building as per the commission's mandate. The study recommended that CEEC strengthens its procedures in timely disbursement of small business' loans by enhancing its capital base and that it should loosen collateral conditions and charge lower interest rates; scale down basic standards before disbursement of loans and raise awareness of its services. The government should provide the CEEC with sufficient financial support, and foster the commission's independence and autonomy in order to mitigate errors of inclusion and exclusion.

Key words: *Challenges, Opportunities, Loan financing, SMEs, Citizens Economic Empowerment Fund.*

1.0 INTRODUCTION

Over the years, small enterprises have been an integral part of the majority of world's economies. Policymakers, analysts, and economists all believe that the engines of economic prosperity are small firms as well as medium-sized companies. A stable small and medium enterprise sector contributes significantly to the economy by providing more opportunities for jobs, producing higher production rates, growing exports, reducing poverty and inequality, and incorporating skills in entrepreneurship (Van Pranq and Versloot, 2007). Small businesses in less developed nations play the role of generators to boost socio economic development and attain other attractive goals (OECD, 2004). Small businesses play a major position in the Zambian economy, accounting for over 90 percent of industrial businesses, generating jobs and leading to over one-third of commercial businesses adding value to gross national product (GDP) (MCTI, 2004 & 2006). Additionally, small businesses (such as restaurants, hair saloons, barbershops, photo studios, poultry farming, tutoring, website design, and tech support businesses, etc.) are great sources of new enterprise development and new entrepreneurial talent production. Such undertakings give the much required creativity, innovation and momentum for the domestic economy. In fact, it is also agreed that the world economy is highly reliant on the success of small

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businesses as well as medium-sized enterprises that generate jobs, poverty reduction and sustainable development that lead to economic growth in rural and urban environments. The Report on Living Conditions (2002/3) shows that the degree of deprivation, which remained at 73% in 2000, rose to 80% in 2002/3 in Zambia. Besides, an analysis of the Human Development Index (HDI), in 2002, ranked Zambia 153rd out of 173 nations, before dropping further to 163 in 2003. The new Human Development Report (2019) indicates that the nation has relatively increased its ranking from 164th out of 177 states in 2005 to 150th place. Zambia's poverty reduction policies remain a major obstacle. The important position that small businesses play in economic development has driven policymakers to adopt policies and enact statutes that promote access to credit for such small businesses, largely because private financial firms do not have attractive loan conditions (OECD, 1996) to enhance human welfare.

Resonating and in tandem with the foregoing, the government of the Republic of Zambia in 2006 enact the Citizens Economic Empowerment Act No. 9 of 2006 as one of the major financing pathways to steer the growth and development of the SME Sector by making available funds for injection in business capital thereby accelerating economic growth and development while reducing poverty and inequality through the provision of employment and business opportunities. The Act describes targeted people as *"individuals who are traditionally excluded or deprived and whose access to business opportunities and potential for growth has been limited due to different reasons, including class, educational history, status and disability*." Zambia's long-term sustainability goal as expressed in the Vision 2030, is "*to become a stable middle-income prosperous nation by 2030*." The accompanying targets advocate for policies that stimulate and maintain economic development, allowing the vulnerable to share in the growth cycle of the economy and benefit from it. The Seventh National Development Plan as an action plan of the Vision 2030 is about creating broad-based prosperity, wealth and job creation (BBWJC). However, there has been anecdotal evidence pointing to the fact that this statutory body (CEEC) has not lived up to its motif mandate and therefore prejudices the success of the country's long term vision. This postulation has necessitated the need for an empirical study to unearth the obtaining phenomena on the ground.

1.1. Problem Statement

An analysis of existing literature affirms the fact that most Zambian based small businesses lack access to loans meant to help them improve their businesses (CSO, 2017). This can also be supported by the World Bank Report of 2001 which found that Zambian small and medium enterprises tend to suffer in the long-run from various pressing constraints such as lack of access to loans, intense import competition, inadequate demand and infrastructural weaknesses. In fact, there is a common belief or assumption that most people are disempowered by a large number of foreign investors who control more business market power in terms of investment, higher technological skills, and innovation (OECD, 2015). However, it was for these reasons that the Citizens Economic Empowerment Act was established in 2006. The goal was to improve the economic well-being of the targeted people who have experienced oppression by stimulating investments, entrepreneurship, wealth creation and job creation through making available business capital for SMEs. Since its establishment in 2006, the Citizen Economic Empowerment Commission (CEEC) has awarded and funded a variety of initiatives to empower the targeted citizens. Such funds have benefitted many Zambian nationals as well as small enterprises (CEEC, 2006) to some extent. However, no known attempts still seem to have been made to analyse the challenges, opportunities and prospects for CEEC loan financing to SMEs and the effect thereof.

1.2. Study Objectives

(i) To determine the extent to which the CEEC loans have benefited the small businesses.
(ii) To establish the challenges encountered by SMEs in accessing the CEEC loans and the prospects for growth.
(iii) To identify the main impediments besetting the CEEC in disbursing loans to small businesses.

2.0. THEORETICAL REVIEW OF LITERATURE

2.1. Conceptualization of Operational Terms

Citizen Economic Empowerment*:** This is a socio-economic mechanism by which people are inspired to strengthen their confidence in self-efficacy, develop their capacity to manage their own wealth, and unleash their innovative and constructive abilities in order to attain sustainable living standards and development (Mohan and Stokke, 2000). ***Economic Empowerment*:** The *CEEC Act, No. 9 of 2006* describes ***'empowerment' as, "*an interconnected broad-based and multi-faceted approach aimed at dramatically enhancing the effective involvement of targeted people, citizens-empowered enterprises, citizens-influenced enterprises and citizens-owned businesses in the economy and minimizing inequality in income, poverty and vulnerability among the citizenry*." **Citizen:** According to Johnson (1998), a citizen is described as, *"an individual who is officially recognized as a member of a state with related privileges and responsibilities; a member of a state which is not a monarchy; an individual who is legally recognized as a resident of a town or city*." ***Small Enterprise*:** This refers to any business entity registered with the Patents and Company Registration Agency (PACRA), whose total investment, excluding land and building, in the case of manufacturing and processing enterprises, shall be between Eighty Thousand and Two Hundred Thousand Kwacha (K80, 000 - K200, 000) in plant and machinery; and in the case of trading and service providing enterprises, shall be up to One Hundred and Fifty Thousand Kwacha (K150, 000); whose annual turnover shall be between One Hundred and Fifty Thousand Kwacha and Two Hundred and Fifty Thousand Kwacha (K150,000 – K250,000); and Employing between Eleven and Fifty (11 – 50) persons (MCTI, 2009 & CEEC, 2006).

2.2. Empowerment Concept

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There has been a modern paradigm change in thought about development since the 1990s. Empowerment was at the heart of this change in perspective and the effort to re-conceptualize policy and growth policies aimed at alleviating poverty, creating wealth through investment, particularly in developing countries. Development out of the human model has been generally accepted as the path ahead for developing countries. In line with this modern thought, the Human Development Study by UNDP (1993) states that "*growth must be woven around people, not people around growth-and should empower individuals and communities rather than disempower them*". This rethinking was triggered by the fact that despite decades of development aid supported by growth in some situations, the number of people living in extreme poverty continues to rise. Citizen empowerment is becoming increasingly more important to national development. Citizens empowerment is seen to bring more benefits to citizens such as employment creation (both direct and indirect), a revamp of local businesses, profitability, among other benefits. Further, all these factors contribute to business competitiveness (Lahiri, 2008). Asiedu and Esfahani (2008) concluded in their research that citizen empowerment has become the main source of developmental capital for small and medium enterprises.

In the same context, South Africa, has implemented a major national broad-based programme known as the ***Black Empowerment (BEE)*** in an attempt to correct imbalances caused in the apartheid regime where the majority of the population were systematically excluded from political and economic participation (Mandla 2009). BEE is an expansion and codification of the 1990s-era policy of the African National Congress (ANC) to promote black capitalism primarily through the transfer of corporate ownership. In practice, however, black economic empowerment's original focus on corporate ownership benefited only a small number of well-known and politically connected individuals, while the vast majority of blacks continued to be disadvantaged and corporate ownership remained mostly white. In addition, issues of transparency have stymied efforts to determine the true extent of black ownership, even for Johannesburg Stock Exchange (JSE)-listed companies. BEE seeks to move beyond the simple substitution of black owners and workers for white ones by restructuring economic institutions comprehensively and focusing on direct and indirect empowerment and human capital development. Although corporations are concerned about the prospect of black economic empowerment becoming too widespread, they have acknowledged its importance and, as the main drivers of economic growth, have had a considerable hand in shaping BEE. The programme is directly linked to expansion of the economy base and the restructuring of the society. Rather than being a cost, BEE has become the new driver of economic growth.

2.3. Citizens Economic Empowerment Act

On 12th May 2006 the *CEE Act* was approved. It is an Act forming the *Citizens Economic Empowerment Commission* (CEEC) and specifying its roles and powers; creating the Citizens Economic Empowerment Fund; promoting the economic empowerment of selected people, people-driven companies, citizens-driven companies and citizens-driven businesses; promoting gender equity in acquiring, holding, running, regulating and manipulating economic reservoirs in order to contribute to sustainable economic growth; remove social customs, statutory provisions or other practices that limit access to any particular gender to skills training that is essential for effective participation in the economic sector; promote the employment of both gender by removing structural and discriminatory constraints that hinder any particular gender from employment opportunities and in so doing ensure equitable income distribution; promote equal opportunity of targeted citizens and citizen empowered companies, citizen influenced companies and citizen owned companies in accessing and being awarded procurement contracts and other services from state institutions; promote Greenfield investment through joint ventures and partnerships between local and foreign investors in order to enhance broad-based economic empowerment; and provide for matters incidental to or connected to the foregoing. The objectives of the Act include among others:

- The establishment of the Citizens Economic Empowerment Commission
- Establishment of the Citizens Empowerment Fund
- Promoting the empowerment of targeted citizens
- Promoting investment through fostering joint local and foreign ownership of companies.
- Supporting the development of broad-based empowerment programs

The Fund is vested in the Commission and is managed and administered by various financial institutions and fund managers. The creation of the CEEC was aimed at empowering citizens through the empowerment fund. To achieve this, citizens apply through the commission in order to access the funds for business capital, venture capital and equity finance. The commission has since come into operation and funds have been disbursed to various individuals and companies in different sectors. The key questions include: what is the impact of the CEEF on the funded project in terms of employment creation, its contribution to the business development, which sectors are performing better as a result of the CEEF, is the CEEF being utilized accordingly by the recipient among other questions.

Citizens Economic Empowerment is where every citizen, not just a few influential and politically situated, must be inspired and educated to participate and be involved in the commanding heights of the national economy; that adherence to good political and corporate governance to ensure a predictable, transparent, consistent, accountable and enabling economic environment; and that empowerment is not an event, but a process. The success of the Citizens Economic Empowerment should be judged on how effectively the program incorporates and facilitates the participation in the national economy of those citizens who have been marginalized or disadvantaged on account of race, sex, education, status and disability, and whose access to economic resources and development capacity have been constrained (Moyo, 2009).

The need for bottom – up empowerment and social inclusion is also amplified by Mohan and Stokke (2000) who argue that in its earliest incarnation neoliberalism sought to remove the state from economic life and liberate market forces and the entrepreneurial

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spirit. After 15 years of largely unsuccessful adjustment and liberalization, the architects of neoliberalism began to soften and conceded a more positive role for the state and, second, awareness that development is a social process whose cultural underpinnings need to be understood. The combined effect of these two changes has seen the move towards multiple stakeholder approaches to development involving partnerships between state, capital and civil society. Mayo and Craig (1995) also argue that what revised neoliberalism and post-Marxism share is a belief that states or markets cannot and should not be solely responsible for ensuring social equality and welfare growth. Local actors, knowledge and interventions are key features in both 'new' Right and 'new' Left conceptualizations of development.The holders of the power of knowledge advance the view that both the market and the State have failed to provide for the poor or the powerless. Therefore, what is needed is new ideas and new leadership from the civil society to find a third alternative to capitalism and socialism. (Gergis, 1999)

2.4. Gaps in Local Literature

In Zambia, several studies have been done which have recommended that Zambia's industrial policies should give equal stress to small enterprises. These studies included those done by Chisala, (2008), Sipemba, (2002), Miya (2002), Christie (1970), DeTTulio (1970), Habsurgh (1978) and Zimmermann (1981). The DeTTulio report based on the data gathered in 1973 emphasized the relatively restricted economic role of the small-enterprise sector in Zambia's economy. The Christie report related almost exclusively to the informal sector and artisans in urban areas. It showed how since 1990 it was the informal and not the formal sector which absorbed new entrants to the labour force. The report suggested direct assistance in formal finance as well as training and technical assistance if the informal sector was to grow. These studies bring out scant literature as most of the data on the reports concentrated on the economic role of the small sector in Zambia's economy, little if not none research was conducted to investigate the importance of SMEs and the benefits that comes with giving financial support to the SME sector. This study tried to bridge this gap by investigating factors that help and hinder both the SMEs and the CEEC to perform effectively to the benefit of economic growth and development.

The Habsurg report gave an overview of the government small scale industries policies and agencies. This analysis was incomplete because it only concentrated on just finding an overview of government policies and agencies. The study did not show how effective these policies are and how effective these government agencies were in the disbursement of funds to SMEs. The Zimmermann report on the hand presented recommendation for implementation of small scale enterprises credited project. This report also lacked much needed literature to show effectiveness of the CEEC in the disbursement of funds.

Other works have been done which have also attempted to highlight the status of small scale enterprises in Zambia.

The study by Beveridge and Overcall, (1979), was conducted during the early 70s when Zambia‘s economy was booming and the small enterprises sector was essentially a neglected area. The study was based on field work carried out between 1970 and 1972 on small scale businesses in Zambia in which a specific promotion program for small scale enterprise emerged. This study was also incomplete as it provided scanty literature on small scale business in Zambia. The literature was based on field work carried out between 1970 and 1972 during this period the Zambia government did not really pay attention to developing the SME sector as the economy was doing well. The study by Beveridge and Overcall concentrated on coming up with the programs that would help promote the emergency of small scale enterprises in Zambia, as such the literature in this study did not bring out the much needed data to help understand the effectiveness of the government lending institutions such as the CEEC.

2.5. Theory of the Firm and Financing of Small Businesses

The determination of firm size may be based on the value of capital investments or the number of employees, which are input measures of firm size because they are the internal factors of the firm (Alam, 2003). Firm size has received limited attention in the empirical tests of symmetry and simultaneity hypotheses because differences in size reflect differences in other variables such as age (Miguel, 2010). You (1995) cites that size theories on firm size can be classified into four approaches, namely, the conventional microeconomic approach (or the technological approach), transaction cost approach (or the institutional approach), industrial organization approach, and dynamic model of size distribution approach. The dynamic model of firm size and distribution includes stochastic, life cycle, and evolutionary models. The primary source of innovation in this approach is research and development. In pursuing this activity, larger and more established firms have an advantage than smaller and newer firms. These models correlate the size of the firm to its age and growth (Di Tommaso and Dubbini, 2000; You, 1995).

Di Tommaso and Dubbini (2000) suggest that firms enter the market as small firms and grow through learning. A small and young firm faces greater risks and turbulence than a big firm. Small firms also encounter difficulties in obtaining credit. Thus, Cassar (2004) indicates that the interactions between outside/inside financing and firm size are important and should be controlled when examining such financing relationships. Firms that seek growth are more likely to apply for external equity and debt capital than firms that do not exhibit growth (Riding et al., 2010). Du and Girma (2012) find that firm size plays an important role in the way financial structure affects the growth process. Riding et al. (2010) and Bhaird and Lucey (2010) state that firm size is positively related to external financing application.

Romano *et al.* (2001) discovered that firm size is significantly associated with debt. New and younger firms use fewer finance institutions than older firms (Nichter and Goldmrk, 2009; Longenecker et al., 2008; Cassar, 2004; Romano et al., 2001). On the other hand, Pickernell *et al.* (2013) find that new and young firms are more likely to apply for external resources than older firms. Zhang (2008) studies the choice of formal or informal financing in China and finds that firm size has a significant negative

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correlation with formal financing. Daskalakis *et al.* (2013) found that younger firms usually lack sufficient internal funds and do not have easy access to external equity. Thus, these firms are more reliant on external debt sources. Ed Vos *et al.* (2007) found that older firms have less loan applications than younger firms. They also indicate that firm size is not a determinant of the propensity to apply for loans. Larger firms are more likely to receive approval but do not apply more or less often.

3.0. METHODOLOGY

The study adopted a descriptive analytical research design incorporating quantitative and qualitative methodological paradigms with the questionnaires, focus group discussion, and semi-structured interviews being the main data collection tools. The target population (N) is the totality of all the individual people or objects that possess the characteristics or qualities that are of interest to the researcher (Liu *et al.*, 2014). The study targeted 500 (N) SMEs in selected Central Business District points of Lusaka with 50 as sample size (n). As the study involved a heterogeneous population, the sampling criteria involved arrangement of entities in 10 strata, namely: restaurants; hair saloons; computer services; small grocery stores; barbershops, photo studios, poultry farming, tailoring, website designing, and small-scale manufacturing, as SMEs which had access or attempted to access loans from the CEEC. After this stratification process, the samples were chosen purposively and randomly. Purposive sampling was necessary as only SMEs which had either accessed or attempted to access a loan from the commission were relevant to the study. After the relevant SMEs were selected, the random criterion was used to derive the appropriate sample devoid of biasness but representative of the desired population. The data analysis was performed through Statistical Package for Social Scientists (SPSS) for quantitative and content analysis for qualitative data. The researcher personally administered the said instruments on a spot-basis to avoid misplacement, and observed a high degree of ethical standards throughout the study process.

4.0. Analysis and Discussion of Findings

4.1. Extent to which CEEC Loans Have Benefited SMEs

The statistical account on this question showed a mixed reaction. Out of 50 respondents, 8 (16%) said that they could start their businesses through the CEEC loan, 13 (26%) said they could raise their inventory capacity and 15 (30%) said the funds helped to grow their businesses. However, 10 (20%) respondents indicated that the funds in no way supported their firms. In fact, the researcher learnt during a focus group conversation that there were other females who had applied for CEEC loans but were not issued. Respondents were asked to state reasons as to why the loans were not issued, most of them identified the complicated and expensive form of accounting needed by the CEEC for the loan to be approved. Respondents stressed that it was very difficult to hire account advisors and that most of them could not manage to pay them. The limits in amounts floated was also another factor which impeded maximum benefits of the facility by the SMEs.

Accordingly, one can easily see from the above results that the CEEC was, to a larger degree, less effective in disbursing loans to small businesses looking at the amount of firms that have flourished in recent years. The study found that the few enterprises which had access to loans alluded to the fact that they were growing their businesses in each case without much support from the commission whether by way of financing or capacity building. This shows that if these small enterprises are funded through loans, they have the ability to contribute to national growth by generating jobs. This can also be supported by the World Bank's Investment Climate Surveys (2016), which indicates that exposure to financing increases the competitiveness of the businesses. This not only encourages market penetration, company expansion and risk management, but also fosters creativity and entrepreneurship. Therefore, companies with better exposure to finance are more capable of harnessing opportunities for growth and investment. This evidence is in line with Schauer's (1993) research which found that a majority of female business persons in their entrepreneurship have experienced gender discrimination. The field has always been dominated by men. This is a strong indication that fewer women have profited from the empowerment funds.

4.2. Challenges of Loan Accessibility by SMEs

Results from respondents generally show that the loan application process has complications for small businesses. For instance, for small firms whose loans were successful; 20 out of 50 said the loan process was too lengthy; 15 out of 50 said the loan process was complicated and the other 15 out of 50 said the loan procedure was straightforward and easy. Besides, small businesses cannot resolve procedural hurdles because most respondents thought that the application process was either too long or complicated. There are several concerns from small businesses regarding the difficult qualifying conditions for receiving such funds as well as bureaucracy in agencies to small firms such as the CEEC itself. Added to the problems in fulfilling the criteria for these funds, small businesses often face difficulties due to issues of accountability. Nonetheless, in order to make the CEEC more effective, more transparency should be implemented in the application process so that more small businesses can access the CEEC loans. Most respondents sensed red tapeism in the loan process and errors of inclusion and exclusion. They lamented that “connections” seem to play a major role in quicker access of the facility to those who were able to receive. Moreover, there were times that individuals with similar circumstances applied and one would be given while the other’s application declined without any justifying explanation. The focus group discussion lamented the absence of transparency and accountability in the application to disbursement point of loans.

In support of the above findings, it was further discovered that many vulnerable people around the world have comparatively low rates of literacy, making it hard for them to transcend even the bureaucratic hurdles of systematic loans. Educational achievement in Africa is still small for both men and women (Blumberg, 1989). As a result, most citizens still have difficulties completing the detailed application forms and financial reports demanded by banks and other lenders. Access to credit, however, is very critical if small businesses are to improve. From the responses of the participants during some scheduled interviews, the researcher deduced

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that the requirements for business plans, collateral, and proper financial records are some of the things hindering small businesses from accessing CEEC loans. After all, having known that a business plan is sometimes a basic requirement for loaning money, the results show that most businessmen have no experience in prepping one for financing purposes. The ability to provide a business plan is comparable to education for enterprises. The interest rates paid on the loans are just too high. The terms of interest on loans must be carefully looked at. For example, the maturity duration on the credit finance loan is 1 year at a rate of 3 percent. Evidently, one can see that CEEC needs to ease and simplify these conditions in order to allow more of the targeted businesses access the loans. The Commission also has to do a lot to provide a fair and equal scheme of pay-outs.

4.3. CEEC's Bottlenecks in Effective and Efficient Loan Service Delivery

The findings of the study on difficulties encountered by the CEEC in disbursing loans to small businesses are insightful. The data was gathered via a planned semi-structured interview with the CEEC officials. The challenge that the CEEC encounters in terms of financing, according to officials is that CEEC is a state agency whose administrators are mostly civil employees. They stressed that government institutions are not well financed, which is common knowledge. CEEC is also a governmental body and receives money that is not adequate for its activities even after presenting a comprehensive action plan for the next year which demonstrates just how much is needed to effectively and efficiently empower citizens. "The money is never sufficient because the commission is not the only government institution that needs financing" they said.

Notwithstanding the 2006 enabling Act for the formation of the CEEC, this study showed that the Commission's activities began towards the end of 2008 due to financial restrictions. Furthermore, the study showed that the small number of loans accepted was attributed to inadequate financing which covered both operating and administrative activities. This research has noted two issues: first, the small sums of loans paid to a significant number of small enterprises, and second, the weak loan recovery rate. Of the 847 SMEs that actually submitted, a payment of K66 million to 120 SME applicants in Lusaka City was obviously insufficient since the impact on the nation's economy is marginal in facilitating any multiplier effect. It requires sufficient government resources to keep the CEEC operational successfully and effectively. However, the funds are not sufficient for implementing the commission's planned activities. The insufficient support and the late release of finances make it impossible for the commission to achieve its intended activities. Another major factor influencing the commission's affairs is the lack of manpower especially in 9 provinces other than Lusaka. The commission had only one Provincial Empowerment Coordinator (PEC) located at each regional headquarter to represent all of the districts in a particular province. The outlying areas have been serviced by the office of the district administrator. This leaves the commission's efficiency vulnerable to political intervention as there were no rules to protect against political intervention.

5.0. CONCLUSION

The study's overall conclusion is that the loan financing program of small businesses in Zambia by the CEEC has the ability to create jobs, reduce poverty and inequality, enhance the business processes and people's lives with successful execution. Nevertheless, higher interest rates, lack of transparency and accountability, and collateral requirements are among the limitations encountered by small businesses in trying to access the loan facilities. There is need to rethink and remodel the operations of the commission in order to make it more relevant and broaden its scope to affect more marginalised and eligible citizens to access the facilities without tedious bureaucratic processes and lengthy turnaround periods. The amounts per SME also need to be enhanced in order to enable borrowers meet the intended borrowing purposes. Citizens empowerment is a primary requirement in any meaningful undertaking to fight poverty and create wealth for the nation and this responsibility requires sacrosanct attention to any government serving the masses at any epoch.

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