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East African Community

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EU-EAC MARKET ACCESS UPGRADE PROGRAMME

The Access to Financing Guide

A Financing Decision Tree for MSMEs developed by the International Trade Centre under the East African Community MARKUP project, funded by the European Union

International Trade Centre

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1. How to use this guide

Entrepreneurs, please use this guide according to the considerations below

This self-assessment decision tree is designed to help entrepreneurs to navigate through the many diverse financing options available to support business growth and to determine what options may best suit the current situation of their business.

Key considerations

1

Not all proposed solutions will be available in each country and **this decision tree is to be used as a guide only**. It does not replace professional advice provided by qualified business development, legal, or accounting professionals.

2

As you work through the questions, **be honest with your answers**. In that way, you should find responses that match your needs.

3

You can **use the responses to filter the financing facilities listed in your country's Financing Gateway Platform** to find providers and further explore with them the types of financing they can offer their eligibility criteria and conditions.

2. Introduction to financing instruments

Financial technologies are extending traditional financing options & reducing administrative costs

The table below shows the types of financing offered by various institutions

	Bank	Micro-finance	Social lender	Buyer/ supplier	Non-banking financing provider	Investor	General public or diaspora funding services	Donor	Business Angel
Secured loan	✔	✔	✔	✔					
Unsecured loan	✔	✔		✔					
Overdraft	✔								
Soft loan			✔				✔		
Leasing	✔				✔	🕵			
P2P lending						✔	✔		
Factoring	✔				✔	🕵			
Equity and loan mix						✔	✔		✔
Grant								✔	
Mentoring/ coaching			✔	✔				✔	✔

Financing options can be short, medium or long term, and low or high value

Several different financial instruments may match the amount you need and your preferred payback time (1/2)

Examples of low value options and their relevant timelines

<table>
<tr><th></th><th colspan="5">Time period for cash need</th></tr>
<tr><th>How much money do you need?</th><th>1-90 days</th><th>91-365 days</th><th>1-3 years</th><th>3-10 years</th><th>>10 years</th></tr>
<tr><td rowspan="6">< 2,000 USD</td><td colspan="3">Crowdfunding</td><td></td><td></td></tr>
<tr><td></td><td colspan="4">P2P lending</td></tr>
<tr><td colspan="2">Overdraft</td><td></td><td></td><td></td></tr>
<tr><td></td><td colspan="3">Secured loan</td><td></td></tr>
<tr><td colspan="2">Factoring</td><td></td><td></td><td></td></tr>
<tr><td colspan="3">Unsecured loan</td><td></td><td></td></tr>
<tr><td rowspan="6">2,000 - 5,000 USD</td><td colspan="3">Crowdfunding</td><td></td><td></td></tr>
<tr><td></td><td colspan="4">P2P lending</td></tr>
<tr><td colspan="2">Overdraft</td><td colspan="2">Leasing</td><td></td></tr>
<tr><td></td><td colspan="3">Secured loan</td><td></td></tr>
<tr><td colspan="2">Factoring</td><td></td><td></td><td></td></tr>
<tr><td colspan="3">Unsecured loan</td><td></td><td></td></tr>
<tr><td rowspan="4">5,000 - 50,000 USD</td><td></td><td colspan="4">P2P lending</td></tr>
<tr><td colspan="2">Overdraft</td><td></td><td></td><td></td></tr>
<tr><td colspan="2">Factoring</td><td></td><td></td><td></td></tr>
<tr><td colspan="2">Unsecured loan</td><td></td><td></td><td></td></tr>
</table>

Several different financing instruments may match the amount you need and your preferred payback time (2/2)

Examples of high value options and their relevant timelines

<table>
<tr><th rowspan="2">How much money do you need?</th><th colspan="5">Time period for cash need</th></tr>
<tr><th>1-90 days</th><th>91-365 days</th><th>1-3 years</th><th>3-10 years</th><th>>10 years</th></tr>
<tr><td rowspan="2">50,000 - 100,000 USD</td><td rowspan="2"></td><td rowspan="2"></td><td colspan="3">Secured loan</td></tr>
<tr><td colspan="2">Leasing</td><td></td></tr>
<tr><td rowspan="2">100,000 - 300,000 USD</td><td rowspan="2"></td><td rowspan="2"></td><td colspan="3">Secured loan</td></tr>
<tr><td colspan="2">Leasing</td><td></td></tr>
<tr><td rowspan="3">300,000 - 1 million USD</td><td rowspan="3"></td><td rowspan="3"></td><td colspan="3">Secured loan or investment</td></tr>
<tr><td colspan="3">Soft loan</td></tr>
<tr><td colspan="2">Leasing</td><td></td></tr>
<tr><td>1 - 5 million USD</td><td></td><td></td><td colspan="3">Secured loan or investment</td></tr>
<tr><td>> 5 million USD</td><td></td><td></td><td colspan="3">Secured loan or investment</td></tr>
</table>

3. Determining your financing needs

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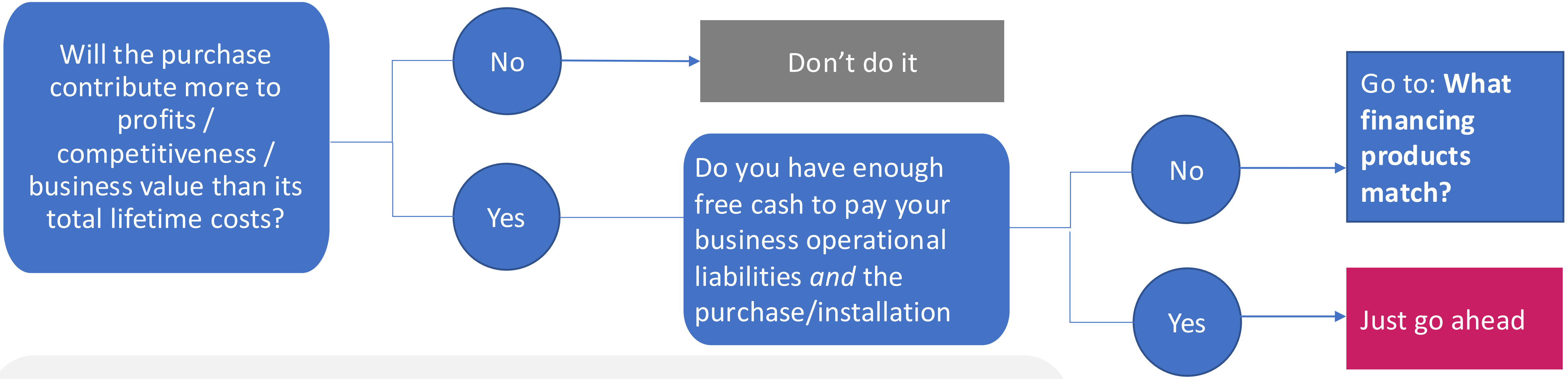
Your business activity determines your cash need & what financial instrument you should look for

Business activity	Reference section in the document
Purchase equipment, another business, land or building, or inventory and supplies	Go to ***Do some homework***
Get working capital or a business loan	Go to ***Access a business loan***
Expand my successful start-up business	Go to ***Equity investor or venture capital***
Sell overseas to a new customer	Go to ***financing for international trade***
Urgent cash to pay staff, invoices, or rent	Go to ***Urgent cash needs***
Repay another loan	Go to ***Repay another loan***

Do your homework: this enables you to make better informed business decisions

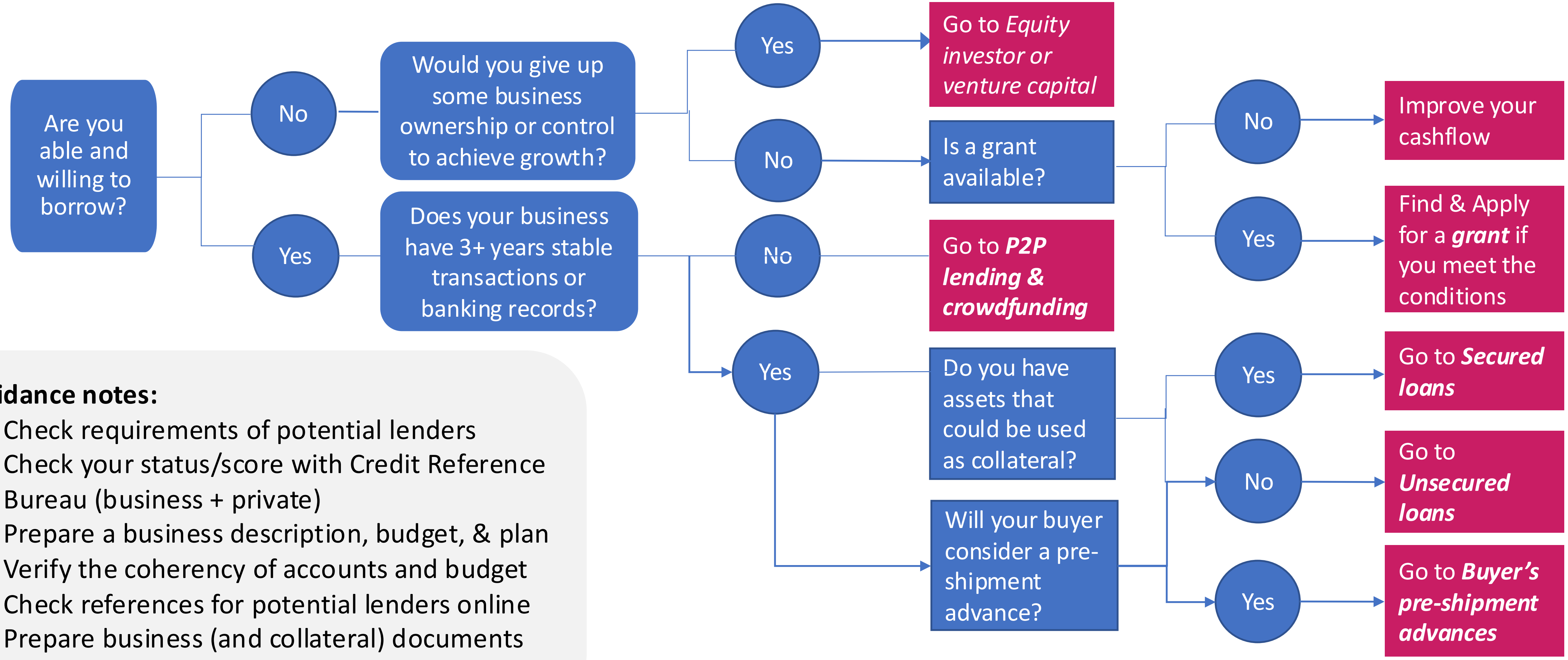
First, list the items required. Show landed, installed and annual maintenance costs together with realistic additional revenues or production cost savings they will generate per year. The process below will help you decide on your course of action.



Guidance notes:

- ❑ How much does your proposed purchase cost? Is the price appropriate?
- ❑ Evaluate functionality: is it nice to have or a must have?
- ❑ Do a realistic cost/benefit analysis of the proposed purchase
- ❑ Prepare cash flow projections including loan arrangement fees and charges, loan interest and capital amortization repayments.

What financing matches your business needs

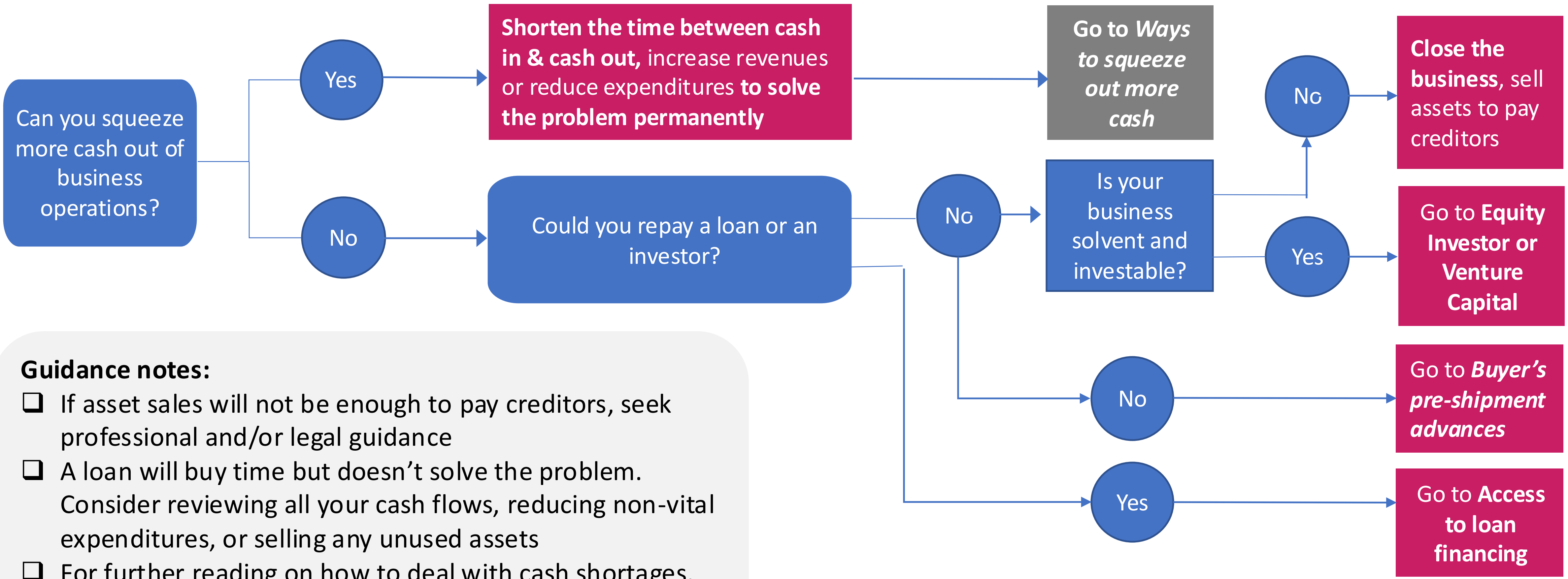


Guidance notes:

- ❑ Check requirements of potential lenders
- ❑ Check your status/score with Credit Reference Bureau (business + private)
- ❑ Prepare a business description, budget, & plan
- ❑ Verify the coherency of accounts and budget
- ❑ Check references for potential lenders online
- ❑ Prepare business (and collateral) documents
- ❑ Decide what you can repay and when

Start with improving your cash flow, its the quickest and cheapest solution for *urgent cash needs:*

The decision-tree below will help one decide how to deal with an urgent cash need for the business



Guidance notes:

- ❑ If asset sales will not be enough to pay creditors, seek professional and/or legal guidance
- ❑ A loan will buy time but doesn't solve the problem. Consider reviewing all your cash flows, reducing non-vital expenditures, or selling any unused assets
- ❑ For further reading on how to deal with cash shortages, see [this link]

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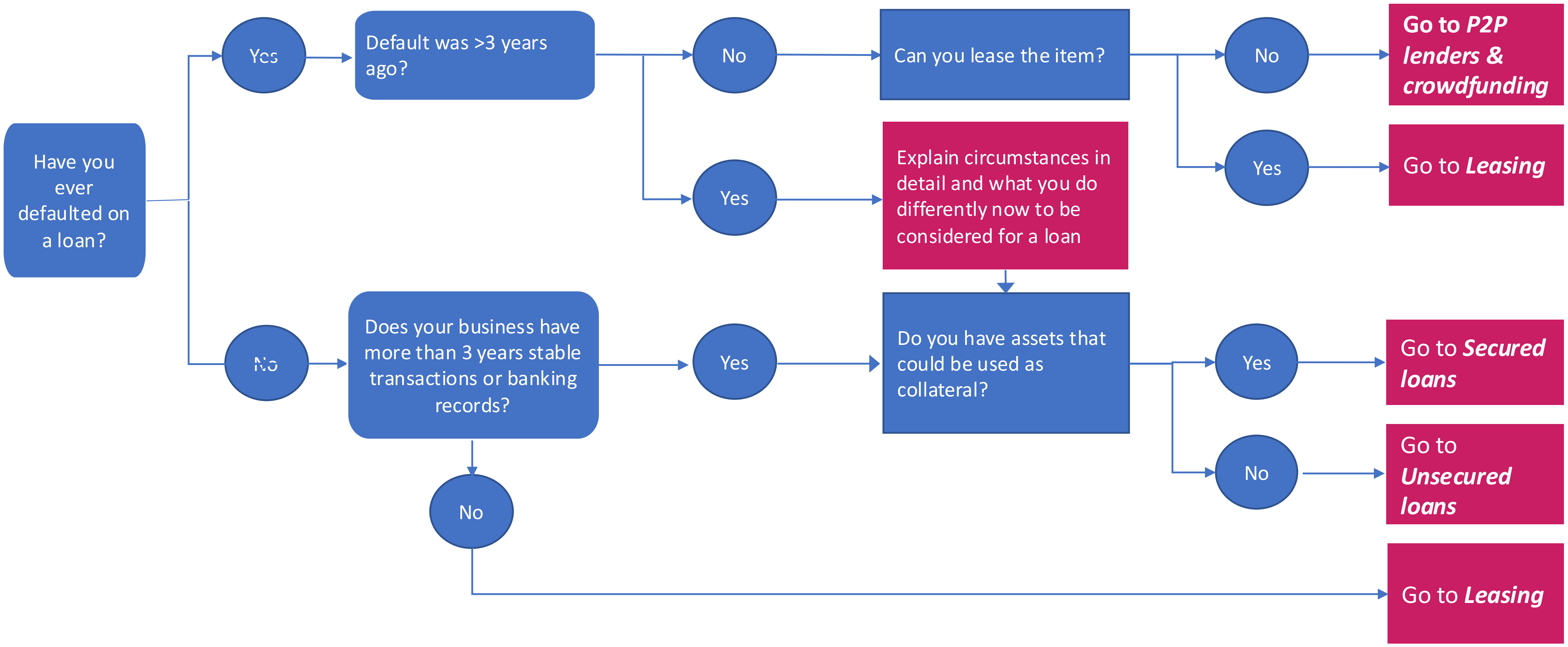
Improving your cash flow when your business starts to expand or contract: *How to free-up more cash*

Will buyers pay quicker if you call them?
Yes
Call buyers ask the regular ones to set up Payables Financing with their bank and credit insurer
No
Can you discount invoices to get cash earlier?
Yes
Offer discount & link it to date of payment, or negotiate advance payment/ open account
No
Can you get a bank loan or overdraft?
No
Go to ***P2P lending & Crowdfunding***
Yes
Negotiate a bank overdraft or loan
No
If you have stable sales can you sell your accounts receivable
Go to ***Factoring or Forfaiting***
No
Go to ***Buyer's pre-shipment advances***
Can you sell an asset to free up cash quickly?
Yes
Sell it to a buyer with ready cash

Guidance notes:
- A Business is "solvent" when the market value of current assets exceeds the current liabilities
- Insolvent businesses are normally legally obliged to stop trading even though sales may be rising

Transaction history impacts your ability to get a loan



4. Characteristics of financial instruments

Access a secured or un-secured business loan

Loans are categorised by the duration that funds are at risk: Short-term (< 1 Year), medium and long-term (> 1 Year). Most unsecured loans are for periods of less than one year

1. **Secured** means that the lender takes a legal security or "Lien" over business assets, generally for up to 150% of the value of a loan. The assets considered are valued by the lender at their quick sale market value

2. **Unsecured** means that the lender evaluates your business's ability to repay according to your revenue and transaction records for previous years, not your assets

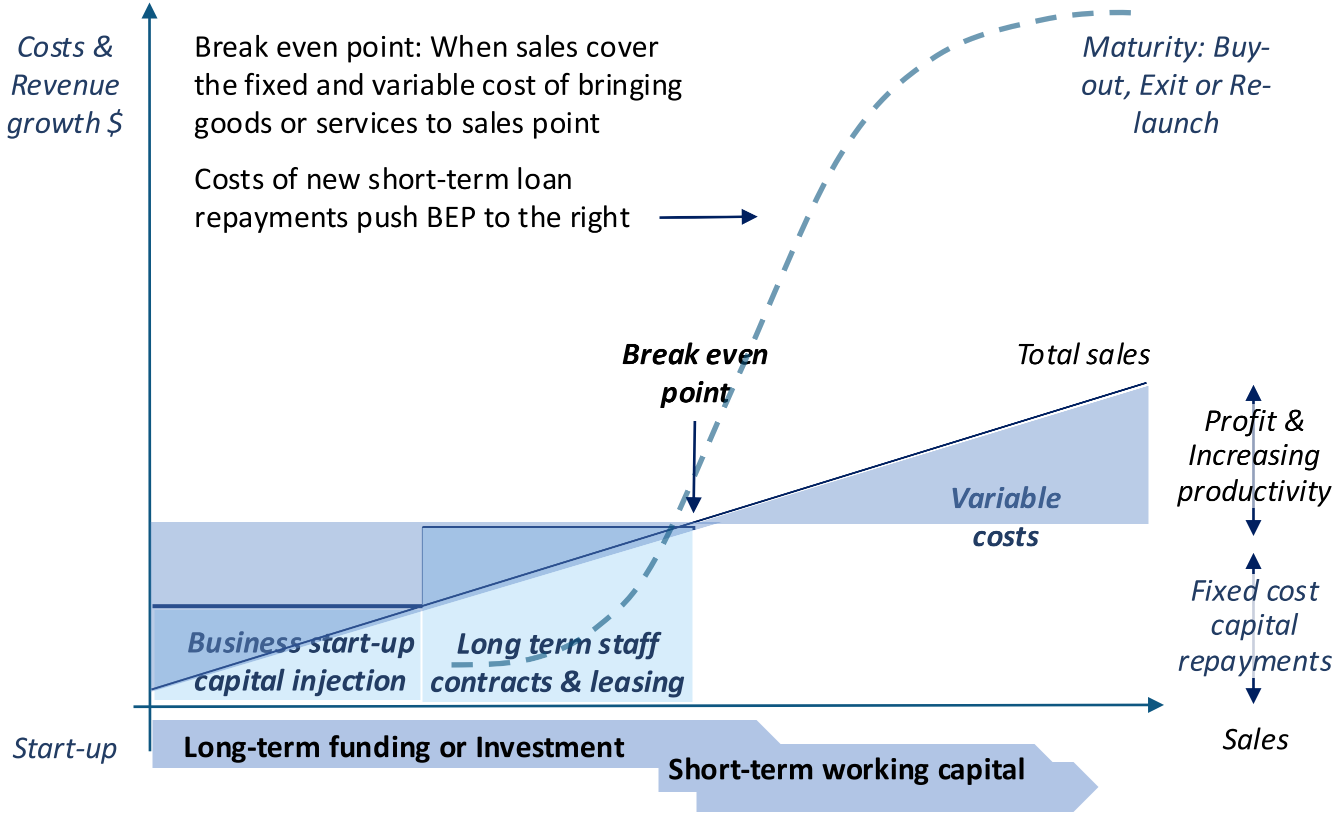
3. **Banks complying with Basel Banking Commission regulations** are required to take some form of asset collateral**. Collateral could be in the form of a de-risking guarantee from a higher bank. Banks may also require and apply "Covenants**", restricting your business flexibility

4. **Unsecured lending** is generally undertaken by community financing providers, cooperative banks, micro-financing institutions, impact investors or other peer-to-peer lenders outside of international banking regulations, or by banks to regular clients for terms of less than one year

Lenders will check your business credit score or rating if credit scoring agencies operate in your country, they will require details of your transactions and buyers, audited accounts and other documentation. Covenants may restrict sale of inventory or equipment assets, may prevent you taking on new loans without approval or in getting into a situation where short-term liabilities are greater than assets – infringement can trigger foreclosure or sale of collateral

What level of repayments can your business afford?

Lenders will ask you for information about your business so they can establish your "Break-even Point" to determine what level of loan repayments your business can safely support at each stage of its growth



Banks normally recommend loan repayments should not exceed 33% of three year's average annual sales revenues

Short-term loan costs and repayments come out of Business Operating Expenses Investments are reported under Capital in the Balance Sheet Movements of Cash in and out from loans or investors are recorded in the Cash Flow Statement

Source: Trade Financing.pdf (duq.edu)

Repaying a loan requires the following considerations

What do you do while repaying a loan?

1. Don‘t forget that credit involves a legal binding contract, whose terms you are required to abide by
2. Make a detailed plan for your loan repayment to better prepare you for future cash flow management
3. Meeting the exact terms of the contract adds value to your credit history, which is useful for future transactions
4. The lender has the right to sell your collateral if you fail to pay, according to terms of agreement
5. If you breach a covenant, the lender has the right to foreclose (call in early repayment of) the loan

What if you miss a repayment or you will not be able to repay?

1. Inform your lender as soon as you know that you may miss a repayment, preferably in advance of the default
2. Explain, why it will happen/happened, e.g., late payment by a client, crisis beyond your control, etc.
3. Explain how you plan to avoid the occurrence from happening again
4. Provide a plan on how you will overcome the late payment and when you will resume with the repayments

Equity investors & venture capitalists fund companies they believe have high growth potential

All investors have varying criteria for businesses they choose to fund so one should examine the terms presented to them

1. **Investment preparation:** a business should prepare documents relevant for the investment process

2. **Investor involvement:** there are varying degrees of business involvement that some investors would like, especially based on their equity and terms of investment agreement

3. **Investment transparency:** for smooth investor relations, there needs to be transparency between the investor and investee

4. **Network leveraging:** investors with a wide network, successful business development experience and technical knowledge can boost your business growth & improve its resilience

To be considered for investment, a business should have:

- ❑ Proof of concept and already start making regular sales
- ❑ Well-differentiated minimum viable product (MVP), where sales value exceeds production costs
- ❑ Business team with previous successful business development experience
- ❑ Awareness of the business' value of your assets and access to working capital financing to support growth

P2P lenders and crowdfunders enable new types of non-bank lending or investment for business

Both P2P lenders and crowdfunders are internet-based and highly variable in terms of instruments and conditions

P2P lending	Crowdfunding
Sites set the rates and terms, & enables transactions	Sites generate revenue from a percentage of the funds raised
Lenders come in many forms including diaspora groups and community financing providers such as credit unions and savings & credit cooperatives	Investors can select from hundreds of projects, regardless of geography, and invest as little as $10
Borrowers seek an alternative to traditional banks or a better rate than banks offer	Borrowers seek an alternative to traditional banks or a better rate than banks offer
Sample P2P lending sites: Ratesetter, Zopa, Funding Circle	Sample crowdfunding sites: Kickstarter, Kiva, and Upstart

Guidance notes:

- ❑ You will need to develop a business plan and a description of how the funds will be used
- ❑ Review each lender's or funder's terms to determine the impact it would have on your business
- ❑ Review the rules and regulations that govern P2P lending or crowdfunding transactions in your jurisdiction

Online payment, lending, and leasing solutions available for SME use in Kenya

The following are some examples:

1

Payment solutions include:
- www.squareup.com
- www.izettle.com

2

Lending solutions include:
- www.ondeck.com
- www.loanbuilder.com (a PayPal company)

Financing for Sustainability and Green projects:
- https://kcv.co.ke/products-and-services/

3

Leasing solutions include:
- www.simplifiedleasing.com

Access to financing for international trade

International trade presents a spectrum of risk, causing uncertainty over the timing of payments from a foreign buyer to the exporter (seller)

1

For exporters, any sale is a gift until payment is received

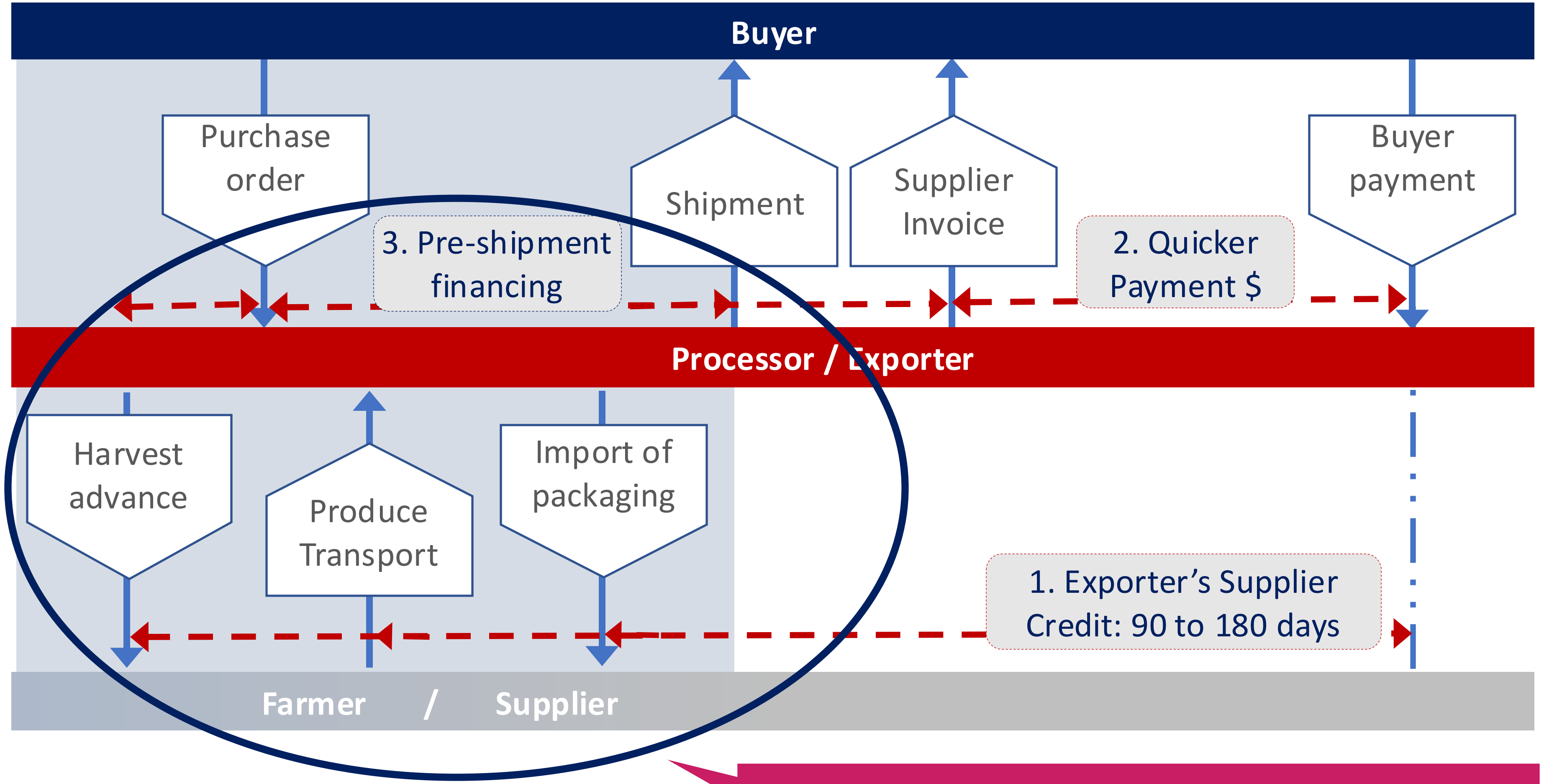
Exporters should aim to receive payment as soon as possible, preferably as soon as an order is placed or before the goods are sent to the importer

2

For importers, any payment is a donation until the goods are received

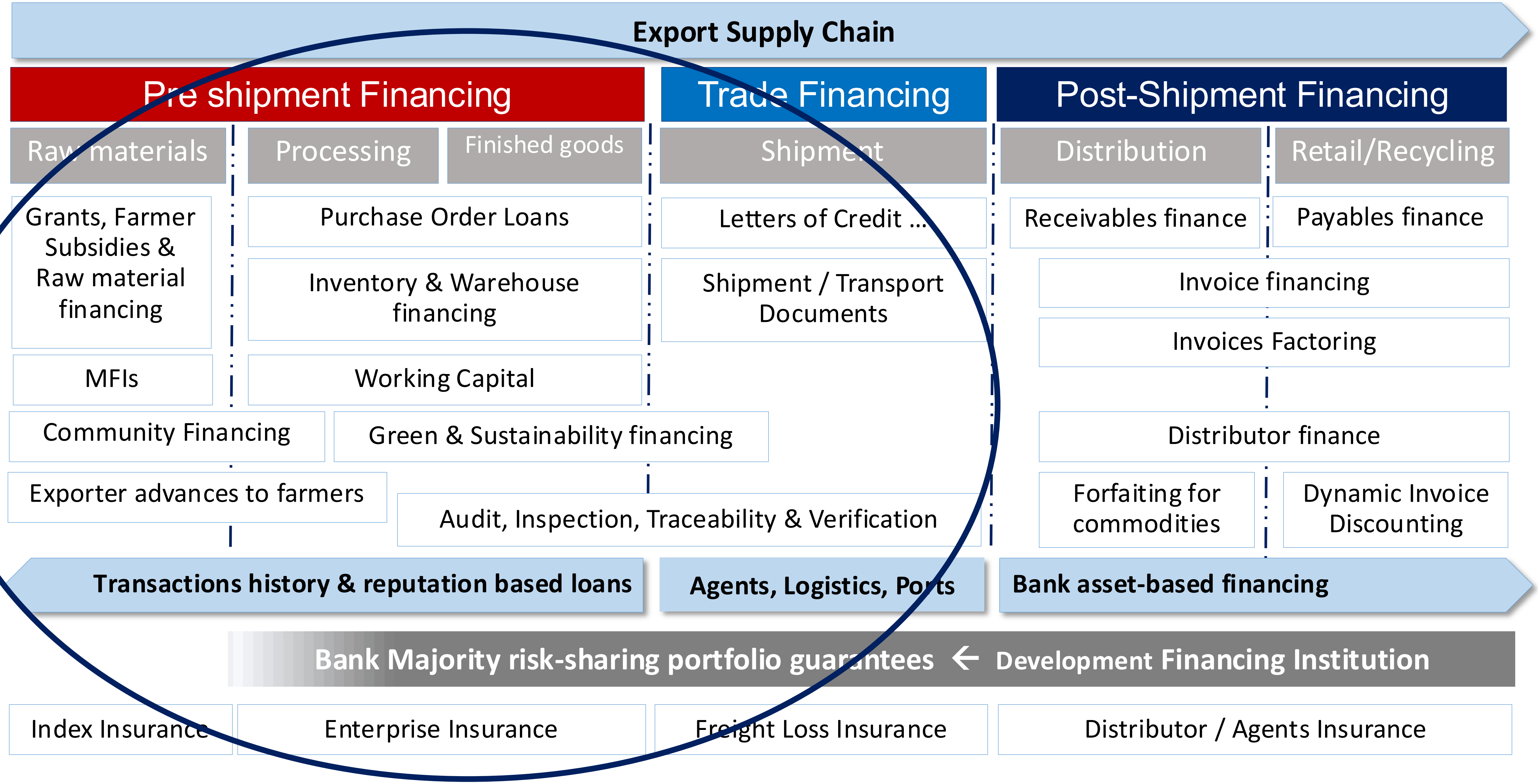
Importers should aim to receive the goods as soon as possible but to delay payment as long as possible, preferably until after the goods are resold to generate enough income to pay the exporter

Why and where SME exporters require financing for international trade – Survey results



Financing support is needed most upstream

B2B Options for Financing of MSME trade



Buyer's pre-shipment advances – What is the real cost?

Your buyer offers you 50% advance of the sales value for 90 days before shipment but with a 15% discount: Is this a good deal?

1

Your bank quotes you a 90-day loan with interest rates and fees of 24% per annum equivalent – but needs 130% asset collateral held until repayment completed

2

You don't have equipment worth that much and your stock will be used up in production before shipment – so a loan requiring collateral will not work – What are the implications for your business?

3

The effective annualised interest rate can be calculated as follows:

Formula to use: Rate % = $1 - (1/1+r)^{t}$ x %

1 + r = 1.15 (1 + 15% or 1 + 0.15)

1/ 1.15 = 0.8696

Raise 0.8696 to the power 4

(4 x 90 day periods in a year) = 0.5718

1 – 0.5718 = 0.4282

x % gives an equivalent annual rate: **42.8 %**

4

- ❑ You will be "locked-in" to sell to this buyer, who will deduct repayment before paying your invoice – affecting your cash flow
- ❑ How will you ever "break out" of dependency on this buyer to add value to your product, find new markets and build your business?
- ❑ Nonetheless, this advance would allow you to expand your sales and notch up more transaction records as a "Good supplier" – What's your alternative?
- ❑ Try to negotiate down the discount or agree the rate "just for one sale"

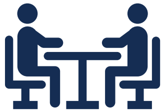
This formula can be used to find the equivalent Annual interest rate for a rate quoted over any period in multiples that make up one year

In factoring, a business (debtor) sells its accounts receivable to a third party at a discount

Factoring is also referred to as accounts receivable factoring, invoice factoring, & sometimes accounts receivable financing

	Characteristics
How it works	**Directly involves 3 parties**: 1) Company selling its accounts receivables 2) Factor that purchases the receivables 3) Company's customer, who must now pay the receivable amount to the factor instead of paying the company that was originally owed the money
Types of factoring	Two types include: • **With recourse:** where the seller of the invoice bears a potential loss, if the importer does not pay • **Without recourse:** the buyer of the invoice will bear potential losses, if the importer does not pay
Funding	**Receivables are funded in 2 parts:** 1) First part (advance): covers 80% to 85% of the invoice value and is deposited directly to the business's bank account 2) Second part: 15% to 20% is rebated, less the factoring fees, as soon as the invoice is paid in full to the factoring company

To qualify for factoring, you must at least meet the following requirements:



1. Your personal background must show that you have good character, and you should not have a record of bankruptcy
2. Your business must have commercial or government clients with good commercial credit
3. Your profit margins must be above 10-15% (terms of agreement vary)
4. Your invoices must be free of liens or encumbrances i.e., they should not be pledge to other institutions such as banks
5. If you have tax liens or encumbrances, you must have a payment plan for them, or eliminate them before starting the factoring arrangement

Forfaiting enables exporters to receive immediate cash by selling the title to periodic sales to a financing provider

The exporter eliminates risk by making the **sale at a discount without recourse**, which means the exporter has no liability regarding the importer's possible default on the receivables.

	Characteristics
Where it is used	• Forfaiting is commonly used in large, international sales of commodities or capital goods where the sale price exceeds USD 100,000 and where there may be long-term off-take supply arrangements in place, such as in hard commodities, oil and gas
Forms of receivables	• Receivables are typically in the form of unconditional bills of exchange or promissory notes that are legally enforceable, providing security for the forfaiter or a subsequent purchaser of the debt • These debt instruments have a range of maturities from as short as one month to as long as 10 years. Normally, the maturity falls between one and three years from the time of sale.

Factoring and forfaiting are differentiated by:

	Factoring		Forfaiting
1	A business **sells its trade receivables for a period** to the factor (bank) and receives a cash payment	1	An exporter **sells the claim to future long-term trade receivables** to the forfaiter for immediate cash payment
2	Deals with the receivables that fall [usually] due within 90 days	2	Deals with the accounts receivables with maturities of one year or longer
3	Involves the sale of receivables on ordinary goods or services	3	Sale of receivables on capital goods are made in forfaiting
4	Provides 80-90% finance while	4	Provides 100% financing of the value of export
5	Can be recourse or non-recourse	5	Always non-recourse
6	Cost is incurred by the seller or client	6	Cost is incurred by the overseas buyer
7	Involves dealing with negotiable instruments like bills of exchange and promissory note	7	Does not involve dealing with negotiable instruments
8	There is no secondary market	8	Secondary market exists, especially for currency liquidity, which increases the liquidity in forfeiting

Leasing allows long-term rent of an asset in exchange for regular payments to its full value

Separate collateral is not needed, but the leasing rate needs to be paid until the lease period is over or unless terms change

1 **Purpose:** leasing can free-up liquidity by replacing a cash purchase with a periodic "lease or rent" payment

2 **Financial reporting:** in most cases the leased asset will not appear in the lessor's balance sheet; leasing payments will be counted as operating expenditures in the profit and loss statement

3 **Terms:** leasing terms depend on the item, usage (wear and tear), depreciation rate, country, etc. Insurance is obligatory

4 **Types of leasing** include:

a) **Operating leases:** finance provider bears the investment risk

b) **Financial leases:** finance provider only bears finance related risks

Calculate the annualized applied percentage rate of interest (APR). Unless there is some promotional arrangement between the seller of the asset and the lease financing company leasing is nearly always more expensive than taking a loan from a bank if you can meet bank eligibility conditions. For more information on lease agreements, please visit this link. Note repayments will continue even if the leased equipment has been lost

Taking out a loan to repay another loan raises questions but may be worthwhile in some cases

Taking out a business loan to repay another loan could be considered ok in the following circumstances:

1. **Interest rates** for the original loan are higher than current rates, so repayments will be significantly less

2. Original lender is closing or has moved, if you have reached the lender's **lending limit**, or if consolidating many small loans into one larger loan reduces administrative costs or fees

3. Original lender is **unwilling to re-negotiate rates**, but is willing to accept early re-payment without any penalty charges

A new lender will require full documentation and will undertake a **due diligence** assessment of your business – this will take some time

Always pay attention to how much you would have to repay in total, to covenants and collateral release conditions

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Taking a personal loan from the business could give you additional cash to continue operations

While taking out a personal loan from the business, consider the following:

1. Most entrepreneurs take very little from their business at all in its first years, and thereafter record their salary level

2. Legally, you should repay a loan from your business at market rates. If your business is your only source of future income why not take the personal loan from a bank?

3. Many businesses have become insolvent because personal loans could not be re-paid when actual sales were less than expected

4. Don't kill your business by taking too much liquidity out for personal purposes

5. Personal loans put off investors

While taking out a personal loan, general guidelines to consider

1. Borrowing is not an endless source of funding: borrow what is required to fulfill your business need, but no more; and be cautious with high interest loans
2. Banks often do not finance 100% of the loan purpose, they will expect your business to put in some funds – usually >20%
3. A Bank might ask about your personal finances too, as the business of SME is often interwoven with private financials
4. If a financing providers rejects a loan application, ask for the reasons why, and try elsewhere or take the advice onboard
5. Loans in a foreign currency only make sense if you get paid regularly in the loan currency; if exchange rates change against you, the loan will cost much more to repay on top of the interest rate. Therefore, generally take a loan in the currency of your income source for the asset being purchased with the loan
6. Not every reason to go into debt for your business is a good reason, so ensure to properly evaluate your business needs before making the decision to borrow

Collateral is a property or asset that a borrower offers as a way for a lender to secure the loan

1. If the borrower stops making the promised loan payments, the lender can seize the collateral and sell it to recoup its losses
2. The requested value of the collateral could be higher than the loan amount, e.g. up to 150%
3. The lender will estimate the "net distress sale value" of an asset, eg: the value they could realise in a quick sale
4. Collateral can be an asset from the SME's balance sheet or provided by an external stakeholder, such as a Guarantor or a Credit Guarantee Scheme. – as shown below

Assets	Liabilities
Financial Assets Fixed Assets Inventory Accounts Receivable	

or

A Capital de-risking Guarantee from a Guarantor with a good (BBB or higher) Credit rating, like a Development Financing Institution, Tier 1 Bank, Government or Donor through a financing provider can take the place of enterprise asset collateral.

5. Introduction to international trade financing terms

Indirect payments in international trade (1 of 2)

Indirect payment type	Definition	Description and/or resources
Bills of exchange	A written order that binds one party to pay a fixed sum of money to another party on demand, or at a predetermined date, or conditions	There are several **variations**: • Bank draft: issued by a bank • Trade draft: issued by an individual • Sight bill: paid immediately or on demand • Term bill: paid at a set date in the future Associated **documents**: • D/A: Documents against Acceptance (to pay the bill) • D/P: Documents against Payment (also D.A.P.) With the advancement of the Internet, **escrow services** are turning into another cash-in-advance option for small export transactions. **Resource**: http://howtoexportimport.com/Payment-terms-in-Export-and-Import-10383.aspx
Bill of lading or Airwaybill	Document describing what has been loaded onto a ship. Lorry, train or aircraft	**Resource:** https://www.shippingsolutions.com/blog/3-things-you-need-to-know-about-the-bill-of-lading-form

Indirect payments in international trade (2 of 2)

Indirect payment type	Definition	Description and/or resources
Escrow services	Cash is placed in an independently controlled account so that the seller can see the funds exist and will be made available when a pre-defined event occurs	• It acts as a trusted third party that collects, holds and disburses funds according to exporter and importer instructions **Resource**: https://blog.trade.gov/2013/09/25/how-are-escrow-services-used-in-international-trade-transactions/
International collection	Transaction in which a bank handles documents according to the instructions given by the exporter	• The bank assumes no payment obligation **Resource**: https://www.danskebank.com/en-uk/ci/Products-Services/Transaction-Services/trade-finance/Documents/FactSheets/InternationalCollections.pdf
Bank guarantee	A transaction in which a lending institution promises to cover a loss if a borrower defaults on a loan	• The guarantee lets a company buy what it otherwise could not, helping business growth and promoting entrepreneurial activity **Resource**: https://www.investopedia.com/terms/b/bankguarantee.asp

Each type of payment method has different characteristics

Payment method	Time of payment	Goods available to buyer	Exporter risk	Importer risk
Cash in advance	Before shipment	After payment	None, if products are in inventory or production begins after payment is received	Relies on the exporter to ship
Letter of credit	After shipment or inspection when documents complying with the letter of credit are presented	After payment	Very little or none, depending on the terms of the letter of credit	Relies on the exporter to ship goods precisely as described in the documents
Documentary collection sight draft	After shipment, but before documents are released	After payment	If draft is unpaid, one must dispose of the goods	Relies on the exporter to ship goods precisely as described in documents
Documentary collection time draft	On maturity of draft	Before payment	Relies on the buyer to pay draft, no control over the goods	Almost none
Consignment	After sale	Before payment	High	Low
Open account	30, 60, and 90 days	Before payment	High	Low
Buyer's advance	30, 60, and 90 days	After payment	Low	High

Source: [Trade Financing.pdf (duq.edu)]

Risk mitigation options can compensate trading partners in case of a contract breach

Risk mitigant	Definition	Description and/or resources
International guarantee	A simple and practical way of ensuring that a business or its trading partner receives compensation in the event of breach of contract	• Like other guarantees, it assists companies without track record or collateral to obtain credit. Types of guarantees are: bid bond, performance bond, advance payment bond, retention bond, payment guarantee or counter indemnity **Resource**: https://www.danskebank.com/en-uk/ci/Products-Services/Transaction-Services/trade-finance/Documents/FactSheets/Internationalguarantees.pdf
Export credit insurance	Export credit insurance protects an exporter against the risk of non-payment or non-acceptance of the delivered goods by a foreign buyer.	• It also covers currency inconvertibility, expropriation and changes in import or export regulation. (Trade Finance Guide) **Resource**: https://www.investopedia.com/terms/b/bankguarantee.asp
Other insurance	Insurance is a contract, represented by a policy, in which an individual or entity receives financial protection or reimbursement against losses from an insurance company	• Protection offered could be against transport damages or losses, for buildings /factories, in which goods are produced, etc. **Resource**: https://www.investopedia.com/terms/i/insurance.asp

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MARKUP
EU-EAC MARKET ACCESS UPGRADE PROGRAMME

The Access to Financing Guide

A Financing Decision Tree for MSMEs developed by the International Trade Centre under the East African Community MARKUP project, funded by the European Union

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