

Empowering African Entrepreneurs: Fuelling Growth through Financial Access for SMEs

One of the challenges facing Small and Medium Enterprise (SMEs) and entrepreneurs in Africa is access to affordable finance. Approximately 90% of the private sector and 80% of employment is accounted for by SMEs. The World Bank estimates that 51% of SMEs in Africa have unmet financing needs.

A number of barriers are often sighted as stifling access to finance by SMEs and entrepreneurs in Africa. These include high interest rates and collateral requirements from formal financial institutions, which make borrowing costly and risky. Lack of financial literacy which makes it difficult for SMEs to manage cash flows and demonstrate creditworthiness to lenders and investors.

There is also limited availability and awareness of alternative sources of finance which can offer more flexible and tailored financing solutions for SMEs and entrepreneurs. Regulatory and policy constraints may also create uncertainty and disincentives for SMEs and entrepreneurs to formalize.

Some of the solutions to the problem of access to finance include enhancing financial literacy, expanding digital financial services, strengthening the role of Microfinance Institutions (MFIs), and facilitating investor engagement. These efforts call for collaboration between Governments, development partners, and BDS providers to craft solutions that will create an enabling environment for SMEs and entrepreneurs to flourish in Africa. Credit bureaus can help SMEs and entrepreneurs access finance by providing credit information such as their identity, payment history, outstanding debts, defaults, bankruptcies, or court judgments.

The private sector can offer alternative sources of finance, such as leasing, factoring, invoice discounting, asset-based lending, crowdfunding, angel investing, venture capital, and private equity, which can complement or substitute traditional bank financing for SMEs and entrepreneurs.

Business Development Support (BDS) service providers can excite funders by helping SMEs and entrepreneurs to take the path of nondisruptive creations which develop new markets without disrupting existing markets, industries, and eliminating jobs.

Our BDS Unit offers a transformative approach to drive growth, and competitiveness for SMEs across the African continent. We understand that SMEs face unique challenges in their journey towards success, and our tailored solutions integrate seamlessly with their aspirations.

Empowering SMEs in Africa for Growth and Competitiveness

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