




The Financing Puzzle for African SMEs

Unraveling the challenges and exploring innovative solutions to unlock Africa's economic potential

 September 2025

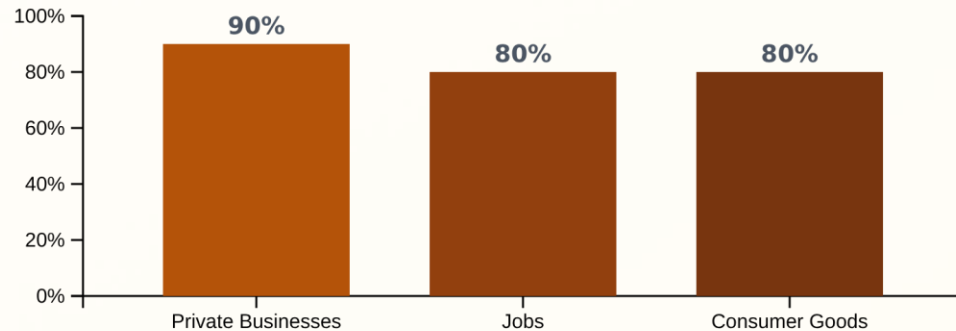
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The SME Powerhouse and The Financing Gap



The SME Powerhouse


- ✔ African SMEs constitute **90%** of all private sector businesses
- ✔ Generate approximately **80%** of jobs in sub-Saharan markets
- ✔ Supply **80%** of all consumer goods sold



The Financing Gap

\$331B

A severe and persistent financing gap estimated at **\$331 billion** in sub-Saharan Africa, hindering SME growth and innovation.



 This gap represents a significant barrier to SME potential across the continent.

Barriers to Bankability





Key obstacles preventing African SMEs from accessing traditional financing solutions



Information & Informality

-  Poor financial record-keeping
-  Mixing personal and business finances

Collateral & Risk

-  High reliance on tangible assets
-  Prohibitive collateral requirements

The "Missing Middle"

-  5-250 employees with \$20k-\$2M needs
-  Cost-to-serve issues



"These barriers create a complex puzzle that prevents African SMEs from accessing the capital they need to grow and thrive."

Innovative Solutions and Stakeholder Recommendations



Digital & Fintech Lending

- ✓ AI algorithms & alternative data sources
- ✓ Faster processing & flexible loans

Alternative Capital Sources

- ✓ Crowdfunding platforms
- ✓ Impact investing & venture capital

Ecosystem & Policy Support

- ✓ Credit guarantee schemes
- ✓ Specialized stock exchanges

Key Recommendations for Stakeholders

Stakeholder Group	Key Recommendations
SME Founders	<ul style="list-style-type: none">• Financial discipline & formalization• Engage lenders early
Capital Providers	<ul style="list-style-type: none">• Look beyond collateral• Tailored products for SMEs
Policymakers & Enablers	<ul style="list-style-type: none">• Strengthen credit infrastructure• Supportive regulatory environment