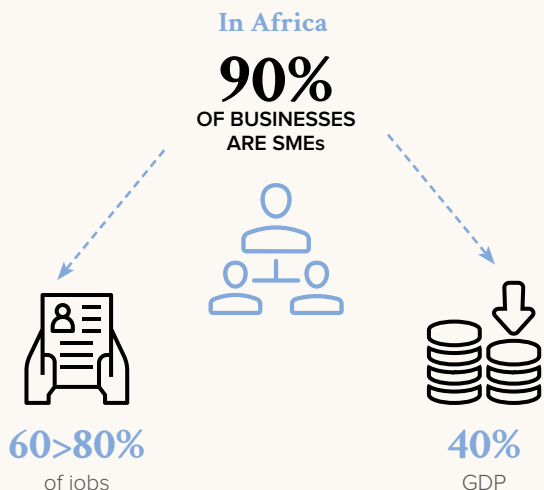




Financing African SMEs

SMEs – a vital component of Africa’s economic fabric ▼

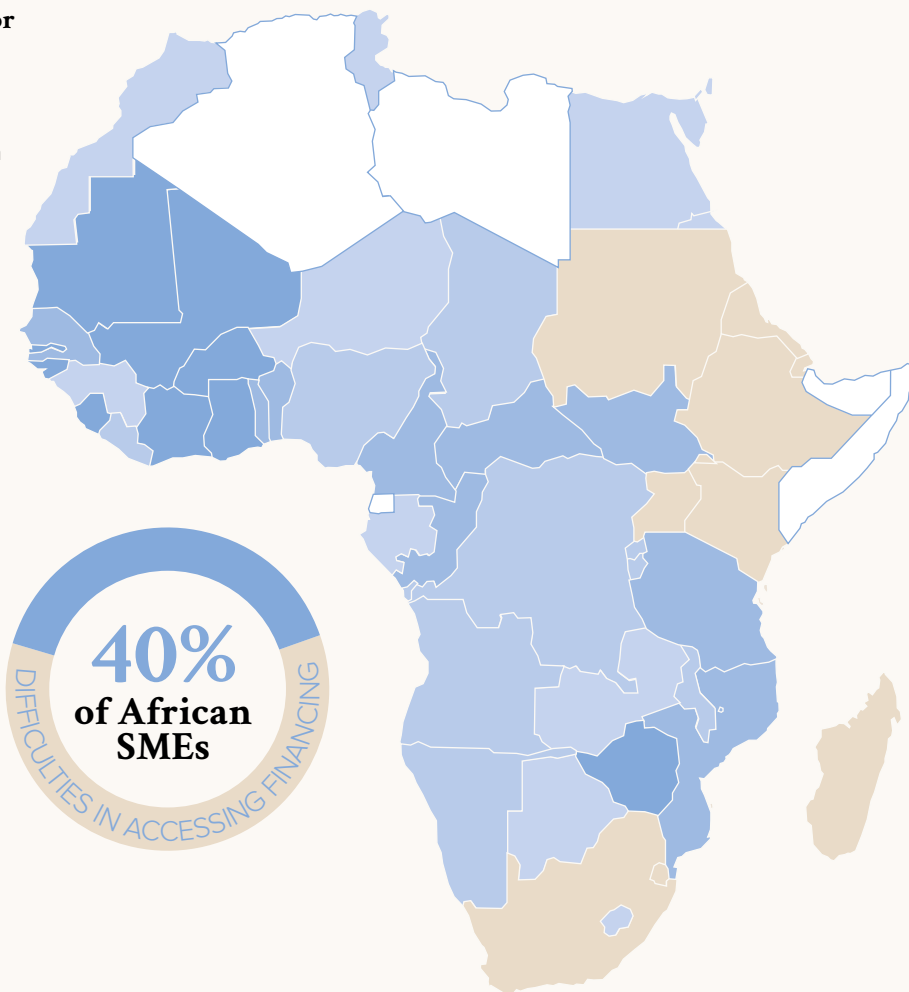
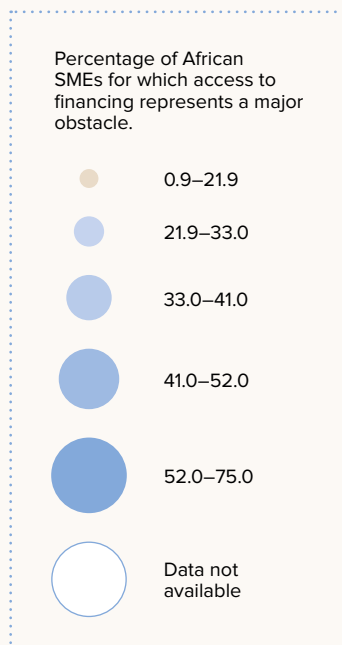
SMEs are crucial in creating jobs and driving economic development in Africa, SMEs represent approximately 90% of all businesses. They create between 60% and 80% of jobs and contribute 40% of GDP. By way of comparison, SMEs in the US and Europe account for, 53% and 65%, respectively, of all businesses.



Source: LSEG Africa Advisory Group, "The challenges and opportunities of SME financing in Africa", 2018.

Access to financing, one of the major constraints for African SMEs ▼

According to a study commissioned by Investisseurs & Partenaires, nearly 40% of African SMEs mention financing as placing a "major constraint on their growth".



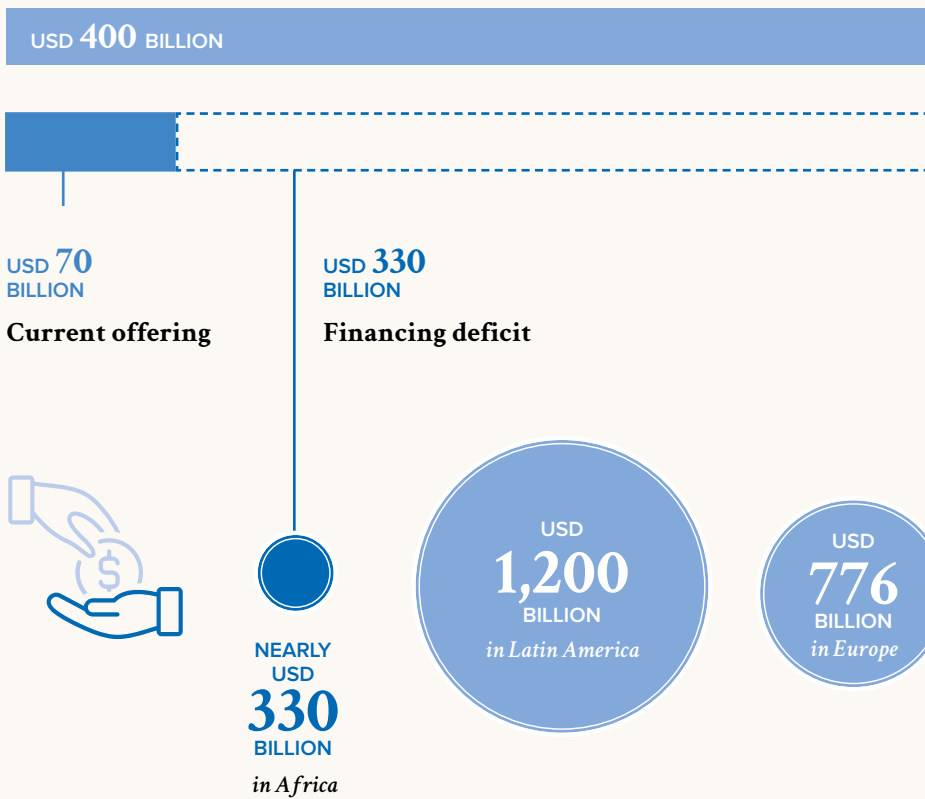
Sources: World Bank; Investisseurs & Partenaires (I&P), "Investing in small- and medium-sized businesses in Africa, an introduction to private equity in Africa", 2015.



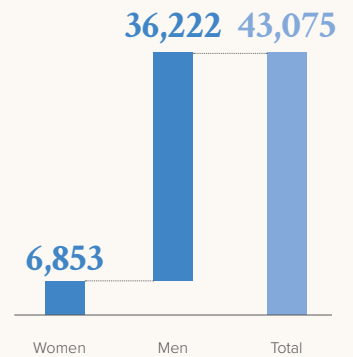
A (major) financing deficit for SMEs in Sub-Saharan Africa... ▼

According to estimates by Société Financière Internationale (SFI), every year small and medium-sized Sub-Saharan African businesses have to contend with a financing deficit of almost USD 330 billion. By way of comparison, the deficit is USD 1,200 billion in Latin America and USD 776 billion in Europe.

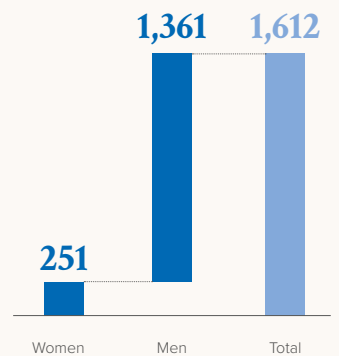
Estimated demand for financing



Micro-businesses (thousands)



SMEs (thousands)



Source: SME Finance Forum, "MSME Finance Gap Database", 2018

... Notably, for SMEs run by women ▼

Again, according to International Finance Corporation (IFC), SMEs run by women in Sub-Saharan Africa suffer from a financing deficit in the order of USD 42 billion.

Source: IFC, "MSME finance gap: Assessment of the shortfalls and opportunities in financing micro, small and medium enterprises in emerging markets", 2017.



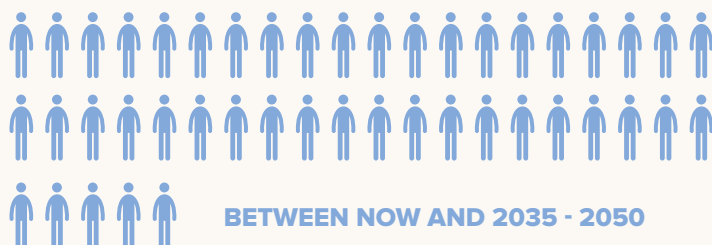
USD 42 Billion
FINANCING DEFICIT

KEY FIGURES



Mass arrival of young Africans on the local labour market ▼

Between now and 2035 to 2050, the World Bank estimates that nearly 450 million young Africans will come onto the labour market.

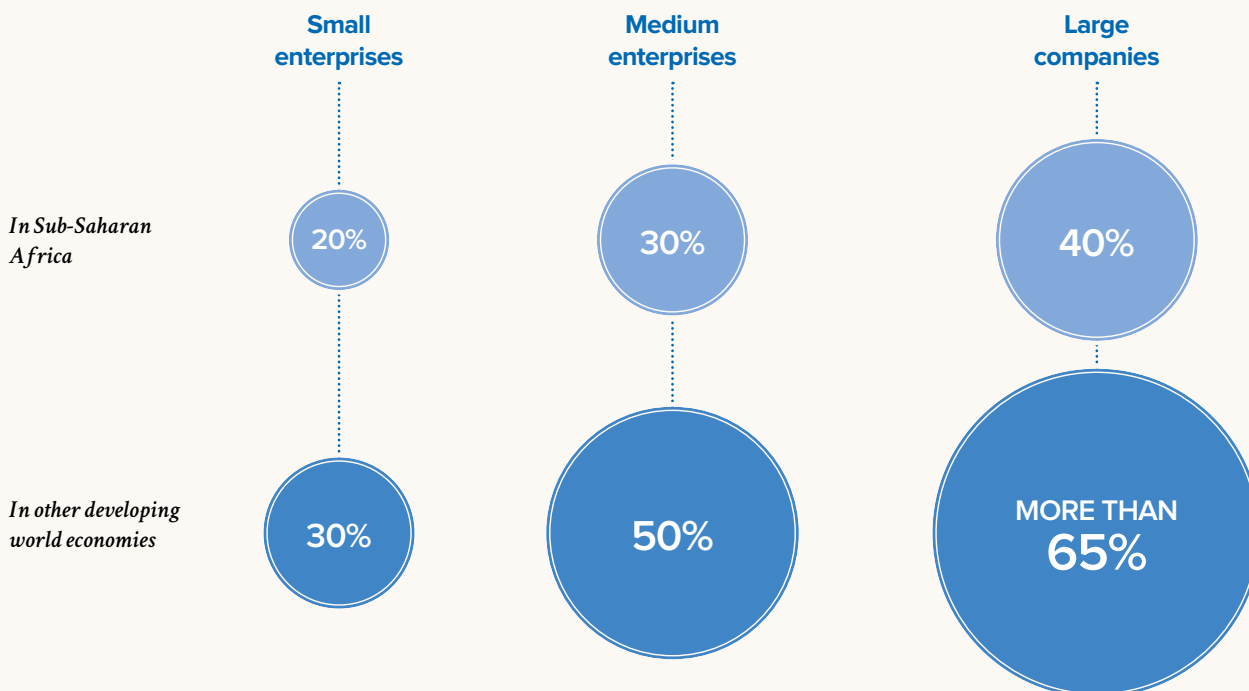


+450 million
YOUNG AFRICANS
WILL ARRIVE ON THE LABOUR MARKET

Source: World Bank. <http://bit.ly/2lacxPU>

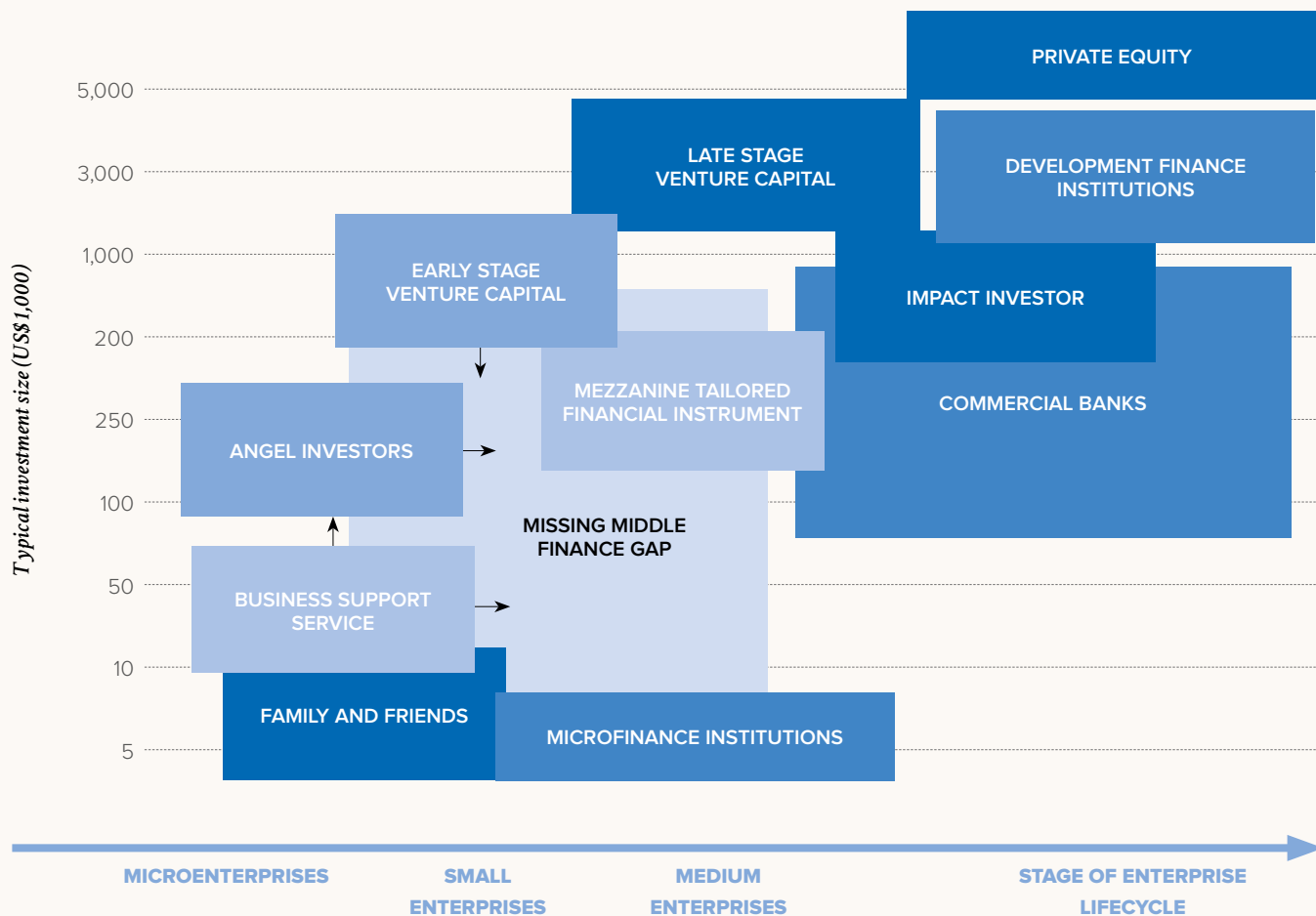
What is access to bank loans like in Africa? ▼

20% of small businesses (less than 20 employees), approximately 30% of medium-sized businesses (between 20 and 99 employees), and 40% of large businesses with over 100 employees have access to bank loans, compared to 30%, 50% and over 65%, respectively, in other developing world economies.



Source: Agence Française de Développement (AFD), *Study of the causes of SME default in Sub-Saharan Africa: the example of ARIZ*, 2018.

What funding model for African SMEs? ▼



Source: LSEG Africa Advisory Group, "The challenges and opportunities of SME financing in Africa", 2018.

Obstacles to development for SMEs in Africa ▼



Source: Investisseurs & Partenaires (I&P), Investing in SMEs in Africa, an introduction to private equity in Africa, 2015.