



# 44M

The number of micro,  
small, and medium  
enterprises (MSMEs)  
in Africa alone

**T**he growth of African economies and contributing to more than 50 percent of the workforce notwithstanding, African SMEs still face major challenges when they need to access finance. The COVID-19 dispensation is making it more and more difficult to access bank loans, as competition for private equity money requiring more aggression; SMEs have to ensure that their businesses are investor-ready if they are to stand a chance at attracting money from private equity funds. FirstCode Corporation is using the digital tools it has developed to evaluate and advise on the investor readiness component.

Considering that SMEs provide an estimated 80 percent of jobs across the continent, representing an important driver of economic growth. Sub-Saharan Africa alone has 44 million micro, small, and medium enterprises (MSMEs), this primary institution in the industrial sector cannot be left to the periphery but should be mainstreamed.

Experts hold that African SMEs face two significant financing challenges: accessibility and affordability. Accessibility refers to the ability of SMEs to access finance. SMEs in Africa are frequently informal meaning they are not formally registered as businesses and this makes it difficult for them to access financing. Moreover, even those that are formally registered still frequently suffer from a lack of accessibility. This is a significant issue because without sufficient working capital, firms are unable to invest and grow. Only between a third and a fifth of SMEs in sub-Saharan Africa have a bank loan or line of credit. An estimated 28 percent of firms in the region are fully credit constrained.

FirstCode Corporation has thus developed



Picture by Markus-Winkler on Unsplash