

The Role of Innovation in Driving SME-led Development in Africa

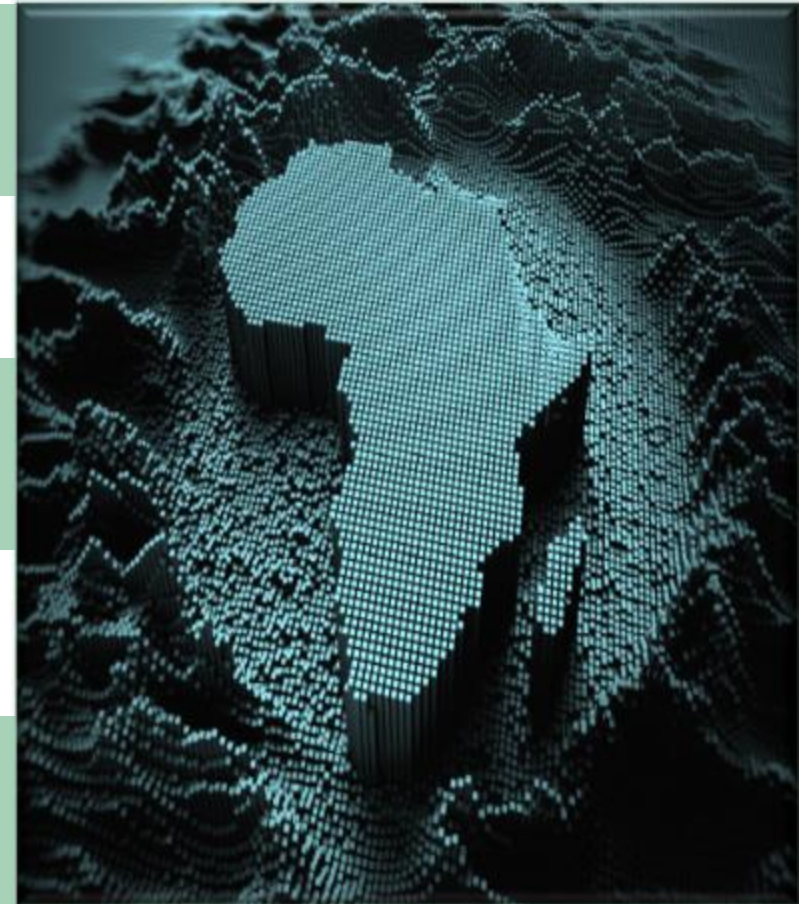
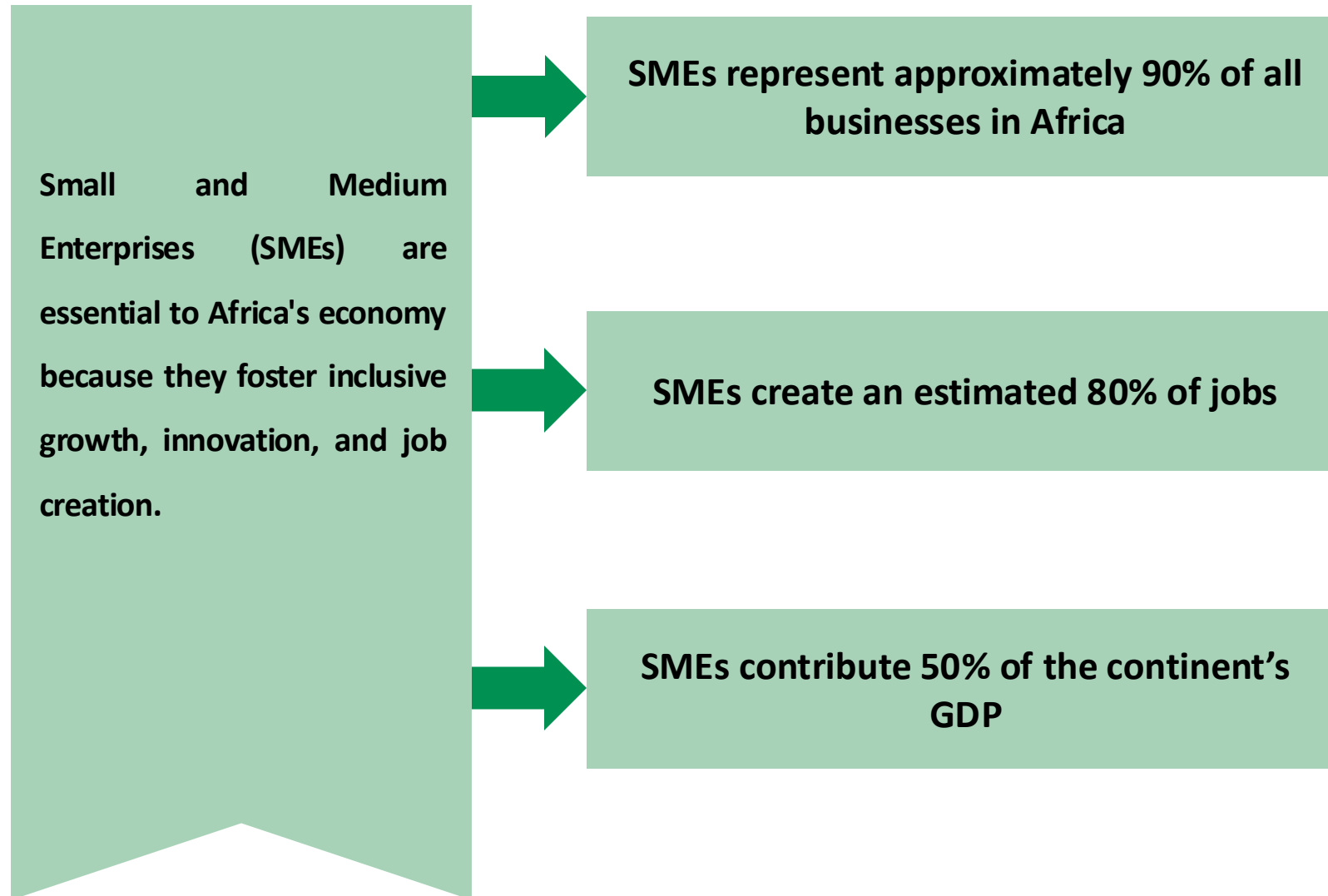


Innovation is the process of developing new products, services, or processes, or improving existing ones. It is a necessity for economic growth and development, as it helps to create jobs, boost productivity, and improve competitiveness.

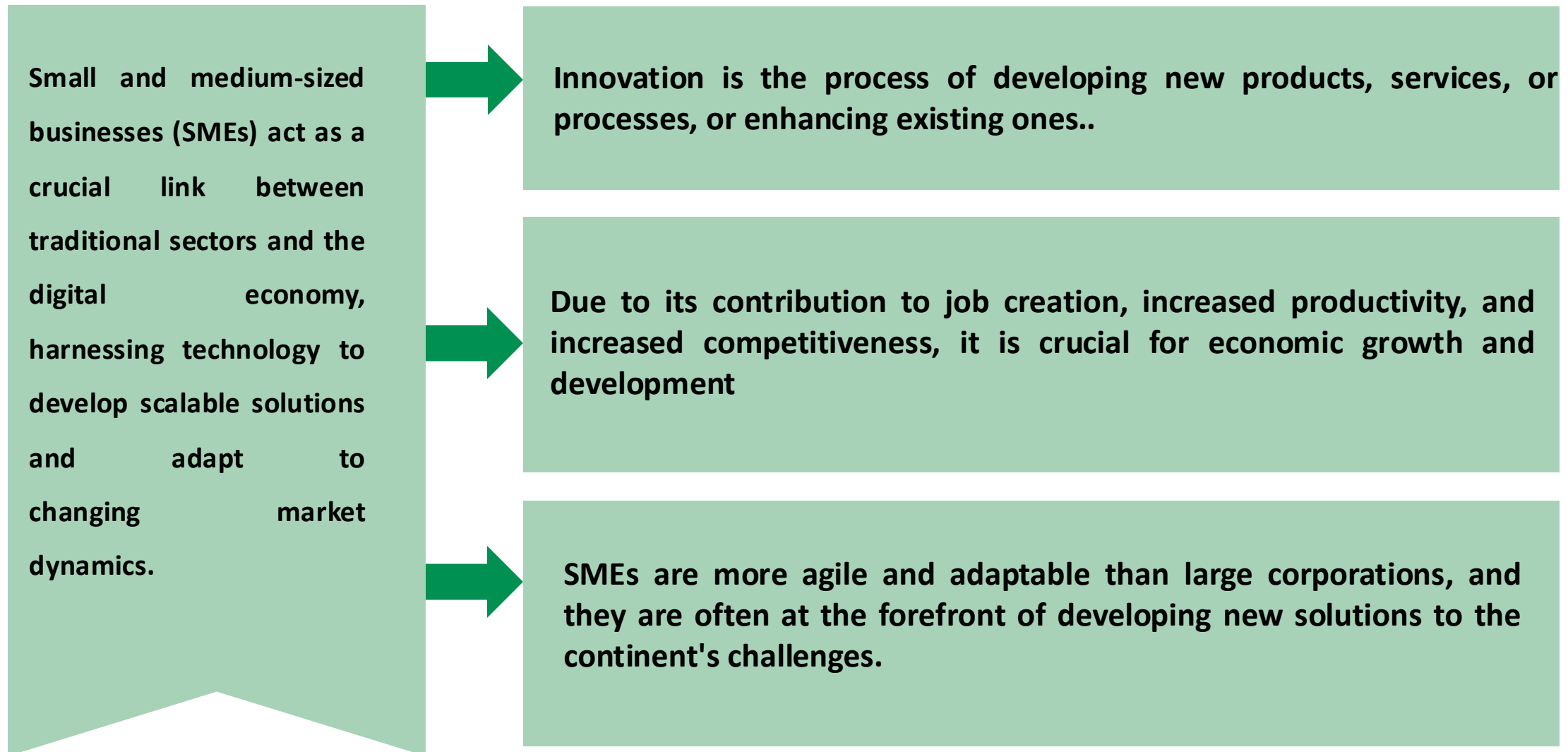
Africa has a unique set of challenges and opportunities for innovation



SMEs represent approximately 90% of all businesses in Africa. They create an estimated 80% of jobs and contribute 50% of the continent's GDP

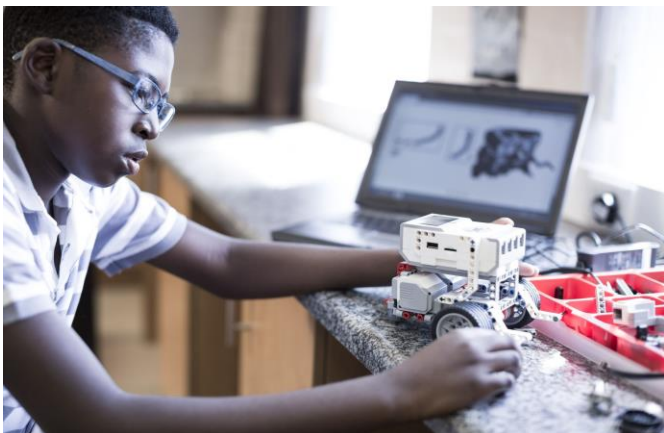


Small and medium-sized enterprises (SMEs) play a vital role in driving innovation and development in Africa



African SMEs are using innovation to address some of the continent's biggest challenges

Access to quality education



Eradicating poverty



Access to healthcare



Combatting food insecurity



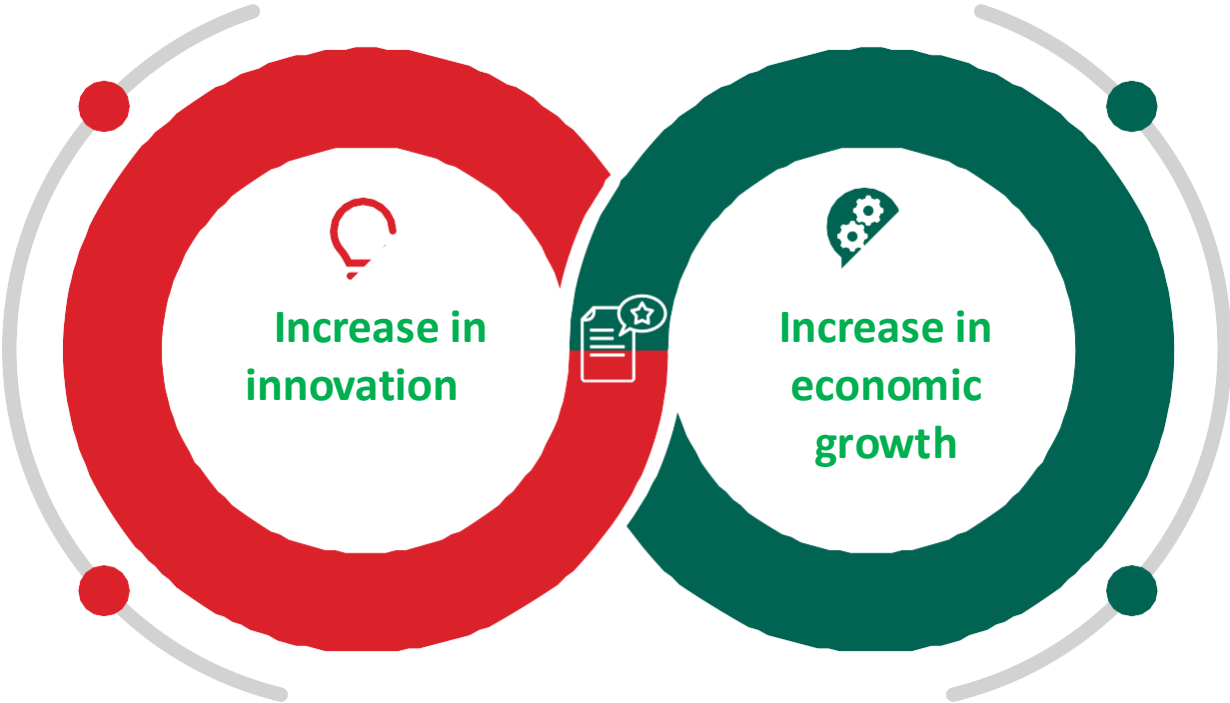
Facts about SMEs and Innovation in Africa

1%

Every 1% increase in innovation

0.3%

leads to a 0.3% increase in GDP growth in Africa



- Africa is home to some of the world's fastest-growing economies, such as Rwanda, Ethiopia, and Ivory Coast.
- Despite Africa's tech start-up scene experiencing a fall in funding, the sector is still a major jobs provider with just under 500 new tech start-ups providing 27,524 jobs.
- African startups raised \$83 million in January 2024 alone, showcasing that the underlying growth of the ecosystem remains stable.
- Internet penetration in Africa is growing rapidly and is expected to reach 60% by 2025.

How Innovation is promoting SMEs led development in Africa; Case Study

Flutterwave



\$9 billion

Flutterwave has processed over \$10 billion in payments since its launch in 2016.

100 million

It has processed over 100 million transactions

\$509.5 million

Flutterwave has also been able to raise over \$509.5 million in investments

50

It has partnered with 50 African banks with over 1200 developers that build on the platform

Flutterwave is a Nigerian payments technology company that provides payment processing solutions to businesses across Africa.

Flutterwave recently got its license from the Bank of Rwanda allowing it to operate in the Rwandan market.

How Innovation is promoting SMEs led development in Africa; Case Study

M-Pesa



56.7 million

There were 56.7 million M-Pesa customers in Africa by the end of its financial year in March 2023

63%

Kenya accounts for just above 30 million of these customers, which makes up about 63% of Kenyan population

\$47 billion

Kenyans used M-Pesa to do business worth \$47 billion in the three months.

2%

Since 2007, M-Pesa has contributed 2 percent to Kenya's GDP.

185,000

M-Pesa creates 185,000 employees in Kenya

M-Pesa has expanded financial inclusion, benefiting people with low-income who may not have access to alternative banking options. With M-Pesa, they can quickly transfer money, pay bills, and purchase online. Improving the economic prospects of Kenyans.

MNT-Halan



5 million

MNT-Halan has served more than 5million customers in Egypt of which 3.5 million are financial clients and 2 million are borrowers

1.3 million

It has 1.3 million monthly active users

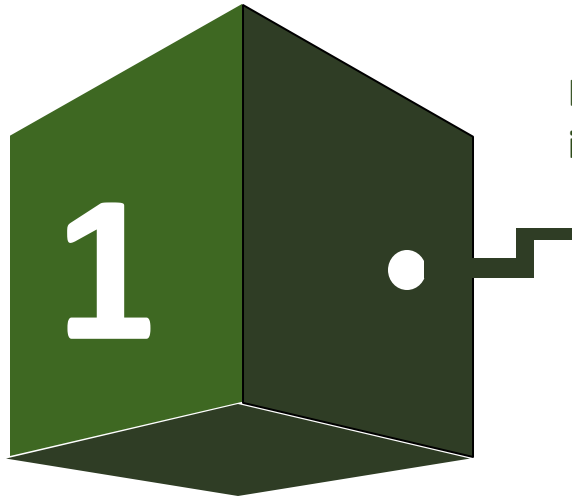
>\$2.5 billion

It has disbursed over US\$2.5 billion worth of loans since its inception .

\$100 million

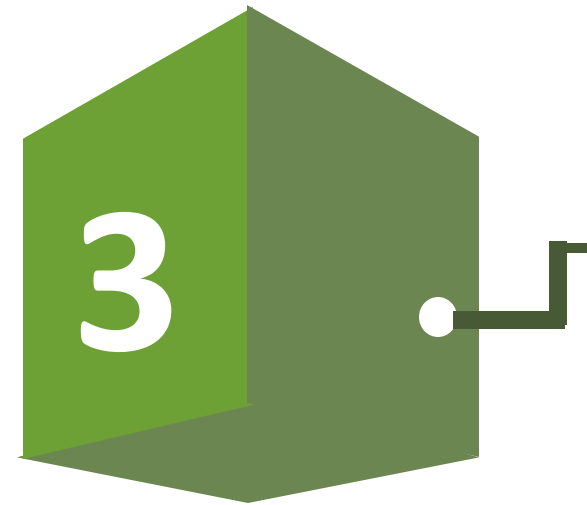
On a monthly basis, MNT-Halan processes US\$100 million worth of transactions

MNT-Halan is an Egyptian fintech power-house with particular focus on digital lending and payment solutions, addressing the needs of underserved egyptian communities. MNT-Halan offers a diverse range of financial and non-financial services such as lending, buy-now-pay-later, e-commerce, payments, mobility and logistics.



Lack of access to finance and investment

SMEs in Africa often struggle to access the capital they need to grow and innovate. This is due to a number of factors, including limited access to credit, high interest rates, and complex collateral requirements.



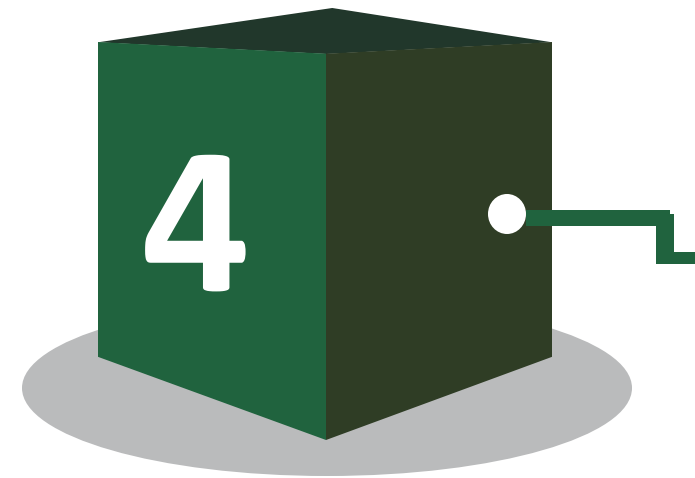
Limited access to skills and training

The shortage of skilled workers in many African countries is due to a few factors, including limited access to education and training, and the brain drain of skilled workers to developed countries.



Lack of infrastructure and support services

Many African countries lack the basic infrastructure and support services needed for businesses to thrive. This includes things like reliable electricity, transportation networks, and access to information and communication technologies (ICTs).



Regulatory and Bureaucratic Challenges

Governments in Africa need to do more to reduce regulatory and bureaucratic burdens on SMEs. This includes simplifying licensing and registration procedures, making regulations more clear and consistent, and cracking down on corruption.

Governments, Private sectors, and Development partners should create an enabling environment for innovation



In conclusion, Africa's economic development, job creation, and social progress are intricately linked to prioritising innovation, assisting tech startups in finding investors and business partners, and getting regular international media coverage.



Innovation is essential for driving SME-led development in Africa.



Governments, the private sector, and development partners all have a role to play in supporting innovation in Africa.



By investing in innovation, Africa can create jobs, boost economic growth, and improve the lives of its citizens.



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