

INFORMATION & COMMUNICATION DIRECTORATE

Press Release No: 000003456/2021

Date: 5th Feb 2022

Venue: Addis Ababa, Ethiopia

The African Smart Finance and Digital Banking Initiative a game-changer for MSMEs.

Micro, Small and Medium Enterprises (MSMEs) constitute over 90% of total business units in Africa. They are often described as efficient and prolific job creators, the seeds of big businesses and the fuel of national economic engines. Even in developed industrial economies, SMEs, rather than the multinationals, provide the largest amount of employment. For Africa to become a meaningful and proportionate shareholder of the global digital economy, it needs to leverage on data and commercial intelligence to benefit the masses of MSMEs, young startups, youth and women. To facilitate this, the African Union has launched the African Smart Finance and Digital Banking Initiative, a new initiative expected to support the African SMEs, women and youth to realize financial self-sustainability, build market and investor confidence, and ultimately accelerate the continent's economic growth.

The launch of the African Smart Finance and Digital Banking Initiative calls for a shift in the mindsets of SMEs, bankers, development finance institutions, angel investors, and the venture capital players, in a strategy that supports a high tolerance for risk with a huge appetite for patient capital which allows SMEs to venture into profitable business enterprises. The Digital innovation has been created to deliver loans to millions of people in different countries at low interest, accelerated cycle of service delivery such as the reduction of loan cycle from 3 months to 3 days, and a reduction of risk due to the affordability of cost of finance. The multiplier factor will be a key lever to uplift Africans out of poverty and expand investments opportunities.

The initiative was launched by the African Union, Department of Economic Development, Trade, Industry and Mining in collaboration with the AeTrade Group on the margins of the African Union Summit. The unveiling of the strategic initiative will deliver on one of the critical issues identified by SMEs, women and youth entrepreneurs – namely lack of access to affordable finance. In 2017, the AU Commission began the preparation of an SME Strategy, as a framework to support AU member States that have themselves prioritized SME development. Following the operationalization of the Sokokuu.Africa Pan African Ecommerce Platform, the Smart Finance and Digital Banking Initiative for SMEs, Women and Youth seeks to present an integrated solution to drive job creation across the continent in the Post-COVID-19 era.

H.E. Isatou Touray, Vice President of the Republic of the Gambia conveyed a message of congratulations from His Excellency President Adama Barrow and stated that “this COVID-19 pandemic has affected businesses and we thank the AeTrade Group for its collaboration with the Gambia and look forward to the implementation of the programme at country level.”

H.E. Vincent Biruta Honourable Minister of Foreign Affairs and International Cooperation of Rwanda observed that lack of access to affordable finance hinders the development of MSMEs and overall economic development across the continent. We congratulate the AU Commission and the AeTrade Group for this milestone to support SMEs and entrepreneurship in Africa.”

H.E. Amb. Albert Muchanga, African Union Commissioner, Economic Development, Trade, Industry and Mining presented the key milestones in the partnership between the African Union and the AeTrade Group and the collaboration which has widened and deepened the partnership to benefit AU Member States, the SMEs, Women and Youth across the continent. He observed, “with the advent of COVID-19 the past two years have demonstrated without doubt that SMEs are the backbone of our economies, however due to various constraints we were unable to provide them the stimulus packages that developed countries are able to give. The launch of the African Smart Finance and Digital Banking Initiative should be considered an integral part of the strategy for building back better as a continent. The pillars of infrastructure development, enabling policies and other measures that are also critical can only work sustainably if we find a way to ignite the engine of economic growth, which is private sector development.”

H.E Hailemariam Desalegn, Former Prime Minister of the Federal Democratic Republic of Ethiopia, and Chairman of the AE Trade Group noted that the initiative had adopted the fourth industrial revolution concept of an inclusive approach working closely with public and private sector partners including Development Finance Institutions in Africa to establish a job creation machine to lift millions of people out of poverty., “At this launch, we are turning a new chapter where we embrace the use of technology to build our economy as Africans from the ground up, ensuring that we leave nobody behind. We have a youthful continent, wherein by 2030 it estimated that Africa’s youth shall reach 1.6 billion people. Indeed, job creation is a top priority for each and every leader and we are working towards the goal of creating 80-125 million jobs in the next 15 years”.

The AeTrade interoperable payment system and smart financing is one of the game changers in supporting MSMEs, women and youth. Mr. Muluaem Syoum, Founder and CEO of the AeTrade Group underscored that the support is not just financing, but in expanding the know-how to do business and in making the made in Africa products more visible to the national, regional and global market. It is one of the drivers for boosting intra-African trade and promoting regional value chains and industrialization. “We have been studying the African economy and some of the root causes for the insufficient job creation capacity across the continent for the past fifteen years. We see three chronic areas to be addressed, capacity building for MSMEs, access to affordable finance as well as access to digital and other infrastructure to facilitate cross border trade. Today we are focused on addressing the challenges that leave MSMEs marginalized from the financing system despite significant efforts that have been made by African Governments and various stakeholders including the international community”, he stated.

Dr. Amany Asfour, President of the African Business Council reaffirmed the commitment of the ABC to support the implementation of the strategic initiative by the AeTrade Group, as it promotes MSMEs including women and youth. Financial

inclusion, digitalization, and banking are fundamental to implementing the AfCFTA as well as to empower African private sectors in the continent.

The AeTrade Group countersigned the Host Country Agreement with the Government of Rwanda.

For further information, please contact:

Doreen Apollos | Information and Communication Directorate | African Union Commission | Tel: +251 115 517 700
| E-mail: ApollosD@africa-union.org | Addis Ababa, Ethiopia.

Meaza Tezera , Department of Economic Development, Trade , Industry and Mining | African Union Commission
| E-mail: Meazat@africa-union.org | www.au.int/Addis Ababa | Ethiopia

Directorate of Information and Communication | African Union Commission, E-mail: DIC@african-union.org |
Website: www.au.africa | Addis Ababa | Ethiopia Follow Us: [Facebook](#) | [Twitter](#) | [LinkedIn](#) | [Instagram](#) | YouTube

For further information please contact:



Name and Position | Information and Communication Directorate | African Union Commission

Tel: +251 115 517 700 | **E-mail:** Your Email | Addis Ababa, Ethiopia

Information and Communication Directorate, African Union Commission | **E-mail:** DIC@africa-union.org

Web: au.int | Addis Ababa, Ethiopia | **Follow Us:** [Facebook](#) | [Twitter](#) | [Instagram](#) | [YouTube](#)