

OVO Survey: Needs of African Entrepreneurs

This report presents the findings of a survey conducted by OVO to explore the evolving financial needs of African entrepreneurs. The survey, carried out across Uganda, Benin, Rwanda, Senegal, and the Democratic Republic of Congo, provides valuable insights into financial access challenges, preferred financial instruments, and opportunities for collaboration and entrepreneurial innovation. These findings will guide OVO in shaping a strategy that better responds to the real needs of African entrepreneurs.

The key findings underscore the urgent need for innovative, accessible, and sustainable financial solutions. By introducing flexible financing options, strengthening business networks, and enhancing financial literacy, OVO can contribute significantly to inclusive economic growth across the continent. Building strong partnerships between financial institutions, investors, and support organizations will be essential to ensuring long-term entrepreneurial success.

Overview of Respondents

The survey was completed by 38 entrepreneurs from the countries above who collaborated with OVO through coaching and/or financing. Of these, 32% were women. Half of the businesses surveyed have been operational for over six years, and almost 50% of the entrepreneurs are between 35 and 44 years old. About half of the companies are active in agriculture, while others operate in manufacturing, financial services, and other sectors. Most businesses are small, with 60% employing fewer than 10 people, and over half report annual revenues exceeding €50,000. This reflects a balanced group of start-ups and scale-ups, well aligned with OVO's target audience.

Access to Finance:

Persistent Challenges

Access to finance emerged as the most pressing barrier, with 70 to 75% of entrepreneurs identifying it as their main obstacle. In Rwanda, this was confirmed by 2020 study by Credit Suisse¹. Similarly,, a report from the Ugandan Ministry of Trade highlights this constraints, only

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<https://ondernemersvoorondernemers.sharepoint.com/sites/NeedsOfAfricanEnterpreneuers/Gedeelde%20documenten/Forms/AllItems.aspx?id=%2Fsites%2FNeedsOfAfricanEnterpreneuers%2FGedeelde%20documenten%2FLibrary%2FAfrica%2F2020%20Rwanda%20%2D%20Ecosystem%20%282%29%20%281%29%2Epdf&parent=%2Fsites%2FNeedsOfAfricanEnterpreneuers%2FGedeelde%20documenten%2FLibrary%2FAfrica>

52% of entrepreneurs in Uganda can access funding². Although almost all respondents had applied for funding before, they encountered multiple challenges..

- High interest rates: 70% of respondents cited prohibitively high interest rates as a major barrier to securing funding.
- Lack of collateral: 70% of entrepreneurs reported that they could not meet collateral requirements imposed by financial institutions. This is especially the case for women as they often have fewer assets that can be used as collateral³.
- Complex application processes: 60% of the respondents encountered bureaucratic hurdles that made it difficult to access funding.
- Limited funding options: 35% of entrepreneurs noted that venture capital and equity financing remain scarce.
- Weak investor networks: 40% of participants stated they lacked access to investor networks, hindering opportunities for growth and expansion.

Tailoring Financial Instruments for African Business

The survey revealed that in OVO's focus countries, the most common sources of funding for entrepreneurs remain grants and small loans. While these instruments are crucial for supporting younger businesses and start-ups, more mature companies and scale-ups expressed a clear preference for alternative financing models that better align with their evolving needs. Although bank loans (60%), personal savings (55%), microfinance institutions (40%), and government grants (30%) are the most widely used funding sources, many entrepreneurs are eager to access more flexible and diverse financial options that address both short- and long-term growth.

Importantly, the responses from supporting organizations reinforced these insights, confirming that across all countries surveyed, financial institutions rarely offer financing products tailored to the specific needs of entrepreneurs and small businesses.

In terms of financial needs, more than 75% of surveyed entrepreneurs require working capital, and 80% are interested in asset financing for equipment and machinery. For long-term growth, 50% seek funding to expand their businesses, and 35% are looking for equity investments to support their development. However, current OVO financing limits, set between €10,000 and €50,000, do not reflect the full range of needs identified. Only 25% of respondents reported requiring financing within this range, while 50% indicated a need for funding between €50,000 and €100,000, and 25% require amounts exceeding €100,000.

² <https://techbuzzhub.org/wp-content/uploads/2019/04/Uganda-Entrepreneurship-Index.pdf>

³ https://www.afi-global.org/wp-content/uploads/2024/10/Senegal_Increasing-Womens-Financial-Inclusion-and-Closing-the-Womens-SME-Credit-Gap-Through-Enabling-Financial-Policy-Regulation_2023.pdf

Among companies seeking €10,000 to €50,000, 90% expressed interest in long-term loans, and 50% also showed interest in equity investments. Similar preferences were observed among those needing €50,000 to €100,000, where 80% favor long-term loans and 70% are open to equity. As expected, businesses seeking larger amounts tend to prefer equity investments to sustain their development, but they also maintain a strong preference for long-term loans. Notably, 80% of all surveyed entrepreneurs indicated an interest in grants as part of their financing mix.

In addition to traditional instruments, 60% of the entrepreneurs expressed openness to hybrid financial models that combine grants with low-interest loans, revenue-based repayments, and government-backed guarantee schemes designed to ease collateral requirements. These insights emphasize the need for OVO to diversify its financial offerings and create more adaptable and accessible funding solutions tailored to the diverse profiles and growth stages of African entrepreneurs.

Access to Business Support

Opportunities for Collaboration and Innovation

Beyond financial support, entrepreneurs identified several non-financial interventions that could significantly enhance business success such as.

- **Mentorship and Coaching:** 50% of respondents indicated a strong need for mentorship programs.
- **Business Strategy Development:** 65% highlighted the importance of strategic planning assistance.
- **Networking Opportunities:** 30% expressed a need for platforms that connect entrepreneurs with investors and industry experts.
- **Technical Consultancy:** 50% sought specialized support in areas such as marketing, export assistance, and digital financial tools.
- **Ecosystem Strengthening:** Entrepreneurs proposed the creation of regional hubs for knowledge exchange, multilingual business support services, and platforms linking startups with accelerators and NGOs.
- **Tech Adoption:** 45% of businesses already use accounting software, underscoring a growing trend toward digital financial management solutions.
- **Financial Management Support:** 95% of the companies indicated a need of following training programs offering support in financial management. Showing a demand for more tailored business development programs.

A notable finding from our survey is the significant variation in the accessibility of government and public programs that support entrepreneurs across the region. In countries such as Malawi and Rwanda, respondents indicated that governmental programs are relatively easy to access. In contrast, entrepreneurs in Uganda and Benin reported that such programs are far less accessible. Additionally, the literature shows that Ugandan government prefer to support programs focused

on specific sectors such as Healthcare & ICT⁴. However, even in Rwanda and Malawi, where access is better, these public programs are mostly limited to non-financial support, such as training or advisory services, and do not provide direct financial assistance to entrepreneurs.

These findings emerged at a time when African governments face growing financial demands amidst decline in international investor interest⁵, further highlighting the challenges entrepreneurs encounter in securing necessary resources.

The survey also revealed that 75% of entrepreneurs have previously participated in development programs, while the remaining 25% expressed interest in joining such initiatives. Notably, most of these programs are led by NGOs or public lenders rather than by governments, highlighting a broader gap in government-led entrepreneurial support. This underscores the lack of a robust and comprehensive entrepreneurial ecosystem backed by public institutions in many of the surveyed countries.

Moreover, our parallel survey with support organizations, such as incubators and accelerators, revealed that they too face significant challenges. Many struggle with limited financial resources and lack the capacity to scale their programs to meet growing demand. These organizations expressed a strong need for partners that can facilitate access to funding, foster connections with investors, and offer technical expertise or targeted training. In the report of the Uganda Ministry of Trade indicated the limited access to network was the biggest challenge for SMEs⁶. Another example is Rwanda where there are many ESO (Entrepreneurial Support Organizations) active but where there is little collaboration and coordination leading to overlap. ⁷This emphasizes the need for greater collaboration between support organizations, investors, and policymakers to strengthen the entrepreneurial landscape across the region.

Key Takeaways

Key takeaways drawn from the survey results.

- High costs and collateral requirements remain the biggest barriers to access funding. Most entrepreneurs expressed difficulty in securing affordable funding due to high interest rates and restrictive collateral demands.

⁴ <https://techbuzzhub.org/wp-content/uploads/2019/04/Uganda-Entrepreneurs-Index.pdf>

⁵ European investment Bank: Finance in Africa 2024 report page . Can be accessed <https://www.eib.org/en/publications/20240033-finance-in-africa>. pg 16

⁶ <https://techbuzzhub.org/wp-content/uploads/2019/04/Uganda-Entrepreneurs-Index.pdf>

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- Flexible financial products are critical: Tailored financing solutions, such as hybrid funding models and revenue-sharing agreements, could provide much-needed relief to growing businesses.
- Holistic support is essential: A combination of financial assistance, mentorship, and access to networks will drive the long-term sustainability of African enterprises.
- Entrepreneurial ecosystem: entrepreneurs get lost among the various programs and have difficulty finding the programs that best fit their needs. There is a need of a more efficient operation of the whole ecosystem and communication between different organisations to ensure entrepreneurs receive the needed support. Additionally, most support programs focus on start-ups and SMEs that want to scale find little support.⁸

Feedback from respondents

- **Need for More Tailored Financing Solutions**
There is a strong need for more customized financing options, either provided directly by OVO or in partnership with local actors, including seed funding for early-stage businesses. Given the challenges associated with the international nature of current loan structures, it is crucial to explore financing products that are better adapted to local contexts and conditions.
- **Improvement and Optimization of the Coaching Program**
The coaching program would benefit from optimization to make it more efficient and time-effective, while ensuring that all entrepreneurs receive consistent and high-quality support. In addition to general business coaching, entrepreneurs have expressed a need for more specialized technical support during the coaching process to address sector-specific challenges and strengthen their operational capacities.
- **Stronger Local Representation and Partnerships**
Enhancing local presence through stronger collaboration with incubators, accelerators, and financial institutions would enable more frequent follow-up and hands-on assistance for entrepreneurs. These partnerships would not only improve OVO's outreach but also ensure that entrepreneurs receive timely, localized support that aligns with their evolving needs.

Recommendations

Access to Finance

OVO should consider expanding its range of financing products by:

- **Designing tailored financial solutions** that meet the specific needs of entrepreneurs. This could include introducing revenue-sharing loans, offering low-interest financing in local currency, and partnering with guaranteed schemes to minimize collateral requirements.
- **Revising and diversifying the structure of OVO loans** by moving beyond the current fixed 7% interest loan between €5,000 and €50,000. Instead, OVO should offer more flexible loan amounts — up to €100,000 — with interest rates adjusted according to the risk profile of each project. This would ensure that both smaller start-ups and more mature businesses can access appropriate levels of funding aligned with their growth stage and risk exposure.
- **Enhancing equipment leasing options** to support businesses that require costly machinery and tools, making essential equipment more accessible.
- **Offering hybrid financing models** that combine grants, revenue-based repayments, and flexible loan structures to provide entrepreneurs with more adaptable funding solutions.
- **Guiding entrepreneurs with alternative financing needs**, such as grants or equity investment, towards partner organizations that specialize in these forms of support. By building strong referral pathways, OVO can ensure that businesses with diverse financial needs are connected to the right opportunities, even when these needs fall outside OVO's direct offering.

Access to Business Support

OVO should consider expanding its range of non-financial products by:

- **More focus towards financial literacy and digital adoption:** Transition the coaching program from general business development to one that emphasizes more on financial literacy and digital financial tools, ensuring entrepreneurs are equipped to manage their finances more effectively in today's digital landscape.
- **Provide advanced financial training:** Offer continuous financial literacy programs that focus on practical business analytics, financial management tools, and budgeting strategies. This would empower entrepreneurs to make informed financial decisions, manage cash flow, and understand financial statements better.
- **Encourage the adoption of digital financial tools:** Promote the integration of accounting software and digital expense tracking solutions among entrepreneurs. This will help businesses streamline their financial operations, increase financial transparency, and improve planning, ultimately contributing to better financial management.

- **Facilitate access to technical support:** Ensure entrepreneurs have access to ongoing technical support to help them integrate and use these digital tools efficiently. This could include training sessions, troubleshooting assistance, and guidance on using software to enhance overall business performance.

Enhance entrepreneurial ecosystem support

- Launch mentorship programs: Establish mentorship initiatives connecting early-stage entrepreneurs with experienced business leaders.
- Facilitate strategic partnerships: Strengthen collaborations between financial institutions, business incubators, and investors to create tailored financing solutions.
- Create digital networking platforms: Develop online platforms that facilitate investor-entrepreneur matchmaking and peer learning.
- Support sector specific growth: Prioritize financial products for high-potential sectors such as agriculture, manufacturing, and technology startups.

Strengthen monitoring and evaluate framework to report impact

- Track business growth metrics: Measure the impact of financial interventions by tracking indicators such as revenue growth, job creation, and market expansion.
- Refine offerings based on data: Continuously adapt financial products and support services based on real-time data and entrepreneur feedback.

Conclusion

Understanding the evolving needs of entrepreneurs supported by OVO is essential for ensuring that the organization remains aligned with the constantly changing business environment in Africa. Africa's rapidly growing and diverse entrepreneurial landscape presents both opportunities and challenges, underscoring the urgent need for innovative, accessible, and sustainable financial solutions.

The key findings show how introducing flexible financing options, strengthening business networks, and enhancing financial literacy can drive business growth. To maximize impact, OVO should aim to refine its program interventions, structure its loans effectively, and focus the support to respond to the most pressing needs identified. This can be done through strengthening partnerships between financial institutions, investors, and support organizations to provide ecosystems that foster long-term entrepreneurial success.

These insights should be adopted for shaping OVO's strategic direction, ensuring that its services continue to evolve to meet the specific challenges faced by African entrepreneurs. The survey findings should feed into the strategy to develop new approaches to enhance financing, coaching, and ecosystem support. .