

What does it take for African women to be successful entrepreneurs?

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According to the World Bank, Africa is the only region in the world with more female than male entrepreneurs. One in four African women start or manage a business, many of them in the informal sector. And as women typically use most of their earnings to support, educate and empower their families and wider communities, more than twice as much as men, the success or failure of these female-owned businesses has an enormous ripple effect.



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Yet many African women are faced with seemingly insurmountable challenges in their businesses, ranging from discrimination that stems from the apartheid era to the inherent patriarchy of the African culture. This entrenched system of social inequality results in an economic disparity that makes it extremely difficult to succeed.

The situation has been exacerbated by Covid-19, which has been especially devastating to women-owned businesses. Along with the usual challenges of small and medium enterprises (SMEs), such as irregular cash flows and limited financial reserves, women-owned businesses are often informal and less profitable, and they operate in some of the hardest-hit sectors, such as hospitality, tourism, agriculture and education. To make matters worse, with schools closing, many women have had to prioritise staying home to care for their families overrunning their businesses.



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To address these issues, it's important firstly to understand the challenges and secondly, to implement solutions that alleviate them.

Access to finance

The financing gap for African women is estimated by the African Development Bank to be \$42bn. Even under normal circumstances, those women who do manage to get a business off the ground struggle to obtain funding to expand. African women often lack access to traditional collateral, and their businesses are not necessarily well-documented.

This makes it very difficult for them to satisfy the legal and regulatory requirements for a loan from financial institutions. Many opt out of even attempting to do so as they perceive the odds to be stacked against them. Ironically, given the difficulties they are faced with, women are more likely than men to follow through on their repayments.

To combat these circumstances, they need advice, technical assistance and solutions such as longer-term loans, low-interest rates, repayment grace periods and alternative collateral options, for example, business assets instead of land. And in times of crisis, extra support is needed in the form of grants or loans with favourable conditions



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Access to technology

For small businesses, it's critical to be able to easily receive and make payments and access credit at the click of a button. In Ghana, for example, Ecobank and MTN have very successfully rolled out a digital micro-lending service. These kinds of digital platforms enable both customers and businesses to follow lockdown protocols, and with the added benefits of increased productivity and lower costs, their use has grown exponentially.

However, the gender gap arises here too. African women are about 45% less likely to be online than men and they need assistance with both access and training.

Access to education

Education needs to specifically focus on developing entrepreneurial skills, such as planning, launching and managing a business, mastering the necessary technology, and financial literacy that empowers women to run a business and access funding when it's time to scale up. Personal initiative training is another important element here, teaching women to be proactive and to persevere despite difficulties, giving them resilience in difficult times.

Extending training to younger girls is crucial as it primes them for future success and reduces the chances that they will leave school and/or fall pregnant. Schools like Reekworth in Zimbabwe and Rwanda are key players here, focussing on providing transformative, globally relevant education, including entrepreneurship training.

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Access to mentoring and resources

Partnerships with businesses that can mentor female entrepreneurs and provide access to funding, business services and other resources can be extremely successful. Initiatives like the Anzisha Prize programme help to facilitate these kinds of partnerships by identifying and training high potential, very young African entrepreneurs, then connecting them to mentors and funding opportunities.

The role of government

To enable the empowerment of female entrepreneurs, governments need to implement gender-sensitive policies and other supportive initiatives, such as offering tax incentives for businesses that invest in or outsource to women-led SMEs. While there is still a long way to go, we are seeing steps in the right direction, for example, President Ramaphosa's target of ensuring that at least 40% of goods and services procured by public entities should be sourced from women-owned businesses, and his commitment to engage with financial services on their behalf.

Given the opportunity, women are naturally enterprising and resilient, and their economic influence in their families and the greater community is transformative. If historical inequalities are addressed and remedied, and the right initiatives and policies put in place, there is a very real possibility that the post-pandemic world could be a safer, more sustainable and more abundant world for us all.

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