

Uncap rolls out €30m fund for African SMEs

Uncap has introduced Unconventional Capital, a €30m fund aimed at offering non-dilutive, revenue-based financing to early-stage small and medium-sized enterprises (SMEs) throughout Africa.



Esther and Franziska | image supplied

This new fund is a significant step forward in Uncap's mission to support high-potential businesses driving economic growth in critical sectors such as agriculture, trade, logistics, climate resilience, and financial inclusion.

Unconventional Capital will collaborate with key partners, including SAIS, an ag-tech initiative funded by the German Federal Ministry for Economic Cooperation & Development (BMZ) and implemented by GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH), as well as O-Farms, a circular agriculture program run by Bopinc and funded by the Ikea Foundation.

By working with its partners, the fund aims to unlock growth opportunities for businesses and harness its expertise and networks to better support SMEs in high-impact sectors.

The fund has attracted the backing of global institutions such as the Bill & Melinda Gates Foundation and the Bayer Foundation, underscoring its credibility and the growing confidence in Unconventional Capital's innovative approach to alternative financing.

The financial model, focused on revenue-based financing rather than equity dilution, provides more flexible funding options for African businesses navigating early-stage challenges.

The fund will be co-led by Uncap's current Investment Principal, Esther Ndeti, and the CEO Franziska Reh, both of whom will serve as Managing Partners.

Their combined experience and strategic vision will guide Unconventional Capital's efforts in delivering impactful financing solutions to early-stage SMEs in Africa.

"SMEs account for about 90% of African businesses, yet they face many challenges in raising capital. The inefficiency of African capital markets in effectively supporting SMEs, coupled with limited visibility to a broad investor base, continues to hinder access to essential funding for small and medium-sized enterprises across the continent.

Over the past three years, we've championed innovative, alternative financing for African businesses. We hope this Fund will address capital gaps for early-stage SMEs as they scale, deepening our impact. In the end, we want to not only support more businesses but also set new standards in the industry for innovation and inclusion," said Ndeti.

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