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HELPING SMES IN AFRICA ACCESS GREEN FINANCING

FINANCIAL SERVICES

A fintech startup is working to improve investment in Africa by connecting SMEs with the tools they need to attract green financing

Spotted: Small- and medium-sized enterprises (SMEs) provide around 90 per cent of Africa's employment. Yet, few qualify for traditional forms of credit. This has left African businesses with a huge financing gap – hampering investment and slowing growth and productivity. Changing this could unlock Africa's true growth potential, but will require new types of financing.

One company working to solve this problem is Melanin Kapital, a Kenyan fintech platform that connects African SMEs with green financing. The startup combines a proprietary AI climate scoring system with a digital lending platform which helps lenders and businesses to effectively track climate-related key performance indicators (KPIs).

The system not only directs climate financing to SMEs, but assists them with cash management and CO2 tracking. Since its founding in 2020 in Kenya, Melanin Kapital has onboarded more than 500 businesses, processed over \$1.5 million in green financing applications, and even expanded its reach to Europe by opening in Germany.

Melanin Kapital has recently announced a strategic investment from Adaverse, an ecosystem accelerator focused on Africa and Asia. Adaverse has joined Melanin's ongoing pre-seed funding round. The company will also be growing their product suite and develop further standardisation of real-time data collection on CO2 savings.

A growing number of fintech innovators are recognising the vast potential in African SMEs. Some of the innovations we have seen recently include a smallholder network to help sell [hand-sown produce](#) and a project that help African [female entrepreneurs](#) access financing.

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Takeaway:

There is tremendous potential in African business, but without better access to capital investments, it is very difficult for these businesses to grow and achieve their full potential. By providing transparent data collection and making it easier to connect investors in green finance and SMEs, Melanin Kapital is in a position to make real improvements. Melanin helps small businesses adopt the sustainable practices they need to attract investment, and, in doing so, accelerates their contribution to global sustainability and climate change mitigation.