

FMO

Entrepreneurial
Development
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Global
Gateway



GROWTH FIRMS ALLIANCE

MARKET CREATION

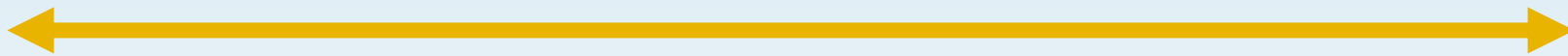
*Coordinated action to build finance and
investment markets for growth firms*

October 2026



The \$5tn SME financing gap is not just a funding problem

**It is a collection of system failures
that demand a coordinated approach**



SME Demand

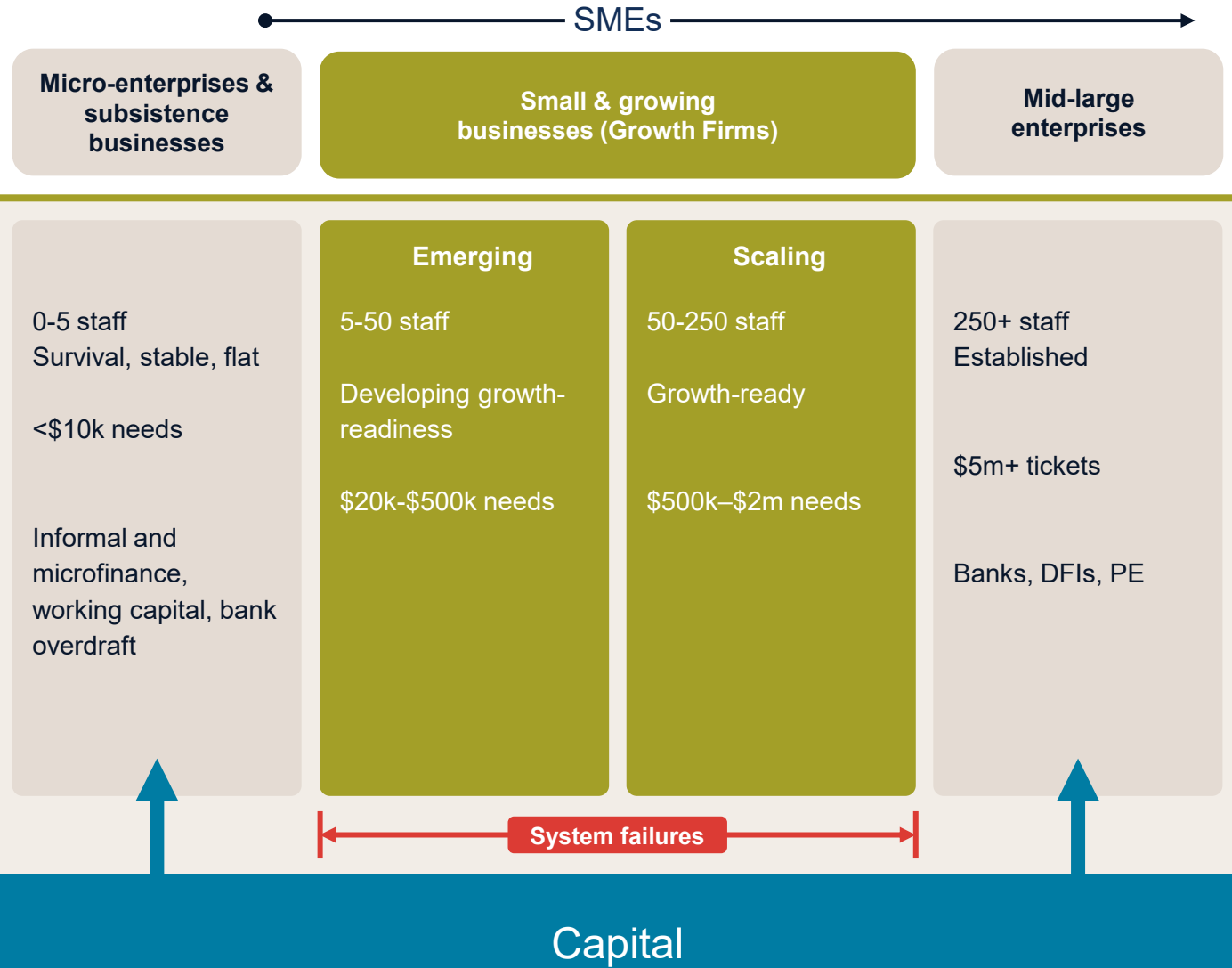


Structural barriers
constraining both the
demand and **supply** of SME
financing can be understood
through a lens of institutional
dynamics and relations

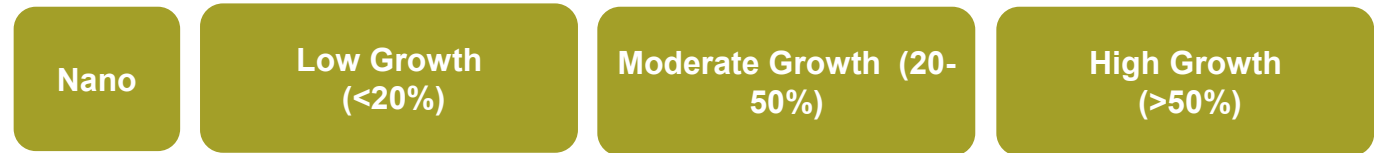


Capital

Growth Firms are a **highly impactful** category of SMEs that are acutely **under-financed**



Registered SMEs



Nano

Low Growth
(<20%)

Moderate Growth (20-
50%)

High Growth
(>50%)

Segments have **different financial and non-financial needs**. Growth rate and driving motivation are the key differentiators.

Survival

Livelihood

+ business banking

Cash-flow based lending
for working capital.

Aspired Expansion

- + Relationship management
- + LT debt
- + Sophisticated financial services
- + Early stage alternative investment

Wealth Creation
+Strategic equity

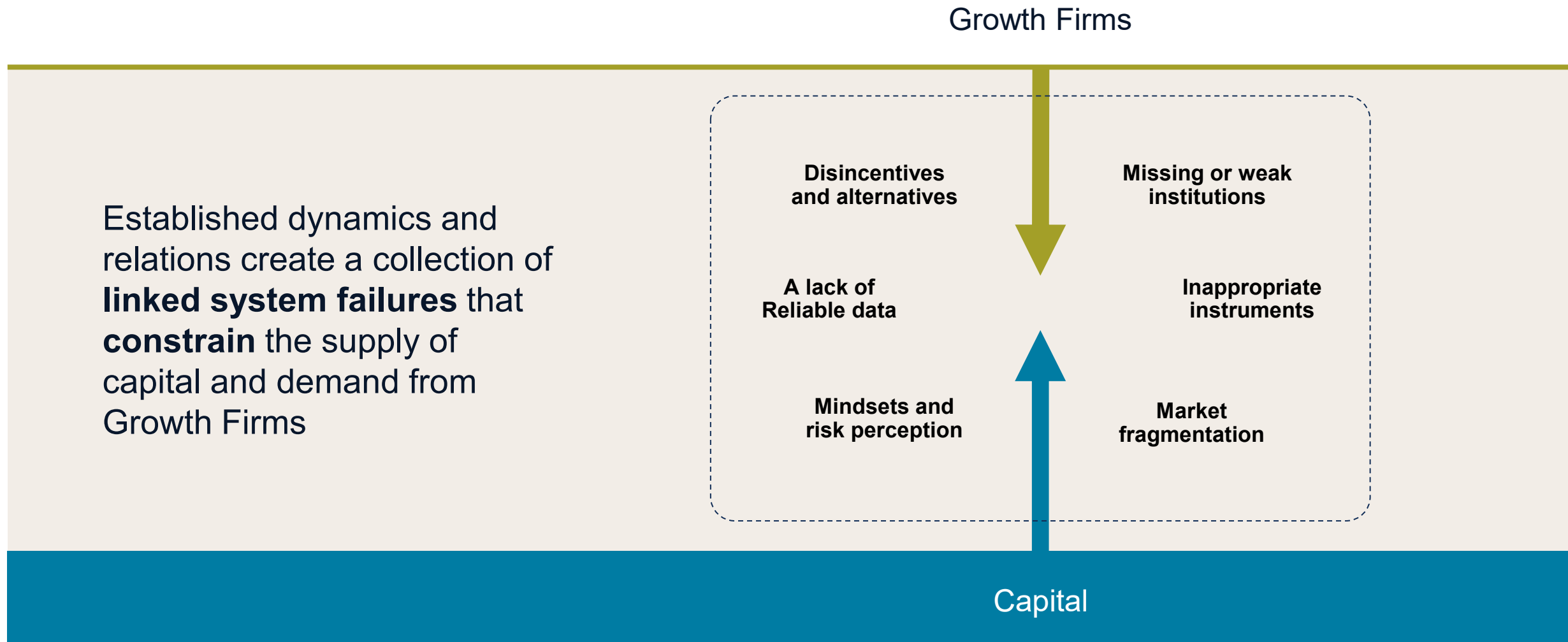
Stability

- + Business banking
- + Affordable & quick working capital & equipment finance

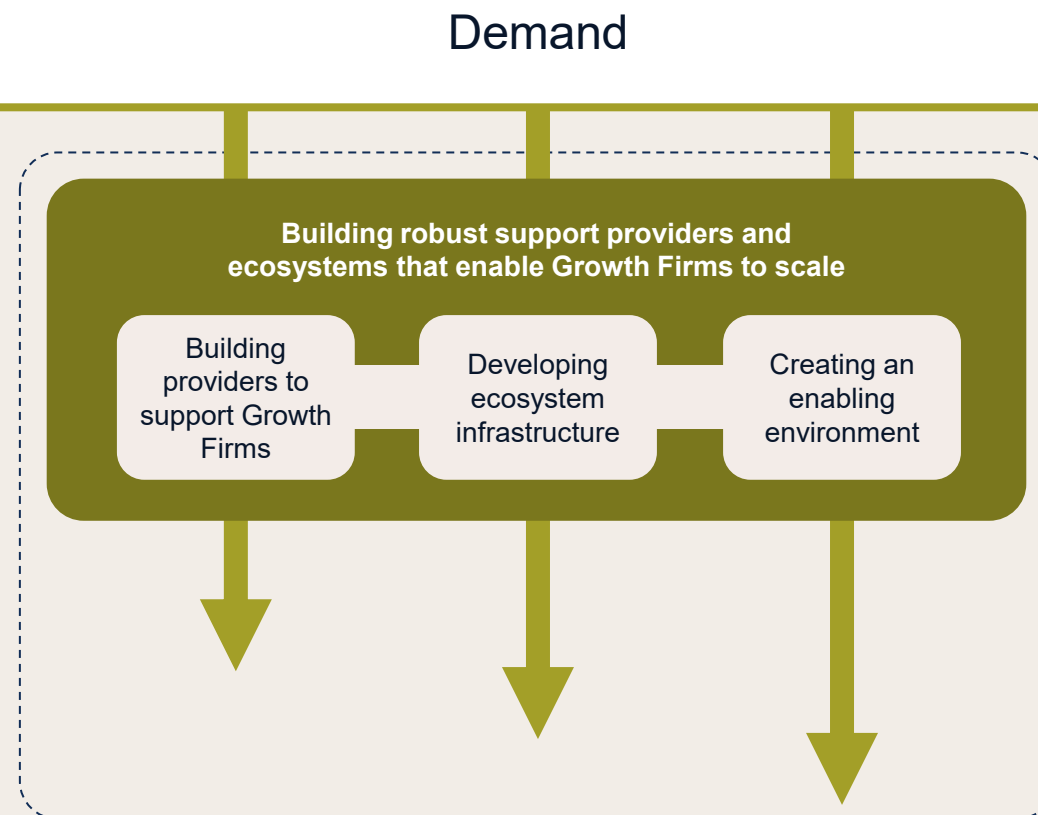
Legacy Building

- + LT+MT Financing
- + Sophisticated banking services.

Capital

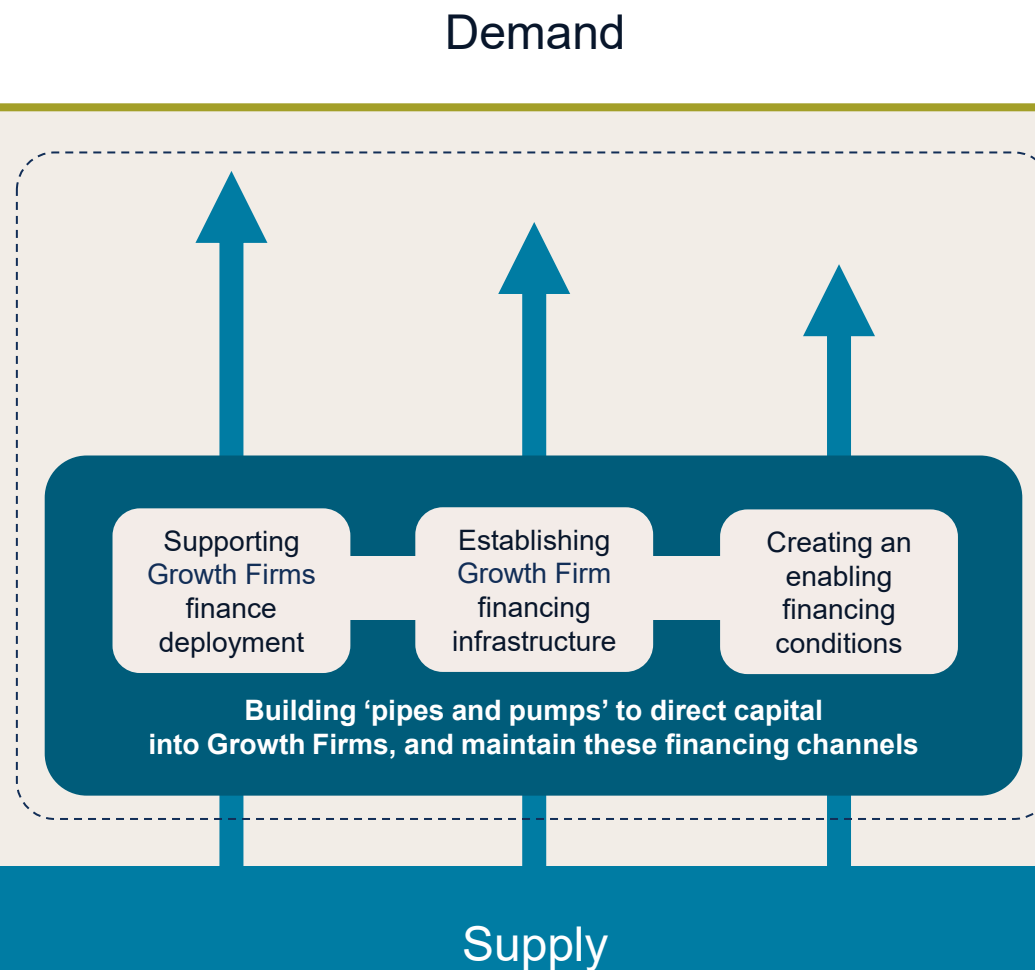


By addressing these challenges, this work can **‘break ground’** by increasing Growth Firm demand and readiness for capital



But it is also crucial **to build the ‘pipes and pumps’** that can direct capital into Growth Firms.

We need pathways for capital to flow.



What does this look like
over time to **build these
pathways** and **create
markets**?

Demand

**1. Breaking
ground**
Prove the model
works

**2. Setting the
conditions**
Build the shared
infrastructure

**3. Forging the
channels**
Create access to
capital markets

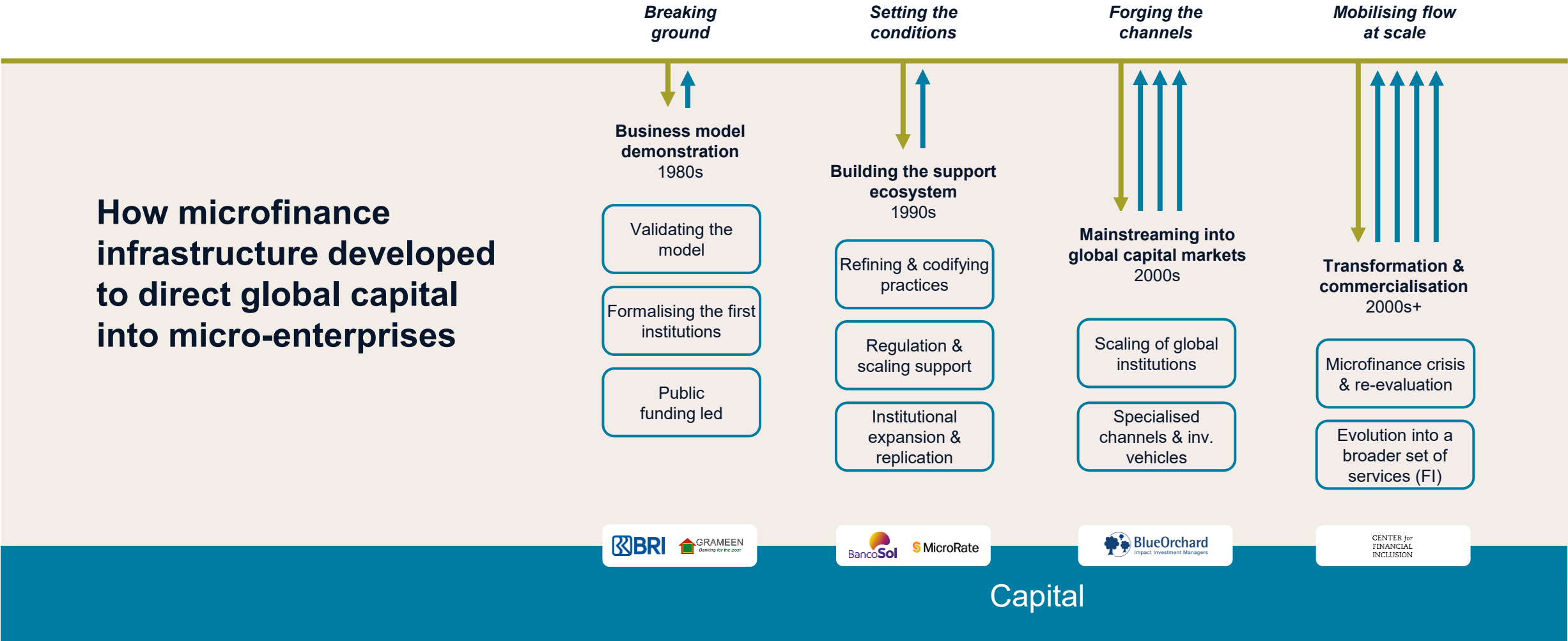
**4. Mobilising
flow at scale**
Reach
commercialisation

Supply

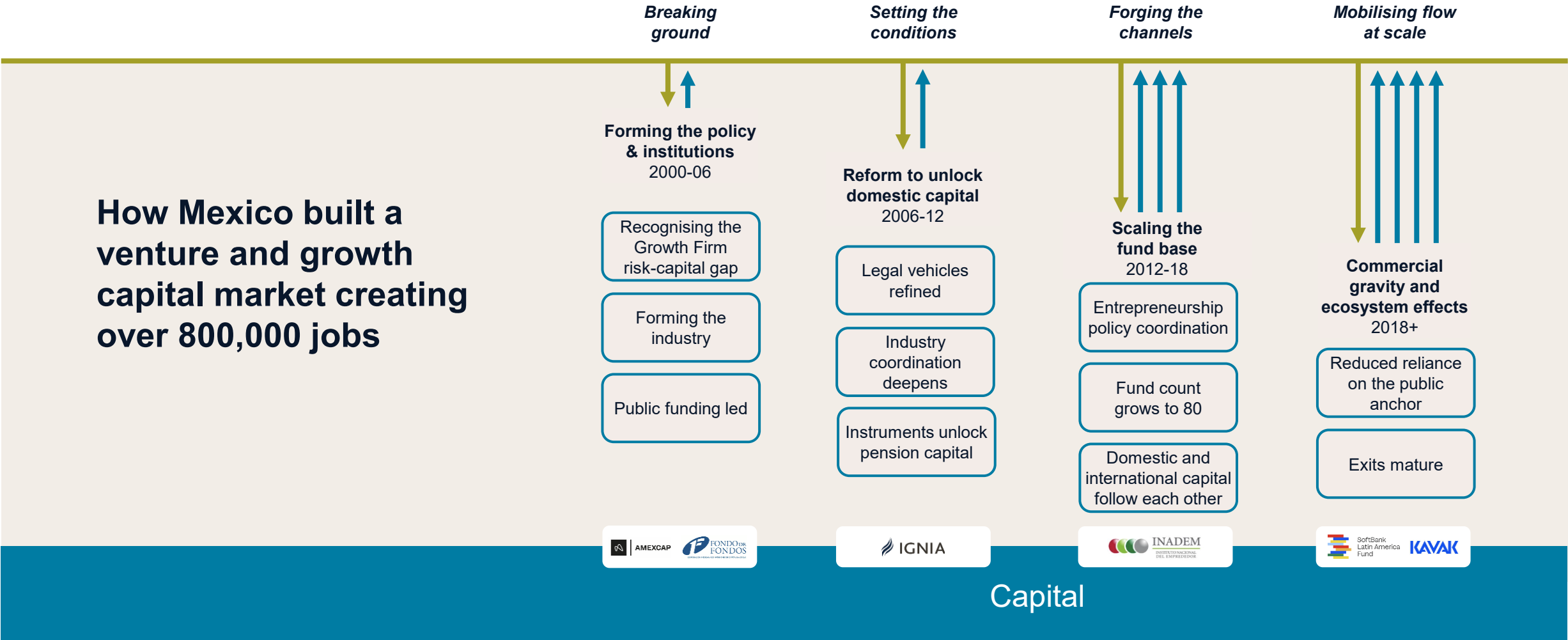
But what needs to be built, with whom, in what order?

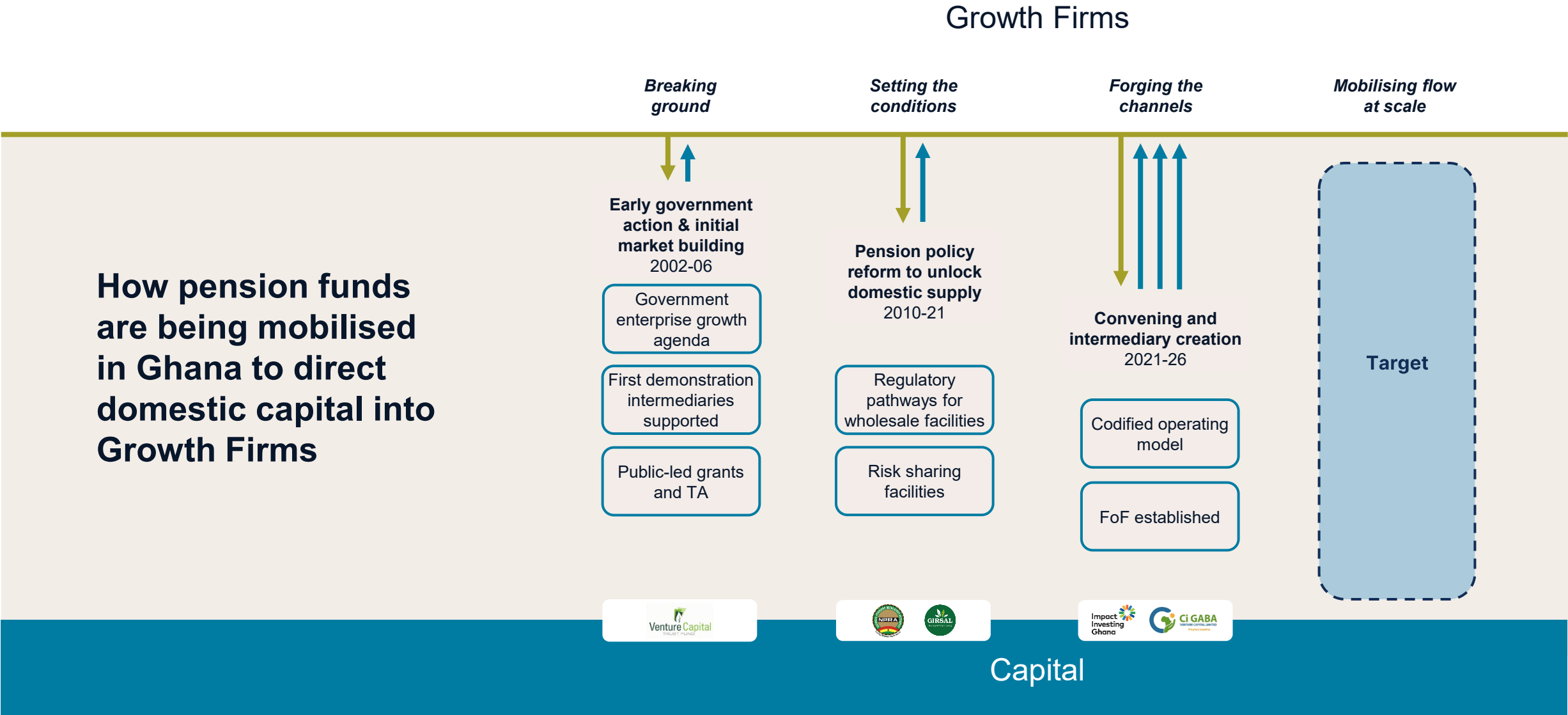
Looking back at historical examples of Market Creation can shed light on the process

Micro-enterprises



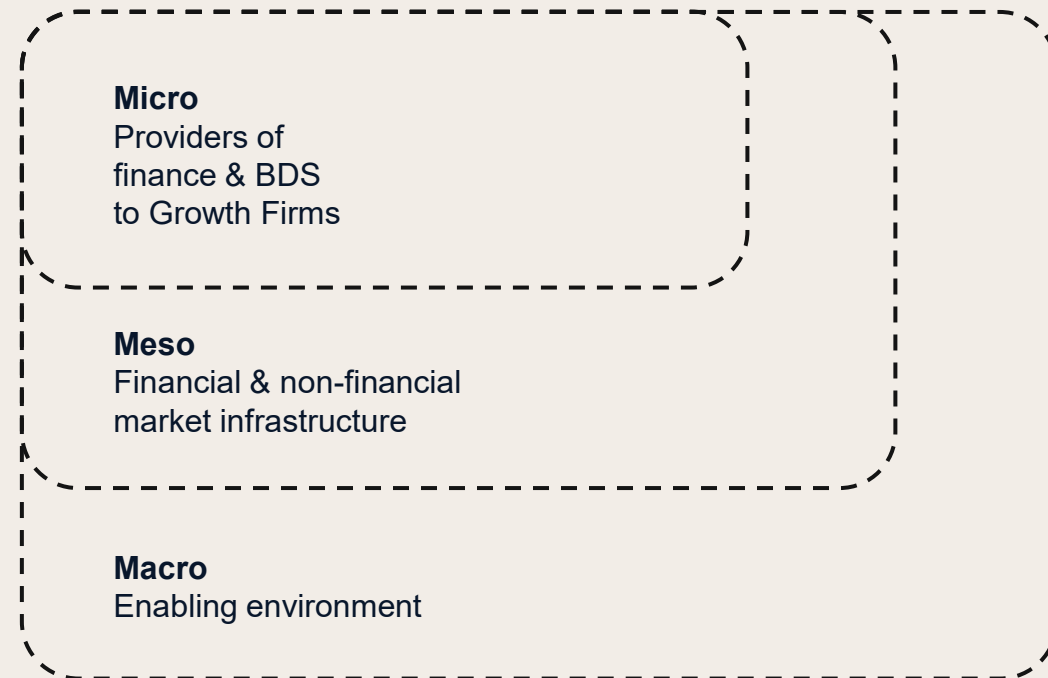
Growth Firms



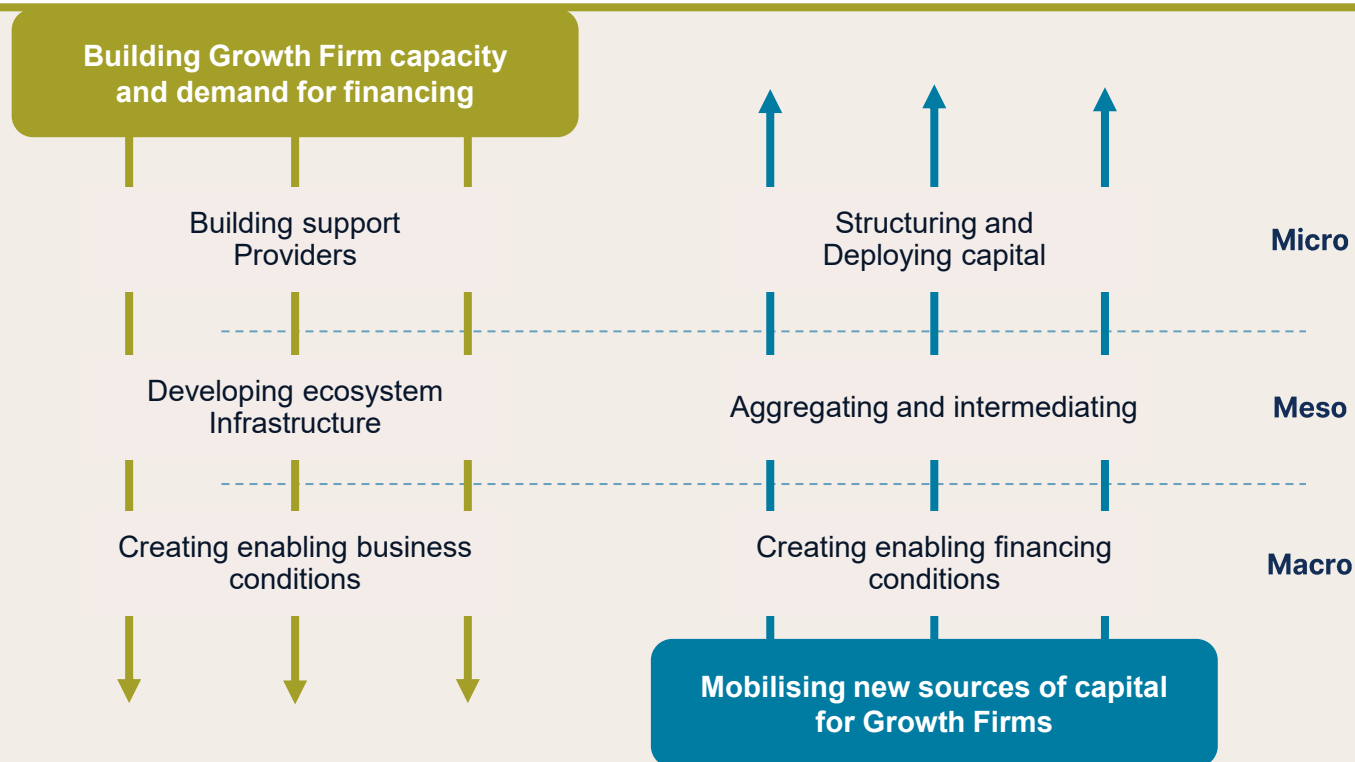


What patterns do we see?

Market Creation is not just addressing failures, but also **integrating system levels** to create self-reinforcing growth dynamics



Market functions need to grow and work together



Capital Supply

There are **common principles** in effective Market Creation practices

Create demand and supply together

Capital and capacity must grow alongside each other

Coordinate action

Coordination is agreeing who does what, in what order, and who carries the risk,

Sequence capital

Public and then concessional capital builds the layers commercial capital uses

Unlock domestic capital

Enable flows of domestic funds (e.g. pension funds, venture capital, retail banks)

Build the pipes and pumps

Build the channels, then let others use them. Do not become a permanent fixture in the flow.

Recent examples of these principles in action



Small Business Growth Initiative (SBGI)



Ci-Gaba Fund of Funds



And many more

A diverse group of organisations are recognising the potential of Market Creation and learning and developing the practice

International donors and actors



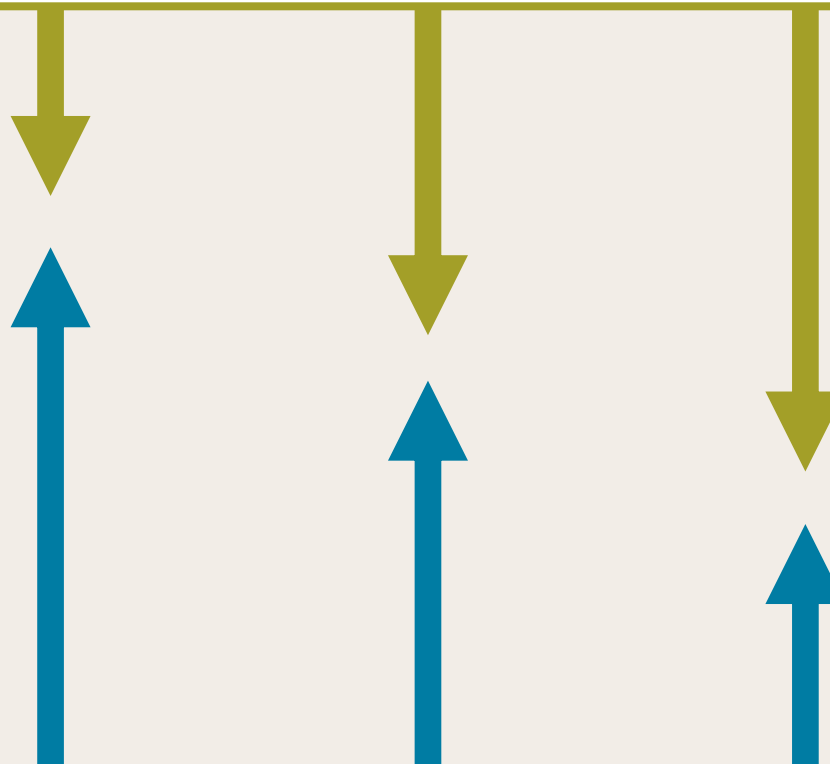
Market builders and finance institutions



Capital flows through the easiest pathways

Break ground, set the conditions, forge the channels, mobilise flow, and build the institutions to support it.

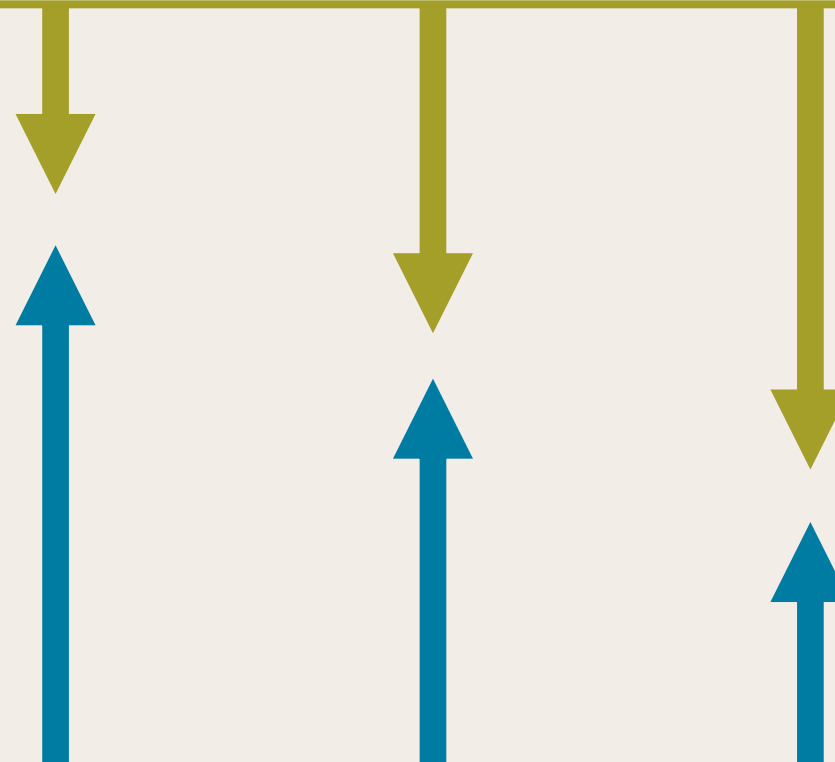
What will you leave behind?



Where do you and your organisation fit in this system?

Where are the roles that you can really play?

What are the markets in which you're trying to contribute to Market Creation?



OUR PARTNERS

IYBA MCP

Investing in Young Businesses in Africa

The Team Europe Initiative Investing in Young Businesses in Africa (TEI IYBA) is EU's Global Gateway flagship strengthening entrepreneurial ecosystems and supporting early-stage businesses and MSMEs to drive jobs and private investment across Sub-Saharan Africa. IYBA Market Creation Platform (MCP) aims to build an open architecture platform that brings together Team Europe and the whole European ecosystem to jointly support early-stage businesses to a point where DFIs and investors are confident enough to provide them with equity or debt financing. It provides technical and financial support to investment funds and funds of funds.



The **Growth Firms Alliance** is a collaborative network of private philanthropies dedicated to driving inclusive economic growth by improving the ecosystem around growth firms in low- and middle-income economies. The Alliance acts as a force multiplier — using philanthropy's flexibility and convening power to de-risk new models, crowd in domestic capital, and influence policy and donor agendas that have historically underserved growth firms.



FMO, Entrepreneurial Development Bank
Growth Firms Alliance

**THANK YOU
FOR YOUR TIME!**

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