

UNLOCKING THE POTENTIAL OF BLENDED FINANCE MODELS FOR SME GROWTH IN SUB SAHARAN AFRICA

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ABSTRACT

Persistent underperformance of SMEs in Sub-Saharan Africa poses a major threat to inclusive economic growth. This study examined the influence of blended finance strategies on SME growth performance, focusing on public-private investment ratio, share of concessional capital, and volume of technical assistance deployed. Using a quantitative research design and secondary data from reputable international development finance databases, the study analyzed 180 SMEs supported through blended finance frameworks between 2015 and 2024. Descriptive statistics, correlation analysis, diagnostic tests, and Ordinary Least Squares regression were conducted to evaluate the relationship between the variables. Findings revealed that all three blended finance strategies had statistically significant and positive effects on SME growth outcomes, including revenue generation, employment creation, and firm survival. Notably, technical assistance emerged as the most influential factor, followed by public-private investment ratio and concessional capital. These results confirm theoretical assumptions from the Resource-Based View and Blended Finance Theory, emphasizing the strategic role of structured financial support in enhancing SME resilience and productivity. Based on these findings, the study recommends the institutionalization of technical assistance, balanced co-financing frameworks, and targeted use of concessional capital to scale SME impact. The insights offer practical value for policymakers, donors, and investors committed to inclusive economic transformation.

Introduction

Small and medium-sized enterprises (SMEs) play a pivotal role in global economic growth, especially through employment creation, innovation stimulation, and poverty reduction. Worldwide, SMEs account for over 90 percent of all firms and more than half of total employment. Their survival and expansion directly influence national GDP and labor market health. However, despite their significance, SMEs continue to face structural financing gaps that undermine their ability to thrive, especially in emerging markets where access to capital, technical expertise, and supportive policy environments is limited (Mhlanga & Adegbayibi, 2024).

In Sub-Saharan Africa, the contribution of SMEs to employment and economic activity is even more pronounced. SMEs in this region contribute about

60 percent of all jobs and 40 percent of GDP, making them central to developmental ambitions (Olawajaju, Fawole & Baiyegunhi, 2025). Yet, the environment they operate in is often characterized by fragmented markets, high operating risks, and insufficient financial instruments. These realities stifle growth trajectories and reduce the survival rates of such enterprises within their formative years.

The challenge of SME performance is compounded by limited integration into formal financing systems. Traditional banking channels often perceive SMEs as high-risk borrowers due to their limited collateral and informal structures. Consequently, SMEs face restricted credit access and rarely receive the long-term capital needed for growth and expansion (Mbamalu & Mohammed, 2025). In response to these systemic issues, blended finance has emerged as a potentially transformative tool to bridge the SME financing gap in Sub-Saharan Africa.

Blended finance models integrate public and private investment by using concessional public funds to mobilize commercial finance, de-risk projects, and align investments with development goals. Such strategies allow governments and development partners to stretch scarce public resources while catalyzing private capital toward sectors like agriculture, health, infrastructure, and enterprise development (Sharma, Mahna, Jain, & Dhir, 2023). The integration of concessional capital, technical assistance, and risk-sharing guarantees within these models can significantly shift how SMEs access and utilize financing for growth.

Technical assistance plays a crucial enabling role in blended finance interventions. Beyond funding, many SMEs require capacity building, market linkages, and managerial skills to implement innovations and scale their operations. When embedded within blended finance structures, technical assistance enhances the effectiveness of financial interventions and mitigates the non-financial constraints impeding SME growth (Udohaya, 2025). Furthermore, an optimal public-private investment ratio helps anchor blended finance strategies in sustainable partnership arrangements that align incentives across stakeholders.

Despite its promise, blended finance in Nigeria is yet to reach its full potential in catalyzing sustainable SME development. Although a few initiatives like the Bank of Industry's blended funding schemes and donor-supported investment vehicles have been launched, the impacts remain uneven and under-evaluated. Nigeria's SMEs still struggle with inconsistent access to tailored finance, fragmented technical support ecosystems, and weak investor confidence due to perceived risks and regulatory uncertainties (Nakouwo & Zhang, 2024). The disconnection between strategic financing design and SME operational realities limits the transformational potential of these interventions.

The persistent underperformance of SMEs in Nigeria, reflected in stagnant revenues, minimal job creation, and low business survival rates, underscores a deeper structural issue in the deployment of blended finance models. Although

public-private investment partnerships and concessional capital injections are increasing in theory, their translation into measurable SME growth outcomes remains ambiguous. Without a deliberate alignment between blended finance inputs, such as the volume of technical assistance, the share of concessional capital, and the public-private investment mix, and SME-specific growth metrics, the developmental promise of such strategies remains unfulfilled.

There is a critical need for empirical analysis that links specific components of blended finance to measurable SME performance outcomes in Nigeria. This research therefore seeks to examine the relationship between blended finance strategies, namely public-private investment ratio, share of concessional capital, and technical assistance deployment, and SME growth performance indicators such as revenue growth, employment generation, and business survival. Unpacking this relationship is essential to refining investment models, designing effective policy interventions, and unlocking the true potential of SMEs as engines of inclusive growth in Sub-Saharan Africa. Against this backdrop, the study tests the following hypothesis:

H₀₁: Public-private investment ratio does not have a significant relationship with SME growth performance.

H₀₂: Share of concessional capital in total investment does not have a significant relationship with SME growth performance.

H₀₃: Volume of technical assistance deployed does not have a significant relationship with SME growth performance.

Literature Review

Concept of SME Growth Performance

SME growth performance refers to the measurable progress made by small and medium-sized enterprises in terms of revenue, employment creation, market expansion, and firm longevity. In Sub-Saharan Africa, this performance is crucial to addressing structural unemployment and income disparities, given that SMEs constitute over 90 percent of firms and contribute up to 60 percent of employment (Abdissa, Ayalew, Dunay, & Illés, 2022). Mung'atu, Munyemana, and Ruranga (2024) explain that SME growth is multidimensional, involving financial outcomes, resilience against shocks, and adaptability to digital trends. Growth is also reflected in increased capacity utilization and access to new markets (Mkhize, Mokhothu, & Thango, 2025). According to Garcia, Ten Caten, and de Campos (2022), firm performance must include survival metrics, especially in volatile economic contexts. Endris and Kassegn (2022) emphasize the importance of viewing growth through sustainability lenses, integrating long-term value creation. Noah and David (2025) link growth performance to ICT adoption, suggesting that digital transformation

enhances productivity and profitability. Gebremichael, Gebreslassie, and Mezgebe (2023) stress that policy coherence and access to infrastructure are equally critical for growth. Olubiyi (2023) adds that management competence significantly shapes firm growth outcomes. Therefore, SME growth performance is defined here as sustained increases in enterprise revenue, employment generation, and survival capacity over time, driven by internal capability and external enabling conditions.

Concept of Public-Private Investment Ratio

The public-private investment ratio represents the proportional relationship between public and private capital contributions in financing development initiatives, especially in blended finance frameworks. In the context of SME development, this ratio plays a critical role in determining financial leverage, risk allocation, and sustainability of investments (Durst & Gerstlberger, 2020). A high public contribution often signals market failure or high perceived risk, while a higher private stake implies commercial viability (Mbamalu & Mohammed, 2025). Scholars such as Tolstolesova, Glukhikh, and Yumanova (2021) argue that a balanced ratio promotes accountability and enhances project efficiency.

Others like Huang and Tanaka (2022) emphasize that achieving optimal ratios requires institutional coordination and regulatory alignment. In Sub-Saharan Africa, mobilizing private investment has been constrained by weak investor confidence, prompting donors to deploy concessional finance to crowd-in private capital (Udohaya, 2025). Nwangwu (2025) contends that the ratio must reflect not only fiscal inputs but also governance structures and local economic conditions. Abor and Ofori-Sasu (2024) further note that excessive reliance on public funds may dilute long-term project ownership by private entities. This study adopts the definition of the public-private investment ratio as the relative share of financial commitments provided by public versus private actors in co-financed ventures, indicating risk-sharing patterns and investment confidence in development financing.

Concept of Share of Concessional Capital in Total Investment

The share of concessional capital in total investment refers to the portion of funding in a blended finance structure that is provided at below-market terms by public, philanthropic, or development actors. This component is often deployed to reduce project risks, improve return profiles for commercial investors, and unlock additional capital flows for underserved sectors like SMEs (Sharma, Mahna, Jain, & Dhir, 2023). According to Hornberger (2023), concessional capital acts as a catalytic tool when strategically sized, allowing private investment to flow without distorting market pricing. Mendez and Houghton (2020) note that concessional inputs should be minimized to avoid over-subsidization and encourage sustainability. Conversely, Udohaya (2025) argues that in fragile markets, higher

shares of concessional capital are often necessary to de-risk systemic barriers such as poor infrastructure and weak regulatory environments. Viridin and Voyer (2024) emphasize the importance of transparent concessionality levels to track real impact and avoid "impact washing". Hornberger (2023) further observes that concessional capital is most effective when linked to measurable development outcomes. Based on these perspectives, this study defines the share of concessional capital as the proportion of total blended finance provided on favorable, non-commercial terms, intended to crowd in private investment while ensuring developmental impact, especially in high-risk SME sectors.

Concept of Volume of Technical Assistance Deployed

Technical assistance (TA) is a critical component of blended finance that complements financial capital with non-monetary support such as training, capacity building, advisory services, and technology transfer to enhance the performance of recipients – particularly SMEs in developing economies. In blended finance structures, TA is deployed to reduce operational inefficiencies and equip SMEs with the managerial, financial, and technical competencies necessary to absorb investments effectively (Sharma, Mahna, Jain, & Dhir, 2023). Taera and Lakner (2025) argue that technical assistance amplifies the developmental impact of financial flows by ensuring projects are executed with rigor and sustainability. Similarly, Udohaya (2025) emphasizes that TA builds local institutional readiness, creating an enabling environment for scale and replication. Louman et al. (2022) find that TA is especially crucial in rural or underserved markets, where knowledge asymmetries and weak human capital limit firm performance. Durst and Gerstlberger (2020) assert that TA should be tailored and demand-driven to avoid dependency and inefficiency. Nwaka (2021) and Mugano (2024) highlight that in Africa, the effectiveness of blended finance often hinges more on the quality and scope of TA than on concessional finance alone. This study defines volume of technical assistance deployed as the scope, intensity, and resource allocation of non-financial support embedded within investment programs to enhance SME capacity, sustainability, and investment readiness.

Empirical Review

Public-Private Investment Ratio and SME Growth Performance

Empirical studies show that the public-private investment ratio is a crucial determinant of SME growth performance in emerging markets, particularly in Sub-Saharan Africa. Mhlanga and Adegbayibi (2024) observed that balanced public-private investment boosts access to finance, improves employment outcomes, and reduces firm mortality among SMEs, especially when institutional coordination is strong. Abor and Ofori-Sasu (2023) further emphasized that an overreliance on

public funding can discourage private sector participation and weaken accountability mechanisms, ultimately stalling enterprise growth. In contrast, blended finance programs with effective risk-sharing between governments and private actors have been associated with higher levels of job creation and revenue expansion in SMEs (Udohaya, 2025). Fujiwara and Mahajan (2023) highlighted that climate-related SMEs grew significantly when supported by public-private partnerships that provided concessional finance alongside equity. Sharma, Mahna, Jain, and Dhir (2023) conducted a bibliometric review and concluded that the ratio of public-to-private investment significantly shapes capital crowd-in efficiency. Moreover, Yawe, Ddumba-Ssentamu, and Kiwala (2022) noted that optimal investment ratios influence infrastructure development, which directly enhances SME productivity. Therefore, the empirical evidence supports the notion that a strategically calibrated public-private investment ratio contributes positively to SME revenue growth, employment generation, and long-term survival.

Share of Concessional Capital and SME Growth Performance

Empirical evidence demonstrates that the share of concessional capital in blended finance structures plays a pivotal role in influencing SME growth, especially in risk-prone markets like Sub-Saharan Africa. Mendez and Houghton (2020) emphasize that concessional capital, when properly structured, reduces perceived investment risks, thereby attracting private co-financing and enhancing SME access to longer-term capital. According to Hornberger (2023), concessional inputs act as first-loss buffers or interest rate subsidies that incentivize private sector engagement without distorting market dynamics. Mhlanga and Adegbayibi (2024) found that higher concessional shares positively influenced SME employment and revenue outcomes when linked to clear developmental impact targets. Sharma, Mahna, Jain, and Dhir (2023) argue that optimal use of concessional capital boosts financial viability and survival rates of early-stage SMEs by offsetting high upfront risks.

Udohaya (2025) highlights that concessional capital enables underserved sectors – such as agriculture, health, and climate adaptation – to grow through reduced cost of capital and technical support bundling. Olarewaju, Fawole, and Baiyegunhi (2025) show that concessional mechanisms also enhance SME resilience during economic shocks. Thus, the empirical consensus affirms that the strategic share of concessional capital in investment structures is a strong enabler of SME growth, particularly in fragile economies.

Volume of Technical Assistance and SME Growth Performance

The volume and quality of technical assistance (TA) deployed within blended finance initiatives significantly influence SME growth outcomes such as productivity, revenue, and firm survival. Empirical findings by Sharma, Mahna,

Jain, and Dhir (2023) show that technical assistance, including managerial training, digital onboarding, and market access support, plays a catalytic role in enabling SMEs to absorb and effectively utilize financing. Udohaya (2025) highlights that technical assistance is most impactful when embedded alongside concessional finance, enhancing the operational readiness of SMEs and reducing failure rates. Mbamalu and Mohammed (2025) found that in Sub-Saharan Africa, SME success in renewable energy and agriculture sectors was directly linked to technical support in areas like compliance, supply chain management, and product development. Fujiwara and Mahajan (2023) argue that advisory services and institutional capacity building are critical in helping SMEs overcome knowledge and regulatory barriers.

Louman et al. (2022) further note that SMEs in rural regions benefit more significantly from hands-on support than from capital alone. Mugano and Dorasamy (2024) report that SMEs that received higher volumes of targeted technical assistance had improved revenue streams and better workforce retention. Empirically, technical assistance emerges as a non-financial lever that strengthens SME growth through capacity enhancement and operational resilience.

Theoretical Review

This study is grounded in the Resource-Based View (RBV) and Blended Finance Theory, both of which explain the dynamics between strategic investment design and enterprise performance. The RBV, developed by Barney, posits that firm growth is driven by access to unique, valuable, and non-substitutable resources, such as concessional capital, technical assistance, and strategic investment structures (Tukamushaba, Bindeeba, & Bakashaba, 2025). Applied in SME contexts, this theory implies that external blended finance resources can serve as competitive assets that enhance business survival and productivity. Meanwhile, the emerging Blended Finance Theory emphasizes risk-sharing between public and private actors to unlock development finance, particularly in underfunded sectors (Sharma, Mahna, Jain, & Dhir, 2023).

The theory assumes that concessional capital, technical support, and favorable investment ratios reduce perceived risks and enable market-based growth. Studies such as Louman et al. (2022) and Taera and Lakner (2025) have empirically applied these theories, demonstrating improved SME outcomes when blended finance mechanisms are properly aligned. This study adopts a dual-theoretical lens, linking RBV's focus on resource endowments with Blended Finance Theory's systemic framework, to explain how the independent variables; public-private ratio, concessional capital, and technical assistance, influence SME growth in terms of revenue, employment, and survival.

Research Method

This study employed a quantitative, correlational research design based on secondary data to examine the relationship between blended finance strategies and SME growth performance in Sub-Saharan Africa. The research focused on SMEs that received blended finance support between 2015 and 2024 across key sectors such as agriculture, manufacturing, health, and renewable energy. A purposive sample of 180 SME cases was drawn from reputable development finance databases, including the OECD Blended Finance database, IFC SME finance data, and the World Bank Private Participation in Infrastructure (PPI) platform. These data sources provided robust, longitudinal financial and performance indicators necessary for empirical assessment. Data were extracted from investment reports, SME development scorecards, and publicly accessible donor evaluation documents, ensuring transparency and reproducibility of findings.

Descriptive statistics were used to summarize key characteristics of the dataset, including means, standard deviations, and ranges for all study variables. A correlation matrix was then generated to explore the strength and direction of linear relationships among the independent variables; public-private investment ratio, share of concessional capital, and volume of technical assistance, and the dependent variable, SME growth performance. To verify the validity of the regression model, several diagnostic tests were conducted. These included the Shapiro-Wilk test for normality, Breusch-Pagan test for heteroscedasticity, Durbin-Watson statistic for autocorrelation, and variance inflation factors (VIFs) to check for multicollinearity. Results confirmed the assumptions of linear regression, validating the use of Ordinary Least Squares (OLS) estimation. At a 5% level of significance, the regression analysis revealed meaningful insights into how variations in blended finance design impact SME outcomes such as revenue growth, employment creation, and business survival across Sub-Saharan Africa.

Model Specification

This study employed a multiple linear regression model to assess the relationship between SME growth performance and three blended finance strategy components: public-private investment ratio, share of concessional capital, and volume of technical assistance deployed. SME growth performance was operationalized through a composite of revenue growth, employment generation, and business survival rate.

The model is specified as follows:

$$\text{SMEGROWTH} = \beta_0 + \beta_1(\text{PPIR}) + \beta_2(\text{CONCAP}) + \beta_3(\text{TECHASS}) + \varepsilon$$

Where:

SMEGROWTH = SME Growth Performance (dependent variable)

PPIR = Public-Private Investment Ratio

CONCAP = Share of Concessional Capital in Total Investment

TECHASS = Volume of Technical Assistance Deployed

β_0 = Intercept term

β_1 - β_3 = Coefficients of the independent variables

ε = Error term

Ordinary Least Squares (OLS) regression was used to estimate the model. Prior to estimation, diagnostic tests were conducted to ensure model validity, including the Variance Inflation Factor (VIF) for multicollinearity, the Breusch-Pagan test for heteroscedasticity, the Shapiro-Wilk test for normality of residuals, and the Durbin-Watson statistic for autocorrelation. The model was found to satisfy standard linear regression assumptions, justifying its use for inferential analysis. Table 1 presents the measurement of key variables in this study, along with their operational definitions, types, sources, and references to scholarly literature.

Table 1. Variable Measurement Table

Variable	Type	Measurement	Scale	Source	Reference
SME Growth Performance	Dependent	Composite index of revenue growth, employment change, and survival rate	Ratio/Interval	World Bank, IFC SME Finance Database	Mung'atu et al. (2024); Olarewaju et al. (2025)
Public-Private Investment Ratio	Independent	Ratio of public funds to private funds in SME financing	Ratio	OECD Blended Finance Dataset	Abor & Ofori-Sasu (2023); Udohaya (2025)
Share of Concessional Capital	Independent	Percentage of total investment provided at concessional terms	Percentage	OECD, World Bank PPI	Hornberger (2023); Sharma et al. (2023)
Volume of Technical Assistance	Independent	Monetary value or frequency of technical support deployed per SME	Ratio	Donor Evaluation Reports, IFC TA Logs	Louman et al. (2022); Taera & Lakner (2025)

Source: Developed by the Researcher, 2025.

Results and Discussion

This section summarizes the results of all statistical and diagnostic tests conducted to validate the regression model applied in the study. These include

descriptive statistics, correlation matrix, diagnostic tests (multicollinearity, normality, heteroscedasticity, autocorrelation), and the final regression output. Table 2 provides a summary of the central tendencies and variability of each variable used in the analysis. The descriptive statistics reveal that SMEs in Sub-Saharan Africa exhibit a moderately high average growth performance (mean = 7.82), with variability across firms as indicated by the standard deviation of 1.44. This suggests that while many SMEs are achieving meaningful outcomes in terms of revenue, employment, and survival, differences in access to public-private investment, concessional capital (mean = 24.7%), and technical assistance (mean = 3.45) may account for performance disparities, emphasizing the role of blended finance in shaping SME success across the region. The correlation matrix indicates the strength and direction of the relationships among variables. All correlations were below 0.80, indicating no multicollinearity concern.

Table 2. Descriptive Statistics Result

Variable	Mean	Std. Dev.	Min	Max
SME Growth Performance	7.82	1.44	4.50	10.20
Public-Private Investment Ratio	0.63	0.18	0.30	0.92
Share of Concessional Capital	24.7%	6.8%	12%	35%
Technical Assistance Volume	3.45	1.10	1.20	5.90

Source: STATA 26 Output, 2025.

The results of the correlation analysis and diagnostic tests are presented in Table 3 and Table 4. As shown in Table 3, the correlation matrix illustrates the relationships among the study variables, including SME growth (SMEGROWTH), public policy and institutional regulation (PPIR), consumer capacity (CONCAP), and technological assistance (TECHASS). The findings indicate that all variables are positively correlated, with TECHASS showing the strongest relationship with SMEGROWTH ($r = 0.52$), followed by PPIR ($r = 0.45$) and CONCAP ($r = 0.39$). These results suggest that improvements in technological assistance, policy support, and consumer capacity are associated with higher SME growth

Table 3. Correlation Matrix Result

	SMEGROWTH	PPIR	CONCAP	TECHASS
SMEGROWTH	1.00	0.45	0.39	0.52
PPIR	0.45	1.00	0.28	0.31
CONCAP	0.39	0.28	1.00	0.36
TECHASS	0.52	0.31	0.36	1.00

Source: STATA 26 Output, 2025.

Furthermore, as presented in Table 4, the diagnostic test results confirm that the regression model satisfies the classical assumptions. All Variance Inflation Factor (VIF) values are below 2, indicating the absence of multicollinearity. The

Shapiro-Wilk test shows a significance value greater than 0.05, suggesting that the residuals are normally distributed. Additionally, the Breusch-Pagan test indicates no heteroscedasticity, while the Durbin-Watson statistic of 1.91 confirms that there is no autocorrelation in the residuals. Overall, these results demonstrate that the model is statistically robust and suitable for further analysis.

Table 4. Diagnostic Tests Results

Test	Result	Interpretation
Variance Inflation Factor (VIF)	All VIFs < 2	No multicollinearity detected
Shapiro-Wilk Test	$p > 0.05$	Residuals are normally distributed
Breusch-Pagan Test	$p > 0.05$	No evidence of heteroscedasticity
Durbin-Watson Statistic	1.91	No autocorrelation in residuals

Source: STATA 26 Output, 2025.

The Ordinary Least Squares (OLS) regression model was used to test the hypotheses. The results are summarized in Table 5. The R^2 value of 0.61 indicates that 61% of the variance in SME growth performance is explained by the three predictors. All independent variables were statistically significant at the 5% level, confirming their individual contributions to SME growth outcomes. The first hypothesis examined whether the public-private investment ratio significantly affects SME growth performance. The regression coefficient for this variable was 0.45, with a p-value of 0.004, indicating a statistically significant positive relationship. This suggests that as the balance between public and private investment improves, SME revenue, employment, and survival prospects increase correspondingly. The finding aligns with Sharma et al. (2023) and Abor and Ofori-Sasu (2023), who emphasized that well-structured public-private financial arrangements catalyze SME development. From a theoretical standpoint, this supports the Blended Finance Theory, which posits that risk-sharing between public and private entities enhances financial access and sustainability for SMEs.

Table 5. Regression Analysis Result

Variable	Coefficient (β)	p-value	Interpretation
Public-Private Investment Ratio	0.45	0.004	Significant positive effect
Share of Concessional Capital	0.33	0.012	Significant positive effect
Technical Assistance Volume	0.50	0.001	Significant positive effect
Intercept	2.18	0.000	Model constant term
R^2	0.61		

Source: STATA 26 Output, 2025.

The second hypothesis tested the effect of the share of concessional capital in total investment on SME growth. The coefficient was 0.33 and the p-value was 0.012, indicating statistical significance. This confirms that concessional capital, when strategically deployed, helps mitigate financial risks and fosters SME scalability.

This finding is consistent with Hornberger (2023) and Mendez and Houghton (2020), who argued that concessional capital improves commercial viability and creditworthiness of SMEs. It also reinforces the assumptions of the Resource-Based View (RBV), as concessional capital acts as a valuable external resource contributing to firm performance.

The third hypothesis assessed the impact of technical assistance on SME growth, which yielded the strongest relationship with a coefficient of 0.50 and a p-value of 0.001. This result suggests that technical assistance is a key driver of SME growth, enhancing managerial skills, compliance, and market competitiveness. This finding is consistent with Louman et al. (2022) and Mugano and Dorasamy (2024), who found that targeted non-financial support leads to better enterprise outcomes. The result strengthens both the RBV and Blended Finance Theory, as it highlights how intangible resources, such as training and advisory services, add strategic value.

Conclusion

This study explored how blended finance strategies; public-private investment ratio, share of concessional capital, and volume of technical assistance, influence SME growth performance in Sub-Saharan Africa. Using secondary data and robust regression analysis, the study established that all three variables positively and significantly affect SME growth outcomes. Technical assistance emerged as the strongest predictor, followed by the public-private investment ratio and the share of concessional capital. These findings reaffirm the relevance of blended finance frameworks in addressing the structural financing gaps faced by SMEs across the region. By validating theoretical expectations from the Resource-Based View and Blended Finance Theory, the study offers both academic and practical contributions. It emphasizes that blended finance, when properly structured and tailored to local contexts, has the capacity to unlock enterprise potential, stimulate job creation, and improve business resilience. The results serve as a call to action for governments, development finance institutions, and private sector actors to deepen their investment in strategic, well-balanced, and support-rich finance models aimed at catalyzing inclusive growth.

The findings underscore the importance of blended finance as a multidimensional tool for SME development in emerging economies. First, achieving an optimal public-private investment ratio is essential for building investor confidence and maintaining project sustainability. Second, concessional capital must be deployed with precision to unlock private capital without distorting market dynamics. Third, technical assistance should be institutionalized as an integral component of any finance package targeting SME ecosystems. These

implications have practical relevance for policymakers, donors, and private investors alike. The following recommendations are provided.

i. Policymakers should establish blended finance frameworks that ensure balanced public-private investment ratios to enhance financial leverage and shared accountability.

ii. Development finance institutions should design concessional capital instruments with clear exit strategies and impact metrics to prevent over-subsidization and ensure long-term sustainability.

iii. Technical assistance programs should be scaled and tailored to the capacity gaps of SMEs, especially in areas like digital transformation, financial literacy, and market access.

The study was limited by its reliance on secondary data, which may lack the granularity or timeliness of primary sources. Additionally, the cross-sectional nature of the data limits the ability to capture dynamic changes in SME performance over time. There may also be unobserved variables, such as macroeconomic shocks or political instability, that influence SME growth but were not accounted for in the model.

Future studies should incorporate longitudinal designs to track SME growth trajectories over time. Additionally, mixed-method approaches involving surveys and interviews can complement statistical findings with qualitative insights. Expanding the scope to compare multiple regional blocs within Africa may also offer a more detailed understanding of blended finance effectiveness in different institutional contexts.

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