

#ClosingTheGap Togo

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The Dutch Good Growth Fund (DGGF) invites local stakeholders to gather around new perspectives on the Togolese entrepreneurial ecosystem.

On March 17th 2017, entrepreneurs; representatives of financial institutions, the private sector and entrepreneurial training programs; gathered to validate the preliminary outcomes of the #ClosingTheGap Togo study. Participants enjoyed the opportunity to network, reflect together on the main challenges faced by Togolese entrepreneurs and explore possible solutions to address those.



The study undertaken by the consultants from Enclude was commissioned by the [Dutch Good Growth Fund \(DGGF\)](#), an initiative of the Dutch Ministry of Foreign Affairs which seeks to expand the possibilities of financing small and medium-sized enterprises (SMEs) by investing in financial intermediaries that in turn invest in local companies. The mandate of DGGF is focused on "missing middle" enterprises: SMEs - that have outgrown microfinance but do not yet have access to traditional financial services – with a specific focus on women and young entrepreneurs.

Alongside its investment activities, DGGF aims to systematize knowledge, findings, lessons learned and best practices related to providing adequate finance to "missing middle" entrepreneurs in developing countries and emerging markets. The #ClosingTheGap studies are designed to identify, better

understand and address the gaps in the entrepreneurial ecosystems part of the DGGF mandate. The first such study was conducted in [Kenya](#) in 2015. Following a desk research and individual interviews with the main actors of the entrepreneurial ecosystem (i.e. representatives of entrepreneurs, industry, financiers, business development services (BDS) providers, relevant Government entities, academia and international organizations), events are hosted locally. These events, as now held in Lomé, bring together local stakeholders to think through the main challenges faced by the "missing middle" towards defining potential actions to address those. The outcomes of these local events are subsequently an integral part of the study.



Togo is the fourth country of a regional #ClosingTheGap study covering francophone West Africa. The workshop on March 17th shed new light on the Togolese entrepreneurial ecosystem. An important element of the #ClosingTheGap research methodology is the segmentation of the local SME sector. The segmentation of the Togolese SME landscape draws notably from the data of the [Enterprise Survey](#) undertaken by the World Bank in 2016 with the support of DGGF and establishes six profiles of SMEs. For each profile, main characteristics of the enterprises are outlined alongside main needs and challenges faced to grow their business. These are then reflected upon as part of the overview of the current financial and related non-financial services offer to uncover gaps in the entrepreneurial ecosystem.

The most important part of the workshop is when participants reflect in small working groups around the main research questions. In Togo, one group focused on the offer of financial services while the other group focused on the demand for financial services.



Local actors have developed roadmaps that define for each problem identified, a potential solution. To mention only a few concrete actions:

- To strengthen the capacity of entrepreneurs notably in terms of business management and financial administration to be able to present more focused, coherent, convincing and bankable propositions to their potential financiers (alongside reliable and accurate financial data);
- To agree on progress milestones to ensure the financier follows the entrepreneur while enabling the latter to be in better control of their business. This should help avoid the risk that the financial support provided is used for a different purpose than the one agreed upon.
- To incentivize entrepreneurs to process all their business transactions through the enterprise's bank account so financiers can appreciate the level of business activity and base their financial analysis more on cashflow than on assets or guarantees that often missing middle entrepreneurs lack.



These concrete solutions will be captured in the final report #ClosingTheGap Togo which should be finalized by the summer 2017 and made available to the public on the [DGGF website](#).

The event was made possible thanks to the contribution and participation of many. We thank all participants in the workshop for their contributions and sharing their experiences. Special thanks go out to the consultants' team, in particular Gerrit Ribbink and Alexis Anani, for presenting the intermediary findings of the study and facilitating discussions.