

Development Finance Working Paper Series¹

The impact of Development Finance Institutions on the Growth of SMEs in Namibia

**Sem Hasheela
Abdul Latif Alhassan**

No. DEFWPS170004

December 2017

¹ **Note:** The findings from this working paper does not in any way reflect the views of the Development Finance Centre (DEFIC). The views are only representative of the authors.

©Development Finance Centre (DEFIC), GSB, UCT – 2017

Editorial Board

Dr Sean Gossel – Graduate School of Business, UCT
Dr Latif Alhassan – Graduate School of Business, UCT
Ms Ailie Charteris – Graduate School of Business, UCT
Dr Mundia Kabinga – Graduate School of Business, UCT
Dr Steven Rogers – Graduate School of Business, UCT
Lungelo Gumede – Graduate School of Business, UCT

Advisory Board

Professor Nicholas Biekpe – Graduate School of Business, UCT
Professor Charles Adjasi – University of Stellenbosch Business School, SU
A/Prof Odongo Kodongo – Wits Business School, University of Witwatersrand

Published by:

The Development Finance Centre (DEFIC),
Graduation School of Business, University of Cape Town,
9 Portwood Rd, V & A Waterfront, Cape Town, 8002
Centre webpage: <http://www.gsb.uct.ac.za/s.asp?p=791>

All rights reserved. Any reproduction, publication and reprint in the form of a different publication, whether printed or produced electronically, in whole or in part, is permitted only with the explicit written authorisation of the DEFIC or the authors.

The impact of Development Finance Institutions on the Growth of SMEs in Namibia

Sem Hasheela and Abdul Latif Alhassan

Abstract

Small and Medium Enterprises play a very big role in an economy by creating jobs and value addition. Despite this important role, Small and Medium Enterprises are faced by numerous challenges such as lack of access to finance among several others. To circumvent this challenge Namibia has developed Development Financial Institutions namely, Development Bank of Namibia as well as Small and Medium Enterprise Bank to ease the access to funding. Development Finance Institutions are established to finance the projects or activities that commercial banks may shy away. The establishment of these two institutions is supposed to result in significant growth and increase of the Small and Medium Enterprises in Namibia economy. This study therefore investigates the impact of these institutions in supporting the growth of Small and Medium Enterprise. The research used a case study research strategy that followed a descriptive-exploratory research design to sample eighty participants that were drawn from the Small and Medium Enterprises that were duly registered with the Ministry of Industrialisation, Trade and Small and Medium Enterprises Development. The result the data analysis identifies access to finance is a key obstacle towards the development of Small and Medium Enterprises in Windhoek as development finance institutions are approving relatively a small number of Small and Medium Enterprises.

Keywords: DFIs | SMEs | Namibia |