

SUB-SAHARAN AFRICA REGION - Investing in Young Businesses in Africa (IYBA)

#GLOBALGATEWAY

#TEAMEUROPE

TEAM EUROPE PROPOSAL



The specific objective is to support and develop the new and early stage business ecosystem actors as well as increase the quantity and the quality of financial instruments and technical assistance for these enterprises (bringing together public and private funding).

Building block 1: Pre-seed financing and technical assistance - increase financial and technical support for pre-seed stage MSMEs, with financial needs up to €200,000. Support (non exhaustive) to:

- Increase impact and venture capital funds' local presence
- Offer financial and technical skills' tailored (and flexible) products and services for young and women entrepreneurs
- Digital financial inclusion products and actors
- Increase financial products and technical support to smallholder farmers
- Foster the "investment readiness" of youth-owned and youth-led businesses and increase the pipeline of DFIs and private investors support these

Building block 2: Early stage financing and TA - Increase access to finance for SMEs at seed and early stages, financial needs of between €200,000 and €5 million. Support (non exhaustive) to:

- Increase investment readiness of MSMEs
- Increase the pipeline of DFIs and private investors
- Innovative (inclusive) business models
- Increase flexible, tailored, mixed financial products for MSMEs at seed and early stages and tailored technical support

Building block 3: Ecosystem Support, support (non exhaustive) to:

- Digital connectivity, literacy and skills
- Improve regulatory frameworks for the financial sector, access to finance, financial inclusion including digital, gender and youth lens
- Improvements in regulations for microenterprises, cooperatives and microfinance institutions
- Increase local financial sector capacity, in particular of local funds
- Innovative and tailored funding tools for young and women entrepreneurs
- Support the innovation ecosystem, in particular through regional/national innovation hubs (climate, gender, youth, access to finance) and regulatory improvements
- Support to the entrepreneurial ecosystem, in particular upgrade and professionalise African incubators and accelerators

MODALITIES/ TOOLS

Stakeholder workshops

Technical assistance (TA) programmes

In-country implementation

Technical assistance (TA) programmes

Online platform

EFSD+ Guarantees (MSME Window)

Blending programmes

TRANSFORMATIONAL POTENTIAL

- To increase the number of newly created MSMEs and to help grow (very) early-stage companies in African partner countries.
- To increase the quantity and quality of public and private investment in MSMEs at their early stages.
- To thereby generate much-needed decent jobs across the continent, empower women and young people and create opportunities even in the more fragile countries.

KEY DELIVERABLES

Support the entrepreneurship ecosystem the following selected African countries: Senegal, Benin, Togo, Nigeria, Cameroon, Kenya and South Africa.

Implementing the TEI IYBA in these countries would include:

- supporting EU Member States, development finance institutions (DFIs) and other key public and private actors who are present in a given country to work more closely together;
- giving a boost to the public-private dialogue process, and promoting TEI IYBA as a policy priority with our partner countries;
- facilitating knowledge-sharing and the scaling up of successful, innovative initiatives.

*This Team Europe Initiative is work in progress

SUB-SAHARAN AFRICA REGION - Investing in Young Businesses in Africa (IYBA)

#GLOBALGATEWAY

#TEAMEUROPE

REGIONAL CONTEXT

MSMEs and small-scale entrepreneurs in Africa need additional support because:

- They have found it harder than bigger firms to access finance and resources
- COVID-19 has hit smaller African businesses hardest

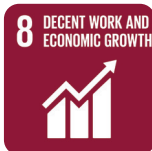
They are the main creators of the jobs which young people and women in particular need in Africa.

- In terms of employment in Africa, by 2050, 450 million young people will arrive on the job market. At growth rates prior to COVID-19, it was estimated that only 250 million would find a formal employment

Women represent up to 40% of the world's workforce, and women's economic empowerment is among the highest priorities to achieve poverty reduction. Estimates suggest that gender parity could increase global economic output by USD 12-28 trillion by 2025

At least 40% of MSMEs in sub-Saharan Africa are women-owned but only 20% of them have access to finance

GEOPOLITICAL CONTEXT AND RELEVANT SDGs



Africa-EU partnership

Joint Communication "Towards a Comprehensive Strategy with Africa"

Environmental, Social and Governance (ESG) frameworks

COVID-19 pandemic

**SDGs included based on a new JRC electronic text mining tool, which identifies SDGs (targets)