

## Annex II – Proposals by EABF Working Groups

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## Proposals - Automotive & Sustainable Mobility Working Group

### 1 Sector overview and priorities

A key sector for the development of the continent, mobility and transport in Africa are often associated with challenges across all modes: availability, financing, regulatory frameworks, sustainability and industrial development. The launch of the African Continental Free Trade Area (AfCFTA) gives a boost to pan-African trade and investment opportunities, especially for the automotive industry, and creates the momentum to stimulate a European-African dialogue between policy makers and important stakeholders. European and African business associations, supported by the African Union and the European Union, intend to initiate this **enhanced dialogue through a Memorandum of Understanding (MoU)** to be signed at the EU-Africa Business Forum 2022.

### 2 Business outcome

The business outcome will be an enhanced dialogue contributing to the (a) development of a joint plan to grow the automotive sector in Africa through integration into the global and European value chains resulting in job creation; (b) encouragement of a favorable investment climate to support market integration and innovation; (c) joint creation of models of standardisation, harmonisation and safe mobility; (d) advancement of the debate on sustainability considering alternative powertrains and digital solutions; and (e) further development of affordable mobility solutions leading to a viable African vehicle market. These outcomes are to be pursued by the African and European associations signing this MoU. The names of those associations are listed in the attached appendix.

### 3 Call for action

The above industry representative organisations:

- 1) Call for the set-up of a permanent round table between the AU, EU and industry associations in line with the spirit of an established European-African Business Network that will foster the dialogue between Africa and Europe;
- 2) Request the EU and African countries' governments pursue the trade initiatives through the implementation of existing agreements in order to increase business opportunities and further expand EU-Africa trade in automotive products;
- 3) Commit to advance the integration of African companies into the global value chains and support the building of the necessary infrastructure and logistics. This will include investment and growth opportunities provided for EU companies partnering with African companies and will result in supply chains being more easily accountable;
- 4) Call on the EU to enhance its support for the implementation of the African Continental Free Trade Area with a view to enhancing Africa's industrialisation and the expansion of the African automotive market.
- 5) Call governments to support knowledge transfer, provide financial resources and give political priority to establish a pan-African automotive production that will reinforce and expand existing African automotive value chains. This includes establishing additional harmonised regulatory provisions between the EU and Africa in areas such as standards, rules of origin and investment which could help to reach this goal.
- 6) Call on the EU to financially support the development of sustainable and smart mobility and affordable vehicle financing solutions to increase the mobility of the population in African cities and therefore support infrastructure development.
- 7) Call on public authorities to provide programmes and financial support for research on alternative powertrains and the value chain of green technology solutions in Africa so that the automotive industry can be a catalyst for sustainable mobility and alternative fuels, creating synergies with the development of renewable energies on the African continent.

## Annex to the Proposals of the Automotive & Sustainable Mobility Working Group

### 1 African and European Associations signing the Memorandum of Understanding

The associations are listed in alphabetical order:

1. African Association of Automotive Manufacturers (AAAM)
2. Automotive Assemblers Association of Ghana (AAAG).
3. European Association of Automotive Suppliers (CLEPA)
4. European Automobile Manufacturers' Association (ACEA)
5. European Business Council for Africa (EBCAM)
6. German-African Business Association (Afrika-Verein der deutschen Wirtschaft, AV)
7. German Association of the Automotive Industry (VDA)
8. Kenya Association of Manufacturers (KAM)
9. National Association of Automotive Component and Allied Manufacturers (NACAAM),  
South Africa
10. National Association of Automobile Manufacturers of South Africa (NAAMSA)
11. Nigeria Automotive Manufacturers Association (NAMA)
12. Tunisian Automotive Association (TAA)

## Proposals – Digital Innovation Working Group

### Sectoral Overview and Priority

Digital innovation and much higher levels of digital inclusion are very promising for African businesses and citizens. The Working Group is of the firm belief that in order to realise this largely untapped potential, the following aspects need to be addressed: (a) the fragmentation of the African innovation ecosystem; (b) the relative lack of digital skills and the insufficient engagement of talent, especially amongst the youth and women; (c) the difficult access to business development services, including the access to finance for MSMEs and startups; and (d) the shortage of reliable and resilient infrastructure, both digital and non-digital (e.g., warehouses, smart logistics and electricity). Addressing these aspects will allow for African businesses and startups to be more productive and create jobs locally while at the same time catering to the global demand.

The priority solution to address these challenges sustainably consists of fostering cutting-edge models of transcontinental business cooperatives with a multi-stakeholder approach that use novel and/or multiple technologies. These should involve startups, MSMEs, corporations, universities, investors, governments and financial institutions. Their objectives include changing the currently dominant 'silo' approach, exchanging know-how, consolidating combined expertise, and contributing to the innovation cohesion of the European and African continents.

A combined approach is needed to make this approach a reality where European and African businesses and policymakers operate in concert with one another.

### Business Outcomes

- The European and African business organisations in this working group will intensify their collaboration to improve and augment the existing networks of Digital Innovation Hubs in Africa to deal with digital capacity building for businesses (MSMEs, startups, women, and youth). This Business Outcome aims for shared prosperity and includes both offline (e.g., matchmaking events between the targeted stakeholders) and online approaches. The online approach could encompass inclusive continental online platforms and marketplaces, learning centers, and Research and Innovation Centres.
- AeTrade Group will take the lead in mobilising funds that support bridging the digital infrastructure gaps in Africa to achieve universal connectivity by 2030 and mobilise investment for large-scale solar-powered laptop and smartphone manufacturing facilities in Africa and Europe in a twinning arrangement. This should be operational by 2025 with the target of distributing 20 million devices a year to bridge the digital divide.

### Call for Action:

We call upon European and African heads of states and governments with the support of the international community to scale up their collective ambition to direct investments towards digital infrastructure deployment and inclusive ecosystems that support startups and MSMEs, women, and youth on both continents to be the key drivers for digital innovation, job creation and sustainable development as outlined in SDG 2030 and DTS 2020 -2030, which is in line with Agenda 2063.

We call on policymakers to have a positive bias towards cutting-edge models of transcontinental business cooperatives and treat them preferentially, e.g. with respect taxation and the removal of red tape. A particular focus needs to be given to the technologies behind the Fourth Industrial Revolution such as advanced connectivity, robotics and automation, data science and artificial intelligence. They will bring new tools and methodologies that impact how we train, teach and learn through augmented reality, virtual reality, social learning and more.

An instrument should be put into place to be the one-stop-shop for Africa that gives broad support to these cutting-edge models of transcontinental business cooperatives with respect to expertise, market access, best-practice exchanges and access to finance (e.g., inspired by the EU 'COSME' program).

## Proposals – Infrastructure Working Group

### 1 Sector overview and priorities

Enhancing infrastructure and connectivity is of key geostrategic importance. It will play a fundamental role in further integrating our continents, implementing the Africa 2063 Agenda and operationalising the Africa Continental Free Trade Area (AfCFTA), which will offer business opportunities for Africa and the European Union. For Africa alone, annual investments needs for infrastructure development are estimated at more than \$130 billion.

However, the sector faces challenges that call for joint, coherent and coordinated efforts by all stakeholders in the future. These include (a) integrating climate ambitions into infrastructure and connectivity; (b) tight fiscal space for European and African governments; (c) poor transport governance, (d) numerous non-tariff barriers and non-harmonised policies and regulations; (e) lack of safe and resilient quality infrastructure; and (f) market access barriers for transport providers.

Moreover, connectivity initiatives of some third countries have led to market distortions, non-sustainable financing conditions and non-compliance with international standards. Tendering practices that award contracts based on the lowest price have often led to unsustainable outcomes – at the expense of both the tendering country and EU and AU companies. It is key that the EU Global Gateway offers a real and sustainable alternative, building on the strengths of European companies and developing the capacities of the African private sector.

### 2 Business outcome

In the post Covid period, with countries prioritising jobs, recovery, growth and resilience, the infrastructure, transport and logistics services value chains present immediate opportunities for enterprises in Africa and the EU. These can be tapped by focussing on the development of specific industrial clusters in selected strategic corridors, extended to take into account island countries, through support to business partnerships, investment facilitation and de-risking mechanisms. The PIDA PAP2, the Presidential Infrastructure Champion Initiative, and priority projects identified by regional business bodies serve as a basis to guide where investments should be prioritised in order to tap into the business opportunities.

### 2 Call for action

Industrialisation and trade are the key drivers of demand for infrastructure, transport and logistics services. They impact all productive and services sectors both upstream, for the sourcing of inputs, and downstream, for intra African trade and exports. At African level there is a need for regional and continental coordination to exploit synergies among the emerging key strategic corridors and infrastructure projects across transport, energy, water and ICT sectors to achieve a critical mass of the African industrial clusters. International agreements promoting economic integration and trade facilitation will be key in this regard.

To ensure the success of the EU Global Gateway, the EU and member states need to coordinate their relevant policies more closely to ensure a true Team Europe approach to connectivity that responds to the aspirations of the African Union. This should include a stronger coordination between the Commission, European development finance institutions, European export credit agencies and commercial banks. To maximise impact while minimising friction, the initiative should be coordinated with initiatives of like-minded countries, notably in the context of the G7 and G20.

## Proposals – Working Group on Integrating European and African Value Chains

### 1 Sector overview and priorities

Trade policy plays a key role in creating conditions conducive to the integration of a country into regional and global value chains: first, by reducing barriers to international trade and thereby providing companies with access to larger markets, allowing them to exploit economies of scale. Second, by giving assurances on fair and non-discriminatory treatment to companies and investors and improving the investment climate.

Through joining up the markets of African countries and regions, the African continental free-trade area could unlock the tremendous development potential of intra-African trade. Trade and investment agreements between the EU and Africa can help create better conditions for intercontinental value chains to emerge.

### 2 Business outcome

Due to the proximity of the EU and Africa, efforts towards supply chain diversification could create opportunities for both continents. The EU, the AU and their member states should work together to create the conditions and incentives to support the diversification of investments and production of European and African companies, especially for inputs considered to be strategic from a security, economic and technological point of view. This exercise should be developed in close cooperation with businesses and partner countries in a spirit of openness and be based on rules to prevent overcapacities.

The EU and the AU should explore the negotiation and identify key enablers for the negotiation of investment facilitation agreements within the context of both continents' free trade agreements. Investment facilitation is key for improving the investment climate as it increases transparency and legal certainty for both African and European investors. Moreover, investment facilitation provisions should be part of any modernisation effort of EU trade agreements with African countries.

### 2 Call for action

The EU Association Agreements and Partnership Agreements with African countries and regions should serve as building blocks for the African Continental Free Trade Area. For them to fully play this role and be conducive to the integration of European and African value chains, the EU trade agreements with African countries and regions should be modernised, taking into account the Pan-African Investment Code and the AfCFTA, to include provisions that support cross-border value chains and an enabling business environment to give assurances to economic operators and investors. The ultimate goal should be to transition to an Africa-EU continent-to-continent free trade area.

## Proposals - Ethical Fashion and Apparel Industry Working Group

### 1 Sector overview and priorities

Building blocks of a sustainable business model for the ethical fashion and apparel industry are based on supply chains consistent with the priorities which contribute to mitigate climate change and reduce global inequalities. This requires capital expenditure along the supply chain, starting from the textile industry, as well as investing in human resources and managerial capacities to address the new challenges of sustainability goals. These are essential for harnessing the full potential of new technologies needed to better integrate the global markets and for tapping into impact investment opportunities.

- **Opportunities:** Re- or Near-shoring trends are emerging (for better reputation and access to markets), offering opportunities for garment and footwear actors in the African region to access EU markets.
- **Key sectoral challenge:** Limited capacity, high costs and poor access to finance for compliance with ESG/Due Diligence; poor access to digital solutions to connect to global value chains and consumers; regulatory and procedural barriers to trade that increase the time and cost of exports.
- **Priority solution** – Investment in MSME capacity to comply with ESG requirements and preferential access for compliant actors, including access to finance and easier and faster procedures to export.

### 2 Business outcome

Set-up an 'EU-Africa Apparel and Ethical Fashion Fund':

- **Window I – Technology transfer and ESG support for capacity building and partnerships enhancement among value chain actors** to advance compliance with ESG standards and tech and knowledge transfer and to harness the potential of advanced technologies and digital solutions for traceability of sustainability performance and credentials for small and vulnerable actors.
- **Window II – “Green Textile, Green Apparel and Ethical Fashion in Africa and Europe”**, to support SMEs in the overall green transition to sustainable value and supply chains for those not yet ready.

### 2 Call for action

Therefore, both the AU & the EU should be at the forefront in addressing and correcting potential market failure through adopting a two-folded approach:

1. Make use of the African Cotton and Textile Industry Federation (ACTIF) project experience to create **Textile Industry Hubs** across the African continent focused on creating added value in proximity to natural resources (cotton and other fibres) and providing common infrastructure, tools and services.
2. Provide **incentives** (preferential tariffs, access to finance) and trade facilitation (addressing regulatory and procedural barriers to exports) **for compliant actors embracing ESG responsible business models** supporting Due Diligence along the value chain, with a focus on SMEs and vulnerable actors (small farmers, MSMEs, women-led businesses).
3. Set-up **ESG traceability capacity building programmes** to support the African textile, apparel and fashion industry to meet the forthcoming EU due diligence normative requirements, to increase market access for SMEs and small stakeholders, to enhance visibility upstream in the value chain and foster a competitive industry through tech transfer.
4. Any European, OECD or UN Trade organisation's legislation and regulation should make sure that costs for **sustainability compliance measures and reporting are not transferred downstream to suppliers without financial compensation from main buyers**. An EU-Agency should monitor this.



## Annex 1 – Ethical Fashion and Apparel Sector

### **Business Outcome:**

#### **Set-up an ‘EU-Africa Apparel and Ethical Fashion Fund’:**

This fund will be composed of **two distinct windows**, set up to address the industry’s main challenges and capitalise on its strengths and opportunities.

**Window I – ‘EU-Africa Technology transfer and ESG Fund’:** This window will provide access to finance and support the establishment of a **multi-stakeholders’ dialogue platform to facilitate collaboration and exchange** of best practices about ESG traceability and the enabling role of new technologies and tech transfer for more sustainable and traceable textile, apparel and fashion value chains in Africa. Institution building would also be addressed to support policy coordination. This would help SMEs to meet the forthcoming EU due diligence legislation, in so doing achieving better access to markets and impact investments

**Window II - “SME Fund for Green Textile, Green Apparel and Ethical Fashion in Africa and Europe”:** This window will provide support for SMEs in the overall green transition to sustainable value and supply chains. This fund should finance sustainable adaptations to production methods, to production plants, machinery, professional training and social benefit programmes for workers, health prevention and health care programmes and for certified sustainability reporting following international standards. Another strand of this fund would support programmes for strengthening policy frameworks and institutions; building capacity to attract investments from multiple sources meeting sustainability requirements; addressing trade barriers; and enabling tech transfer for more transparent and sustainable value chains for this industry on the continent.

### **Call for Action**

- 1. Adopt the African Cotton and Textile Industry Federation (ACTIF)** project experience to create Textile Industry Hubs across the African continent. These hubs will support new production that can create added value in proximity to natural resources (cotton and other fibres), and provide a conducive environment with common infrastructure (effluent treatment plants, industrial water pipelines, technology hubs, etc.)

## Proposals – WG on Financing Africa’s Sustainable Growth

### 1 Sector overview and priorities

Meeting the Sustainable Development Goals (SDGs) at a global level by 2030 will require additional investments of more than USD 2.5 trillion per year. Policymakers have come to realise that, to address this funding gap in light of limited public resources, a stronger involvement of the private sector in development efforts is essential: on average, the private sector accounts for 60% of GDP, 80% of capital flows and 90% of jobs in developing countries.

To tap into this potential, interest in blended finance has increased among governments and bilateral and international Development Financing Institutions in recent years and many of them have come up with a portfolio of innovative financing instruments that aim to leverage private investments through risk mitigation and to increase impact. For these instruments to meet their full potential and leverage the quantities of private investment necessary to meet the SDGs and the Agenda 2063, they need to be designed in a way that works for companies of all sizes.

### 2 Business outcome

The EU, the AUC, and their Member States need to increase the visibility and accessibility of their development financing instruments in order that more companies of all sizes can benefit from the opportunities they offer. For this purpose, an online tool that helps companies find relevant funding instruments for investments in Africa should be created. It should give companies the possibility to identify relevant instruments by sector and target country. The Team Europe Partnerships Portal is a promising first step in the right direction. Moreover, application procedures for development funding instruments should be simplified and the visibility of initiatives supported by EU budget should be enhanced.

The AUC, its Member States, African Financial Institutions and the African private sector may also develop a similar portal to attract finance and investment to support MSMEs through loan programmes (e.g., through public development banks and social enterprise, digital finance and an interoperable payment system) and couple them with training support (e.g., on financial literacy); in addition, capacity-building assistance, to help countries in these efforts for the implementation of the African Continental Free Trade Area, must be financially supported.

### 3 Call for action

The EU should adopt a much stronger ‘Team Europe approach’ to its entire development policy. This should include more coordination between the EU, member states, export credit agencies, the European development finance institutions and their African partners. Moreover, ways to create stronger synergies between development finance and export finance should be explored. This would help European companies play to their strengths and provide their sustainable long-term solutions in African countries.

African businesses call for greater and easier access to existing business funds and financing mechanisms geared towards investment and overall development in Africa. Access to funds must consider the needs of MSMEs, women and youth-led enterprises, which are marginalised in accessing funds despite being the backbone of African economies. Additionally, existing funds may receive contributions from the African Diaspora as well other partners to have an inclusive approach to development financing towards Africa. These funds could help finance joint ventures and partnerships between African and European businesses in several areas, such as infrastructure, transport and logistics, digital finance, skills and capacity development, education, manufacturing, research, innovation and development, etc.

## Proposals – Healthcare and Pharmaceuticals Working Group

### 1 Sector overview and priorities

The Covid-19 crisis has highlighted the need as well as the opportunity to enhance the health products industries in Africa and to foster greater partnership between European and African private sector partners. Whilst Africa's local health products industries have been growing over the past decades and the export potential in medicines alone is estimated at \$1.17 billion, the continent still remains highly reliant on imports - much from India and Asia. Imports make up 99% of vaccines, 70% of essential medicines and a similar proportion of PPE and diagnostics. European and global companies have a long term commitment in R&D and partnerships for diseases disproportionately affecting Africa such as malaria, TB ,HIV and NTDs. Whilst several European and global companies are operational on the continent in a wide area of treatments, they face considerable market, supply chain and regulatory challenges. Several innovative companies have undertaken licensing and tech transfer agreements for Covid-19 health products involving African partners but the number of qualified potential partners remains limited. The Covid 19 pandemic has also reinforced the critical importance of resilient national health systems, supply chain security, including needs for adequate cold chain structures, and country absorptive capacity for health interventions, for example vaccination programs.

### 2 Business outcome

The expected business outcome is long-term financial and political support for Africa-centric initiatives that create a sustainable environment for the healthcare industries sector in Africa focusing on skills development, alongside support for regulatory strengthening, access to affordable finance and robust market-based solutions that can drive needed investments and trade. Industry therefore needs support from an on-going EU-African business platform to identify the challenges, opportunities and market based solutions. This platform could facilitate African and European partnerships, support existing continental and regional initiatives and create a win-win for both Africa and Europe. An annual African-European Health Industries Summit supported by the AU and EU would be an important contribution.

### 2 Call for action

At the occasion of the 7th EU-Africa Business Forum, African and European business sectors call on the public sector of the EU and AU and other international partners to support the development of an attractive health industries environment in Africa by adopting and implementing a series of policies:

- 1) Put in place sustainable financing mechanisms and models with access to low-interest capital and offer appropriate incentives to encourage local, regional and international private sector investments;
- 2) Ensure a stable business environment that respects business ethics and incentivises local innovation and entrepreneurship including through intellectual property protection and enforcement; ensure development and retention of local skilled workforces, creating opportunities for young professionals including young women;
- 3) Foster growing demand for reliable local markets for healthcare products including locally produced essential medicines and APIs;
- 4) Facilitate and actively encourage voluntary and mutually agreed upon technology transfer and joint ventures;
- 5) Ensure timely product registration, regulatory system strengthening, harmonisation and reliance practices - including support for the African Medicines Agency and regional regulatory initiatives; adopt and enforce legislation to combat falsified and substandard medical products; support and enforce GMP standards;
- 6) Enable and facilitate free trade, including the effective implementation of the AfCFTA, eliminate Non-Trade Barriers and foster international supply chain security.

## Proposals - Sustainable Agri-Food Systems Working Group

### 1. Sector overview and priorities

Agriculture is a sector of major importance for the African and European economies, trade and investment relations. In 2020, EU-Africa two-way trade in agri-food products reached €34.3 billion and is largely complementary. Although Africa is, globally speaking, a net importer of food, it holds 60% of the world's uncultivated arable land and has the potential to become a major agri-food player, contributing to food security, jobs and growth. EU exports also support many downstream jobs in Africa in the marketing, distribution, hospitality and tourism sectors. Currently, the agricultural sector is driven by small-scale farmers who grow an estimated 80% of the food. Challenges of the sector remain: a) low agricultural productivity, mechanisation and competitiveness; b) limited capacity and untapped potential of agri-food actors; c) constrained access to best practices and training; d) limited access to sustainable investment; e) lack of decent and sustainable jobs; f) low food security and nutrition; g) illicit trade, which put SDGs at risk; h) limited capacity to comply with regulations and voluntary standards and standards not always in line with international ones; i) complex, time-consuming and expensive import procedures acting as barriers to cross border trade, including cumbersome customs and administrative procedures resulting in long transit delays; and j) high input costs, including for imported packaging materials, fertilisers, crop protection agents, agricultural and processing machines and other inputs.

These challenges could be addressed by intensifying the business relations between the two continents. Knowledge transfer, stimulation of innovation and a more enabling business environment will support in overcoming the identified challenges.

### 2. Business outcome

Africa can become self-sufficient and even a net exporter by increasing productivity in the areas of, inter alia, rice, maize, soy, cereals, fruits, vegetables, livestock, dairy and poultry. Africa can also benefit from greater trade and investment by being better integrated in global value chains and through downstream job creation. This creates opportunities for the European agri-food business sector which, through product and market development, improved logistics, trade and investment, can play a pivotal role in developing local value chains that further connect to regional and global value chains - if the conditions are right.

Encouraging innovation and productivity is also expected to be a key determinant factor to stimulate the African youth to start businesses in the agri-food sector. Therefore, the business and investment climate in the agri-food sector and sectors supporting agri-food (like infrastructure, IT/connectivity, labs etc.) need to be improved through dialogue and cooperation based on equal partnerships between European and African businesses. There is also a need to encourage European entrepreneurs to do (more) business in and with Africa and vice-versa by creating more and deeper trade relations between Europe and various African countries as well as intra-African trade - if the conditions are right.

This business outcome would be implemented by private actors in the medium term under the auspices of the European Union and the African Union. In this respect an *AU-EU agri-food platform* will help unlock the potential of agriculture and agri-food value chains while promoting public-private partnerships and sustainable investments with a focus on human capital and vocational training (inter alia, agro-environmental practices and technology transfers).

### 3. Call for action

The representatives of the agribusiness private sector call on governments and public authorities to:

1. Actively support and assist more private responsible investment in the agri-food value-chains, including sustainable transformative practices and innovations, and rapidly adopt as well as

effectively enforce the necessary regulatory framework for sustainable investments and fair trade in Africa, including advancing regional integration, trade facilitation and the fight against food fraud and illicit trade;

2. Establish a dialogue through an “*AU-EU agri-food platform*”, to facilitate business negotiations between private sector enterprises with and amongst agri-food stakeholders in order to:
  - a) Address trade and investment challenges - including those related to framework conditions & the use of doing business on both continents. This could be done through the establishment of business advisory boards under the EU-Africa EPAs to support implementation and help leverage public and private sector capabilities to help realise the SDGs;
  - b) Facilitate connections between EU & African businesses and the exchange of information and best practices;
  - c) Make more use of public-private partnerships;
  - d) Improve access to natural resources and energy affordable for agriculture, construction of facilities and agribusiness related factories;
3. Invest in the network of the European and African business communities to facilitate networking, trade missions, business links and to accompany the EU-Africa partnership agreement;
4. Invest in cold chain logistics (sea freight as an alternative to air freight) and modern storage facilities (to minimise post-harvest losses), labs, ICT, logistics between production and consumption geographies;
5. Improve access to technical and financial assistance and risk capital applied to the African context;
6. Invest in exchange of best practices transfer on food hygiene standards, warehousing and logistics to increase exports from Africa to the EU and within Africa.

## Proposals – Sustainable Energy Working Group

### Sector overview and priorities

Sustainable energy is the backbone of 21<sup>st</sup> century economies, powering industries and communities while enabling green job opportunities and effectively addressing climate change. The 'X-factor' is the ingenuity, speed and capital championed by the private sector in providing sustainable energy in Africa, power the continent's sustainable industrialization, as well as that of the EU, and to fulfil the AU Agenda 2063 and the European Green Deal of being climate neutral by 2050. Businesses working in Africa and Europe stand ready to be champions of the green recovery for large scale renewable energy deployment and the decentralised renewable energy (DRE) sector whereby innovative companies, ranging from youth and women-led SMEs to large corporates and forward-leaning investors, drive change.

### Business outcome

The African Union Green Recovery Action Plan 2021-2027 and the Africa-EU Green Energy initiative are important pillars in paving the way for further private sector engagement. The provision of varied financial instruments, including guarantees and blending schemes, will be essential for achieving these plans and should be implemented within the wider context of the AfCFTA, the African Single Electricity Market as well as the EU's Global Gateway initiative.

With adequate financing mechanisms and legal frameworks for a quick recovery from the social and economic challenges of the global pandemic, the private sector on both continents will be further enabled to accelerate the deployment of utility-scale renewables, decentralized renewable energy systems and to redefine industries through the use of green hydrogen, all of which will create employment opportunities for a sustainable future.

### Call for action

At the occasion of the 7<sup>th</sup> EU-Africa Business Forum, African and European business sectors call on the public sector to:

- (1) Coordinate and initiate more structured and regular public-private dialogue on a regional level to determine roadmaps, monitor progress, resolve regulatory frameworks and enable rapid up-scaling of the most effective approaches.
- (2) Empower businesses of all scales through adequate financing vehicles to build interconnected green industries in Africa and Europe.
- (3) Create a sustainable energy sector one-stop platform that; a) facilitates engagement at scale; b) acts as a gateway to investment facilitation and project financing; c) ensures information is accessible and transparent; and d) addresses bottlenecks to implement impactful projects rapidly and at scale.

## Proposals – Youth and Entrepreneurship Working Group

### 1 Sector overview and priorities

The inclusive participation of youth and entrepreneurs in the social, economic, technological and political life of countries in Africa and Europe is critical if the two continents are to unleash their full productive and creative potential. Building awareness and vigorously supporting young, specifically women, entrepreneurs is essential to tap into the continents' driving force for innovation and sustainable growth. Several structural challenges need to be addressed, namely:

- 1) A mismatch between skills and available jobs, which leads to high youth unemployment and lack of decent jobs across the two continents, resulting in a high rate of informality in the job market;
- 2) Legal and regulatory environments that do not appropriately support youth, start-ups and SMEs and does not sufficiently provide work-based professional training;
- 3) Financial instruments that do not offer access to finance to young entrepreneurs and SMEs;
- 4) Inadequate business development services and support schemes;
- 5) TVET, which specifically address the needs of young citizens.

Opportunities lie in the following areas:

- 1) Growing international recognition of the role and potential of youth entrepreneurship for sustainable growth on both continents;
- 2) Intra-African Trade, AfCFTA and a well-developed EU-Africa Partnership offer African and European businesses the opportunity to address the challenges and develop new cooperation models;
- 3) Prioritisation of experiential learning and technical and vocational education and training;
- 4) The potential of youth start-ups and the use of mentorship as a pillar for sustainable development;
- 5) The evolution of technology ,specifically the digital economy, offer new types of jobs and provide business opportunities.

### 2 Business outcome

Businesses already provide innovative solutions, including:

- 1) Providing young entrepreneurs access to grants for R&D, investment collateral as well as access to credits and training;
- 2) Supporting and engaging substantially in transcontinental business cooperation as the cornerstone for innovation and sustainable growth on the two continents;
- 3) Building a bridge between impact investors, business angels and traditional banks for the provision of tailored financial instruments.

This will could be supported by:

- 1) **An EU-Africa Partnership on the establishment of business development centres, business incubators, technology hubs and funds for supporting youth entrepreneurship and SMEs.**
- 2) **A substantial engagement in existing and future cutting-edge models of transcontinental business cooperation.**
- 3) **An EU-Africa business event once a year for young entrepreneurs to showcase cooperation projects, business innovations and for making innovative technological and greenfield projects bankable through the support of investors and mentorship programmes, which would include pitching events for start-ups.**

### 3 Call for action

The African Union Commission and the EU Commission should work with Member States to rapidly and efficiently adopt policies, public programmes, rules and regulations at the international and national level to support SMEs and specifically empower youth and women in business. They should work towards:

- 1) Investment in education so that the education system and school curricula advances business related skills meeting present and future demands. This would also encompass the vigorous pursuit of work-based professional training;

- 2) Establishing an “SME Development Fund” for Africa, making use of existing international funds specifically promoting financial inclusion for SMEs, youth and women;
- 3) Strengthening existing SME matchmaking mechanisms and supporting business development centres, business incubators and technology hubs in collaboration with the private sector;
- 4) Promoting cutting-edge transcontinental business consortia with a multi-stakeholder approach to support young entrepreneurs by offering business cooperation, training and skills building, increased access to finance for young entrepreneurs and joint mobilisation of stakeholders to enable favourable regulatory environments and tailored financial products.



## Proposals – the Pan-African Opportunity Working Group

### 1 Sector overview and priorities

Covering the road to a resilient economic recovery needs real coordination among all the Stakeholders through an ecosystem for empowering the private sector including SMEs, women and youth, and capitalizing on the existing frameworks that would include the Regional Integration. The AfCFTA, Africa 2063 Development Agenda programs of African Union as the AIIDA, PIDA How can partnerships among EU and AU accelerate the road to recovery. The Opportunities are huge in Africa with all the Natural resources and Human Resources The private sector in both continents have a pivotal role to play. However, several challenges have to be addressed such as

- Very fragmented legal and regulatory environment, not up to the continental challenges
- Insufficient Infrastructure for mobility, energy networks and telecommunications
- Great difficulties to access to finance for SMEs, due to low capitalisation of companies
- Education system weak in STEM classes and in practical/work-based/experiential learning
- Too few investment in Research and Development in both continents

The EU is the biggest market for African exports, accounting for around a third of Africa's merchandise exports. However, most of exports are in primary form. There is need to build productive capacity to process the raw material. In 2020, over 61 % of goods exported to EU were primary goods while about 70 % of imported goods from the EU were manufactured goods.

Opportunities lie in the following:

- Strengthening productive capacity of the Private sector including SMEs, women and Youth
- An enabling environment and friendly business climate
- Promotion of Investment and joint ventures
- Intra-Africa Trade, AfCFTA and a well-developed EU-Africa Partnership
- African and European business in addressing the challenges and developing new cooperation models
- The evolution of technology and specifically digital economy offering new types of jobs and providing business opportunities
- Strengthening productive capacity of the Private sector including SMEs, women and Youth
- Investment in Research and Development

### 2 Business outcome

The common efforts to solve the above-mentioned challenges should first of all lead in the next few years to a **large deployment, capillary activation and** - if needed - **further development of AfCFTA**, in cooperation with the EU and with special advantages for EU businesses. In addition to that, **markets and value chains between the two continents should be further integrated and keep up together with the global and continental challenges.**

This means to strongly link every investment and policy to **job creation, the green and digital transitions**, to the **sustainable development goals** and developing **more and tighter economic cooperation** between the two continents, bringing more **win-win results and equal chances** to all **economic players**. The EU's **Global Gateway initiative** can play a crucial role in this.

### 2 Call for action

***Invest for Jobs, Professional Training and Global Competitiveness:***

- Open a common AU-EU programme facilitating business start-ups by African and EU SMEs with reliable plans to create jobs in Africa and committed to offer work-based professional training for youth, while significantly contributing to achieve sustainable development goals in Africa;
- Guarantee **mobile High-Speed Internet to 95% of Africa by 2030**, with priority for the rural population, schools, health systems, businesses and public administration.

***Intensify the support for AfCFTA:***

- Implement a **“Train the Trainers” campaign for African Business Organisations** to support member companies to benefits from AfCFTA and increase its uptake among African businesses;
- Finance a **promotion campaign** in collaboration with national, regional and continental business organisations **in Africa** for African and European businesses on usage of AfCFTA and run **also on EU-level** an information campaign with EBOs about advantages for EU-businesses with AfCFTA;
- Elaborate **hands-on reform and legislative texts** in all African languages for governments to adapt national laws to a better functioning of AfCFTA.
- Call on EU and AU to promote the inclusion of SME’s, women and youth and share best practices from Europe and Africa to that regard.