

5th EU-AFRICA BUSINESS FORUM – RECOMMENDATION MATRIX

EABF SESSION NO.	Areas of intervention				
	Business environment	Ecosystem	Infrastructure	Finance	Human resources
PS 1	<p>Keep macro-economic stability, political stability and legal certainty, as stability allows for a better investment climate and allows for vehicles to work, leading to possibilities of building on experiences and scaling up support.</p> <p>The emerging middle-class needs support too.</p>	<p>Supporting successful African entrepreneurs. That is the opportunity and that is what will ultimately drive the continent to the next level.</p>	<p>Reliable energy sources and infrastructure are crucial to ensure companies will be able to transport and export the products</p>	<p>To create domestic liquidity and long-term liquidity for domestic banks, this is how the costs will come down.</p> <p>Focus should be on developing the financial local markets.</p>	<p>Education is a big challenge, particularly regarding the vocational training space.</p>

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PS 2	<p>Projects that are more pro-people, rather than pro-government.</p> <p>Decision makers must be brought to Africa, in order to change their and investors' views on Africa. Many decision makers who pull the trigger on major capital investments in Africa have not spent time in Africa.</p> <p>African nations need to take a stance on educating other continents of the potential of the continent and the up and coming generations' talents.</p> <p>To allow businesses to begin and to capture return, you need some kind of intellectual property protection. This does not mean having prices that no one can afford, but to have return you need that protection.</p>	<p>The main sources of costs must be tackled. Emphasise on what makes firms and companies competitive, address those issues that stop them becoming more competitive (size of market, bringing specific technologies). Countries will only become more competitive if companies become more competitive.</p>	<p>A need for infrastructure, roads, etc.</p>	<p>Create an alternative, low calibre of stock exchange that can cater to and understand the smaller entrepreneur.</p> <p>Africa needs one pan-African stock exchange to enable any African company to enlist in that exchange; something truly African and not controlled. When an investor goes to deal, he looks for an exit. Currently in Africa there are about 17 stock exchanges. Maybe only 7 have enough liquidity to be deployed.</p>	<p>Investment in human capital, the African dividend needs to be turned into an asset. Today investment is coming where talents already are, but there is heightening need to invest in making/nourishing talents.</p> <p>Getting the right curriculum</p>

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PS 3	<p>Need to strengthen the legal system in our countries, there is a lot of suspicion from commercial banks. Deepen and strengthen the judicial sector. Enforcement needs to be improved, also in terms of impartiality and speed of judgement. Good progress, but much more deepening to be done. Set up commercial courts to deal with commercial litigation more quickly.</p> <p>Fiscal responsibility in the Government. Banks prefer to buy and invest in governments, so create an environment that allows them to expand and to trust in the Government.</p> <p>Land rights to be formalised. Previously the system was based on trust, not on titling. This must be moved into a formal system, people's attitudes have to be changed.</p> <p>Regularise informal sector with incentives. Make it rewarding for the informal sector to regularise itself with the right mix of incentives.</p> <p>Develop a collateral registry, allowing SMEs to register collaterals so it is easier for banks to accept those collaterals and give them credit.</p>			<p>Intervention of Governments to provide collateral and mitigate the risks for banks. This is particularly for early stage SMEs that face the most difficulties as they are unable to attract commercial money. Governments and IFIs should provide early stage equity funding to support early-stage SMEs (incubators), to reduce risks for banks and to enable these SMEs to go to the debt markets on a strong basis. Put forward a 'small-business act' to enable SMEs and help with access to long-term funding.</p> <p>Financing costs, because commercial bank money is short term and expensive. The only way to change this is for government to subsidise banking access to finance.</p> <p>Also an issue of resourcing and funds: African banks are very liquid; Africa does not have a volume problem but an intermediation problem. It's not a question of availability of money. We must differentiate those banks that are very liquid versus those who have managed to find way to intermediate effectively and price credit appropriately. Part of the problem of African capital is it is overseas, whether it is Central Banks, pension funds, or elsewhere. African capital should be encouraged to flow back into the continent towards institutions that have a good track record.</p> <p>5. Initiative to empower banks with a heavy technical assistance programme (a third of all commitments for IFIs is done in Eastern European countries). Government should reduce</p>	<p>Encourage citizens to "come back home" with skills they have acquired abroad, ICT and telecoms technology.</p>

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PS 4		<p>Business incubators for companies/ideas that are starting out, helping capacitate them on how to be competitive. Aid should be provided in product development, marketing and marketing tools. Incubating should last 12-18 months after which they should have their own company, but they should not be dropped. Assistance should continue through mentorship programs to ensure steady growth.</p> <p>Business networks for students to help develop a unique experience working close with experienced businesses and business people for experience, developing skills and importantly acquire a learning-by-doing experience. This helps to focus the mind-set and the entrepreneurial spirit; develop soft and hard skills to solve today's problems. The positive aspect of this type of initiative is that we do not need many resources; the projects are driven by young people's motivation, however support is still needed from the government, the institutions, the universities and the companies. Everybody must be involved to stimulate an entrepreneurial culture, in this case the needs are less finance-based, but HR based.</p> <p>For people in rural areas, particularly youth, there needs to be an outreach strategy. Business development centres should be established in rural areas, linked to science and</p>			<p>Awareness sessions among students are organised in universities, during which students are taught how to register the company, how to ease usage. Most people are put off by taxes, dealing with the banks, bookkeeping issues etc. so there needs to be an increase capacity for dealing with institutions, with banks, authorities, etc.</p>

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		<p>technology, to help ensure that entrepreneurs can profit from newer technologies in agriculture, as well as other sectors, to preserve a maximum of products from being wasted, rotten and unsold. For example with solar dryers for tomatoes and fruits. Through use of the solar dryers (clean energy) they can dry tomatoes and export to Italy and Spain. This will depend on increased collaboration between Europe and Africa For there to be a connection between Africa and Europe, the collaboration needs to be through a holistic approach and involve several issues and involve governments, civil society, and the media.</p>			
PS 5	<p>Regulatory framework: There is the question of trade-off between financial stability and financial access. Central banks and governments are struggling with the balance on this, but these are mutually enforceable. Regulations should cover stability, consumer protection, financial inclusion, financial integrity and more. Mr Lima recognised the efforts, in this area, of the central banks of Angola and Mozambique</p> <p>Unorthodox coalitions between a) policy makers across this space in Africa and Europe, b) financial service operators and banks, c) development actors (private and public sectors and operators,</p>			<p>Banks should be aspiring for an accelerated, sustainable program that will lead to resilient, rapid, sustainable and inclusive development.</p> <p>In terms of infrastructure banks should be innovative, though it is acknowledged that Public-Private partnerships (PPPs) have worked well in this domain.</p> <p>Take advantage of the transformation of the dynamics of technology, mobile financial services, redefine how financial inclusion takes place in the continent.</p> <p>Partnerships are key to satisfying</p>	

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	<p>multilateral institutions, international and regional IFCs/AFDBs, bilateral institutions...).</p> <p>Banks must themselves be viable. Viability of financial institutions to be able to authoritatively reflect on their impact on the market can be ensured by independent stories conducted to talk about dynamics. For example, the first ever report on the impact of a financial institution in the continent of Africa had exciting results. It demonstrated that its support had brought 5 million jobs, that is to say 0.6% of the total workforce. It also demonstrated that the standard chartered bank contributes to sub-Saharan African economies' GDPs. That it was able to finance the trade of 1.2 billion of region's entire trade package and to support tax payments of governments in sub-Saharan Africa.</p>			<p>the needs for financings, one bank alone cannot succeed.</p> <p>11. Banks should model themselves on foreign banks, hold typical banking roles of credit risk assessment and have major responsibility to shareholders. Banking stability is of prime importance and it is the only way to ensure inclusive development.</p> <p>It is important, for banks that wish to contribute to sustainable growth, that banks do not specialise too much, banks should support SMEs as well as large corporates, rich clients as well as poorer ones.</p> <p>Banks should work locally, using extension projects and more ambitious banking networks, to serve clients with specific training.</p> <p>In order to be able to comfortably support companies and clientele, banks should keep track records of successes for others to follow.</p>	
RT 1		Need to bring the African private sector into sustainable energy development, and avoid the danger that the local private sector is excluded in sustainable energy development.			
RT 2		Blended finance and PRI-programme related investments- should be		Risk systems to rate and build investor trust in Africa, such as Fiduciary systems should be	The EU and African Private Sector in collaboration with IFIs should develop and

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		<p>supported as a partnership between European and African businesses to initiate supplier development partnership and programmes in order to build an entrepreneurial eco-system and fast track the establishment of an entrepreneurial class across Africa.</p> <p>Skills development IFI for Europe and Africa should set up a ten year target to support the number of SMEs working with EU business to process and become competitive low value manufacturers for both African and Global markets.</p>		<p>supported on a technical and blended finance assistance basis by IFIs.</p> <p>DFIs should support with venture capital and blended finance African project developers to redress the one in ten PPIC private sector participation in infrastructure, currently the lowest in the world (60% in Europe) with a specific goal of increasing it to excess of 40%.</p>	<p>implement vocational training and apprenticeship programmes partnering with European and African Academia.</p>
RT 3	<p><u>LAND TENURE</u> is a major issue and rights are fragile. Private sector investors must respect and recognise this; governance & accountability are critical</p> <p><u>CLIMATE CHANGE</u> must be factored in, and support is needed to mitigate its effects & share risk</p> <p><u>MARKET ACCESS</u>: mechanisms are needed to ensure market demands are reasonable, proportionate, and viable for</p>	<p><u>SUPPORT</u> to build local capacities including intermediary organisations, farmers organisations, local services and skills</p> <p><u>INNOVATION</u>: There are many success stories with potential for up-scaling, from new approaches to outgrower schemes, to the use of new technology (mobile phones, e-wallets, RFID)</p> <p><u>R&D AND INNOVATION</u>: investment is critical, but neglected</p>	<p><u>INFRASTRUCTURE</u>: new approaches are being tried out to obtain economies of scale and maximise impact (e.g. staple crop zones in Nigeria)</p>	<p><u>FINANCE</u>: a crucial element. It should be catalytic, relevant, affordable</p> <p><u>WOMEN</u> have central role to play and rarely default on loans; there could be a place for affirmative action in micro-finance</p>	

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	<p>smallholders</p> <p><u>ROLES</u>: Governments should set the policy environment; businesses should do business! Transparency crucial on both sides to generate trust</p> <p>There are significant opportunities for private sector involvement, but this requires political <u>LEADERSHIP</u> and effective <u>PUBLIC PRIVATE PARTNERSHIPS</u></p>	<p><u>FOCUS</u>: on vulnerable players, notably smallholders, women and young people, in terms of: (a) ensuring they are engaged in the process, and (b) obtaining a fair distribution of benefits</p> <p><u>SHARED VALUES</u>: Sustainable and inclusive value chains are essential to ensure food security, alleviate poverty, and generate economic growth. There is a need to re-think relationships between stakeholders along supply chains.</p>			
RT 4	<p>Exempt E-schools/E-learning Connectivity equipment from licensing and customs fees</p> <p>Create a favourable policy environment that encourages innovation and investment, including the development of policies and regulations that promote access to the internet, and help businesses and enterprises develop relevant services that are</p>			<p>Define and fund a pan-African programme in the next 7 years to ease and accelerate e-schools in all of Africa</p>	

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	sustainable and scalable over the longer term.				
RT 5	<p>Direct efforts towards broader sustainability issues, not just electricity generation and supply - renewable electricity generation and supply is only part of the need and opportunity, and cooking (gas, solid & liquid fuel, waste treatment, agriculture, water supply and treatment) are all related opportunities to be included.</p> <p>Support collaboration and economies of scale in the market: Support and scale existing (successful) activities to further stimulate the market, working with and complementing other public investment activities and programs.</p>	<p>Provide additional technical and commercial assistance to develop, demonstrate and prove concepts: Such assistance, including incubation support and technical assistance is an important addition to the provision of capital, and this service can ultimately derisk early stage business and project development ahead of commercial investment.</p> <p>Ensure local solutions to local opportunities are addressed and developed.</p>		<p>Provide capital and stimulate innovative financing of the sector: There is a significant funding gap for product and project development at feasibility, proof of concept and seed funding stage – while a significant market opportunity and need for sustainable energy solutions exists conventional funding sources do not have the risk appetite to fund early stage market development. Patient capital is therefore required to nurture long term success in the market, and this requires the provision of flexible funding to proactively incubate, adapt and demonstrate proof of concept and pilot projects including “first loss” tranches and guarantees for funding structures and provision of debt which will allow rapid scale-up of the products and services most in demand from the market.</p>	<p>With a particular focus on distributed generation and off-grid market:</p>

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RT 6	<p>Support national development programs on natural resources management under sustainability principles using newest ICT technology like Progis and others in Europe and integrate local know-how based on best practice guided by local Universities.</p> <p>Support and strengthen PPP (Public Private partnership) project models that guarantee participation of different stakeholders within the agro-food chain and encourage the use of ICT services.</p> <p>Organize a key stakeholders meeting between Africa and European partners to develop a joint proposal on all the "above" identified areas for collaboration</p>	<p>Focus must be set on platforms like Pan African Agribusiness and Agroindustry Consortium and others that mobilize and support agricultural SMEs (advisory services, input suppliers, processors, marketers, and retailers) to build their capacity through advisory and mentorship services, sourcing additional high-end senior experts from Africa and Europe and using advanced ICT technology and international certification standards to support food security, traceability, reduction of costs with a focus on environmental standards.</p> <p>Promote the adaptation of ICT technology in Africa through collaboration with European ICT experts while upscaling locally existing ones like Appstech while taking into account local environmental realities.</p> <p>Incubate young entrepreneurs to come up with innovative ICT tools that will assist SMEs and smallholder farmers</p>		<p>Support a guarantee fund to unlock local financing support for agro/SMEs from local and international sources.</p>	
RT 7	<p>EU and Africa partners agreed that 'Design & Build and Design, Build & Operate' are complementary to traditional procurement methods for enhancing implementation efficiency,</p>			<p>PPP is seen as an option to finance infrastructure in Africa under certain preconditions such as economic viability, proper risk allocation and professional preparation.</p>	

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	quality and value for money for large infrastructure project financing.				
RT 8	<p>Environmental protection and local population consultation should always be part of all processes</p> <p>A good policy framework is needed to attract investment; geological knowledge and information should be increased, including strengthening Geological Surveys capacity and geological cooperation;</p> <p>Participation in the value addition chain locally should be ensured.</p>		<p>Public-private partnerships should be facilitated to ensure that resources are sustainably exploited. The two sectors (public and private) should partner together and not be in conflict with each other, for instance in the case of infrastructure development.</p>		<p>Policies promoting skills development and business education in the sector should be developed;</p>
RT 9	<p>AU – EU political commitment at the Summit to take immediate action in coordination with the WHO to ban substandard medicines causing health risks.</p> <p>Implementation of the African Medicines Regulatory Harmonization program (AMRH) and establishment of the African Medicines Regulatory Agency (AMA).</p> <p>Create a Europe-Africa discussion forum for the understanding of the 3 dimensions of HS: Building Blocks, Health Programs</p>	<p>European Union to support the African Union to actively encourage the Business Plan of the Pharmaceutical Manufacturing Plan for Africa (PMPA BP), including financing and facilitating business linkages (e.g. joint ventures, technology transfers, voluntary licensing and patent pooling).</p>	<p>Develop sound national and regional investment policies and create Infrastructure Investment Fund that boosts local private sector participation in infrastructure delivery, and promotes PPP in this area.</p> <p>Setting up rigorous product quality testing, pharmacovigilance systems and regional bioequivalence centers;</p>	<p>Increase EU-African collaboration on universal health coverage alongside those countries that mobilized resources towards the Abuja commitment of 15% of her national budget for health.</p> <p>Immediate political commitment is needed from country health authorities to agree on necessary resources on national, regional or pan-African level.</p>	

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	<p>and Performance Drivers.</p> <p>All governments criminalizing counterfeiting of medicines, by e.g. implementing national and regional laws and signing the MEDICRIME Convention¹</p> <p>EU and African Union to support countries in developing reliable demand forecasting models of key drugs and vaccines, that will drive economies of scale and market size necessary for local production.</p>				
RT 10		<p>Accelerate the creation of a social enterprise Incubator/Propellor Network across Europe and Africa, and run a competition to choose the first 25 Incubator/Propellor Initiatives to be embedded inside secondary and tertiary institutions across the EU and Africa.</p> <p>Develop a structural collaboration between the EU and African social enterprises, through a number of measures, which might include among others: development of a Working Group on the subject (involving social enterprises and their networks on both continents), development of</p>		<p>Create a 100 million Euro fund that targets African small farmers for awards for carbon sequestration by creating value chains that create sustainable ways of enhancing organic content of soil.</p> <p>Funding mechanisms to ensure start-up and scaling-up of social enterprises are still to be analysed and promoted; this includes among others: social impact investment, crowdfunding, involving diaspora etc.</p>	

¹ See: http://www.coe.int/t/DGHL/StandardSetting/MediCrime/Default_en.asp

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		pan-continental collaboration networks of incubators/ excellence centres to exchange experience, on-line platforms to share data and knowledge.			
RT 11	Establish a Platform between government, private sector and DFIs to exchange information, views and best practice on public-private partnerships and private sector investment in infrastructure, starting with energy.	Support and strengthen local African project developers, in cooperation with European project developers.	The management of political, commercial and other risks are at the forefront of every PPP project: risks need to be allocated to those who are best able to manage them.	Develop Risk Mitigation Instruments: e.g. to mitigate political risk, provision of local currency funding, more long-term funding, provision of guarantees which also act as a catalyser. Incentivise development finance to leverage more private sector financing as a pre-requisite for intervention through (blended) lending or grant financing.	
RT 12		Promote cooperation on the development and use of space technology for African sustainable socio-economic growth, through technology transfer, capacity building, and joint business initiatives.	Support the development of satellite navigation infrastructure (EGNOS) and Earth Observation services (GMES and Africa), establishing the relevant governance and financing schemes.		1.
SUCCESSORIES	Increasingly African companies want to capture a larger share in the value chain and no longer content with exporting commodities to selected markets. Moreover, there is a huge				Africa will need to prepare strategically to reap the demographic dividend. It will have the largest work force, particularly young people, in the decades to come. There is a

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	<p>potential for agribusiness and industrialization of agriculture results not only in terms of greater value retention by African companies but also in creating new jobs.</p> <p>For African businesses to grow and scale-up it is important to take a "shared value" approach where successful companies share their wealth and value with those who contribute to the creation of the wealth e.g. giving back to farming communities as they are the ones who help agribusiness succeed.</p> <p>Traditional development models are no longer relevant in the context of Africa. It is possible to leapfrog several stages of development as some of the SME success stories testified.</p>				<p>critical need to develop "marketable" skills for these young people to ensure that skills supply match the demand for skills by the private sector.</p> <p>Women's economic empowerment can help reap rich development dividends.</p>
INVESTOR MEETINGS	<p>Continue to deepening investment relations. The investors flagged their principal concerns and, overall, consistently committed to increasing their investment effort in the interested countries and in Africa more generally.</p> <p>Presenting governments expressed their unconditional commitment to furthering dialogue with investors, from public and private sectors, with a view to continue to ameliorate the investment climate and safeguards for foreign investors within their countries</p>	<p>The exercise was the first of its kind and certainly needs some fine-tuning, which all stakeholders involved are committed to work towards.</p>			