



Press Release

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Africa-EU: forging a new investment relationship to fuel job creation

Africa needs a lot more investment and every initiative that drives this forward is most welcome. However, Vimal Shah, a Kenyan multimillionaire businessman, entrepreneur and industrialist, has this warning for Europe.

"Africa is not waiting for somebody from Europe to sort it out. We have demand, and it will be met by somebody, from somewhere...from India, from China, from Brazil."

Mr Shah was speaking on a panel this morning at the EU-Africa Business Forum in Brussels, which is being held during the European Development Days, and is one in a series of business-led events ahead of the 5th EU-Africa Summit, which will take place in Abidjan in November this year.

In the morning's opening address, Neven Mimica, Commissioner in charge of International Cooperation, said that an EU-Africa strategy was not new, but it had identified two main strands of work to move the relationship between governments and business forward. Together the focus needed to be on building more resilient states and societies, and creating more quality jobs, particularly for the youth.

Mr Mimica acknowledged the domestic growth potential for Africa, where market consumption, helped by a youthful population and growing middle class, is projected to reach €2 trillion annually by 2025.

One proposal for achieving greater investment, and enhanced dialogue with the private sector, in Africa is the ambitious *European External Investment Plan (EEIP)*, which will aim, with partners like development finance institutions and others, to generate up to €44bn for Africa's riskier projects.

One of those potential partners is the African Development Bank (AfDB), which has seen its share in private sector investment in Africa rise from 8% in 2006 to 36% today. Keynoter Pierre Guislain, Vice President, African Development Bank (AfDB), Private Sector, Infrastructure and Industrialisation, says they are seeking out opportunities. To highlight just one, is the need for blended finance in Africa's 20 "fragile" or "transition" economies. By definition, the risk of doing business here is higher, and today just 4% of AfDB's investments go to these countries. However, if you take Ivory Coast and Madagascar out of the equation, it's just 2%. We need help to tackle this risk, and the private sector can play an important role," he said.

Other areas for consideration include funding for start-ups, which typically struggle to access finance in local currencies. In a post-panel interview, Mr Shah said that

election uncertainty was big challenge, as were African leaders who had chosen to put self-interest first. On the plus side, however, Africa's growing "Apple-ized and Google-ized youth" can now see what life is like elsewhere and this is beginning to level the playing field, and put leadership under pressure.

Other challenges relate to poor infrastructure and logistics, and vast swathes of arable land standing empty. Citing an example, Mr Shah said: "The price to bring a container from China to Mombasa is \$600, but from Mombasa to US is \$2000."

Also on the morning panel discussion, Pierre Gattaz, President MEDEF, the French Business Confederation, picked up on the thread of getting startups off the ground. His recommendation was to send SMEs from Europe to motivate and partner with African startups, which would help to create local jobs.

But he urged a future relationship with Africa that put the past behind it, and looked forward without arrogance. "We have a lot to learn from the African entrepreneur," he said. Equally, though, Mr **Guislain** argued that Africa could learn from the trading success story of the European Union single market.

But Mr Gattaz was clear, however, that nothing would happen without the involvement of business people. Enough of the "talking talking talking, we need action action action," he said.

To this end, MEDEF is already planning its first start up meeting in Africa, and will find advisors in France to help develop local businesses.

Rebecca Stromeyer, Founder of eLearning Africa, agreed that finding ways to fund African SMEs, which more often than not are turned away by banks, and education, particularly for women, are the two most pressing issues.

Jobs on top

The central thread of today's forum is job creation, which will also be the focus of the Africa-EU Summit later this year, where the EEIP will be formally launched and endorsed by African Union. Between now and then, the dialogue must continue and more business events, like today's forum, are planned for the next few months. This will culminate in the 6th EABF to take place shortly before the EU-Africa Summit.

Job creation and education go hand-in-hand and if action, action, action was the refrain of Mr Gattaz, for Africa Union Deputy Chairperson Thomas Kwesi Quartey it was "education, education, education."

A consensus view was that only through education, and job creation, can we begin to solve one of the biggest global challenges of the 21st century – migration. Mr Quartey said thousands of youth crossing the Sahara and images of people floating on unsafe craft on the Mediterranean was a "truly disheartening sight".

Investing in job creation, particularly for the youth, is the EABF's central theme, and

will be at the heads of state and government summit in November, and rightly so. But as Mr Mimica put it, now is the time to go beyond declarations to define a solid set of deliverables.

Through mechanisms like the EABF, that process is now underway; the first bricks in the road from Brussels to Abidjan have been laid.



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