Alliance for
Entrepreneurship
in Africa

Alliance Progress Report

June 2023

European Bank for Reconstruction and Development
EDFI
European Investment Bank
IFC International Finance Corporation World Bank Group
Creating Markets, Creating Opportunities
PROPARCO Groupe AFD
République Française
Liberté
Égalité
Fraternité

The Declaration from the Summit on the Financing of African Economies (SFAE) held on 18 May 2021 set the priority to support entrepreneurship in Africa, specifically micro, small & medium-sized enterprises (MSMEs), as a critical factor in achieving sustainable and inclusive economic growth. To meet this intent, it was proposed to create a new Alliance for Entrepreneurship in Africa (AforE).

The initiative provides a platform for exchanging knowledge, experience, and best practices across different organizations, allowing all members to benefit from the collective expertise. This helps foster innovation and collaboration between members to address entrepreneurship's development challenges by leveraging expertise, instruments and resources across organizations. Specifically, AforE provides a platform for mobilizing financial and non-financial resources and creating economies of scale, allowing members to increase the impact of their development activities and, at the same time, build legitimacy and credibility in the eyes of stakeholders, allowing them to better engage with beneficiaries and receive support from the public, private, and civil society sectors.

At its core, the Alliance is an international, project-driven platform aimed at boosting the development of private sector participation and entrepreneurship in Africa - focusing on enhancing and accelerating access to finance for MSMEs.

Alliance members include the African Development Bank (AfDB); the European Bank for Reconstruction and Development (EBRD); the European Investment Bank (EIB); the European Development Finance Institutions (EDFI); the French Treasury; the International Finance Corporation (IFC); and Proparco, the private sector financing arm of Agence Française de Développement Group (AFD Group). IFC was appointed by the French Treasury, the initiative sponsor, to act as the Secretariat for the initiative.

This report provides a summary overview of critical milestones achieved by the Alliance from an operational, project development, and membership perspective, to identify gaps to optimize the impact of AforE and inform and prioritize the initiative's next steps.

Background

01

The Alliance is a unique initiative driven by its members working together to solve market failures impacting entrepreneurship and MSME growth from a technical and capital perspective on a project-driven platform. With a flexible, simple and purposeful approach, the platform maximizes members' involvement in projects and investments, encouraging collaboration, joint program development and participation in each other's projects and investments to maximize impact.

The Alliance adopted a two-phase approach to catalyze activity. Phase 1 involved core members leveraging active or pipeline projects to initiate dialogue and solicit participation, which was presented at the EU-Africa Business Forum (EABF) Summit in Brussels. Under Phase 2, a more strategic methodology was sought to select projects against an agreed selection framework.

After productive and engaging consultations between the Alliance members, a Working Arrangement was finalized to formalize the collaboration between the core members of the Alliance. The Working Arrangement was drafted to meet the governance requirements of the core members, with a flexible framework that facilitates a streamlined partnership around agreed common goals. This Working Arrangement outlined the expectations and conditions of core members. On March 22nd, 2022, the core members of the Alliance signed the Working Arrangement at a launch event in Dakar. The core members further agreed on a framework that established project criteria for what an Alliance project should be on both a fundamental and aspirational level, as well as criteria outlining the requirements for new members to join the Alliance as either a 'core' or 'associate' member.

Within the context of expanding the reach and impact of the Alliance, the initiative has developed an acceleration plan. This plan focuses on four key areas: (i) program and project development; (ii) partnership development that prioritizes African actors and the private sector; (iii) knowledge management, marketing and communication; and (iv) reporting and results measurement. This plan aims to rapidly increase Alliance activities, with the goal of better connecting with beneficiary MSMEs by providing additional project development, membership expansion, and communication. This plan aims to rapidly increase Alliance activities, with the goal of better connecting with beneficiary MSMEs by providing additional project development, membership expansion, and communication. The Alliance is a light structure, operating on a modest budget. While the Secretariat has absorbed a significant amount of the initiative's funding and resource requirements during the operationalization phase, to ensure the realization of the objectives in the acceleration plan, the Alliance will need to revise its indicative budget and secure commitments from its core members for financial and non-financial support to fund the critical components of this acceleration plan.

02

Activities

Since the Alliance was officially launched, several milestones have been achieved to ensure its operational success. These milestones have enabled the formation of a functional structure for members, a system for growing the membership and selecting projects, and the assurance of having a set of projects to use for initiating activity. Key activities of the Alliance since its inception include:

Activity	Activity Focus	Location	Date
Plenary 1	Introductory Briefing/AforE Framework	Virtual	2 Jul 21
Plenary 2	MOU, Secretariat, Membership Criteria & Project	Virtual	15 Oct 21
Plenary 3	Working Arrangement & Budget Discussion	Virtual	8 Dec 21
Plenary 4	Working Arrangement Finalization, AU Integration	Virtual	28 Jan 22
AU Meeting	Meeting With AU Officials on AU Membership	Addis Ababa	1 Feb 22
EU-Africa Business Forum	Initiative Briefing/AfoE Pipeline Presentation	Brussels/Hyrbid	15 Feb 22
Alliance Launch	Signing of Working Arrangement	Dakar	21 Mar 22
Plenary 5	Alliance Events, Membership, Operationalization	Virtual	30 Jun 22
Plenary 6	Associated Member Review, Event Planning	Virtual	7 Oct 22
Finance in Common	AforE Stakeholder Briefing	Abidjan	20 Oct 22
AFIS	Stakeholder Briefing/Proparco Project Signing	Lomé	28 Nov 22
Plenary 7	Project Focused Engagement	Virtual	10 Mar 23
EBRD - Start-Up/Star Ventures	Alliance-Themed Stand-Alone Event w/Startup Focus	Cairo/Hybrid	20 Mar 23
Plenary 8	NFPS, Membership, Projects, Cairo Reflection	Virtual	27 Apr 23
Working Group 2 Workshop	WG Preparation for NFPS Inputs	Dakar	5,6 May 23

The Alliance platform currently has 14 projects, with each core member contributing at least one. Now that the Alliance is operational, the focus has shifted to increasing project activity and expanding membership.

Key Issues and Proposed Next Steps

03

While the Alliance has achieved several key milestones, and projects are being implemented on the platform, more effort must be exerted to maximize the initiative's overall impact and ensure that it meets and surpasses its original objectives. Key focus areas include membership expansion, project development, measuring impact, streamlining processes and communication.

Membership Expansion

The Alliance membership has not expanded beyond the initial signatories (core members) to the Working Arrangement (WA). Despite its strong support for the Alliance, the European Union (EU) could not join as a core member due to institutional constraints. However, the EU did indicate its commitment to 'playing a strong role' through a letter. The Alliance is actively engaging the EU for future membership. Similarly, the African Union (AU), cited in the declaration as a supporter of the Alliance, provided input into the WA, and it is hoped that they will formalize a relationship with the Alliance soon.

However, there has been progress with membership expansion, and new members will be announced at the June Summit.

The Alliance will increase its outreach and engagement to increase membership and develop relationships with African public and private sector entities. There is a recognition of the importance of cultivating a solid foundation of supporters and stakeholders dedicated to the Alliance's mission and can bring competencies that fill gaps of the existing Alliance constituents. This can involve collaborating with donor or philanthropic organizations to participate in financing projects.

Although a membership framework has been established, no new members have joined since inception. There has, however, been progress with membership expansion, and new members are expected to be announced at the June Summit. The Alliance is increasing its focus on private sector actors, foundations and think tanks, allowing the Alliance to leverage more diverse resources and expertise to amplify the initiative's reach and impact.

Measuring Impact

It will be critical, however, for the Alliance to develop and agree on a methodology to consolidate metrics into a results story, so that the initiative can concretely communicate how interventions are making positive changes on the ground.

The initiative seeks to equip African entrepreneurs with the necessary resources and support to succeed. Nevertheless, the effectiveness of the Alliance must be monitored. To comprehend the effect or expected impact from the Alliance's activities, a results-based framework must be created to document and communicate the efficiency of the coalition.

The Alliance will evaluate a framework that considers existing systems in the respective core member organizations, to ensure consistency and avoid additional layers of complexity to capture the achieved or anticipated impact of the projects on the platform. This framework will leverage existing core members' monitoring and evaluating systems.

The Alliance projects' overarching objective is to support entrepreneurship and MSMEs; however, individual initiatives can have various results, distinct goals, and various time frames for when outputs and impact will be realized. Creating an effective overarching results metric, to combine the outcomes and impacts of all projects on the platform, will be difficult.

Communication

Alliance members agreed that the initial website would provide basic information about the initiative in a virtual 'business card' format. The site will evolve beyond a primary information portal once initial project activity results are achieved and disseminated. The Alliance will continue to build on the website and introduce new digital channels (e.g. LinkedIn, social media, etc.), to ensure that the Alliance can communicate its activities and results of its initiatives effectively and, at the same time, engage its members and effectively capture feedback.

Through several events, the Alliance has promoted its presence in Africa since its launch in Dakar in October 2022. The Alliance was represented at the Finance in Common Summit in Abidjan through the Trésor offices, and held a side event at the Africa Financial Industry Summit in Lomé in November 2022. More recently, in March 2023, the Alliance held its first standalone event in Cairo that focused on startups. These events have been instrumental in increasing he Alliance's visibility and creating new project ideas and partnership discussions. Events have also provided a platform for productive conversations on how to improve the platform's framework to intensify the impact of the beneficiaries of the initiative.

A comprehensive communications strategy has been developed ensuring that all relevant stakeholders are informed of its mission, understand how AforE works and attract members that can fill any gaps that may exist amongst its core members, with appropriate instruments, financial and non-financial resources as well as networks to complement and enhance the work the Alliance does. These stakeholders include private and public sector actors, beneficiaries of the initiative, media and press, and potential organizations that could join the Alliance, for example.

The implementation of the strategy will include regular updates to the membership and press releases to the public to ensure that the Alliance is visible and keeps its members informed. These updates will include any noteworthy accomplishments and achievements that have been made, as well as any plans and initiatives that have been put in motion. Any potential changes or issues that may have arisen can also be addressed in these updates. By informing members and key stakeholders of our progress, the Alliance can ensure that it remains visible and keeps abreast of the Alliance's progress.

The Alliance's core members need to agree on the priorities of the plan and funding.

Project Development

Alliance core members agree that the initiative will simplify its operating approach further to boost its effectiveness and devote greater attention to project advancement instead of operational management. A more streamlined communication, decision-making, and goal-setting approach that fosters quicker action without compromising governance or activity quality will be sought. The formation of the project plenary has been a step in the right direction, yet further progress could be made, particularly concerning enlarging membership.

Integrating non-members or candidate associate members into project development is an essential step in increasing the reach, risk coverage, and upstream activities of the Alliance. By drawing on the expertise and resources of non- or candidate members, the Alliance can access new areas of knowledge, resources, and networks it may not have had before. Additionally, these stakeholders can provide valuable insights into the needs of different stakeholders and areas of the project, helping to ensure that the project meets its goals and objectives. Finally, by partnering with non- or candidate members, the Alliance can build meaningful relationships with these members, helping to create a stronger, more diverse, and more inclusive Alliance with a large project pipeline.

Innovative Research

The Alliance will strive to synthesize and consolidate its members' research, reports, and strategies on the challenges and gaps that MSMEs face to obtain a comprehensive and collective understanding of the challenges and constraints MSMEs face. Alliance members have a strong base of MSME data that could be better leveraged. By doing so, the Alliance can better identify appropriate opportunities and priority areas of focus to support innovative solutions based on its collective knowledge. This knowledge can then be leveraged to develop fit-for-purpose solutions that support innovative program development.

The Alliance is considering investing in research and development where there is a clear gap in information or data around the development of projects/entrepreneurship and MSME projects/programs, specifically addressing persistent market failures that can lead to upstream project development.

This exercise should focus on innovation, such as emerging technologies (AI) or learning new ways to use data (some that might exist) to inform project development rather than a typical study on the constraints of MSMEs. The research could also help establish thought leadership for the initiative.

Summit for "A New Global Financing Pact" Way Forward

The summit for "A New Global Financing Pact" will take place in Paris on June 22-23. Four working groups (WG) have been established to prepare for the event. The Alliance is a key cross-cutting contributor to WG2, which has a private sector in low-income countries focus in the following four areas: (i) the business environment in emerging markets, with south-south consultations to be organized by Senegal to ascertain what has worked to unlock private sector development; (ii) the role of MDBs, DFIs, and credit export agencies in innovative financing (IDA PSW, asset-backed securities, reform of OECD bilateral credit export standards); (iii) south-south financial partnerships, exploring the creation of a fund to collect profits from the hydrocarbon industry in the Gulf to finance energy or industry projects in emerging countries; and (iv) MSMEs credit risk and performance rating in low-income countries.

A workshop for this working group was held in Dakar on May 6th and 7th with participation from the Secretariat and other Alliance core members. This workshop was co-chaired by H.E Oulimata Sarr, Minister of Economy Development and Cooperation of Senegal, and Bertrand Badré, Managing Partner, and Founder of Blue Like an Orange Sustainable Capital. The objective of the workshop was to discuss the development of the private sector in emerging markets as part of preparations for the Summit for "A New Global Financing Pact" in Paris in June.

The workshop participants reached a consensus that the private sector will have more prominence when tackling development issues in key economies, acknowledging that more proactive private sector solutions should be encouraged, particularly for Private Capital Mobilization (PCM) in emerging and low-income economies with the following recommendations proposed:

01

Support the development and implementation of strategies for private sector development.

02

Create regional and country platforms with a focus on entrepreneurship, with the core model of the Alliance for Entrepreneurship in Africa.

03

Make key data on developing markets more accessible to investors through GEMs 2.0.

04

Develop and strengthen IFIs support to the private sector through innovative schemes.

05

Address the currency challenge in developing countries through strengthening foreign exchange risk coverage and increasing local currency financings.

Acceleration Plan

The next steps of the Alliance will be anchored through an acceleration plan under four categories: (i) program and project development; (ii) partnership development, with a focus on African actors and the private sector; (iii) knowledge management, marketing and communication; and (iv) reporting and results measurement.

The underlying objective of the acceleration plan is to ramp up Alliance activities rapidly in the aforementioned areas, focusing on project development, membership expansion and communication and creating an environment to better connect with beneficiary MSMEs. The Alliance must revisit the indicative budget against the acceleration plan and obtain commitments from core members on their respective financial and non-financial support for the central activities.

The project, membership and operational infrastructure that the Alliance has established since inception will be fully leveraged to ramp up its delivery mechanism for a more significant impact.

The Alliance is a pioneering initiative, bringing together members to address market failures from both a technical and financial standpoint. The project-driven nature of the platform and commitment to a flexible, purposeful, and easy approach enables members to be more involved in projects and investments. This platform is the heart of the Alliance's uniqueness and is positioned well to make a lasting impact on Africa's entrepreneurial and MSME landscape.

Appendix

Projects on Alliance platform:

Project Name	Affirmative Finance Action for the Women of Africa (AFAWA)
Organisation	African Development Bank
Project Name	African Trade and Supply Chain Recovery Initiative
Organisation	International Finance Corporation
Project Name	Boost Africa
Organisation	European Investment Bank
Project Name	Diagnostics Study on Integration of African Regional Markets
Organisation	European Bank for Reconstruction and Development
Project Name	Fin'Elle
Organisation	FMO: Dutch Entrepreneurial Development Bank
Project Name	I&P Afrique Expansion III
Organisation	Proparco
Project Name	Increasing Financing of Very Small and Medium Enterprises (VSEs)
Organisation	Proparco
Project Name	Janngo Capital Start-Up Fund
Organisation	European Investment Bank, Proparco
Project Name	Lendable MSME Fintech Credit Fund ("LMFCF")
Organisation	FMO: Dutch Entrepreneurial Development Bank
Project Name	Medical Credit Fund
Organisation	FMO: Dutch Entrepreneurial Development Bank
Project Name	MSME Finance
Organisation	International Finance Corporation
Project Name	Okavango Capital Fund
Organisation	European Investment Bank
Project Name	Star Venture
Organisation	European Bank for Reconstruction and Development
Project Name	West Africa Investment Fund
Organisation	Proparco

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