

Alliance for Entrepreneurship in Africa

The Summit on Financing African Economies proposes the creation of a new **Alliance for Entrepreneurship in Africa** as a way to support the private sector and to sustain the current momentum in new business creation and innovation, both of which are vital to the continent's economic recovery. The Alliance will utilize financial and technical support to **accelerate the pace of reforms** aimed at strengthening the business and investment climate. The Summit held on 18 May is unprecedented in its emphasis on African VSEs and SMEs which, while not overlooked entirely, have ranked low on the list of priorities in the global development agenda as it applies to Africa.

The Alliance will focus on supporting the development of VSEs, SMEs and start-ups as drivers of growth, job creation and innovation in Africa. It will foster stronger engagement and coordination among public- and private-sector organizations – in Africa and beyond – that have pledged to provide financing, technical support and training to this business segment. The Alliance will take practical steps to substantially increase the financing options available to African VSEs, SMEs and start-ups, including leveraging targeted funding pools, guarantee mechanisms for equity investment support vehicles, and financing from European development finance institutions, the African Development Bank Group and the World Bank Group.

The **Alliance for Entrepreneurship in Africa** will build on the existing coalition of international financial institutions formed at the Finance in Common Summit held in November 2020, on the Compact with Africa (CwA) launched under the German G20 presidency in 2017, and on the efforts made by European development players under a Team Europe approach. But it will also serve as a **standalone forum with a strong focus on providing support to businesses throughout Africa**. The initiative will bring together multilateral development banks, bilateral donors, African national development banks and financial institutions, as well as banking and non-banking financial institutions, and other public- and private-sector organizations. Business and innovation training providers may also join the Alliance to help build human capital.

The International Finance Corporation (World Bank Group), in coordination with the African Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, and other relevant MDBs and interested bilateral Development Finance Institutions, will play a leading role in driving this Alliance forward. **Initially, the Alliance will support the roll-out of new initiatives, including the measures set out in the Summit's final declaration to expand the financing options available to African VSEs and SMEs**, as well as backing the AFAWA and SheInvest women's entrepreneurship programmes.

The implementation and monitoring of the Alliance will rely on a light and flexible structure that will facilitate the identification, networking and mobilization of relevant actors. To this end, the Alliance will rely on the capacities of the International Finance Corporation, a multilateral player present throughout the continent and supporting the development of the private sector, to operate its Secretariat.