



Team Europe initiative

## **Investing in Young Businesses in Africa**

**A quick overview**  
August 2023

## 1. Why this initiative?

- The **pace of job creation** in Africa isn't keeping up with population growth:
  - The World Bank predicts that Africa's working age population should grow by **450 million people** by 2035.
  - But the continent's economies are set to produce only **100 million new jobs**.
- The International Labour Organization estimates that micro, small and medium-sized enterprises or MSMEs represent more than **70% of global jobs** and 50% of global output (GDP).
- The entrepreneurial spirit is ever-present in Africa. **1 in 5 working-age Africans start their own businesses**.
- So young African businesses and entrepreneurs should be bridging much of the gap between population growth and job creation. But they simply aren't, because:
  - it's hard to get the **finance** needed to launch or grow a business...
  - ...and to get business **mentoring** and technical support
  - **women** and young people in particular face additional hurdles
  - in some cases the **state** can also add hurdles, for example, through unduly burdensome regulations.



## 2. What is this initiative?

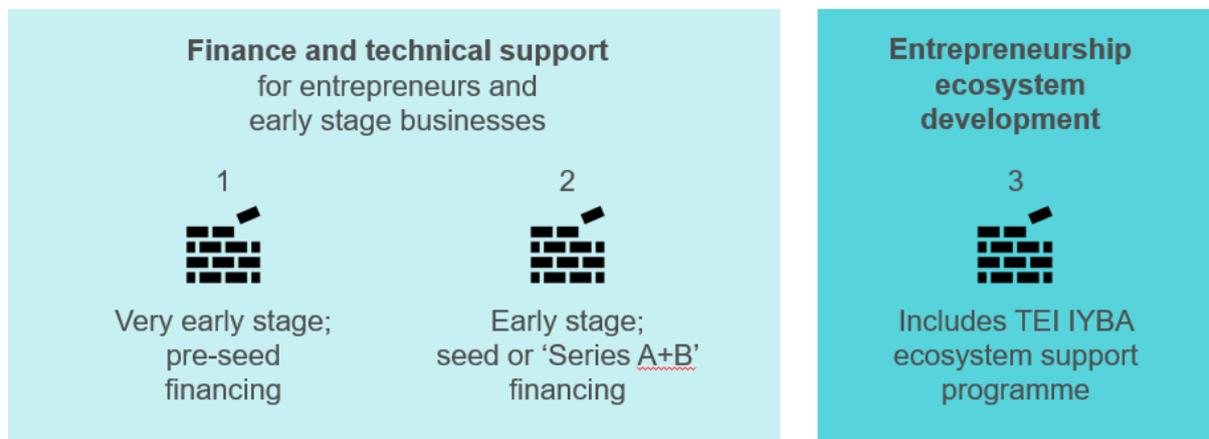
- To address these issues, European Commission President Ursula von der Leyen announced the Team Europe initiative 'Investing in Young Businesses in Africa' (TEI IYBA) at the Financing for African Economies Summit in Paris in May 2021.
- It helps **early stage businesses** and **young entrepreneurs** in Africa to launch and grow sustainable, strong and inclusive businesses, and create decent jobs.
- It does so by extending **financial and technical support** to these businesses in their early stages, and **strengthening** the **organisations** that support them.
- It focuses in particular on women and young entrepreneurs.

### 3. How much is involved?

Value of programmes falling within the initiative		
EU	11 EU Member States	Total
€1.9 billion	€2.7 billion	€4.6 billion

Financial guarantees from the European Fund for Sustainable Development Plus (EFSD+), and the EU's regional and country allocations, will add to these amounts.

### 4. How is the TEI IYBA structured?



- Building blocks 1 and 2 are about providing more **financial and technical support** to businesses.
  - Building block 1 focuses on entrepreneurs and micro and small enterprises:
    - at the **very early stage** in creating a business
    - typically looking for '**pre-seed**' funding and technical support
  - Building block 2 focuses on small businesses and entrepreneurs:
    - at the **early stage** in the business process
    - seeking '**seed**', '**Series A**' or '**Series B**' funding and technical support
- Building block 3 is about fostering **entrepreneurship**.
  - How? By strengthening the **ecosystem** of organisations that support entrepreneurs and young businesses in a given country.
  - And by enabling **governments** to develop **regulations** and policies that have a positive impact on young entrepreneurs.
  - The EU and several European development agencies are putting together a **new €23 million programme** to strengthen this ecosystem.



## 5. Which countries are involved?

As Team Europe, the EU and EU Member States bring our resources together and coordinate better, to ensure that collectively we achieve the greatest impact.



**EDFI**



### EU Member States involved

Belgium	Malta
Finland	Netherlands
France	Portugal
Germany	Spain
Italy	Sweden

### Country launches of the initiative

Already in...	Soon to launch in...
Senegal	Benin
Nigeria	Cameroon
Togo	S. Africa
Kenya	
Comoros	

## 6. What kinds of programme does the initiative cover?



### Empowering women

The EU together with the Organisation of African, Caribbean and Pacific States (OACPS) and the German Federal Ministry of Economic Cooperation and Development (BMZ) financed a €20 m Women Entrepreneurs 4 Africa Programme (WE4A), implemented by the German Agency for International Cooperation (GIZ) and the Tony Elumelu Foundation, supporting young African women entrepreneurs.

It has offered entrepreneurship training and seed funding of USD 5,000 to 2,500 African women entrepreneurs, as well as access to an extensive alumni network. The next stages of the programme include acceleration and growth programmes with access to second stage funding. This will help the entrepreneurs navigate through the start-up and early growth phases.



### **Providing know-how**

The €200 m FMO Ventures programme is enabling more young people and entrepreneurs to access business networks and acquire the skills and knowledge to start, run and grow their own businesses.

It also enables local entrepreneur support organizations to offer more and better targeted programmes. These in turn promote local innovation and the development of a pipeline of early-stage businesses in which development banks and other investors can invest.



### **Attracting more investment**

The €12 m Investment Climate Reform (ICR) Facility is implemented by:

- Germany (GIZ)
- France (Expertise France)
- the Netherlands (SNV)

It funds short-term technical assistance for initiatives to improve the business environment and investment climate.

Funding is based on requests from public and private stakeholders. The Facility also funds capacity development for local public development banks in Africa.



### **A long-term vision for a stronger ecosystem**

A new programme, called IYBA SEED (Support to Entrepreneurship Ecosystem Development), takes a long-term, holistic approach over 8 years to enable countries to build thriving ecosystems of organisations that support entrepreneurship.

The starting point is to get an accurate picture of the whole ecosystem: where are the unmet needs? What needs strengthening? How well are policies working?

The programme was launched early in 2023, with funding from the EU, Germany, France and Slovakia.

Implementation is being done by a consortium led by Expertise France together with Germany (GIZ), the Netherlands (SNV), Belgium (ENABEL) and Slovakia (SlovakAid).



### **Incubating new businesses**

The €23 million [BIC Africa programme](#) is a regional network supporting business incubators (BIs) in stimulating entrepreneurship and creating and consolidating innovative start-ups with a focus on youth and women. It is implemented by the European Business & Innovation Centre Network (EBN).

It seeks to:

- strengthen entrepreneurship and foster decent job creation and sustainable livelihoods
- support, connect and promote business incubators, tech hubs and innovators of all kinds,
- explore business and public/private investment opportunities with local and European initiatives and companies.



### **Improving prospects for entrepreneurs**

Funded by the Netherlands and the EU, the BeniBiz programme has focused on women and youth, and has supported subsistence entrepreneurs as well as micro and small enterprises (MSEs).

In its first phase, which ended in August 2022, the programme enabled more than 5,500 entrepreneurs to increase their sales by more than 130% on average in less than 12 months. From 2024, the EU will provide €8 million in co-financing for BeniBiz 2.0, along with the Netherlands and Switzerland, for a total of €22 million.

In a second phase, the programme is expected to reach over 10,000 people through direct support, and almost 7,000 through support for the ecosystem of entrepreneurship organisations in Benin.