

Alliance Sahel – General Assembly – N'Djamena – 15 February 2021**Side-event “Dialogue with the Sahelian private sector”****Conclusions and recommendations**

The Sahel region with its predominantly young population has considerable potential for economic growth, provided that the competitiveness of Sahelian economic players is strengthened, and that Sahelian public institutions facilitate the sectoral and geographic diversification of private investment to create tangible economic benefits for the population at large. Therefore, the Alliance Sahel is determined to better support the private sector in the Sahel, in close cooperation with Sahelian partners on the ground.

Within the framework of the private sector working group of the Alliance Sahel, we, the members of the Alliance and partners of the G5 countries, underscore the need to focus and strengthen our actions in the following areas:

- 1. Support for training, entrepreneurship, and the creation of income-generating activities**, particularly in rural areas and priority zones of the G5 Sahel region. We recommend strengthening the commitment to technical training and professional skills development adapted to the requirements of the Sahelian market and its opportunities. A structured dialogue between the public and private sector is crucial to optimise resources and to promote the creation of decent and sustainable jobs.

We emphasise the importance of improving information on financing tools and training for their use. Such tools exist, but beneficiaries are generally not well informed about their existence or lack the financial knowledge to use them. Priority must be given to better informing young people, at early stage from high school onwards, about possible training courses and internships in companies. This would help guide them towards diplomas and qualifications that are relevant to the private sector.

We support the integration of soft skills and social networks to create opportunities for students or pupils to put them into practice in companies. Social networks offer the possibility to increase the visibility of initiatives that highlight the diversity of young people's career paths and successes, and thus make it easier for unemployed youth to be informed and enthusiastic about entrepreneurial offers.

We reiterate the importance of **supporting the structuring of priority sectors and value chains, particularly in agriculture and livestock farming**. This is to strengthen sectoral policies aimed at stimulating these sectors as well as private agro-industry investments from small businesses, and to improve domestic ecosystems in order to make entrepreneurship more attractive and easier (one-stop-shops, reduced formalities, reduced taxation, access to seed funds, coaching and mentoring, continuous training).

We support the development and strengthening of programmes aimed at **promoting digital financial systems** in order to contribute to economically opening up areas that are of priority, rural, more vulnerable and less accessible.

2. Challenges in access to financing

We underscore the importance of formalising the informal private sector in order to broaden the tax base to relieve the burden on companies in the formal sector and to increase access to financial services (traditional banks and impact funds) and other support services. **We call on the governments of the G5 Sahel countries to strengthen measures to support business formalisation, particularly through fiscal support measures.** The development of digital tools also opens up many prospects for the development of the formal sector.

In order to address the issue of high interest rates offered by banks and microfinance institutions to young entrepreneurs and projects which are deemed risky, and in order to mitigate them, **we recommend the development of risk-sharing and high-risk absorption tools** (for example with specific guarantees granted by pan-African funds on Sahelian investments). States, with the support of donors, can boost investments in the desired sectors by using financial incentive tools. The private sector in Africa suffers from a lack of medium-sized enterprises (SMEs). Moreover, there is a real "missing middle" in the financing of these companies. This lack is particularly noticeable in the most fragile areas, and this observation also applies to the Sahel region.

We reiterate our support for increasing the emergence of national investment funds and their visibility, **developing national and regional guarantee funds** (in the Sahel) that are accessible to the greatest possible number of companies regardless of their size. This would allow the development of equity investment adapted to the Sahelian context with particular attention paid to small formal enterprises which are generally not or only poorly covered by development banks or local banks.

3. The transformative Sahel

We promote a bold transformation strategy for the development of resilient and competitive value chains for sustainable production and consumption. This transformation strategy could be based on the development of priority value chains, some being selected agro-industries, others manufacturing value chains. Achieving this transformation strategy will require a well-orchestrated convergence between public and private investment, cooperation with international financial or development institutions (IFIs/DFIs) and bilateral and multilateral development partners.

Digital technology is transforming production patterns and working conditions, thereby promoting growth and employment. We are committed to the priorities of a digital agenda for the Sahel region: digital technology promotes the social inclusion of vulnerable people and people in fragile circumstances. This at a time when the access rate to new technologies remains insufficient in the Sahel countries compared to the rest of sub-Saharan Africa.

During the COVID-19 pandemic, digital technology has proven to be an essential tool for building resilient and inclusive solutions. Investments in digital technologies that provide immediate solutions to the pandemic will also strengthen economic resilience in the medium and long term. This would also involve:

- Developing private e-services such as mobile money as well as public health, education and other e-services
- Developing communication and internet awareness raising programmes
- Developing the use of digital solutions for the most vulnerable populations

We support the strengthening of local, national and regional institutional capacities capable of creating a propitious environment for inclusive and sustainable industrial development. We encourage the creation and maintenance of a legal and regulatory framework conducive to the growth and prosperity of businesses, particularly SMEs. Thus, we recommend that support for the private sector be provided on three fronts: a competitive economy, a healthy environment, and productive employment. We support the networking of SMEs through business groupings in order to achieve economies of scale, better seize opportunities, and thus accelerate market integration (ZLECAF).

We call for the strengthening of material, technical and technological infrastructures, in particular better access to clean energy for productive activities. We recognise the opportunity presented by the digital ecosystem and the innovations emerging from the continent as accelerators for economic growth and security.

4. Conclusions:

To conclude: it is necessary to carry out actions in support of the private sector in all the areas mentioned - training, access to financing, and digital transformation - and more particularly with regard to women and young people. Through the weight of the investments they generate and the added value they create, private companies deserve to be more involved in public policies supporting the private sector and recognised as stakeholders in their own right in their implementation.

We underline the importance of the presence and commitment of the G5 Sahel authorities to implement strategies to support entrepreneurship, the development of industrial and digital reforms, and incentive policies in the areas of technical training, taxation and infrastructure.

It is essential that we implement these recommendations through an integrated approach and that we strengthen all our exchanges between the private sector and partner governments through structured policy dialogues. We are aware that some of these recommendations have already been identified, acknowledged and understood by the interlocutors on the ground, and that they require even greater joint efforts to reap the results of their implementation and thus respond more coherently and effectively to the legitimate expectations and urgent needs of the Sahelian populations.