STUDY SUMMARY


OBSERVATOIRE DE LA COPRODUCTION EN MÉDITERRANÉE

Le financement des TPE/PME
et la sécurisation des investissements

Des enjeux majeurs pour l'intégration de la grande région Afrique – Méditerranée – Europe et le déploiement du modèle de coproduction

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Funding microenterprises/SMEs and securing investments

Major challenges for the integration of the great region Africa – Mediterranean – Europe and the deployment of the co-coproduction model

The problem of funding microenterprises/SMEs in Africa presents several challenges:

1. How can we increase the role of banks as lenders?
2. How can we develop sources of funding in the form of private equity?
3. How can we develop financial markets and the stock market?
4. How can we develop other sources of finance: microfinance, Islamic finance, crowdfinance or diaspora finance?

The objective of this study is to provide answers to some of these questions, taking into consideration the potential of co-production between SMEs on the "Africa-Mediterranean-Europe" axis. Co-production can be defined as a new "win-win" economic cooperation model based on sharing added value and transferring technologies between players in the North and South.

The report presents several types of proposals:

- The central focus of the report is the **promotion of the equity saving guarantee tool** which should be systematically rolled out for lending, supporting banks.

  We need to consider extending the guarantee tool to disintermediated finance, which mainly covers growth capital and more specifically, the stock market and financial markets.

- This development of the guarantee and its expansion to other fields can only take place with an **overhaul of national investment assistance systems** in European countries and international financial institutions by making co-production a new intervention criterion. This means that assistance systems should be extended to investments where the European investor is no longer dominant or exclusive but, on the contrary, in a long-term partnership with an African investor. The objective is to be able to cover the entire investment, whether from the North or South.

The other structural proposals are:

- An increase in Caisse des Dépôts or public investment bank-type **long-term public investor financial organisations** to address the shortcomings in the microenterprise/SME finance market in partnership with other existing public and private players, mobilising local savings and diasporas (private and institutional) and finally being a leader in innovative products for financial markets and stock markets;
- The **emergence of an ecosystem linked to regional development**, with the concept of a social and solidarity economy which targets microenterprises and the creation of free zones and clusters in broader terms for all companies. The concept of local currency could be a central tool of regional development in a relevant area.

More straightforward measures are also promoted to establish confidence and develop private equity:

- **Pan-African or regional funds of funds** to reduce and diversify risks and encourage the creation of management teams with the track record requested by investors.
- **An adapted tax regime** for companies moving from the informal economy to organised clusters as part of a transparent and clear industrial policy.

Finally, looking forward, the report takes into consideration technological changes and the impact of blockchain/fintech development, as well as the creation of specific infrastructures implementing the “local currency” tool in actual economy finance in Africa.

In perspective, if all proposals mentioned above must rely on local situations and therefore adapt, they would benefit from being implemented in the broadest possible geographic setting. Effectiveness depends on the creation of large regional groups subject to common rules, notably legal rules, which significantly encourage business development. From this point of view, OHADA in Central Africa and West Africa is an example to follow in terms of legal and economic integration.

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