

**UNDER PUBLICATION EMBARGO UNTIL 9:30 ON THURSDAY 12.9.2019**

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**Speaking points for Simon Mordue on the Africa-Europe Innovation Partnership**

- This is the first of six Africa-Europe Innovation Partnership events that will take place over the next two years. I am very pleased to be able to welcome you to Kenya for the first event. I hope you will forgive me if I digress a little to focus on the host country which I am covering as the EU ambassador.
- This partnership is about leveraging the full innovative and economic potential of each of your countries. I'm encouraged by the innovativeness and progress that I've already seen in my first two weeks in this country – two things in particular:
  - 70% of energy sources in Kenya are renewable – the EU has supported this, in particular the *Lake Turkana Wind Power project* commissioned by President Kenyatta, for which the European Investment Bank is the main lender.
  - High degree of digital connectivity in Kenya, in particular on social media, which is why we are so present on social media to communicate about our activities, including this event. The digital agenda is one of the priorities of the new European Commission.
- This meeting, however, is about the technologies and business approaches of the future, and what you can do to be at the cutting edge, not just in Kenya and Africa, but globally. Kenya is involved in 50 research grants of what we call Horizon 2020 – the EU's programme to promote research and innovation – which places it amongst the top African countries and is evidence of the high quality of research institutions in Kenya. Research linked to support for the business environment is the foundation for start-ups, the creation of SMEs and growth and jobs.
- One of the priorities of my mandate is to boost European investment into Kenya, business exchanges and trade, in order to promote growth and jobs in Kenya, but also in Europe. It is estimated that around 1,000 European companies operate in Kenya. These companies have already created job opportunities for hundreds of thousands Kenyans. The EU is the largest source of foreign investment, accounting for 32% of total stock of foreign liabilities. Through the recently established European Business Council we are working to improve the business environment for European companies, although considerable progress still needs to be made. These changes will indirectly also benefit Kenyan enterprises.
- In trade, the EU is Kenya's biggest export market with 21% of Kenya's total exports to the world, these exports are mainly agricultural products, notably tea, coffee, cut flowers, peas and beans. Some 70% of Kenya's total flower production is exported to the European Union, with the livelihoods of over 500,000 Kenyans depending directly or indirectly on the floriculture sector.
- **However**, an equally important priority for us is to encourage and support home-based economic development, growth and job creation in Kenya, and the rise up the value chain of

production. In Kenya, SMEs contribute to about 20 percent to Kenya's GDP. They represent small enterprises across all sectors of the economy and are the second source of employment in the agricultural sector. In Europe over 90% of jobs are generated by SMEs. What these figures show is that more can be done to support Kenyan SMEs. The government has been providing support for SMEs through its recent legislative agenda and through the credit guarantee scheme (dubbed Stawi). The EU meanwhile will use the Africa Europe Innovation Partnership which we are here to talk about today as a fundamental tool for the creation of new technologies and innovative approaches that will help Kenyan SMEs to thrive.

- Why does the EU want this? Because we want growth and prosperity in Kenya and the region, and we want new and sustainable opportunities for business exchanges and trade—Kenya and Africa have some of the biggest growth potential. We also know that one of the challenges SMEs face is competition from foreign industries, not just from Europe but worldwide, so what we are aiming to do is to help Kenyan enterprises to compete....to be competitive! And we can help them, and you, achieve this through SMEs and incubators.
- The European Investment bank has invested EUR 5million in about 20 start-ups active in Kenya, via Equity investment in Impact Funds, some of which have also been supported by France. A few of these start-ups have in the meantime “graduated” to established companies such as DLIGHT which *since* has received a EUR 23 million direct, corporate loan from the EIB to support its expansion. The potential for market expansion and job creation is the main focus of the EIB's investments.
- In the past, through the *SMAP* (standards and market access) programme, we supported Kenya's quality institutions (KEPHIS, KEBS) to put in place a solid framework for Kenyan companies to access the EU market, as well as, potentially, enforcing domestic food safety standards. The follow-on programme, *MARKUP* (under regional East Africa Community Funds) has recently started. Further trade facilitation in the horticulture sector also takes place through *ColeACP*, the inter-professional association the main purpose of which is to support the development of a sustainable and competitive agriculture and agribusiness.
- I am also pleased to announce that the third and final round of direct support to agricultural SMEs who integrate smallholder farmers in their value chain is about to start. We will launch this in the coming weeks under our project *AgriFI KENYA*, and we encourage all eligible Kenyan companies to apply: just go to <https://agrifichallengefund.org/> for more information. We will tweet the link and it will be on our delegation website. We know that the agricultural sector has strong growth potential. In a future project called *Agri-biz*, we will seek to support agricultural-sector start-ups and small companies in rural Kenya, primarily led by women and youth.
- This afternoon we will be visiting two incubators, KCIC (Kenya Climate Innovation Centre) and Gearbox. KCIC are already a partner of the EU Member State Denmark and could well be a potential partner under our planned forthcoming project called *Agri-Biz*, which seeks to create incubators and accelerators in eight counties in Kenya.

- Through the IDEAS programme, we are supporting counties to promote local economic development; many of these counties have chosen to invest funds to establish agro-processing facilities.
- With these efforts and the EU-Africa innovation partnership I am very optimistic that the future of Kenyan innovation and of Kenyan SMEs looks very bright.