

AAAM, Afreximbank sign MoU to drive automotive investment in Africa

The African Export-Import Bank (Afreximbank) and the African Association of Automotive Manufacturers (AAAM) have entered into a Memorandum of Understanding (MoU) for the financing and promotion of the automotive industry in Africa.



carlos aranda via [Unsplash](#)

Professor Benedict Oramah, president of Afreximbank and Mike Whitfield, President of AAAM and managing director of Nissan Africa, signed the MoU in early February, formalising the basis for a partnership aimed at boosting regional automotive value chains and financing for the automotive industry while supporting the development of enabling policies, technical assistance, and capacity building initiatives.

Oramah says that "the strategic partnership with AAAM will facilitate the implementation of the Bank's Automotive programme which aims to catalyze the development of the automotive industry in Africa as the continent commences trade under the African Continental Free Trade Area (AfCFTA)".

Under the terms of the MoU, Afreximbank and AAAM will work together to foster the emergence of regional value chains with a focus on value-added manufacturing created through partnerships between global Original Equipment Manufacturers (OEM), suppliers, and local partners.

Supporting Africa's automotive industry

The two organisations plan to undertake comprehensive studies to map potential regional automotive value chains on the continent in regional economic clusters, in order to enable the manufacture of automotive components for supply to hub assemblers.

To support the emergence of the African automotive industry, they will collaborate to provide financing to industry players along the whole automotive value chain. The potential interventions include lines of credit, direct financing, project financing, supply chain financing, guarantees, and equity financing, amongst others.

The MoU also provides for them to support, in conjunction with the African Union Commission and the AfCFTA Secretariat, the development of coherent national, regional and continental automotive policies, and strategies. With an integrated market under the AfCFTA, abundant and cheap labour, natural resource wealth, and a growing middle class, African countries are increasingly turning their attention to support the emergence of their automotive industries.

For this reason, the collaboration between Afreximbank and AAAM will be an opportunity to empower the aspirations of African countries towards re-focusing their economies on industrialization and export manufacturing and fostering the emergence of regional value chains.

"The signing of the MoU with Afreximbank is an exciting milestone for the development of the automotive industry in Africa. At the 2020 digital Africa Auto Forum, the lack of affordable financing available for the automotive sector was identified as one of the key inhibitors for the growth and development of the automotive industry in Africa and having Afreximbank on board is a game-changer and a hugely positive development," commented David Coffey, CEO of AAAM.

"It is wonderful to have a partner that is as committed as the AAAM to driving the development and growth of our sector on the continent; this collaboration will ensure genuine progress for our industry in Africa," added Coffey.

Other areas covered by the MoU include working with the African Union and the African Organization for Standardization to harmonize automotive standards across the continent and developing an automotive focused training program for both the public and private sector.

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