

WINTER 2018

IF AFRICA FAILS, EUROPE CANNOT SUCCEED

THE NEED FOR A NEW EU-AFRICA PARTNERSHIP OF EQUALS

REPORT



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INTRODUCTION

Europe and Africa must forge a new partnership of equals that gives priority to investing in Africa's young people, according to the High-Level Group of Personalities established by Friends of Europe in partnership with the Mo Ibrahim Foundation and the ONE Campaign. The group of about 20 senior personalities, set up in 2018, gathered for the first time in Brussels on 10 October 2018. They were hosted by the European Commission.

In a frank and open debate on 'EU-Africa: jobs, growth and youth employment', participants highlighted a new dynamism and self-confidence emerging in Africa, fuelled by an eagerness and energy to shape its own future. Recent important decisions underline this new outlook, notably plans to establish an African Continental Free Trade Area, and a steady structural transformation is paving the way for more investments and growth.

Europe is Africa's biggest partner, trader, investor and donor. According to one speaker, "The connection between the two continents, divided by just 14 kilometres, couldn't be more exciting." However, Europe must seize this historical opportunity to forge a stronger partnership, with the end-goal of a continent-to-continent free trade agreement. There was a call for Africa's future to be widely debated, not just by ministers of cooperation and development. Hence the tremendous potential of this High-Level Group of Personalities, an independent work group that aims to complement official EU and Africa channels by delivering recommendations on how to step up dialogue and cooperation.

Africa's youth must remain front-of-mind for everyone, given this population could double to 830 million by 2050, bringing unemployment and migration challenges with it. Since young people make up 60% of Africa's jobless, it is now urgent to forge a long-term strategy for creating quality jobs there – up to 18 million annually. One speaker called this 'youth bulge' one of the biggest challenges of the 21st century's, recalling how numerous conflicts resulted from a situation where young people lacked hope or prospects.

Yet this 'youth bulge' could also benefit both continents, provided Africa and Europe step up their cooperation and start implementing youth-focused projects. If harnessed well, it could also lead to growth and jobs that partly compensate for Europe's ageing population. One speaker remarked that Europeans should feel real excitement at the possibility of a third of the world's youth living on their doorstep by mid-century.

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THINK BIG!

How can Africa create more employment for its young people? There were many suggested solutions, starting with economic structural transformation on a huge scale. Others included enhancing the continent’s business climate, technology transfer from Europe, boosting investment in areas with job potential – especially agriculture and light manufacturing – and facilitating trade and people’s mobility. Solving the Western Sahara conflict – which impacts growth, political stability and fight terrorism – might be a “huge door-opener for job creation in North Africa”.

Entrepreneurship could be a key driver of quality jobs in Africa, as it builds on the continent’s creative potential and emerging appetite for business. This process could be accelerated by linking up experienced European entrepreneurs with their counterparts in Africa.

There was praise for the new Africa-Europe Alliance for Sustainable Investment and Jobs alliance, being promoted by the European Union, with the aim of creating 10 million jobs in Africa in the next five years alone. It was hoped this will change the mind-set on EU development cooperation by moving from aid alone to a comprehensive mix of aid and investment. The goal is to increase aid funding by 30% in the next EU budget and to enable 40 times more EU budget support through €60 billion of guaranteed funds for public and private investments, mainly in Africa. According to a European Commission representative, “This is a massive ‘de-risking mechanism’ that could lead to €500 billion of new investments in Africa by 2027 and potentially double that through EU member states’ own support. By de-risking investment, we can create a pull to get things done. But it must be real investment and not transfers.”

The European Commission’s ‘Task Force on Rural Africa’, an expert group determined to reinforce the EU-Africa partnership in food and farming and to tackle Africa’s jobless youth, will publish its conclusions in 2019. The report will also underline that not enough focus is being put on Africa’s growing demographic challenge and the subsequent consequences for Europe.

INSPIRED BY SUSTAINABLE DEVELOPMENT

African development must be strongly guided by the United Nations’ Sustainable Development Goals (SDGs), as they are a very useful tool for European investment and setting up appropriate policies. Energy for instance is key for the continent’s future development and underpins 12 of the 17 SDGs. Today some 600 million Africans lack access to energy and many African women waste time gathering biomass fuel.

Several speakers called for Europe to fully open its markets to exports from Africa and to rethink its Common Agricultural Policy, so as to allow more imported produce from Africa. A European Commission representative argued that EU markets are open to Africa but acknowledged various tariff barriers and product-quality limitations.

African development could be improved by ensuring that all money is spent in Africa on the right projects, rather than “white elephant” projects. It is important to continue funding labour-intensive infrastructure development, like roads and bridges, to boost the creation of local jobs. As such, African representatives spotlighted the need for Africa, Europe and China to work together for Africa’s development.

There was a plea for EU development policy to embrace small-scale projects, including help for start-up companies, possibly backed by the private sector or philanthropists. More generally, the EU should better align its development policy with the United Nations’s 2030 Agenda for Sustainable Development as well as the African Union’s Agenda 2063. It should also fix its political relationship with Africa by building on the 2017 EU-Africa summit in Abidjan. Better integration of the two continents could be ensured by offering Africa a say in all of Europe’s domestic policies.

The private sector plays an increasing role in African development. A good example is Coca-Cola, which today employs 70,000 people on the continent and is investing \$10 billion between 2010 and 2020. The company is committed to women’s empowerment as well as youth jobs and training across Africa, with a strong focus on local jobs. Coca-Cola is also addressing basics like sanitation and access to clean water, as this frees people up to be more economically active.

Companies from both continents should tap into Africa’s tremendous economic potential in agriculture, tourism, ICT, the green economy as well as the sustainable use of its rich biodiversity and oceans. Europe would be the perfect partner, thanks to its expertise and experience in all these fields.

Yet there remain barriers to the private sector’s expansion on the continent. Participants noted that African industry is shrinking: it represented 17% of GDP in 2008 but is now just 11%. Some European banks are pulling out of Africa, hindering foreign investments and the lifeline of diaspora remittances in fragile countries like Somalia. Several investment banks apply a “shockingly high” 12% premium for African projects, ostensibly to offset risk. Citing Germany, one participant said that companies will only invest in Africa if they can see a “market, educated people, and a business-friendly environment”.

Good governance must underpin further development in Africa, coupled with greater transparency and more tax payments, in order to tackle widespread corruption.

FAST-TRACKING PROGRESSIVE COUNTRIES

There was widespread support for the idea of creating a “like-minded club of model countries in Africa”. Built around the core of South Africa, Nigeria and Angola, this “club of good guys” would share and incentivise one another while serving as a progressive model for other African nations. With EU support, this club could be fast-tracked for development and even expanded to revolve around the

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Group of Thirty (G30) and a new international compact with Africa. Yet one speaker thought this idea recalled development plans in fashion several decades ago.

Regional integration must be accelerated in Africa. However, the African Union remains “unfinished business” and should reform itself whilst striving to link pan-African and local development. One speaker called for the AU to be self-financing to give it more sovereignty.

The continent will benefit greatly from a common market for goods and services, in line with its plans for a Common Free Trade Area. It should therefore call on the EU’s long experience with the Single Market.

China’s growing presence and investments in Africa are a reality that Europeans must accept. Instead of shunning China, the EU must consider working better with the Africans and Chinese, by engaging in tripartite relations. The EU should also be more ambitious in its African investments, for example by matching China’s ambitious Belt and Road Initiative. However, according to one European Commissioner, the EU’s own development agenda is already more aligned with African priorities.

THE CHALLENGE AND OPPORTUNITY OF MIGRATION

EU-Africa relations have been dominated for several years by the issue of south-north migration. It has had a major impact on policy in several European countries, stoked by the fears of thousands more African migrants arriving at their border. Solutions to the problem of irregular migration include forming a partnership on free movement and safe migration. There should also be a focus on eradicating poverty in Africa, tackling root causes such as unemployed youth, conflict and insecurity, and climate change’s impact. “Transform the African economy and its migrants will return home,” added one speaker.

Migration from Africa has had one positive effect. The EU is reconsidering its development policies and is now more eager to establish a closer relationship with its neighbour. Nevertheless, one speaker said it is important for Africans to understand why Europeans do fear mass migration and to be sensitive to political realities in Europe.

INTERNET FOR ALL

Digitalisation is a highly promising avenue for African development; at the moment only a quarter of the population has Internet access. Although the EU has not yet completed its own Digital Single Market, the bloc has plenty of relevant experience that it can share with Africa. Abolishing mobile phone roaming charges is a good example, as this can support new start-ups in fragmented markets.

A European participant remarked that every EU development project must now include a digital component. However, he acknowledged that although the EU development and cooperation budget was €82 billion, only €500 million went into digital. That said, several African countries are reaping the rewards of big digital projects. Nigeria now

has a digital population register, saving the nation one billion dollars in overpayments to civil servants.

Many Africans still have no bank account and cannot access official services, due to a lack of official identity. Projects being rolled out across the continent, such as the World Bank's Identification for Development (ID4D) Multi-donor Trust Fund, address this serious problem and will result in greater social cohesion, as has happened in Europe.

More and better jobs can also be leveraged through digitalisation, especially start-ups. African women are sure to benefit from this trend too, as they today make up 80% of the staff in e-commerce firms, compared to just 20% in offline businesses. However, Africa still has a large informal economy, where digitalisation – not to mention skills and training – will have far less impact.

PUTTING EDUCATION FIRST

More education is crucial for African development and will boost youth employment. Around 36% Africans are now in secondary education and this is expected to rise to 52% by 2030. But given the fast-changing world and technology advances, it is now time to assess the types of education offered to Africans. The meeting's participants called for a big programme of job skills for the youth of Africa, especially artisanal skills and others that can be connected to the market. Unless this is done, graduates may leave college and not be able to find jobs, a situation that could destabilise Africa and negatively affect Europe.

Good quality education for girls and keeping them in school is obviously crucial for Africa. More needs to be done though, such as creating enterprises for women. "Too many women are in small- and medium-scale enterprises and they stay there, because they lack the technology and management skills to move higher and to participate in politics, investment and government," noted one speaker.

Better jobs and enhanced status for African women in particular will flow from their empowerment. However, to limit Africa's demographic explosion and to give young women greater life opportunities, it is time to address taboo subjects like family planning and child marriage.

NOW'S THE TIME FOR ACTION

As the meeting wrapped up, there was a general call for this new High-Level Group to become "a coalition for action with goals". There was also general approval for all the proposals made. However, if they are to be implemented in Africa, Europe's development policies will need a "paradigm shift". This will require far greater cooperation between both continents and the EU moving beyond a humanitarian mind-set and development aid to significant investment (including blended capital) by the public and private sectors.

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RECOMMENDATIONS

Members and participants of this EU-Africa high-level group meeting identified seven key recommendations for a modernised and prospect-oriented Africa-Europe relationship, focusing on youth, jobs and growth in Africa. These recommendations will notably feed into the strategies of upcoming political discussions in Africa and the EU.

1. TAPPING INTO AFRICA'S ECONOMIC POTENTIAL

- » Accelerate regional integration in Africa.
- » Tap into Africa's economic potential in agriculture, tourism, ICT and the green economy.
- » Invest in agriculture to create jobs, guarantee food security and fight poverty.
- » Enable free movement of Africans within Africa: first step to boosting intra-Africa trade.

2. CREATING A JOINT EU-AFRICA ECONOMIC STRATEGY

- » Link up experienced European and African entrepreneurs.
- » Remove non-tariff measures to African exports to the EU, with a specific programme to raise African capacity to European standards (quality, sanitary, safety, etc.).
- » More investment in de-risking, including €60 billion of guarantees in the next EU budget.
- » Europe must fully open its markets to exports from Africa.
- » Support the new Africa-Europe Alliance for Sustainable Investment and Jobs alliance.
- » Harness migration from Africa to partly compensate for Europe's ageing population.

3. EMBRACING YOUTH EMPLOYMENT AND ENTREPRENEURSHIP

- » EU development policy should also embrace small-scale projects.
- » Support start-ups and young entrepreneurs, plus coaching for viable and profitable business.
- » Support SME-led job creation, focused on youth entrepreneurship, women-led business and support for incubators.
- » Develop a long-term strategy for creating quality jobs for young people in Africa.
- » Develop partnership programmes to support labour-intensive civil works projects.

4. EDUCATION AND VOCATIONAL TRAINING

- » Develop soft skills in educational centres for ‘work-ready’ young graduates.
- » Offer continuous training in skills and occupations that lead to well-educated blue-collar workers.
- » Address poor education quality in Africa by shifting to partnership or chartered schools.

5. STRENGTHENING AFRICAN GOVERNANCE AND PEACE KEEPING

- » Solve the Western Sahara conflict and solve the problem of irregular migration.
- » Strengthen African governance institutions to tackle corruption, improve democracy and secure democracy.
- » Fast-track a “like-minded club of model countries in Africa”.
- » Give all Africans official identity documents so they are fully part of society.

6. LEVERAGING DIGITALISATION

- » Boost e-commerce and leverage opportunities offered by the digital economy.
- » More digitalisation to create jobs in rural areas.

7. FOSTERING GENDER EQUALITY

- » Create and support enterprises for women to give them greater life opportunities.
- » Provide high-quality education to girls and keep them in school longer.
- » Address taboo subjects like family planning and child marriage.



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2. Ellen Johnson Sirleaf, former President, The Republic of Liberia and Nobel Peace Prize winner
3. Mo Ibrahim, Chairman and Founder, Mo Ibrahim Foundation with Bono, Co-Founder of the ONE Campaign
4. Festus Mogae, Former President of Botswana
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Friends of Europe is a leading think-tank that connects people, stimulates debate and triggers change to create a more inclusive, sustainable and forward-looking Europe.