

SUMMER 2019

THE QUICKENING COUNTDOWN TO 2030

POLICYMAKERS' DINNER

EVENT REPORT



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“There’s more to Africa than migration, the paradigm we’ve lived in for so long has to change”

INTRODUCTION: SUSTAINABLE DEVELOPMENT IS ‘STAGNATING’

The countdown is on. There are just 11 years left to meet the UN’s 2030 Sustainable Development Goals (SDGs), but progress in Africa is ‘stagnating’, according to experts, who estimate the only target the continent will meet in time is SDG 13 on climate action.

On the eve of the European Development Days, Friends of Europe organised a dinner debate (held under Chatham House rules), during which all participants agreed that entrepreneurship and private investment can help to make up for lost time — especially if African regions work together, for example, to roll out new infrastructure and attract foreign investment.

The EU also has a role to play. The first priority should be to change the traditional donor-recipient perception of Africa, with two NGO heads suggesting the EU put SDG-based conditions on aid. The EU needs to look Africa as an opportunity and a “whole market”, according to one European entrepreneur, but also bring the “whole of Europe” together – including civil society, EU governments and all government ministries – to help reset the bloc’s relationship with Africa.

Industry representatives say Africa needs practical help to meet the SDGs: things like internet access, childcare and (most importantly) education and skills. There are success stories, with entrepreneurs at the dinner recounting how a Nigerian company has set up house-to-house recycling using a fleet of low-cost cargo bikes; an EU-based entrepreneur has created an innovation hub to link African and European start-ups; and the extractive industry is using blockchain to track raw materials.

“There’s more to Africa than migration,” as one dinner guest put it. “We’re in it together and this is something that the new EU leadership and the African leadership has to understand. The paradigm we’ve lived in for so long has to change.”

AN ATTITUDE PROBLEM

For the EU — and for Friends of Europe — it's time to look beyond the traditional donor-recipient relationship and change people's perceptions about Africa. The idea is to step away from the endless debates on migration, inequality and security and discuss positive and concrete ways both the EU and Africa can meet their 2030 targets.

Education, women's rights and climate change are the EU's top priorities, but the bloc is also keen to boost trade and investment and promote regional integration in Africa. In 2017, the European Commission debuted its 'External Investment Plan', focusing EU funding on sustainable development in Africa and the bloc's near neighbours. In 2018, Commission President Jean-Claude Juncker announced the creation of an 'Africa-Europe alliance for sustainable development and jobs', which aims for a more 'strategic' relationship between the two continents. The EU is also fully behind the African Union's bid to create a continental free trade area via the African Continental Free Trade Agreement (AfCFTA).

"We've been working largely on the basis of aid: it's Europe disbursing resources to Africa," said one African Union official. "We need to own those processes."

But EU governments and citizens may not be ready to change their worldview. As one education expert put it, this kind of thinking has not yet 'trickled down' from institutions and think tanks to ordinary people. "I'm not sure European citizens feel we have done anything wrong to Africa - that is part of the problem. If we are going to do something about Africa, it's going to need some kind of sacrifice and solidarity on the part of Europeans and I think the big task is to convince Europeans this is in their strategic interest."

FROM AID TO INVESTMENT

Investors also need to be convinced. A representative of one international financial institution (IFI) says Africa is "a new market", given its young and increasingly urban population. There are business opportunities in transport, energy and broadband infrastructure, which all need to be upgraded to meet the 2030 goals. The only catch is that projects must be 'quick and easy' to implement, says the IFI official, which infrastructure often isn't.

Infrastructure is linked to 92% of SDG indicators, according to a UN official, who estimates that reforming public procurement rules in Africa could save governments 20-45% over 2-3 years. "If we want to have some quick actions, a quick impact, then public procurement and how we work with the private sector is an area where we can do, quickly, some very massive savings," the official said.

But for the CEO of one UK-based foundation, Africa is moving "backwards, not forwards, in terms of the enabling environment"

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for companies, which also sets back progress on the 2030 goals. “The retrospective taxation, the renegotiation of agreements that you thought were closed, the upending of long-standing relationships and agreements, makes operating incredibly difficult,” the CEO said. “Why on earth would any private sector company be there?”

The not-so-friendly business climate means that the growth of foreign direct investment (FDI) in Africa has failed to keep pace with the growth of official development assistance (ODA) – in fact, ODA is growing twice as fast as investment, according to the CEO of the UK-based foundation. The good news is that FDI makes up the bulk (41%) of developing countries’ financial resources, (says the OECD), while the UN Conference on Trade and Development (UNCTAD) estimates that FDI flows to Africa will remain buoyant in 2019.

‘AFRICA IS NOT A COUNTRY’

The 54-member African Union is not yet a free trade zone, though the aim of the AfCFTA is to create the largest in the world. Only 17% of Africa’s total exports are intra-African, compared to 69% in Europe, so that even transporting Nigerian coal to Ghana is more difficult than exporting it to the EU or Asia. “And many of these countries are not viable economic entities,” says the head of a Ghana-based think tank, with at least 15 of them being completely land-locked.

Another problem is the dearth of comparable data. For instance, indicators are available for only 40% of the SDGs, according to a senior African Union official, so progress on 60% of the targets cannot be measured. And there are no statistics on how and where Europe could benefit from investing in SDG-friendly projects. “So how do we convince young Europeans about a partnership with Africa,” asks one EU official.

“We need to truly start thinking of Africa as a single, full continent,” says an African Union official, as an African philanthropic organisation complains, “The fragmented market is hurting SMEs. The fact that we cannot trade with one another is abysmal.”

But, warns the head of a European development agency, “Africa is not a country” and can’t be treated as one by development agencies or the EU. Approaching Africa region by region - as the EU does with its Cohesion Policy - could be a solution. Take the idea of ‘regional public goods’, where countries come together to deal collectively with things like climate change, water management, pollution or infrastructure - all of which are necessary to meet the 2030 goals.

“If countries begin to look at themselves as part of a regional or sub-regional group, then they can begin to think about transformation in a much more substantive and sustainable and competitive way,” said the think tank director. “Then they can sit at the table with the EU, with China. If China is sitting at a table with Gambia, what can Gambia do? Absolutely nothing”

For the Africa director of a major multinational, the key is 'issue consolidation' – that is, linking the SDGs rather than looking at them in silos. "We have to look at development from an individual's perspective," the director says. "Can you really separate the issues of children and women?"

And, says one EU official, it's not just up to Africa to integrate. "We can never do this on our own, the challenges are simply enormous. We need to bring the member states on board. We talk about an 'all of Africa' approach. We also need an 'all of the European Union' approach."

CONNECTING PEOPLE

Infrastructure and regional integration alone won't make the SDGs a reality. At a basic level, more needs to be done to improve education, skills, promote entrepreneurship and bolster women's rights, particularly in rural areas and through the use of technology. "We must see technology as the route to Africa's economic development, the route to eradicating poverty," the AU official says.

One of the big problems is connecting people, which a European entrepreneur is trying to solve via an innovation hub, linking African start-ups with interested investors. "A lot of entrepreneurs in Africa want to do good things, the problem is they don't have enough support or funding, and a lot of people outside of Africa want to help Africa but they don't know who to help. So there's just a massive disconnect," says the founder of a Nigerian start-up.

And technologies such as blockchain (which is already being used to track resources in the extractive industry) is the best way to connect people. "I see a change," says the European entrepreneur. "Public development agencies are now validating the hypothesis that tech entrepreneurship is the way to reach the bottom of pyramid and the informal market."

As the head of a development NGO put it: "It's going to take everyone: The African Union, the European Union, the private sector, NGOs - and technology will be an integral part. Africa missed the first three industrial revolutions. We simply cannot afford to miss the fourth one."

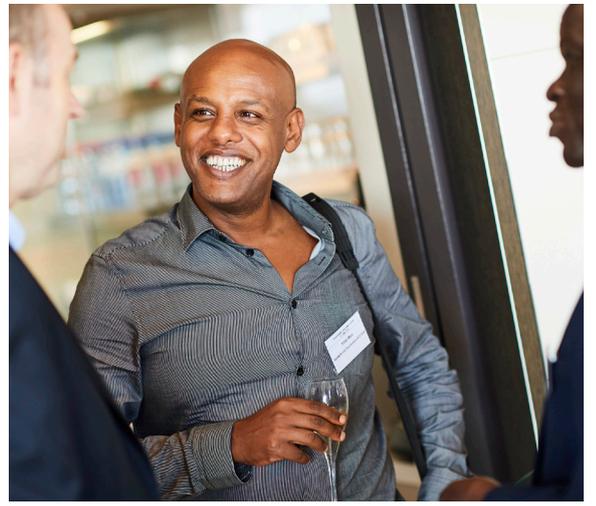
“Africa missed the first three industrial revolutions. We simply cannot afford to miss the fourth one”

CONCLUSION

TOP 10 RECOMMENDATIONS FOR EU LEADERS

With the change of the EU guard already underway – MEPs took their seats in July and the new Commission is due to take office in November – it's an appropriate time to consider how the EU and Africa can together meet the SDGs. Experts at Friends of Europe's brainstorming dinner came up with lots of practical advice, which is summarised in the below recommendations.

1. Tell EU citizens how a broader relationship with Africa – one that goes beyond development aid – is in their interests, both economic and geopolitical. This includes gathering more data on how trade and investment in Africa can benefit Europe and help meet the SDGs.
2. Funnel EU funds to where it's needed the most and use the EU budget in flexible ways – for instance, to provide loans, guarantees or equity to start-ups.
3. Work with other institutions, including national development agencies, the UN or the World Bank, to get more bang for your buck.
4. Listen to individuals, local communities and civil society organisations. They know what is needed on the ground, such as childcare or lower interest rate loans.
5. Consider making overseas aid conditional on meeting the UN's 2030 targets. For example, healthcare spending could be linked to the goal of reducing maternal mortality.
6. Promote the role of technology as a means of economic development and eradicating poverty – particularly 'disruptive' technology (like artificial intelligence or blockchain).
7. Encourage entrepreneurship, and help connect start-ups with investors e.g. through innovation hubs and online platforms.
8. Help improve education and skills, especially technological skills for young Africans and in rural areas.
9. Empower and mentor women, improve their access to finance and leadership skills.
10. Be realistic about African integration and abandon 'lofty' ideals. As one Brussels-based think tanker says, "I don't think the EU can really be a model for other regional projects. We can provide inspiration and we can definitely help, but we cannot expect 54 countries in Africa to have the same kind of legalistic solidarity mechanisms that we do."







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