



„Eckpunkte für eine neue Afrikapolitik“

Energieforum 2017
Dresden, 1. Dezember 2017



15:30 – 16:30 **Session 2**

Fostering Sustainable Growth and Prosperity: Boosting investments, global trade and local economies

Key subjects to be addressed: Approaches to improve business and legal environment for job creation in the private sector with SMEs as driving force / priorities in supporting education, upskilling, training of workforce and the adaptation to the local labour market / Ways to effectively integrate the youth into African labour markets / exploring ways of financial inclusion of Africa, digitalisation of financial sector and fostering financial literacy / new financial instruments for investment in sustainable infrastructure as an enabling platform for Africa's local manufacturing processes / creating frameworks for transparent taxation and financing of public goods / reforming the African banking system vis a vis the global regulation frameworks.

Moderator

Shada Islam, Director Europe and Geopolitics, Friends of Europe

Speakers

Frank Heinrich (tbc) Member of Parliament, Member of the Committee on Human Rights and Humanitarian Aid, German Bundestag

Dr. Charles Boamah (tbc), Finance Vice-President, African Development Bank

Klaus Rudischhauser, Deputy Director-General, DG Development and Cooperation, European Commission

Wilhelm Molterer (tbc), Managing Director, European Fund for Strategic Investment, European Investment Bank

Dr. San Bilal (tbc), Head of the Economic Transformation and Trade Programme at European Centre for Development Policy Mechanism

16:30 – 17:00 Q&A session

Eckpunkte für eine neue Afrikapolitik

- 1) Gemeinsame Wege
- 2) Lasst uns von Afrikanern lernen!
- 3) Entwicklung vorantreiben



Overview of the presentation:

Why a New African-European Partnership?

- 1) Because we have no choice
common destinies / together for better futures / our futures are connected
- 2) Because it is worthwhile
Let us learn from Africans! (Africa is not dark! Africa is bright and can be really fun!)
- 3) because we need it
(old bases are passé, new bases are required)
Private sector = the better development workers

Eckpunkte für eine neue Afrikapolitik

#Gemeinsame Wege #Lasst uns von Afrikanern lernen! #Entwicklung vorantreiben



Mediterranean Update Migration Flows Europe: Arrivals and Fatalities



Why a New African-European Partnership?

- 1) Because we have no choice
common destinies / together for better futures / our futures are connected

The year 2016 was the deadliest for migrants ever recorded by IOM in the region.

	2.4.2017	2016	2015
arrivals	30,062	363,348	1,007,492
fatalities	663	5,079	3,777

Main nationalities of arrivals (in descendant order):

To Italy: Ivory Coast, Guinea, Nigeria, Senegal, Gambia (January 2017)
Nigeria, Eritrea, Guinea, Ivory Coast, Gambia (January - December 2016)

Neighbouring continents

Human Security („menschliche Sicherheit“)= **Physical Security** (armed conflict, ...) + **social security** (dvpt, life perspectives)

Interdependence of Development/Security/Trade

Policy coherence

Conference with Minister Müller and Minister van der Leyen „Security, Peace and Development in Africa,, (27th March)

→ No peace/security without development – No development without peace/security

Common destinies > The African success is European success
Africa's prosperity and sustainable growth will also be ours

→ Shared problems call for shared solutions

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a New African-European Partnership

2) Because it is worthwhile

Let us learn from Africans! (Africa is not dark! Africa is bright and can be really fun!)

outdated clichés (war, diseases) (corruption is not outdated)

think Africa new

„the bright continent“ (book of Ms Olopade about kanju = typically African creativity)

resilience

Africa's **innovation** revolution(s) is still in its infancy

the pioneering continent

entrepreneurship

Mobile Revolution (ICT, Silicon Savannah at the heart of the continent's high-tech boom, digitalization)

mobile money, one business where the poorest continent is miles ahead

new revolution with off-grid solar power

The problems Africa faces are not necessarily American or European problems.

The solutions are likely to come out of Africa.

Boosting investments!

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„Dann ist die Frage: Wie arbeiten wir zusammen? [...] Welche Möglichkeiten haben wir, mangelnde Wettbewerbsfähigkeit vielleicht durch eine Kombination aus Entwicklungshilfe und klassischen privaten Investitionen in den Griff zu bekommen? Dabei ist das Instrumentarium kompliziert.“

Kanzlerin Angela Merkel
Africa meets Business 2017



a New African-European Partnership?

→ the main instrument of a new partnership aiming at sustainable growth:
job creation

demographic boom (1.2 bn > 2.5 bn till 2050)

Africa's cheetahs vs hippos (George Ayittey)

Youth unemployment stands at 50 % (OECD, 2016).

The continent needs some 20 m new jobs each year (IMF, 2016).

Between 2015 and 2050, Africa's youth will almost double, from 230 to 452 m. (2017 Forum Report, Mo Ibrahim Foundation)

By 2050, half of Africa's population will be below 25 yrs old. (2017 Forum Report, Mo Ibrahim Foundation)

Between 1/3 and 1/2 of the tertiary educated populations of Kenya, Uganda, Liberia, Mozambique and Ghana leave their country.

Demographic dividend?

What does it mean concerning the European role in the partnership?

→ boosting private sector!

only about 800 German companies in Africa

Businesses are the better Development Workers

→ Germany is working on it:

→ Africa meets business

→ G20 with Compacts for Africa: „Improving investment conditions“ „The Finance Track will be setting up a 'Compact with Africa' initiative with the aim of encouraging private-sector investment in African countries. The initiative is also intended to create better investment conditions, for example by improving legal certainty, making taxation more reliable, and reducing investment risks with the help of international guarantees. Furthermore, the G20 will provide political support for specific investment agreements between African countries, international organisations, and partner countries.

→ (by the way also World Bank (March 2017) w/ investment plan for Africa of USD 57 bn, 448 projects, among which USD 2.5 bn of International Finance Corporation (IFC) to boost private investments)

→ **A Marshall Plan with Africa**

Development > dvpt aid + private sector (See quotation of Merkel > finding the right mix)

For a New African-European Partnership

Common paths # Let us learn from Africans # *Boosting development*

What needs to happen?



GERMANY

- 1) Launch an alliance for jobs and vocational training for African's youth in collaboration with the German private sector and international partners
- 2) Collaborate with various ministries to put together a package of investment incentives for businesses:
 - conclude pro-development double taxation agreements with more African countries
 - create tax incentives for investment in Africa
 - better dovetail the German Ministry for Economic Affairs' business promotion instruments with German development policy
- 3) Expand the network for advising German businesses in Africa
- 4) Support the private sector in establishing sustainable supply chains, for example "no-deforestation" supply chains for soya and palm oil and "fair supply chains" for cocoa, coffee and bananas
- 5) Support African financial markets and financial service providers (for example through local currency funds or acceptance of currency risks or guarantees)
- 6) Use Official Development Assistance (ODA) to mobilise private capital to boost employment
- 7) Develop risk transfer mechanisms (e.g. credit and loan guarantee schemes) and expand such mechanisms (create a new ODA-financed guarantee scheme)
- 8) Create new investment products (funds and bonds) for private investors
- 9) Found a digitalisation centre for African business in collaboration with African partners



Core topics for boosting investment at German level:

- promotion of Africa by SMEs
- vocational training
- more business promotion instruments
- export credit guarantees
- double taxation agreements
- more investments products (DEG, DeveloPPP.de with DEG, Sequa, GIZ,)

For a New African-European Partnership

Common paths # Let us learn from Africans # *Boosting development*



What needs to happen?

AFRICA

- 1) Improve the environment for doing business (including climate for investment and innovation)
- 2) Develop stable and inclusive financial systems
- 3) Promote intra-African trade (AU and regional organisations)
- 4) Achieve rapid and successful conclusion of negotiations on a Continental Free Trade Area (CFTA)
- 5) Introduce protective tariffs to provide partial and temporary protection of domestic markets against global competition
- 6) Expand technical and vocational education and training and focus more on the needs of the local labour market
- 7) Ratify the WTO Trade Facilitation Agreement



Reform partnerships

Ownership of reforms (African responsibility)

Conditionality (democracy, Human Rights)

not sustainable unless:

- **combat corruption and illicit financial flows**

By some estimates, illicit flows from Africa could be as much as USD 50 bn per annum. This is approximately double the official development assistance (ODA) that Africa receives. (UNECA, High Level Panel on Illicit Financial Flows w/ Thabo Mbeki)

Tax havens and secrecy jurisdictions that enable the creating and operating of millions of disguised corporations, shell companies, anonymous trust accounts, fake charitable foundations, money laundering.

CSR – due diligence

Boosting investment of Small and medium-sized companies (SMEs) (vs big concerns)

- building (democratic) institutions
- energy infrastructure
- **water** infrastructure
- roads, transport infrastructure
- economic diversification
- agriculture!

For a New African-European Partnership

Common paths # Let us learn from Africans # *Boosting development*

What needs to happen?

Internationally

- 1) Support an economic and energy partnership between the EU and North Africa (e.g. promoting renewable energies, research cooperation and infrastructure partnerships)
- 2) Expand political and economic cooperation within the Union for the Mediterranean
- 3) Conclude and implement pro-development trade and economic partnership agreements
- 4) Support the European External Investment Plan, using it to achieve the goals and focuses of this Marshall Plan
- 5) Continue integration into and opening of the EU single market
- 6) Promote local value chains
- 7) Support the African private sector in satisfying EU quality standards so as to be able to realise their export potential and use the opening of the EU single market to create more value within Africa
- 8) Review existing investment agreements with African countries and update them in a way that boosts development
- 9) Promote value creation within Africa (for example using the local workforce for infrastructure projects)
- 10) Provide information on and promote legal migration opportunities to the EU for the purposes of specialist training
- 11) Support private investors in preparing funding-ready projects
- 12) Prevent development banks from crowding out private capital and mobilise private capital instead
- 13) Deploy Official Development Assistance (ODA) only when projects are not suited to private funding
- 14) Prevent the foreign exchange risks involved in dollar or euro loans from placing excessive strain on partner countries' budgets; more loans in local currency from development banks



EU:

Policy coherence (Trade, Development)

EPAs vs African Continental Free Trade Area (Regional Economic Regions)

Post-Cotonou (May 2017). Relations between the European Union and the African, Caribbean and Pacific (ACP) countries are longstanding, dating back to before 1975 and the first Lomé convention. The current [ACP-EU Partnership Agreement \(CPA\)](#) was signed on 23 June 2000 in Cotonou, Benin and will expire in February 2020. The expiry of the Partnership Agreement, covering 100 countries with a total of some 1.5 billion people, is the opportunity to rejuvenate the EU's relationship with its ACP partners, taking into account the current global context.

New European Consensus on Development (May 2017)

The 2005 European Consensus on Development is a policy statement that commits the EU to eradicating poverty and building a fairer and more stable world. The Commission proposes aligning the development policy of the Union and its Member States with the 2030 Agenda, as it is part of the international community's agreed response to new global trends and challenges of globalisation.

The 5th EU-Africa Summit is scheduled to take place in Abidjan, Ivory Coast, on 28-29 November 2017:

(4th summit in Brussels in 2014)

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Business trifft Afrika (2015)
IHK Chemnitz



Chemnitzer Business trifft Kenia (2017)
Deutscher Bundestag



what comes next?

- concretisation of Marshall Plan with Africa (June in Berlin w/ G20 „Compact for Africa“? financing thru EU External Investment Plan?)
- Business trifft Afrika 13th June 2017 w/ Minister Müller who will concretise Marshall Plan with Africa
- Parliamentary Motion w/ Committee colleagues („**Gemeinsames Schicksal Europas und Afrikas – Förderung nachhaltigerer Wirtschaftsbeziehungen und Schaffung von Zukunftsperspektiven vor Ort für die Jugend = Common Destinies of Europe and Africa – Promoting more Sustainable Economic Relationships and Creating Local Future Prospects for the African Youth**)
 - we need more policy integration (not only BMZ, but also Foreign Affairs, Research and Education, Environment, Migration, ...)
 - we need more and better instruments to promote the German private sector in African countries (credit, guarantee, information, networking, ...)

For a New African-European Partnership

Common paths # Let us learn from Africans # *Boosting development*

„Differences are not intended to separate, to alienate. We are different precisely in order to realize our need of one another.“ Desmond Tutu

"Africans...they are tired. They're tired of being the subject of everybody's charity and care. We are grateful, but we know that we can take charge of our own destinies if we have the will to reform." Nkosazana Clarice Dlamini Zuma

"We have a rising and energetic youth population. Our dynamic entrepreneurs are using technology to transform peoples lives. We have enough resources to feed not just ourselves but other regions, too. It is time for Africa's leaders – and responsible investment partners – to unlock this huge potential." Kofi Annan

"The great powers of the world may have done wonders in giving the world an industrial and military look but the great gift still has to come from Africa - giving the world a more human face." Stephen Bantu Biko

"Nobody is going to develop Africa except us." Tony Elemelu

