

15:30 - 16:30 **Session 2** 

# <u>Fostering Sustainable Growth and Prosperity: Boosting investments, global trade and local economies</u>

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



## Overview of the presentation:

## Why a New African-European Partnership?

- 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!)
- because we need it

   (old bases are passé, new bases are required)

   Private sector = the better development workers



# 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)

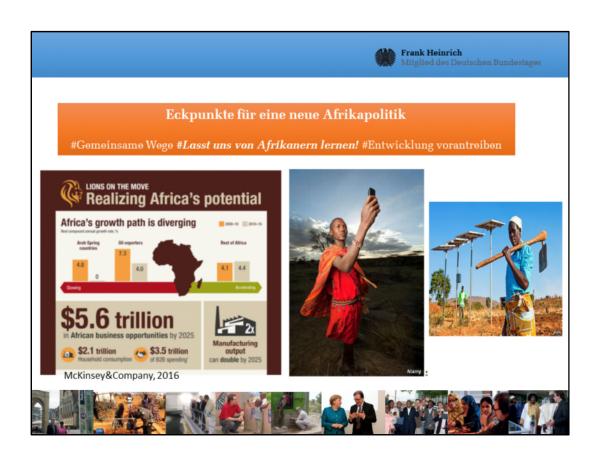
Interdependence of Developement/Security/Trade Policy coherence

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



# 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!



#### a New African-European Partnership?

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

demografic 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 ½ of the tertiary educated populations of Kenya, Uganda, Liberia, Mozambique and Ghana leave their country.

Demografic dividend?

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

→ boosting private sector!

only bout 800 german companies in Africa **Businesses are the better Development Workers** 

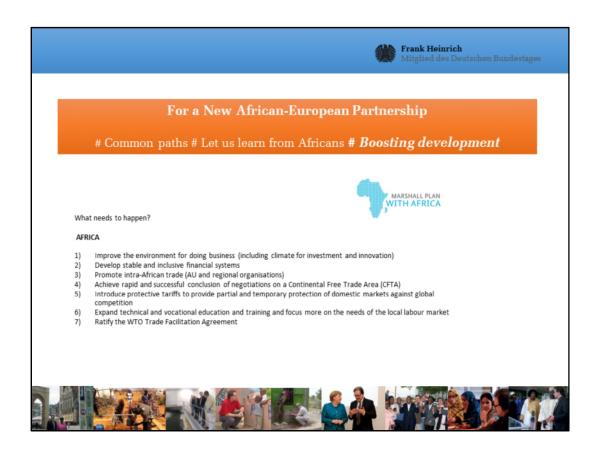
- → Germany is working on it:
  - → Africa meets business
  - → G20 with Compacts for Africa: "Improving investment conditions" "The Finance Track will be setting up a 'Compact with Africa' initiative with the aim of encouraging private-sector investment in African countries. The initiative is also intended 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)



## 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, ....)



## **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!



EU:

**Policy coherence** (Trade, Development)

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

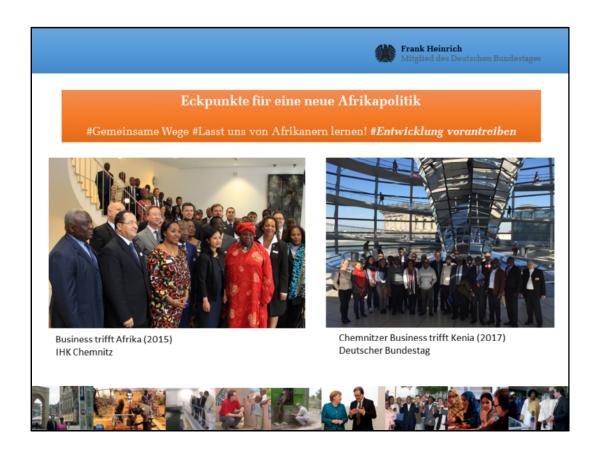
**Post-Cotonou (May 2017).** Relations between the European Union and the African, Caribbean and Pacific (ACP) countries are longstanding, dating back to before 1975 and the first Lomé convention. The current <u>ACP-EU Partnership Agreement (CPA)</u> was signed on 23 June 2000 in Cotonou, Benin and will 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)



#### 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

