

REPORT & RECOMMENDATIONS (virtual) Meeting

14 JANUARY 2021

The chairman, John Bruton welcomed all members¹ at this fourth meeting. He reminded them of our role: these independent tripartite High Level Groups on EU Policy Innovation need to ‘think outside-the-box’, according to their original mandate from the Competitiveness Council.² They are a new, ‘open innovation’ approach between governments, business and academia, to inject innovative policy ideas into the EU system.

He welcomed and expressed pleasure about a nearly complete attendance from both continents. New Years wishes were exchanged. He indicated the importance of the discussions for the preparation of the African-European Summit, postponed probably till 2nd semester, maybe October.

A constructive exchange engaging nearly all participants followed. There appeared at the end a clear consensus about the priorities for a road map for the Partnership, which was broadened and deepened with following comments. Also, it was agreed that the approach is to identify milestones in addition to the comprehensive priorities to have practical steps towards the summit.

On general approach and methods:

- Continuing policy pathways from the past is no option. In order to have a game change in the relations, a coherent view for the Summit preparation is necessary; therefore it is important to take into account the medium-term economic impact of the Covid crisis, which will complicate the already challenged economic, social and ecological conditions.
- If the EU wants to support effectively Agenda 2063, then it must refocus on and amend key priorities and funding programs, and achieve better coherence and synergy. It must leave behind any outdated development concepts and move towards a focus on structural transformation, investment and trade. The same of course applies to its member states.
- Structural transformation and innovation processes everywhere always require to first align concepts and objectives; secondly to evaluate current policy practices and programs in that light; thirdly to innovate these and to complement them with innovative programs and policies. This synergy then can provide a powerful stimulus.

¹ Members participate in their personal capacity. All recommendations for action and all ideas for further consideration have not always been agreed on by all members, but advice is based on a very wide consensus. The final version is written under responsibility of the chairman and the secretary general

² Council of the EU, 5-6 December 2011, Presidency Note.

- The new ACP Agreement has been agreed now, despite all its shortcomings. A positive development at least is the break with the statist approach of the old ACP. The EDF is rightly being phased out and should now be replaced by a new instrument designed to be more flexible and responsive, less rigidly bureaucratic, more coherent, more supportive of stakeholders and their roles in realising the SDGs.
- For both sides to benefit, it is important to avoid a negative spill-over of a new post-Cotonou Agreement on the CFTA. Therefore, the strategic dialogues are a good tool, provided that they move towards new concepts and overcome vested interests and silo thinking. Recognising intelligent self-interest on both sides (such as combatting jointly causes of pandemics, in the context of the 'vaccine diplomacy') would be the right attitude. The existing agreements and frameworks should be synergized with the Partnership, which must be a game changer. This and the preparation of the next Summit requires much better preparation than seen till now, with more involvement of stakeholders (business and civic society), clear milestones for follow-up, common governance and committed leadership on both sides.
- The ACP development assistance is outside the AU framework of the future Partnership (excluding northern African members of the AU) and this must be addressed, for the sake of efficacy and inclusiveness. This will be a first test for the intended new approach in international cooperation by the EU Commission and EEAS.
- There are many African wide platforms for the EU to connect with and which allow cooperation with the African private sector, large and small companies and civic society. Business in particular is an important lever too much overlooked by the EU Commission (and when it does reach out, its methods are inappropriate: the European Fund for Sustainable Investment had little impact till now.): the absolute priorities of FDI, the rule of law, and trade facilitation cannot be achieved without the know how of business. It is high time to move from topdown bureaucratic proposals to collaborative co-design of proposals. For this a new platform of African and European companies and business associations should be set up, focussed on delivering what the CFTA needs.

On Priority I (structural transformation)

- The proposed five priorities are all relevant and provide a good long term strategy for the Partnership. They should be made more tangible. But one should include the digital transformation in the manufacturing and the biosphere economy, and the key role of (intermodal) infrastructure. The roadmap should include concrete proposals how to enable its realisation.
- Except SA, Africa is doing rather well in the Covid pandemic from the public health perspective, compared to Europe, showing indeed more resilience. But the full economic impact, expected to be massive ('Covid in Africa is an economic crisis') is still to come. Number of African countries are in serious distress and the broader economic impact of Covid and the restricted measures implemented in Africa is already seen in regional value chains and movement of persons and aspects of regional integration.

- Therefore, not only the health sector should be given special attention for FDI and for capacity building, along the governance, but also the economic and social impacts need to be considered with increased priority, and serious foresight analysis should be conducted as how the pandemic may impact the continent in the long-term.
- The need for coherence and where possible synergy should be emphasized, together with the need to increase FDI and the required framework conditions (trade facilitation) and to support the implementation of the CFTA. The much needed structural transformations for economic growth and employment creation cannot happen with a revision of the role of business. The new Franco-German initiative for an investment fund risks to have the same lack of outcome if it does not include coherent efforts to upgrade all the necessary framework conditions.
- But this demands also a much greater involvement of European and African companies themselves in co-designing these framework conditions. They include not only market size (CFTA) and trade facilitation, but also institutional improvements to uphold the rule of law and to ensure the efficient functioning of the market.
- Of special importance is to co-design a system to incentivise start-ups which helps it to connect to the younger generation and to local governments. European cooperation with Africa should move out of its topdown approach and connect to African realities.

On Priority II (green deal)

- The energy sector and its whole value chain plays a key role for both digitalisation and structural transformation in the manufacturing and biosphere economy. Energy security and clean energy development and the infrastructure for distribution must be given a high priority therefore.
- But Europe should not seek a copy paste its own approach because the energy conditions in Africa are fundamentally different. The key problem are deficient networks and security of supply. Digitalisation and structural transformation will be hindered seriously if this is not remedied. Investments in this area will help both partners and they will contribute to the Paris Climate Change goals.

On Priority III (science & innovation)

- It is essential to develop innovative ways for scientific collaboration within Africa, and between Africa and Europe, leading to the development of innovation ecosystems, which in turn will help the structural transformations. Science has proven everywhere to be a driver for innovation and competitiveness. One efficient way to do so is to link the innovation ecosystems to the SDGs, which will provide a stimulus for coherence. Another tool for better coherence and thus efficacy is blended finance (between the EU and one or more member states).

On Priority IV (trade facilitation)

- The EU can offer the AU unique expertise how to eliminate obstacles to a free trade area and to build step by step a common market. There is no other partner in the world with this experience. Of course, the emphasis should be on digitalisation of border controls management.
- To become more attractive for investors, border management is a top priority, including effective (digital) tax collection. It is needed for vaccine imports now, and can later be used for other products. The expertise exists, political leadership and courage are needed to overcome outdated bureaucratic hurdles.
- Europe can expect increased competition in Africa from the US and China, and now also from the UK. The China is pushing its monopolies and oligarchic corporate structures forward, the USA do this for their technology platforms. However, none can offer the unique experience of integration mechanisms. Account must be taken of course of specific African circumstances, this why the concept of partnership is valuable, but also of the rapidly evolving global context.

On Priority V (capacity building)

- This should be broadened to include also public governance innovation and the role of open society. This is acute because of the gap between a large young population in Africa and political systems mostly dating from the 1960s. There is a role for the EU to help peaceful transformation by empowering civil society and by being a change maker through investing in job creation and capacities for collaboration and transformation.
- The EU Technical Assistance Facility can play an important role to realise the priorities of the CFTA and to the strength of the framework conditions for FDI and trade. This requires ton a move away radically on the part of the wider EU from the development mindset of old towards an economic growth approach in line with current market conditions and needs in Africa and worldwide. Also, the rule of law, transparent regulations and equal access to decision makers could make the difference just as it did recently for some fast growing European countries.
- The role of African youth is an important element to include, as they constitute an instrument for change. At the moment, they suffer from low quality education, corruption, lack of healthcare, but as change makers they long for quality education, capacity building, and investments. Therefore, a new approach and cooperation with civic society and youth should be developed. Given that many of them are active as small entrepreneurs, or intend to become, business has a key role to play in such a strategy. The future of the young is digital, so capacity building is a cornerstone, together with investment and trade, of the structural transformations.

- Capacity building should help concretely the strengthening of public institutions. This requires that it is linked to their role in society, just like trade management capacity building is linked to the realities of markets and trade. This requires proper multi-disciplinary investigation and inclusive approaches. Special attention must be given to the rising digital divide.

RECOMMENDATIONS

The HLG recommends the following:

- The Summit should agree on a roadmap for the Partnership with five overarching and mutually reinforcing priorities. These are structural transformations in manufacturing and agriculture, climate and health, science, trade facilitation and capacity acceleration in public governance and private sector.
- Structural transformation and innovation in the manufacturing and biosphere economies (agriculture, forestry, aquaculture) is necessary, in order to increase employment and to spread welfare equally in Africa. It should be supported by stimulating digital technologies, improving intermodal infrastructures and ensuring energy security.
- The structural transformation should be sustainable and climate neutral, which requires a specific African designed path towards an (African) Green Deal. Special attention should be given to the clean energy as a key facilitator for climate neutrality and structural transformation in industry and transport as well as mobilization of domestic resources. The link between health, environment and climate should be an overarching concern, in particular given the vast potential of sustainable uses of African forests.
- These objectives will be difficult to achieve without a significant effort in scientific research and the promotion of efficient innovation value chains, build around networks of innovation ecosystems in Africa and between Africa and Europe.
- To attract investments (FDI) for the goals above, a top priority are continent wide trade facilitation measures in Africa and market access facilitation by the EU.
- But all four priorities require equally a large scale investment in capacity acceleration in public governance (to create more effective public policy and implementation) and in companies, in particular in high potential MSEs, and this must be done through African universities and African business schools to ensure structural local benefits

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