

INDEPENDENT & TRIPARTITE

High Level Group

# Africa Europe Partnership



*The Gall-Peters projection.*

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**Africa Europe Partnership**

**A Roadmap towards an Effective,  
Fair and Equitable African-European Partnership**

*“There are no shortcuts  
to the top of a palmtree.”*

African proverb

*“There is nothing more powerful than  
an idea whose time has come!”*

Victor Hugo, 1802 – 1885

## **FOREWORD**

We wish to see a reset of the relations between the African Union and the European Union. To that end, we must leave behind dated ways of thinking that were prevalent in the previous century.

We aim at a radically innovative building together of multiple relationships between the two continents.

Let us not forget that the two continents have been intertwined since antiquity, for better and worse. This report points to a radical change for the better, based on profound mutual respect and interdependency

This High Level Group is one of a number of such Groups on diverse topics.

They are independent brainstorming groups, composed of people from the public, private and academic sectors, working as a team.

The first one, on research and innovation policy, was launched by the Polish Council Presidency in 2011, with the mandate 'to think outside-the-box'. That working model has been successful and has been continued in various policy areas.

The recent Finnish Council Presidency supported the launch of this High Level Group composed of a variety of African and European experts.

The Foreign Minister of Togo, prof. Robert Dussey, Chairman of the ACP Group, did us the honour of taking part in our opening meeting.

Since then, the group held several meetings to design a number of ideas, as inputs into a new strategic vision.

Members of the High Level Group participate in their private capacity. The final report of our discussions was written by Prof. Stefan Schepers, our Executive Director.

**John Bruton**

*Chairman*

*Former Prime Minister of Ireland*

## RECOMMENDATIONS FOR AN EFFECTIVE, FAIR AND EQUITABLE PARTNERSHIP

Citizens in Africa and in Europe want a paradigm shift in the relationship between the two continents in line with the times. Continuing old policies but with a new label, is not the answer. Why not set a grand long term aim, such as an African-European Free Trade Area ?

Political leaders, in particular the AU and EU Commission, government leaders and ministers of member states, should respond to new contextual conditions with a truly innovative vision and strategy. They should design an effective, fair and equitable, African-European partnership at all levels: political-institutional, market and civil society. It must be followed by consistent implementation within a firm timeframe and with involvement of all the stakeholders.

The joint group of experts <sup>1</sup> proposes a roadmap towards such a goal. Their recommendations focus on the economy since eradicating poverty and increasing employment opportunities is the best way to create prospects for young people, to bring peace and stability and to avoid a knowledge and entrepreneurial drain from Africa.

To design such a vision, the experts believe that it is essential that neo-colonial and paternalistic views (un)consciously surviving in some European minds are replaced by an objective narrative about the rich and diverse history of Africa. Only this will make a Partnership for mutual benefits based on respect possible.<sup>2</sup>

The Strategic Partnership should have a *roadmap focussed on the basic needs of people in Africa and on the structural transformations needed* to make its economies more industrialized, sustainable and climate neutral. It should create four virtuous and interdependent developments.

**Priority one.** Rapidly growing population and urbanisation demand a special effort to build housing, digital and physical infrastructures, and to provide energy to all. For this, a masterplan needs to be developed. Such investments will help create vast employment opportunities, reliable growth and the further industrialization of Africa.

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<sup>1</sup> These independent, tripartite High Level Groups are an 'open innovation' approach between governments, business and academia, to inject innovative policy ideas into the EU system. The first one was launched in December 2011, following an initiative of the Council Presidency. Members participate in their personal capacity. All recommendations are based on a broad consensus. The final version is written under responsibility of the chairman and the executive director. This particular High Level Group on the Partnership has welcomed members from Africa in order to have a dialogue of equals.

<sup>2</sup> The High Level Group has launched a special project with a group of multi-disciplinary African experts to elaborate a new narrative, to be completed in 2022. The project is being supported by the Sawiris Foundation of Egypt and the King Baudouin Foundation of Belgium.

*Priority two.* Food and health are linked. Therefore, productivity in African agriculture needs to increase and this in turn will lift rural areas out of poverty.

The jobs created through investments in infrastructures and energy will increase purchasing power for agricultural produce and improve the structural conditions for distribution and storage. The multiple roles of its forests and nature must also be included.

*Priority three.* Industrialization will automatically be stimulated by the infrastructure, housing, energy and agriculture growth and by their modernisation to achieve climate neutrality. This will allow for the growth of SMEs and for the development of African products suited for their markets. Equal importance should be given to the services sector.

*Priority four.* The realisation of the AfCFTA will facilitate economic growth in all sectors and all countries. This will further increase employment opportunities and create a prosperous consumer market. Trade facilitation should therefore be supported by all means and realised in the shortest possible time. All existing agreements should be brought in line with this overall objective.

These four priorities can be financed primarily by private sector capital with European public guarantees and by funding from existing, or to be created, dedicated financial institutions.

Implementation requires special attention for capacity acceleration in the public and private sectors by stimulating research, training and apprenticeships, engaging universities, business schools and think tanks, and strengthening African research facilities to support innovation in all economic sectors. Last but not least, a strategic partnership requires upgrading and new governance capabilities in both Africa and Europe and modernisation of structures and procedures in line with current needs and objectives. The AU and EU must be made fit for the purpose of a Strategic Partnership. The narrative for this Strategic Partnership should/could be: We are companions travelling along the same route, doing a lot for mutual benefit with different but essential contributions. Only if Europa and Africa learn from each other can they play a constructive role in the emerging world order.

Nothing can be done without the involvement of business, civic societies and academia. The Strategic Partnership must therefore move beyond a statist approach and design an open framework within which all can contribute to the goals set.

The experts recommend ensuring truly mutual consultation, mutual agenda setting, and annually independent evaluation of the progress in implementing this roadmap.

Last but not least, to immediately show people that we care for each other, the EU should rapidly upgrade its already laudable effort to provide vaccination to all the people in Africa. No one is safe from covid until everyone is safe. The WHO advice not to give a general third boost yet in Europe should be followed.

## ADDITIONAL RECOMMENDATIONS FOR AN EFFECTIVE, FAIR AND EQUITABLE PARTNERSHIP

All too often, high-level statements have lacked concrete or efficient follow-up. Therefore, the HLG<sup>3</sup> draws attention to two trans-policy issues of crucial importance: *foresight and evaluation of policies* and *up-to-date government methods*, in particular with regard to large, complex projects such as multi-dimensional, interconnected policies for a real Partnership. They concern all the priorities proposed.

Proclaiming grand objectives and designing policies without key performance indicators and a connected evaluation system is a recipe for ineffectiveness and waste, as past practice abundantly proves. It undermines credibility. Independent scientific evaluation of future Partnership policies will prevent this.

Impact evaluation requires viewing the output within the framework of the ultimate aim and purpose of the project. It involves careful monitoring of the methodology followed by the different actors in any policy or project.

*The HLG recommends* that a joint African-European impact evaluation system be designed and set up by a limited number of multidisciplinary academics and experts, operating in full autonomy, with their own budget and defining their own working methodology. This is different from a simple evaluation of costs or adherence to procedures. Such ex-post evaluation is a key element of a learning process and of efforts to continuously improve policy. It helps to ensure professionalism and accountability and avoids politicization of evaluations.

Proclaiming grand objectives not based on proper foresight studies is like testing the depth of a river with both feet, as an African proverb says. Independent foresight studies, carried out by joint scientific teams, will provide insight in global developments (demography, technology, climate etc.) and will help align the strategic objectives and define the missions of the Partnership.

Strategic foresight is an exploration of the future that deals with uncertainties in a structured and systematic way, using different methods, relying on data and evidence, and it draws on insights for robust planning, policy making and preparation.

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It is neither about predicting the future, nor about forecasting, which often tends to project the present into the future in a straight line until it eventually crashes into reality. Strategic foresight will be helpful to overcome the current fragmentation of policies, projects and funding, and serve as a basis for designing concrete and operational missions and a realistic Partnership strategy.

*The HLG recommends* setting up a joint network for foresight studies for the design and implementation of a coherent and comprehensive strategy of the Partnership.

Attention should be paid especially to making policy processes fit for 21<sup>st</sup>-century challenges, involving all the stakeholders. The incoming digital age requires different steering than the outgoing industrial one. Rapid development of technologies and their unforeseeable impact make strategic agility a prerequisite; it sits uncomfortably with staid diplomatic process and bureaucratic management. Instead of seeking to fit future Partnership policies into existing steering models designed in the past for other objectives, the operational models need to be in line with the new policies. This will help the Partnership to better fulfil its key tasks. Delivery on promises is essential for credibility with citizens and stakeholders.

Economy-wide structural transformation and innovation (such as needed to achieve climate neutrality, or agricultural or industrial innovation) always requires three steps: firstly, to align concepts and objectives; secondly, to evaluate current policy programmes and procedures in that light through impact evaluation; thirdly, to review them and complement them with innovative programmes and policies, based on foresight and impact assessment. This synergy can then provide a powerful stimulus for motivating and engaging citizens and businesses. It will also facilitate inter-sector connectivity and feedback, thus creating mutual levelling-up.

To design and implement effective public policies under contemporary conditions of complexity puts extraordinary demands on governance capacities, even more so in middle or low-income countries. They often operate with outdated governance systems and with a shortage of capacity compared to high-income countries. But the role of governments in economic and societal innovation is crucial. However, implementation efficacy is rarely institutionalised in agreements, budgets, roles and processes and there is limited knowledge and awareness of the full range of tools available to policy makers to accelerate their goals.

Therefore, a joint effort should be made to ensure innovative and appropriate policy making and implementation of the future Partnership goals, using best practice from around the globe. This requires a dedicated framework of advisory and research support, in particular for foresight and impact assessments.

*The HLG recommends* a simple and cost-effective measure to start with, inspired by the successful model of business angels helping young entrepreneurs: create a pool of advisors with high-quality experience to be put at the disposal of governments wishing to temporarily strengthen their capacities in a specific area.

African governments may need experts in areas such as trade, innovation policies or infrastructure, while more than a few European governments need to strengthen their capacities on Africa or international cooperation. Expertise from the African diaspora should be used extensively.

*The HLG furthermore recommends* re-thinking, modernizing and upgrading the inter-institutional and inter-service cooperation for the Partnership. Emphasis should be put on a cross-services steering role by a dual leadership (eg. by taking inspiration from the successful model for EU Brexit negotiations) to ensure that all policy areas are involved in a coherent way. Similarly, alignment of strategy and its elaboration should be done with the member states in order to reduce friction and increase coherence and effectiveness. Alignment of goals can lead to the formulation of strategic missions, with clear targets, timelines and means of implementation (mechanisms, people, funding).

*The HLG recommends,* given the different political and legal frameworks within which the AU and EU Commissions operate, experimenting with the task force model for each of the Partnership priorities, based on the elaboration of a mutually aligned mission. This would stimulate learning from collaborative governance models to overcome institutional obstacles and shift from a purely legalistic approach towards modern public management. Not process, but outcomes matter to citizens.

*The HLG also recommends* immediately improving resource allocation in key overburdened departments in both Commissions, and setting up proper, open, interactive consultation mechanisms (such as public hearings, transparent requests for advice on technological or market developments, etc.) with business and civic society on both continents.

Without these two basic pre-conditions for effectiveness, inclusive, sustainable and economy-wide structural transformation will fail and insufficient FDI will be attracted.

A third overarching issue is the new narrative about Africa. The African expert group launched by this High Level Group will have terminated its work on 'A new Narrative about Africa', based on multidisciplinary analysis and historic facts, by mid-2022.

*The HLG recommends* that the EU Commission follow this up with an initiative to improve school textbooks in all member states. There are truly good examples of improving the narrative in school textbooks in some European countries; this can be used for Africa. Nothing will be more effective to bring reality back to European minds (and some African ones).

### **Priority one: additional recommendations**

Rapidly growing population and urbanisation demand a special effort to build housing and digital and physical infrastructures and provide energy to all. This would lead to concrete improvement of people's living conditions, strengthen social stability and create widespread training, apprenticeship and employment opportunities.

To achieve this, the current fragmented policies and frameworks need to be brought under an umbrella masterplan. Poverty creates social and political instability and this puts off FDI, therefore job creation and improving living conditions are a cornerstone for future economic growth.

In order to achieve climate neutrality, Africa will require a massive influx of investments. Africa needs to invest approximately € 1 trillion a year in energy and energy infrastructure to make its energy transition a reality and if we want to ensure Africa's economic stability and promote the continent's economic diversification.

*The HLG recommends* as a possible approach for African countries to set aside portions of fossil fuel revenues to help fund the infrastructure needed to transition.

The existing energy cooperation platform should beef up mechanisms for technology sharing with the EU green-tech developments to stimulate Africa's transition into green energy, taking fully into account Africa's own, and different, pathway to climate neutrality. However, given that Africa contributes only 4% to CO<sub>2</sub> emissions, the EU should accept that Africa's priority is with environmental protection, dealing with the effects of climate change and climate-neutral industrialization. Care should be taken that the CBAM planned does not create an obstacle to Africa's economic growth.

Realising a trans-African network of energy infrastructures and energy efficiency is the key to climate neutrality. They should therefore be among the top priorities. Africa is the biggest exporter of all the world's natural resources yet there are 600 million people without electricity in Africa. Energy is the driving force behind any advancement in Africa and energy poverty eradication is at the core of achieving this. Once energy poverty is alleviated, other structural transformations can be addressed. Restrictive fiscal regimes, inefficient and carbon-intensive production and difficulties in doing business are some of the key issues that need to be addressed. Clear and accessible regulations, transparency and cross-border cooperation are key to driving the investor market and making the AfCFTA a success in the energy sector.

Local content is important, as it can drive research, employment, skills development, transfer technology and create forward linkages to industrial and manufacturing capabilities. The AfCFTA can be a useful tool to encourage the reduction of trade tariffs and non-tariff barriers amongst African countries and thus create a competitive trade market. While local content policies can also improve job and business opportunities but they need to be fair and not obstruct companies investing in the regional or continental value chains.

An African energy transition represents the opportunity to achieve energy security and alleviate energy poverty through the utilization of natural gas as a transition fuel, while increasing the share of renewables in the energy supply, and the development of off-grid and mini-grid infrastructure.

But overall, the current infrastructures are a big impediment to economic growth and reaping the benefits of the AfCFTA. Energy networks, water networks, digital infrastructure, road, rail, air and sea connectivity are all equally important but they all need upgrading and inter-connecting in order to ensure fluid functioning of the future free trade area.

*The HLG recommends* giving the Joint Reference Group on Infrastructure, set up during a previous attempt at strategic cooperation (the 2018 JAES), a higher political profile, reporting directly to the heads of government. Its mandate should be broadened to strategic master planning and it should be provided with more powers to do its work.

*The HLG also recommends* streamlining the existing forms of cooperation on infrastructures and giving high importance to digitalization to save energy and costs and improving efficiencies, in particular in inter-modal set-ups. It is difficult to achieve a comprehensive and strategic approach with the current fragmentation.

*The HLG recommends* a much deeper and broader involvement of and coordination with the private sector. Government strategies and business strategies both win if they are better aligned through constructive and transparent engagement. Direct investment in infrastructure can then increase with both public and private capital, with public guarantees.

Upgrading infrastructures in Africa will bring not only a massive stimulus for employment, it is also a condition to ensure that the rapid population growth finds adequate housing with basic modern living facilities.

*The HLG believes* strongly that the Partnership should not only focus on the economy. There is no better way for the EU to show that it cares for people's wellbeing than to invest in housing, taking into account African social structures, in parallel urban and rural infrastructures. The rapid urbanization in Africa and the population growth makes this an important issue, with vast consequences, both economic, social and cultural. A masterplan should be elaborated for countries which want one and need it.

### **Priority two: additional recommendations**

The provision of sufficient, healthy and affordable food is needed not only to lift rural areas out of poverty, but also to ensure workers' productivity in general. Food, together with environmental protection, are the bases for public health, which in turn is an asset for the economy and a saving for government finances. Not to mention the basic human right dimension.

Productivity growth in agriculture is necessary to produce the food and feed needed by African consumers in Africa and to reduce dependency on outside suppliers. A green revolution requires improved seeds, for indigenous and non-native crops, and water and soil management with the latest scientific and technological inputs. Climate change makes this a more urgent objective. But following a populist trend in Europe, many African governments have banned genetically modified crops. It is urgent to review this unscientific policy (not least because research and the technology has moved on since the original bans of GMO) though it also requires a policy to combine intellectual property rights (IPR) with farmers' entrepreneurial autonomy and to ensure fair competition.

The Rural Transformation Action Agenda, adopted only in 2019, is an example for joint cooperation. It creates a platform for dialogue, gives prominence to research, innovation and digitalisation, and the strengthening of farmers' organisations. It also launches a policy for African geographic indications (GIs) which surely will aid African farmers to market their food products at improved prices on global markets and to protect them against unfair competition.

*The HLG recommends* a special marketing support effort to promote access for African products with a GI to the European consumer market. Regulatory barriers should be removed as much as possible; as long as consumers receive transparent product information, they can decide for themselves.

*The HLG recommends addressing five major weaknesses:*

The first one is conceptual. Agricultural transformation cannot be done top down. It must involve all the stakeholders in the entire food value chain, research institutions, producers and investors. This will help bridge the cognitive gaps between the private and the public sectors. It must of course be driven by predominantly African contextual conditions and needs.

The second concerns the lack of synergy with policies which impact the efficacy of agri-food production and distribution, such (subsistence) farmers' access to digital technologies and inputs from biosciences, or development of technologies specifically suitable for African (subsistence) farmers, or infrastructure for storage and distribution.

The third concerns structural issues such a land ownership and valorisation of conservation. In many African countries, resolving this issue requires European legal cooperation and financial aid, since it was created to a large extent in colonial times when the hitherto communal system was replaced by the European one and ownership was taken away. It is essential for farmers because land provides collateral with banks, and thus facilitates investments in better seeds, machinery or digitalisation.

*The HLG recommends* a joint working group of independent experts that should elaborate how this historic issue can be righted, but the EU should not shy away from a temporary special compensation fund as part of solution finding or creative financing to ensure rightful ownership of lands.

Fourthly, there is not enough focus on productivity increases, which is the key African concern, and the improvement of rural infrastructure, because often African farmers cannot get their products to market in time and therefore produce less than they could. Sustainability and productivity are not incompatible, precisely because of new technologies. Given climate change effects, water and soil need to receive special attention.

Fifthly, existing agreements need to be rationalised and made more coherent. They need to offer more incentives for the private sector and civic society, in particular young farmers and entrepreneurs. Supporting mechanisms and funding need to directly reach the stakeholders concerned.

*The HLG recommends* that the Partnership consider cooperation with and strengthening of the African Network of Food Safety Agencies. It will play a prominent role in ensuring consumer confidence and help indirectly safeguard the environment from any unwarranted impacts of a more productive agricultural system.

*The HLG recommends* paying equal attention to another biosphere sector of great potential in Africa: forestry, also because of its climate and health effects.

African forests have immense potential to contribute to the continent's social and economic development as they provide a range of ecological, economic and social services, including the protection of water and soil resources and of course carbon sequestration. The EU rightly gives high priority to climate neutrality and should do so also in the roadmap for the Partnership, though by taking fully account of African objectives and realities.

*The HLG recommends* to set up a working group to work out how the carbon sequestration potential of African forests can be monetised. This would be in the mutual interest. At least a significant percentage of a necessary gradual increase in the price of carbon should be used for this purpose.

The African Union Sustainable Forest Management Framework should be supported and deepened, because it provides strategic guidance to the sector and serves as a basis for addressing forestry-related challenges including the illegal exploitation of and trade in forest resources. Joint observation with the cooperation of European Space Agency (ESA) should be widened. The key objective is to achieve sustainable forest management, not only protection.

Planting new forests is equally needed, in particular in historic areas of deforestation, to reduce erosion and desertification and to protect wildlife, a source of biodiversity and of sustainable, small-scale tourism which makes an important contribution to rural economies. IPR should be respected when plants and local practices are used as input for pharmaceuticals or other products.

The African Development Bank supports reforestation/afforestation; rehabilitation of degraded lands, community-based management of natural forests and planted woodlots; conservation of forest resources and watershed management, especially around major river basins, as well as any other activities that mitigate the threats to the stability of the ecosystems.

*The HLG recommends* more actively and widely supporting this policy, to engage business and civic society in rural areas, and to design new financial instruments, such as green bonds which people on both continents could purchase to support these efforts, or crowd funding.

### **Priority three: additional recommendations**

Industrialization will almost automatically be stimulated by the infrastructure, housing, energy and agriculture growth and by their modernisation to achieve climate neutrality.

The rapid growth of consumer markets in Africa offers many opportunities for the own manufacturing of finished products. A time has come to end mass consumption and single-use products need to be replaced by a circular economy, more flexible and ecological in all sectors. Local production and sustainable consumption become more important, with shorter supply and distribution chains.

A solid manufacturing industry helps bring stability to economic systems and is a key source of employment, but the future African manufacturing sector therefore cannot follow the pathway which was followed in Europe or America a century ago and even later in some other countries.

Inevitably today it must be driven by consistent digitalisation throughout entire productive sectors. But these technologies, new contextual conditions and specific opportunities in Africa allow it to make a giant leap into a new economy and thus to lead the way for others.

The overall objective should be to develop a stronger African manufacturing sector, converting raw materials locally instead of exporting them. This requires a clear strategy, including the revision of (post-)colonial trade agreements which favour mineral export over own beneficiation, and a major investment effort. A joint working group, including independent experts and representatives from civic society organisations, should transparently elaborate a pathway towards reform.

*The HLG recommends* that the Partnership offers concrete help to create the framework conditions for growth of the African manufacturing sector. This could be done by using the model of a joint platform, as for agriculture or infrastructure. However, it should be positioned at a sufficiently strategic level and report to the heads of government.

It must also include joint revision of past trade agreements and joint setting of production standards in order to facilitate trade between the two free trade areas. Product standards have often been conceived to strengthen the European competitive advantage, not to ensure a resilient or circular economy.

Applying them irrespectively to trade is a clever form of protectionism. The challenge will be to maintain the consumer safety and environmental standards and to facilitate flexible innovation cycles through regulation, moving in tune to research output.

Multinational companies (MNCs) are like the iconic African baobab tree, they create their own ecosystems. It is thus important for governments to design constructive and fully transparent collaboration with them and with SMEs, as well as civic society organisations. This is key to a resilient and circular economy which balances sustainability, productivity and competitiveness and which contributes to people's welfare through employment and fair taxation systems which allow the necessary welfare state mechanisms (education, public health and pensions) to be financed. Former inefficient set-ups of business-government consultation mechanisms should be disbanded or transformed in order to ensure efficacy and impact.

*The HLG recommends* ensuring there are efficient and transparent consultation processes with business in all sectors in order to create alignment between the goals of the Partnership missions and business strategies and investments.

Industrialisation today implies consistent digitization and linking of all the productive units in an economy. Information and communication technology (ICT) is already used for an evolution in the supply chain and production line that will enable a much higher level of both automation and

digitisation: machines using self-optimisation, self-configuration and even artificial intelligence will complete complex tasks in order to deliver vastly superior cost efficiencies and better-quality goods or services. Investments in this area will help to achieve structural transformations and they will contribute to the Paris Climate Change goals.

*The HLG recommends* giving top priority to effective cooperation, driven by the Agenda 2063 goals, in the areas of health and green tech; the former helps productivity and the latter helps climate neutrality.

Start-up companies on both continents must have the opportunity to operate without market fragmentation and with easy access to various forms of (public and private) capital. The new generation of innovators offers an opportunity not to be missed but they need a coherent set of actors from different backgrounds working seamlessly together, such as experienced innovators, independent experts, experienced member governments and both Commissions.

The scale-up of these companies will greatly contribute to the Green Deal industrial and agricultural transition processes in the entire Partnership area.

On both continents, the emergence of “digitalisation” and “knowledge society” trends are at the core of the new business environment and structural transformations. However, launching and realising an Industry 4.0 depends on a number of new and innovative technological developments, which need to be taken into account in the Partnership roadmap elaboration to achieve truly innovative economic transformations.

The development will proceed at different rates in different industries. Some important cross-industry implications to be borne in mind when implementing structural transformations are energy efficiency and decentralisation, ICT and intermodal physical infrastructures. Again, foresight and future thinking are necessary, not copying models from the past which are already or rapidly becoming obsolete. In the future, there may be many production sites that generate their own energy, which will in turn have implications for infrastructure providers. Renewable energy sources (wind, solar, hydro) will all rely on digitalisation.

Business models will face a fragmentation of the value chain. In a complex and intertwined manufacturing network, the roles of designers, physical product suppliers and the interfaces with the customer (contractor) will change. ICT platforms also have a tendency to lead to strong market concentration and dominance.

*The HLG recommends* carefully studying the possibilities that emerge in order to also give African companies a role in strengthening supply chain resilience, which is or should be part of the EU drive for autonomy in strategic sectors. This includes not only increasing domestic production capacity, but also diversification of supply sources and building strategic reserves. Africa’s geographic proximity should make it Europe’s preferred partner for this, and vice versa.

Smart Services offer another opportunity for economic growth in the Partnership. The intelligent products, which are produced in intelligent factories are often equipped with an extensive number of sensors and offer manufacturers and/or other stakeholders large amounts of data over the Internet.

The use of this data as the basis for new and intelligent service offerings, so-called Smart Services, represents the logical continuation of digitalisation and has to be pushed more to its focus, to the mutual advantage.

#### **Priority four: additional recommendations**

The realisation of the AfCFTA is of the highest importance for all sectors and all countries. Trade facilitation should therefore be supported by all means and realised in the shortest possible time. All existing agreements should be brought in line with this overall objective. The current mismatch of treaties, the lack of convergence of views on long-term policy strategies and the lack of coherence and of adaptation to new circumstances needed to be remedied without further delay. This is particularly the case for the ACP Agreement, Neighbourhood Policy and EPAs.

*The HLG recommends* a special task force to list and reduce all the additional trade costs (highest in the world in Africa) in order to facilitate in particular SMEs' trading activities and their affordability to engage in international activities. It will also require drawing up an inventory of non-tariff barriers to trade, a road map to lower them and to develop regulatory equivalence (within Africa and with Europe), and avoiding (new) hurdles, mainly resulting from measures aimed at climate neutrality, for African SMEs.

Mercantilism is a 17<sup>th</sup>-century trade concept which today is incompatible with the challenges of climate change and the realisation of the SDGs. It will boomerang back on future generations. New ideas abound on how to design fair-trade frameworks, equal beneficiation and managing the collateral effects of free trade. It is time they were tested and applied intelligently.

*The HLG recommends* designing innovative trade frameworks between the two free trade areas as soon as the AfCFTA is sufficiently established. It commends the EU practice of temporary asymmetric trade opening. The potential impact of existing and new trade agreements should be studied by joint expert groups, which should also look at the necessary collateral measures to avoid social or regional distress as a result of free trade. The EU should provide a special funding mechanism for this purpose, in particular for the weaker economies of the LDCs.

If strategic autonomy is important for Europe, then it is also important for Africa. The Partnership offers a unique chance to avoid a Manichean, everyone against everyone, approach, or an isolationist one, both with a high cost for poorer countries, and with high risk of a future systemic crash for all. Instead, it can open a joint pathway towards a resilient economy and societies.

Reducing all the extra trade costs (highest in the world in Africa) to increase SMEs' trading activities and affordability of engaging in international activities will be the first step. It will require paying more attention to non-tariff barriers to trade (including of course European ones), a road map to address the issues to develop regulatory equivalence and the avoidance of (new) hurdles for African companies under the EU Green Deal.

The (near) collapse of global value chains during the pandemic has brought home once again the importance of shorter and more diverse supply chains and of local and regional trade. The AfCFTA comes at the right moment, and the EU's constructive response must be followed by action, that is by facilitating trade through a coherent package of measures, including access to the EU Single Market for finished products.

To avoid short-term disturbance of infant industries, this will require courageous, asymmetric opening of the market. The fear for welfare losses exists only when one does not take into account the full picture of potential gains (for example, reduced security or climate adaptation costs).

*The HLG recommends* that trade policy becomes more inclusive, involving stakeholders, making comprehensive impact assessment studies and providing transition management and funding. Much greater involvement of European and African companies themselves in co-designing these framework conditions should be facilitated. The existing EU guarantee scheme for large-scale investments should be simplified and better coordinated with comparable national systems.

The balance of trade is to Africa's disadvantage, its countries import far more from Europe than vice versa; in addition, most of its exports are raw materials, far too little(semi)finished products. Moreover, there are still manifestly unfair trade agreements which limit African governments' democratic space for decision making (in particular in the mineral sector). This comes on top of the low levels of trade within Africa, though the AfCFTA has raised hopes that this will change.

*The HLG recommends* that the Partnership follow a dual strategy. The EU can offer the AU unique expertise on how to eliminate obstacles to a free trade area and to build a common market step by step. There is no other partner in the world with this experience. The emphasis should be first on short-term results, such as digitalisation of border control management and related capacity training. It is a top priority to become more attractive for investors, which includes 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. It is also important to address the tax evasion and capital flight issues that cripple the development of African economies.

Of special importance is to co-design a system to incentivise start-ups which helps the dynamic younger generation and local governments. In particular for poorer countries (LDCs) a system of favourable tax treatment, or better, zero tax, should be designed to help micro and small enterprises to encourage MNCs to integrate them into their value chains and thus provide opportunities for growth. Individual and successful experiments exist and should be spread. This requires specific attention by the two Commissions.

Obviously, new barriers to development must be avoided and the external effects of certain policies must be properly considered. For example, a carbon border adjustment mechanism or other carbon pricing instruments with a focus on imports need to consider the existence of more sustainable alternatives for each targeted product, while also providing adjustment support.

Mitigating climate change is a priority for African countries, many of which are among the most affected, but it cannot be realistically achieved without more inclusive economic development. This may, but should not, lead to conflicts between these two goals. Access to the EU single market must be guaranteed and supported by comprehensive accompanying measures. This is particularly important for Africa's millions of SMEs, which mostly do not have the capacities to deal with complex foreign regulations.

*The HLG recommends strongly* a revision of existing trade agreements (ACP, EPA, Neighbourhood policy, and others) to align them with the overall objectives of the AfCFTA. The European fragmentation of the African market is the contemporary parallel of the 1885 Berlin Conference and must be brought to an end.

It hinders inter-African trade development, it puts a burden on its structural economic transformations (in agriculture, manufacturing and services), the development of interconnections and continent-wide value chains, and it is the basis for the continuation of post-colonial trade patterns and waste of funds.

### **Funding: additional recommendations**

The EU must realize that the size of its efforts and their efficacy must become proportional to the size of Africa and its challenges. Proclaiming development support figures out of context, and ignoring results if any, is misleading citizens. Funding is one of two keys to structural transformation and for any other objective of the Partnership, the other key being transformation management (or governance). However, only a small percentage of global FDI goes to Africa.

*The HLG recommends* that the Partnership launch an initiative to rapidly improve framework conditions. A better guarantee system, fiscal stability and the rule of law coupled with independent judiciaries are all essential.

*The HLG also recommends* reducing fragmentation in funding mechanisms and changing the approach to funding: first KPIs (Key Performance Indicators) need to be set, then operational models and impact evaluation mechanisms, only then can budgets be determined in light of the KPI and the agreed methodology.

The new Franco-German initiative for an investment fund risks having the same lack of outcome if it does not include coherent efforts to upgrade all the necessary framework conditions. Such an initiative should be brought to EU level and amplified. This is both in the European interest in order to increase European presence in Africa and to provide the means for African countries to pursue an industrialisation policy reducing their dependence on the export of raw materials.

*The HLG recommends* that the recent work on the Improvement of the European Financial Architecture for Development be revisited, rather than maintaining the status quo, as well as the creation of a genuine European Bank for the Partnership. Such a Bank could offer a wide range of instruments ranging from project formulation, feasibility studies and financing vehicles. New circumstances demand creative, new solutions.

A major problem is the gap between small projects looking for funding and the big asset owners that want to fund, but require scale and standardisation. Funding a €20,000 project typically costs more in terms of information gathering than the actual funding itself. Local/regional parties can do that efficiently whilst adding value, but additional standardisation (for efficient reduction of information costs) is needed to be able to get funding from the large institutions. This can be done in several ways:

- Provide well-structured information on the projects and their transitional potential:
  - Documentation and structure of initial projects that is sufficiently standardised to cater to the information needs of institutional investors.
  - Showing the transition potential should make these projects attractive to forward-looking investors and lenders.
  - Develop intermediary institutions that solve information problems, locally.
- Develop better project structure, by means of:
  - Governance arrangements: clear delineation of project ownership and control, including risk-sharing arrangements between private and public parties and enforcement of contractual payments.
  - Financial-administrative arrangements, such as AO/IC procedures to calculate, monitor and verify financial and non-financial information.
  - Efficient legal infrastructure, including ownership registration.
  - Guarantees or certification.
  - Local bundling of projects.
- Promote adaptation by financial institutions:
  - More regulatory leeway for financial institutions to participate in real assets (e.g., lower risk assignment in so-called risk-weighted assets).
  - Expand asset classes and mandates at financial institutions (e.g. energy (infrastructure), circular and land restoration).
  - Back-casting by financial institutions to arrive at truly long-term capital allocation decisions rather than the current practice of Strategic Asset Allocation driven by benchmarks.
- Stimulate the emergence of two types of organisations that sit between small projects and large institutional investors:
  - Small impact investors: these investors provide small amounts of funding and, even more crucially, valuable skills to small social entrepreneurs to become viable enterprises. With a focus on a single city or region, they are able to lever their local network and knowledge for better outcomes.
  - Social aggregator funds: these investors invest in dozens of small-impact investors, which they select for their ability to create both financial and social value. Aggregator funds exist for ordinary private equity, but aggregator funds with an impact objective are rare.

*The HLG recommends* that a considerable share of current aid funds (except those for emergency aid) be channelled towards these types of investments. A European Bank for Partnership would be the best instrument to support such policies and promote the engagement of private actors in the transformation processes, together with the existing institutions such as EIB and AfDB.

### **Research & Innovation: additional recommendations**

Science has proven everywhere to be a driver for innovation and competitiveness. One efficient way to make use of this 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).

*The HLG recommends* linking the EU Technical Assistance Facility to the priorities for the realisation of the AfCFTA and to the strengthening of the framework conditions for FDI and trade. This requires radically moving away 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 has 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. As change makers, young people 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 one, business and business schools, as well as centres for vocational training (focussed on new technologies) have a key role to play in such a strategy. Current EU practices to outsource to consultancies instead of to universities, business schools and other local centres of expertise have little transformative and multiplying effects.

The future of the young is digital, so capacity extension and acceleration is a cornerstone of the structural transformations. Currently many young Africans have a general school education, but no access to vocational training. This should be made a priority for the Partnership and developed together with the private sector. Potential employers should have a say in the training programmes. Capacity building can offer concrete help in strengthening public institutions. For this it must be linked to their role in society, just like building trade management capacities must be 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 inside societies, in particular between rural and urban areas.

*The HLG recommends* that the Partnership set up extensive, two-way student and youth exchange programmes (inspired by the successful EU Erasmus Exchange programme and proportionally of the same size, but re-named Leopold Senghor Exchange Program), cooperation between research and

think tanks, strengthening cooperation between civil society organisations, assistance in (re-)building Africa's cultural infrastructures (which is more inclusive and useful than only returning artefacts) and other thematic forms of cooperation. Such cooperation can contribute a great deal to open innovation, designing new solutions for existing or future problems in both continents and globally.

This can also help reduce the widespread cognitive gap about earlier comprehensive relations between both continents, dating from Roman times, and about the positive roles which trade with Africa played for Europe's own development and culture.

Without change, these often-hidden views and sentiments will encumber the engagement of stakeholders and decision makers alike for another generation.

While virtual meetings are better than none, humans remain social beings who need to meet each other. In order to have cost-efficient cooperation, a joint investigation by competition authorities may be needed into the high cost of air travel between Europe and Africa.

### **Capacity acceleration in private and public sectors: additional recommendations**

The key challenge for putting in place strategies and projects by the Partnership will be their implementation. All partners will have to move away from lofty statements towards outcome-oriented political processes supported by up-to-date public management mechanisms and procedures. This is still far away; a reason for much inefficacy in the past few decades.

The link between high-level decision making and member states' implementation is often dysfunctional. More attention should therefore be paid to delivery of decisions in all member states. On the one hand, a lack of member-state cooperation or a lack of willingness to implement decisions at national or local level leads to ineffectiveness of the whole strategy. On the other hand, member states' abilities to implement legislation may be insufficient. More focus should therefore be placed on supporting member state authorities with implementing decisions made by the Partnership.

*The HLG recommends a regular transparent peer review of the processes of preparing and implementing Partnership agreements, in both Europe and Africa, based on objective evaluation mechanisms recommended before. Independent advisory bodies will make a useful practical contribution and help to avoid path dependent thinking which ignores contextual changes.*

Democratic governments enjoy system legitimacy and varying degrees of trust by citizens if they transparently balance short and long-term objectives. Technocratic governance systems, and authoritarian ones, have performance legitimacy; the latter of course also intimidate the people. The majority of African and European governments are in the first group and thus have an intrinsic advantage.

However, it comes with a condition: they can achieve the short-term efficacy of authoritarian governance only if they adapt their governance systems to the new complexity of the economy and ecology and social change.

This cannot be done with the dated bureaucratic steering mechanisms of the industrial economies as inherited from the 19<sup>th</sup> century in both Africa and Europe.

They need a joint learning process, because the nature of complex systems is such that they cannot be managed, only steered in collaboration with a broad set of actors.

*The HLG recommends* including public governance innovation in the Partnership roadmap, together with the role of open society. This is acute because of the gap between a large, young, dynamic population in Africa and political systems mostly dating from before the 1960s.

There is a lot of experience to be shared in order to help peaceful transformations and to move towards the SDGs faster by empowering real dialogues between business, civil society and governments and by being a change maker through investing in job creation and capacities for collaboration and transformation.

*The HLG recommends* that the need for public governance modernisation be supported by the establishment of an overall African institute for public administration. Scholars have pointed to frictions between still vibrant traditional social steering systems and the modern states inherited from colonial times. In addition, the differences between imported European public governance models will cause similar frictions for market integration as they did (and do) during the European processes of common and single market realisation.

An all-African institute for public administration modernisation, which could have several functions: addressing the capacity needs in the civil services, ensuring compatibility between the various imported systems (in particular those based on common law and civil law) for market integration, leadership for steering through complexity, new forms of collaborative governance, including digitalisation.

In addition to training future top managers, the lower and medium levels of future public officials should be promoted by creating a network of administrative schools which would greatly improve the quality of the public administration.

*The HLG recommends* that the Partnership's implementation envisages a vast effort of capacity acceleration, from apprenticeships to top-level executive development. In order to ensure local benefit and multiplying effects, the EU should focus its support on universities and business schools in Africa (instead of expensive consultancy firms). This would bring the objectives of the Partnership closer to young people, who are the ones who will drive the transformation and who will provide the leaders with a shared outlook on global developments, in the mutual interest of both Europe and Africa.

## SUPPORTING ARGUMENTATION OF THE RECOMMENDATIONS

The HLG<sup>4</sup> believes that rapidly changing global circumstances require a fundamental rethink on both continents about the mutual role and potential benefits of a common vision and effective, fair and equitable cooperation. This will require, visible political courage and strategic vision of a kind not yet displayed officially but emerging in the minds of enlightened officials, businesspeople and civic society leaders. Let's bring them out and hold honest and transparent discussion with all those concerned.

### Why a game change is needed

Current geopolitical, economic and ecological megatrends, their interdependent and uncertain evolution, require a game change in the relationship between the countries of the AU and those of the EU.<sup>5</sup> Continuing past thinking and practices will have nothing but negative repercussions. The corona pandemic with its consequences and the failure of 20 years of interventionism in Afghanistan, as well as in other countries, may at least have some positive impact if they lead to a fundamental rethink of Europe's future role in the world. Reality based conversations are needed between European and African policy makers so that Europe can adapt its concepts and policies to the 21<sup>st</sup> century and that Africa can make the structural transformations to achieve prosperity for all.

Joint foresight studies will help to avoid that both continents sleepwalk into the future, as they have done before. Africa in the 18<sup>th</sup> century by not adapting its political and economic structures to a changing external context in time, and Europe in the 20<sup>th</sup> century with two devastating world wars. Joint foresight studies by networks of scholars, think tanks and research institutions can create a building block for a new and fair relationship which is future oriented. Foresight helps to set strategic directions, to understand interconnections and to prevent or alleviate crises.

The pandemic has cost approximately € 9 trillion; timely actions were recommended years ago by scientists and would have cost a tiny fraction of this, not to mention the human costs, but governments did nothing. The increased vulnerability of the world, as a result of demographic growth and interdependence, now requires a steep learning curve to avoid repetition of this by the absence of significant actions to reverse climate change.

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<sup>4</sup> These independent, tripartite High Level Groups are an 'open innovation' approach between governments, business and academia, to inject innovative policy ideas into the EU system. The first one was launched in December 2011, following an initiative of the Council Presidency. Members participate in their personal capacity. All recommendations are based on a broad consensus. The final version is written under responsibility of the chairman and the executive director. This particular High Level Group on the Partnership has welcomed members from Africa in order to have a dialogue of equals.

<sup>5</sup> The terms used in this paper include the inter- and supranational institutions and their member states.

The diversification of geopolitical and economic interests of African countries in a new global context, and the advent of a new generation, are weakening the multiple and ancient links with Europe despite geographic proximity. Inefficiencies and slowness in adapting to new conditions in both Europe and Africa, Eurocentric approaches and imperial mindsets do the rest. A truly innovative and comprehensive relationship of equals will create a win-win situation and in the 21<sup>st</sup> century will be a role model for multilateral cooperation and managing economic and ecological interdependence, avoiding the trend towards mercantilism and hegemony and their short and long-term negative repercussions. This is as much in the geopolitical interests of the 55 members of the AU as the 27 of the EU. Neither can aspire to play in the USA's or China's power game.

The recent Africa-Europe Alliance for Sustainable Investments and Jobs shows that a new beginning and a comprehensive economic agenda are possible, but it is ignoring important priorities of the roadmap suggested above. It could have a greater impact if complemented by them. However, outdated policies and wasteful funding mechanisms are in need of amending and synergy.

The biggest challenges of our time, next to rising inequalities within and between countries, are the SDGs and CO2 neutrality, and these are to a large extent intertwined: it is increasingly evident that the first cannot be achieved without the second. Climate neutrality in Europe (12-13 % of global carbon emissions) does little for the global climate, but the two continents together can make a real difference, all the more so because of their geographic proximity.

This can be the basis for a common, inclusive narrative for the Partnership and provide an attractive, alternative course for Africa in designing its own societal model(s). Its ancient roots and those of Europe are more closely intertwined than is often assumed and it may therefore have a similar interest in a sustainable and socially responsible market economy and in consensual policy making in the general interest of its people. Economically fair and socially inclusive policies are the basis for peace and security as well as sustainable economic growth in Africa.

Trade between the two continents is very asymmetric, so the focus should be on designing the framework conditions which allow African companies to produce what the growing market of African consumers will need. Over time, this will also benefit European exports (now below 3% of its total) and rebalance its supply chains (now very reliant on Asia and China). In the age of digitalisation and globalisation, the importance of services should not be overlooked, not least because Africa is making great leaps in some areas.

### **Obstacles to a game change**

Asymmetry and systemic inefficacy in the AU and EU institutional set-up, the effects of the covid pandemic or obstacles resulting from treaty arrangements from the past, make a game change difficult. But even a gradual approach will require a supplement of goodwill and enlightenment by many actors.

There is a precondition even: it requires the European Commission and governments to definitively break with a postcolonial mindset based on aid and interventionism which has no support amongst European citizens<sup>6</sup> and which undermines African goodwill towards Europe, in particular amongst its younger generations. In particular, they must leave behind condescending and failed 'aid' and 'development' concepts and move instead towards focussing on structural transformations, widespread interdependent innovation, investment and trade and their framework conditions. The African Agenda 2063 is the best start for such a new departure in 2021-2022, which should turn into reality what has been promised since 2017 at the Abidjan Summit. Anyway, its priorities, investing in people, strengthening peace and security, governance, migration and mobility, investments, need reviewing due to changed circumstances. Many problems are the result of widespread poverty and a lack of hope for young people, and these causes should be addressed.

The reasons for the absence of implementation over the past five years are multi-fold and often diplomatically passed over. Instead, they should be faced head on: outdated political views and bureaucratic inertia, ignoring rapidly evolving contextual conditions, and vested interests in certain public administrations, non-governmental organisations and in some economic sectors, all combine to continue policies which clairvoyant people and scientific studies have shown to be doomed.

The biggest risk for a Partnership of Equals are pious statements, status quo, incoherence, lack of serious consultations. There is far too much focus on short-term, narrow priorities, without synergy, ignoring the importance of cooperation with African countries in those areas which matter most to their future. A lot of money gets wasted.

A good example of this is the recently signed follow-up Agreement to the Cotonou Agreement, which simply extends the existing agreement into the future without any real innovation. It is signed by 49 of the 55 African States and does not include a real role for the African Union nor a new vision for the relations between Africa and Europe. Change without disruption is possible when a coherent pathway is mapped out, with clear targets and timelines and mechanisms to transition to new conditions. This is currently not the case. It is important for both sides to make progress.

In addition, in the technocratic approach of the EU Commission, but also the AU, there is a big attention gap for 'winning hearts and minds'. In particular EU countries with a colonial past, but also the EU in general, given its decades of unfair trade with Africa, should invest far more in reconciliation programs (for which the 1963 Franco-German Friendship Treaty can provide good inspiration). Genuine reconciliation goes far beyond returning a few artefacts, it requires an objective analysis of historic interdependencies and of imperial mindsets surviving in myriad ways.

Finally, a real Partnership between the AU and EU cannot ignore the systemic differences between the two organisations of nation states. But soft links can help overcome hard obstacles. Therefore, both the AU and EU should give more importance to building multiple networks of people from both continents, in all areas of life and all sectors of civil society.

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<sup>6</sup> Stereotypes often prevail, yet the Eurobarometer has shown that there is a majority of over 70% of Europeans who want a more intensive and fair policy with Africa.

Structural change is difficult always and everywhere, but when people in different systems work towards synergetic goals, positive development can happen. Hence the importance of new methods of collaborative, inclusive governance and of managing complexity.

The key concepts for the future must be resilient and sustainable growth instead of purely quantitative growth and capital accumulation, global quality of life for all people instead of a minority, a 'we' mindset.

### **Conclusion**

To design and implement a true partnership between African and European countries, it is necessary to go beyond current technocratic approaches, old mindsets and policies long past their use date. This requires far more creative thinking which can come from more engagement with stakeholders (business, civic society). Failing this, Europe will stumble into geopolitical irrelevance and Africa will find the realisation of its grand goals hindered by global power struggles over which its countries have no more influence than European ones.

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