

Africa-Europe Partnership in search of meaning

Key Findings

By Larabi Jaïdi & Iván Martín

Summary

With the reshaping of relations between the EU and the ACP countries (Africa, Caribbean and Pacific), and the expected revision of the ACP-EU agreement in 2020, it is essential to re-visit the framework of key partnerships between Europe and Africa and to propose efficient collaborative strategies to enhance relations. This book explores the various areas of cooperation for the renewal of African-European partnerships, notably in fields such as education, the creation of jobs for young people through both infrastructure and territorial development, the integration of African countries in the global value chains (by playing on regional preferences), multi-sector cooperation in energy, the promotion of public-private partnerships in infrastructure, and the mobilization of alternative financing resources, among others. In addition, the book also looks at how, in a changing environment, Morocco is renewing its presence and strategy vis-à-vis the African continent by implementing a more cooperative strategy that takes into account common challenges.



A Partnership in need of renewal against a changing backdrop

For a long time, Afro-pessimism was pervasive in all analyses of the African economy and societies. The temptation was strong (and some did not escape it) to consider this continent as condemned, as if a particular curse had befallen African peoples. However, this judgement reflects a lack of knowledge of reality and changes currently underway. Over the past thirty years, although economic performance has been average, the continent has been able to cope with strong demographic growth without real impoverishment. The revival of the African economy in the first decade of this new century was no surprise. It was primarily due to the rise in commodity prices. It also resulted from internal factors. Despite their high social cost, structural reforms have improved the macroeconomic environment. It would be a mistake, however, to think that the factors at the root of Africa's poor development are far from having disappeared. The continent's difficulties have very clear causes: they include political instability, the absence of a State concerned with long-term development, and cronyism in societies whose structures have long been more geared towards the redistribution of wealth than its accumulation. These facts, which other countries share, are not immutable. The growth observed in recent years has yet to constitute a real economic take-off similar to that of Asian countries. The under-exploited natural resources and the population's youth offer great potential, but infrastructure underdevelopment, inadequacy of education, incompetency in training for employment, the weight of the informal economy, and family agriculture constitute major constraints.

The EU is Africa's closest neighbor and main trading partner. It is the largest foreign investor in the continent and its largest source of remittances and official development assistance (€21 billion for the EU as a whole and its Member States in 2015).

Since 2000, the EU and Africa have established a deep partnership based on common interests. A number of factors are highlighted as justifications for the added value of the Africa-EU partnership, including: opposing demographic trends between the two continents; booming African markets; the potential of trade, investment and remittance flows between Africa and the EU; the need

for sustainable industrialization in Africa; technology acquisition and ownership; infrastructure development; Africa's aspirations in terms of regional and continental integration; Africa's concerns for equitable and inclusive growth etc.... While Africa is not the new frontier of the world economy, it offers enormous opportunities through its growth, its middle classes, the rise of its population in rural and urban areas and the immense needs of its populations. The EU and European states are increasingly interested in Africa in view of its potential in natural resources, the growth of its markets and its geopolitical reclassification, but also due to its potential or real negative impacts in terms of vulnerability and insecurity and migratory pressure. Indeed, Africa is a major challenge for Europe, not only because of its markets and resources, but also due to the security, environmental and demographic risks that primarily affect the Sahel, the Horn of Africa and Central Africa.

As the cornerstone of the Partnership, the Cotonou Convention facilitated and reinforced free trade agreements and the establishment of Economic Partnership Agreements (EPAs). EPAs aim to introduce reciprocal trade liberalization measures in return for access to the European market. Two complementary ideas are associated with this trade reform: promoting regional groupings and building trade capacity. Other ideas are included in the "development" section of this new partnership: introducing a political dimension in the agreements, establishing a dialogue with civil society and, in addition, giving non-state organizations the right of access to European Development Fund resources.

More recently, a continental approach has made headway with the adoption of the Joint Africa-EU Strategy (JAES) by African and European Heads of State at the 2nd Summit held in Lisbon in 2007. The Africa-EU partnership, which is part of this common strategy, takes an ambitious approach to relations, considering Europe and Africa as one continent, and defines the overall political framework for relations between the two parties. This Joint Strategy, which was to provide a very important long-term framework for Africa-EU relations, was to be implemented through successive action plans. What assessment can be made of the commercial, financial and human aspects of this strategy? Is it conducted as a new long-term vision of the Africa-Europe relationship or rather as a series of projects? Does the segmentation into technical partnerships not make it difficult to address sub-regional issues?

Outcome of the Abidjan Summit of November 2017

The fifth edition of the European Union-Africa Summits was held in November 2017 in Abidjan. As an institutional framework for discussing cooperation between the countries of both continents, this summit was intended to examine, *inter alia*, strategic issues of peace and security, human rights, global warming, cross-border terrorism, prosperity and a joint EU-Africa strategy. The Abidjan Summit was to be an opportunity to take stock of Africa-Europe relations since the first Summit between the two continents in 2000, to assess the progress made and the limits to the achievement of the stated ambitions. It was the appropriate framework to review the common vision and identify new opportunities for cooperation to broaden political, economic, financial and trade ties in light of the changes that have occurred in the global geo-economic and geopolitical context, in particular in light of the globalization process and the crisis in Europe and the European integration project, with Brexit as the clearest symptom with a direct impact on Europe-Africa relations and the imperative of the new Sustainable Development Goals (SDGs) to be achieved by 2030. Building on the momentum of previous summits and on this evolving context, the 5th Euro-African Summit held in Abidjan on 29-30 November 2017 was organized with the goal of developing a common approach towards “investing in Youth to accelerate inclusive growth and sustainable development in the continent.”

The declaration adopted at the end of the summit started - in its first paragraph - by reaffirming the validity of the Common Strategy established in Lisbon in 2007. This implied that while adapting the scope and nature of the partnership to the current context and the challenges of the short and medium term, the Heads of State of the two continents framed their new actions in line with previous summits. Furthermore, while the Summit Agenda focused on youth and employment issues, it was once again migration, and in particular, the control and monitoring of migration flows towards Europe, that monopolized participants’ attention and a large part of the consultations.

In addition, there was little discussion on the development of a migration prevention and management strategy in and from Africa. Leaders focused their attention on the widely publicized topic of slavery practices among migrants in Libya. This was the only field on which concrete actions

gave rise to concerted action, particularly with regard to the evacuation and voluntary return of migrants. However, other central aspects of migration realities in Africa, such as dangers along migration routes, intra-African migration, brain drain or, of course, legal migration channels to Europe, were completely ignored. Similarly, initiatives to create employment and ensure youth inclusion as the main challenge identified for the continent in the coming decades were not on the menu of discussions. This explains an analyst’s view that “long-term challenges are addressed with short-term actions.”¹

In fact, in their Policy Declaration², the leaders of the 83 participating countries highlighted four strategic priorities, without however making any commitment in the form of tangible measures or means. The commitments included mobilizing resources for the structural transformation of Africa through reliance on the EU’s External Investment Plan for Africa (expected to mobilize 44 billion euros for public and private investment, with a 4.1 billion euro EU budgetary commitment through the new European Fund for Sustainable Development); Investing in people through education, science, technology and skills development (including with student exchange programs for both continents); Strengthening resilience, peace, security and governance and lastly, managing the mobility and migration of persons. Regarding the latter point, there was renewed commitment to fight the root causes of illegal migration “in a spirit of genuine partnership and shared responsibility” and to engage in a “continental” dialogue on migration between Europe and Africa, as proposed by the African Union - in contrast with the EU’s tendency to establish bilateral partnerships with African countries, notably with regards to the return and readmission of illegal migrants.

Other than these broad principles and lines of action based on the same approach and using the same language as previous Summits, the Summit did not conduct any assessment of the achievements of this partnership, launched some 17 years ago. Neither did it propose any—much needed—adjustments to the partnership’s operational modalities, instruments and tools, in order to meet new challenges and a new context. This was the case despite the analysis shared by many observers, according to which “AU-EU relations are dysfunctional,” to borrow

1. See: “The AU-EU Abidjan Summit: Is there life beyond migration?”, by G. Laporte, ECDPM blog, December 4, 2017, <http://ecdpm.org/talking-points/au-eu-abidjan-summit-life-beyond-migration/>.

2. See: http://www.consilium.europa.eu/media/31991/33454-pr-final_declaration_au_eu_summit.pdf.

the expression of the International Crisis Group's report on the issue.³

And yet, both parties ascribe much value to this partnership, as demonstrated in the efforts that went into preparing for the Summit and how well attended it was (more than 5000 participants, of whom 16 European and no less than 43 African Heads of State or Government). The Abidjan Summit therefore provided the opportunity to jumpstart this reflection within the relatively flexible framework of the Europe-Africa Partnership. However, there was no discussion of partnership instruments and financing, or even monitoring, for the sake of greater efficiency.

Two years after its launch, it is also necessary to start a joint assessment of the implementation, operational procedures and first results of the Emergency Trust Fund for stability and to address the root causes of illegal migration as well as the phenomenon of displaced persons in Africa. The Fund was created during the Europe-Africa Summit on migration held in La Valleta, in November 2015 with a total initial budget of 1.8 billion euros, which increased to 3.37 billion euros (including 2.98 billion euros from EU's Development Aid Funds which had already been approved within the framework of various financial instruments).

Moreover, the Summit did nothing to reduce the gap between European and African priorities in the EU-Africa partnership, whereas for European countries the main challenge is to contain irregular migration and ensure the management of migratory flows - an issue that is gaining increasing priority in its external policies. African governments are increasingly under pressure to create employment, offer economic opportunities to their youth and stimulate a development process that addresses the ever more pressing constraints in the management of natural resources. In a context where African countries and the African Union, as a regional institution, are becoming more aware of their strength and interests and are increasingly questioning the setting of the agenda by the European side, this gap is likely to block any progress in the Europe-Africa Partnership in the future.

Furthermore, it was not possible to reach consensus on a list of priority projects to be attached to the Summit's Final Declaration (the AU submitted a list which the European Commission did not consider acceptable). The Declaration implicitly reflects this disagreement by requesting that

both Commissions (AU and EU) "develop an action plan within three months of the adoption of this declaration [...] identifying projects and programs in the framework of the joint AU-EU priority areas of cooperation that both parties agree to implement and establish a follow-up mechanism."

In short, the summit did not fully seize the opportunity to overhaul the partnership and address key development issues on the continent around which the Joint Strategy can be meaningful. In any case, it can hardly be considered that the summit met the goals formulated in the European Union's preparatory texts, namely "a new impetus for the Africa-EU partnership" or "a boost to development" as requested by the European Parliament. Will the 6th Summit, which is due to take place in a European Union country as early as 2020, be the opportunity for a real reconfiguration of the European Union-African Union Partnership?

Pathways to a partnership that fosters Africa's development

The fundamental challenge of Africa-Europe relations is to support African countries' efforts to embark on "a path of economic emergence." Consensus must --and can-- be reached between the two parties on the adoption of a strategy to be deployed over the long term, through successive reforms of institutions and organizations, but above all by recognizing that Africa can build the foundations of its autonomy through the diversification of its activities.

The reshaping of Europe-Africa relations can be undertaken based on a variable geometry, by giving priority to sectoral objectives that go beyond national and geopolitical antagonisms (water, energy, food, health, education, climate, pollution, migration, security, etc.). On several strategic subjects of interest to Southern Europe, variable-geometry arrangements would allow territorial interdependencies and regional common goods to be managed by mobilizing multiple actors (decentralized authorities, NGOs, companies, States), with the financial backing of European and national governments. To this end, the priority action levers are as follows:

Priority to education, skills training and entrepreneurship

3. See: International Crisis Group (2017), "Time to Reset African Union- European Union relations", <https://www.crisisgroup.org/africa/255-time-reset-african-union-european-union-relations>.

Education, unleashing of energies and the development of a spirit of innovation all point to educational models that ease constraints and allow for innovations to flourish through the empowerment of youth. It is also a matter of stabilizing the environment and securing goods and people to enable long-term prospects and entrepreneurial risk-taking. Incubators must be promoted at different territorial scales to enable thousands of projects to be implemented in ecosystems or economic districts.

Support for sustainable and inclusive development

One of the priorities is obviously to ensure the lasting security of goods and people. Sustainable security is only possible if poverty and vulnerability are tackled within the framework of the economic fabric, and legally remunerated activities, which implies territorial action in terms of sectors and ecosystems, long-term strategies on the part of various actors, inclusive projects, and the resilience of populations in the face of various shocks. Sustainable and inclusive development requires long-term strategies. It is based on integrated education, health, infrastructure and sectoral components in terms of sectors, at various scales.

Job creation for young people through territorial development

Faced with an ageing continent that is pessimistic about the future, youthful Africa has positive prospects for the future, despite its current tragedies. In the face of a “supply strategy” centered on “investments” in the human capital of young people and their employability, a refocusing of cooperation on job creation, by integrating its social value into the calculations of public investment profitability is needed. Innovative solutions are needed that go beyond the youth resilience and entrepreneurship approach (or even the promotion of so-called “income-generating activities” often used to perpetuate poverty). The youth employment guarantee or training model implemented in Europe since 2014 should also be tested in Africa, as should community employment initiatives as the first entry point for young people in the labor market. Employment requires more efforts directed towards the inclusion of youth and financial support for their joint initiatives. It is indeed necessary to create an Africa-EU Youth Facility to address common challenges and consider the possibility of developing a joint youth volunteer program.

Belonging to the relevant territory, creating spatial synergies

Urban dynamics in Africa are a source of progress. In terms of action, they bring about the renewal of development plans and schemes with improved diagnoses and future visions. However, in fragmented countries, actions targeting poor or impoverished areas are among the few policies that can better link disadvantaged regions to markets, provide essential services (water, energy, education, health), mobilize untapped resources for development, strengthen human capacities and the sense of belonging to the nation. These policies and actions remain essential. They may also be accompanied by other policies.

Local agriculture value chains

Sectoral analysis, for example in agriculture, must be replaced by an analysis in terms of sub-sectors or value chains at various territorial scales. Addressing the challenge of feeding urban dwellers is not simple given the diversity of supply chains available to urban populations, which coexist in more or less ‘open’ competition in various countries and metropolis. Growing short and local circuits seems to generate better value for agricultural products. Proximity makes it possible to provide lower-priced products (reduced transport costs, import-export taxes) for the low-income population. And conversely, the increase in purchasing power in cities also enables the development of processed products with higher added value. Refocusing cooperation on integrated local supply chains for cities can be promoted and enhanced through three areas of cooperation, focusing on local chains aimed at: (i) improving knowledge of the urban food economy; (ii) setting up platforms for trade between stakeholders; and (iii) promoting spin-offs based on the experiences of Moroccan businesses.

Multi-sector cooperation in energy

Agreements on hydrocarbons between European and African countries still have a bright future ahead of them as they can serve the interests of all parties involved. This is all the truer as the African “club” of hydrocarbon producing and exporting countries is set to expand in the coming years.

Promoting PPPs in infrastructure

Infrastructure development is essential to regional integration. Africa must therefore focus on infrastructure development in areas such as energy, transport, agriculture, health, water and ICT, as well as on strengthening the necessary interconnections on the African continent and between Africa and Europe. The aim is to identify priority infrastructures at regional and continental level (transport, energy, ICT and water sectors) with a view to increasing interconnections. Promoting safe and efficient transport services through the use of modern technologies is a priority objective. Promoting digital infrastructures as multipurpose platforms for the provision of secure and efficient services at the regional level is also a key objective. These objectives can only be achieved by fostering harmonization and implementation of policies and regulations and by supporting institution building and capacity building of continental and regional institutions.

Renewal of EPAs

The conclusion and implementation of win-win EPAs should be the starting point for a renewed EU-Africa economic and trade partnership. This has not been achieved as negotiations on this agreement have further deepened the misunderstanding. While it was intended to be the cornerstone for the renewal of the EU-Africa trade partnership, the EPA has thus effectively become the crystallization point of all misunderstandings. After great difficulty getting African states to sign it, most often individually and in contradiction with the regionalization principles laid down at the start of the negotiations, Europe persists along this wrong track by imposing implementation. The Summit should have been the opportune moment to find solutions to African countries' concerns about economic partnership agreements, and to raise awareness about the development dimension of EU-Africa trade agreements and their impact on African economies. But it was not the case.

Enhancing the attractiveness of FDI

The European Union weighs heavily in FDI flows to Africa, although the prospect of the United Kingdom's exit will significantly weaken this position. In addition to Africa's substantial natural resources (hydrocarbons in particular), its geographical proximity to the European continent makes it a privileged area for European companies seeking to relocate. This is likely to amplify FDI dynamics

from the EU to Africa. To that end, the EU recently adopted a new External Investment Plan, designed to stimulate investment in Africa and the European Union's (EU) neighboring countries, with the aim of mobilizing more than 44 billion euros in investment by 2020. Whether at the overarching level of strategic cooperation or at sectoral level, the mobilization of European resources has fallen far short of stated targets.

Integration in regional value chains by leveraging regional preference

In Africa, there is considerable scope for increasing value added. The main factors driving this move upmarket are compliance with standards, promotion of local entrepreneurship and improvement of domestic technical capacities. However, there are limitations to national preference in this move upmarket. Shouldn't we widen the space and give priority to regional preference? Underlying a regional preference strategy are important issues: the creation of skilled jobs, the transfer of skills and the creation of an industrial subcontracting network. Building regional value chains is a strategic challenge. Such an alternative must be based on solid foundations, more precisely on three pillars: regional preference, territorial synergies and an endogenous accumulation base. Only once these three pillars are solidly built can the Africa-EU relationship be rebuilt to mutual advantage.

Repositioning migration management in the context of economic relations and the development process

The central role of migration management in the Europe-Africa Partnership undermines the approach's equilibrium and risks relegating real development issues that must underpin relations between the two continents. There is a need for a holistic vision of migration as part and parcel of the development and globalization process, and consequently to take a comprehensive approach to this issue advocated by the European Union since 2005: i.e. to include in the partnership opportunities for legal migration and mobility (which have practically disappeared since the La Valetta Summit Declaration); to provide fair financial incentives for countries of origin for the readmission of their nationals to compensate for the loss of potential transfers; to take up the issue of compensation for brain drain and to involve countries of origin in integration policies for migrants in countries of destination. Moreover,

given that at least 70% of migration flows in sub-Saharan Africa are intra-African, and that North African countries as transit countries are becoming increasingly involved in managing migration flows to Europe, the migration issue must be addressed in its entirety, integrating intra-African migration flows as well as the challenges faced by transit countries.

Mobilize resources, starting with internal resources

Development aid, from both the Union and its Member States, will remain essential to help ensure that funding, regardless of its origin, does “produce” development. The question of aid effectiveness remains as crucial as ever. However, it is clear that aid cannot be the strategic component of funding. Agenda 2063 stresses the need for the continent to become autonomous and finance its own development. In this respect, broadening the tax base is a priority. Resource mobilization also involves the search for innovative terms: long resources for long investments, blended financing that combines concessional donor financing with public or private funds; private equity with the support of reference investors to support the development of specialized funds including through asset management. Meso-finance is the missing middle of finance in relation to the very weak VSE and SME network. The rationale must be that of a credit economy that fosters risky investment. The solutions mainly lie in mutualization and venture capital systems for self-employed entrepreneurs.

Synergy of partnerships

Europe has lost the monopoly it held over Africa and the Mediterranean following decolonization. Africa has become a center of interest not only for the United States but also, and above all, for emerging powers, led by China. It is Europe, however, which could suffer most from some of the major challenges threatening the Afro-Mediterranean area: poor development, poverty, the pressure of demographic growth, insecurity and political destabilization. It is therefore in the interest of all parties: Europe, the Mediterranean and Africa, to create synergy between the two Euro-Mediterranean and Euro-Afro-Sub-Saharan partnerships. It is currently possible to widen the framework of Euro-Afro-Mediterranean partnerships and combine them around a coherent whole, an Africa, Mediterranean, Europe vertical axis where the Mediterranean would be in a central position. Such a unit would embrace a renewed partnership rationale based on co-development and co-production. Cooperation around development problems in Africa must integrate triangular approaches. Europe can and must work with other powers in Africa: with the United States (trade rationale) and with China (sectoral rationale). Competition must not hinder the convergence of interests. For Africa, diversification of its productive fabric also means diversification of partnerships.

Together with Africa, Europe must invent a more positive and proactive partnership. It will not always consist of financial resources. It is about vision, overall coherence, commitment and truth. It must benefit Africa. Euro-Africa will be a promising project when Europeans understand that they need Africa just as Africans need Europe.

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