



Executive Summary

With the impending expiry of the Cotonou Agreement - in February 2020 - Europe and Africa need to consider the relationship that they wish to have for the next twenty years. The European Union (EU) - Africa partnership that this report puts forward is ambitious, focused on priorities and concrete tools of implementation.

A Shared Destiny in an Ever-Evolving Context

For a mutually beneficial partnership and economic growth, Europe and Africa must define and work together on key priorities.

- **Business environment:** legal uncertainty and corruption still too often undermine the attractiveness of African countries for both European and African companies, while infrastructure needs remain tremendous.
- **Industrialization and integration into the global economy:** Africa represents only 2% of global value chains today. African economies, which are largely focused on raw materials, are insufficiently competitive and generate little added value locally.
- **Taxation:** while development-funding needs are estimated at more than \$600 billion per year for the continent, African states

still do not sufficiently mobilize their domestic resources. This not only affects the ability of governments to finance efficient public services, but also the attractiveness of the economy.

- **Regional integration:** intra-African trade accounts for less than 18% of the continent's trade. The recent success of the entry into force of the Continental Free Trade Area (AfCFTA) should not conceal the future challenges of African regional integration.
- **Professional training:** marginalized within European funding for education and unsuited to the needs of companies and economies, professional training does not meet the needs of the African continent, which will have to accommodate 30 million young people on its labour market each year.

What tools?

While the European Union commits significant resources and mobilizes a wide range of tools, its action suffers from a lack of visibility, clarity and effectiveness. In order to maximize its impact, Europe should promote technical assistance rather than budget support, direct its actions towards the European and African private sector - SMEs in particular - and measure the contribution in terms of the leverage effect generated, rather than the amounts committed. From this perspective, blended finance, i.e. mixed financing from public resources and private third parties, must be expanded.

Our Proposals

Rethinking the Paradigm of the EU-Africa Partnership

Sharing a Common Vision of the Partnership

Basing the EU-Africa partnership on the 17 Sustainable Development Goals (SDGs). Building on the SDGs to make the EU-Africa partnership one of reciprocity and balanced exchange, so that each party embraces national, continental and global challenges.

Making Business Environment a Shared Priority

Implementing a Euro-African arbitration chamber for trade, financial and legal claims involving European companies in Africa and African companies in Europe.

Relying on Institutions to Reinforce Regional and Continental Integration

Defining a precise roadmap for the development of a strong continent to continent relationship between the African Union and the European Union, in which the latter could share its integration expertise acquired over the course of its 60-year existence. This roadmap could set out the framework for:

- Stronger skills for the AU and the definition of its subsidiarity with respect to member states and regional organisations;
- Strict application by all parties of regional rules on customs prices and the free circulation of goods, people and capital within the African Continental Free Trade Area (AfCFTA);
- Improving the capacity of existing regional bodies in priority sectors (agriculture, education, health and regional infrastructures).



Conveying Together a Strong Economic Ambition

Articulating a European Offer on Infrastructure

Building an integrated public/private sector European offer for the deployment of sustainable infrastructure in Africa, by promoting comparative European advantages (with attention given to financial viability, quality and sustainability, maintenance, and project assistance on training and governance). In parallel, making fast execution a priority.

Improving the Added Value Produced in Africa

Targeting industries of joint interest and building a model of gradual opening to global markets, in order to assist and develop the creation of African value chains and regional champions and, ultimately, to support them in their international export strategy, particularly in Europe. Together, updating an industrial cartography of Africa, building on the work initiated by NEPAD, paired with a cartography of relevant skills, in order to stimulate and develop Africa's productive ecosystem.

Financing Agriculture, i.e. 60% of the Active African Population

Increasing the amount of funding reserved for small farmers and family farms, notably through support for cooperatives and skill exchanges with European farmers.

Deploying More Efficient Tools

Mobilizing More Domestic Resources

Directing more funding towards training for African tax administrations and supporting cooperation between African tax administrations, notably on the topic of data exchange and availability. Helping African states to build tax collection projects by deploying digital tools. Working alongside African states on tax and social protection solutions offering a flexible, graduated approach, depending on the economic player's degree of insertion in the formal or informal sector.

Deploying Efficient and Targeted Technical Assistance

Redirecting and reinforcing a standardized technical assistance from the EU to the private sector and in order to improve the business environment, by setting up mixed European-African teams to prevent cultural bias that could hinder the implementation of good practices.

Supporting the Private Sector, and SMEs as a Priority

Facilitating access to European finance instruments for European and African SMEs. Accelerating the deployment of the EU External Investment Plan. Creating European chambers of commerce in African countries responsible for facilitating the dialogue between European and African companies and for sharing information on European financing schemes, in collaboration with EU delegations.

Increasingly Resorting to Blended Finance

Increasing and targeting the use of blended financing - combining public and private resources - for the upstream design of projects, local currency financing, and the most risky projects often excluded from this type of financing despite their potentially tremendous ripple effects on the economy. Measuring and favouring the leverage effect on the market and the ripple effect on growth and development as impact criteria.

Knowledge and Expertise, Essential Prerequisites

Investing More in Professional Training

Allocating substantial European funding to training, notably technical (productivity for the agricultural sector, technicians for industry and the service sector) and instructor training. Allocating a large proportion of this funding to the professional training of women, who represent the majority of the workforce in high-potential sectors (agricultural transformation, small shops), and to digital training to guarantee access to better information and enable the use of essential tools. Building joint skill reference systems for professional training in collaboration with African countries to encourage the acquisition and sharing of knowledge and dialogue, and to fulfil the specific needs identified for the country or market, in both the formal and informal sectors.

Developing Tomorrow's Field Actors and Project Owners

Mapping, structuring and coordinating a network of new economic, political and cultural players in Africa. Enhancing the financial effort devoted to strengthening the organization, skills and governance of these structures.