Opinion of the European Economic and Social Committee on 'External aid, investment and trade as instruments to reduce the reasons of economic migration, with a special focus on Africa'

(own-initiative opinion)

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1. General conclusions and recommendations

1.1. EU development policy seeks to foster the sustainable development of developing countries, with the primary aim of eradicating poverty, stimulating sustainable growth and job creation, and promoting peace and security/stability, good governance and human rights. It is a cornerstone of EU relations with the outside world and contributes to the objectives of EU external action — alongside foreign, security and trade policy (and international aspects of other policies like environment, agriculture and fisheries). When implementing these aims, the policies should in all cases ensure a 'decent life', enforce the rule of law and create quality working conditions. In this regard, the EESC explicitly emphasises the necessity of achieving gender equality and empowering girls and women.

1.2. In an ever-changing world, one thing is sure: Africa and Europe will remain each other's close neighbours. Africa's 54 countries and the European Union's 28 Member States have a shared neighbourhood, history and future. The EESC underlines that past errors should definitely be avoided in the shared future of both continents.

1.3. Seventy years ago, Europe was a continent of net emigration as its citizens fled scourges such as war, hunger, poverty, unemployment, environmental degradation, oppression and discrimination. The success of the EU in creating opportunities for its people has made us a continent of net immigration. We should work together with African countries to offer them similar progress.

1.4. It is difficult to identify a coherent EU economic strategy relating to Africa as a whole. The EESC would like to stress its engagement to being involved in such a transparent and coherent approach, as a body representing organised civil society and as an active partner in all such EU agreements. The European External Action Service (EEAS) has announced that the EU is already a strong political partner with Africa and that the next step is to be true economic partners and deepen our trade and investment relationship. The EESC has played a major role in identifying civil society relationships under the Cotonou Agreement. **It is now important that continued and even greater engagement by the EESC and its structures becomes a substantial element of the post-Cotonou agreement.** In this way EU civil society will be enabled to help civil society from African countries to become a reliable and trustworthy partner for investors. This will only be accomplished by fostering a partnership on an equal footing and by taking into real account the current asymmetries in the economic situation.

1.5. To achieve common objectives, strengthening economic collaboration will be crucial. Recent years have witnessed approaches to a new paradigm in EU-Africa relations (for example in agriculture), focusing increasingly on policy cooperation and the promotion of sustainable investment and a stable, responsible and inclusive business environment. This paradigm has to be successfully developed further in the agriculture sector as well as in other sectors and must include more local people on the ground.

1.6. The EESC recommends the establishment at EU level of a one-stop-shop policy and an appropriate consultation mechanism for providing information and contacts to those wanting to invest in and collaborate with Africa. This would also serve the purpose of monitoring, as a form of political instrument. The implementation of a one-stop-shop for all Africa-related initiatives would avoid overlapping of projects and ensure transparency and efficiency of EU support.

1.7. The EESC equally recommends the establishment of an appropriate platform for better information sharing between European and African SMEs about best practices for investing and collaborating.

1.8. There is a need to put forward a clear and transparent institutional architecture for EU development cooperation with Africa, based on the New Consensus for Development ([1]), that allows more realistic analysis and implementation of the development perspective. The EESC hopes that the post-Cotonou agreement could propose a pragmatic platform for reformed development cooperation policy, consistent with the complexities of the development process. This platform should be based on collaboration between all EU Member States and EU institutions in an effort to register all programmes, projects and initiatives at national and EU level. This would avoid overlapping and duplication of activities in certain areas, while missing support in other areas.

1.9. At the same time the EESC is in favour of a process to maximise the social and economic ([2]) development impact of other EU policies. In particular, trade, investment, tax ([3]), external aid ([4]), the fight against internationally organised crime and climate policies must be coherent with the goals of development cooperation policy.

1.10. The EESC is strongly committed to making European development finance more efficient and effective. Taking into consideration the EU investment funds which already invest in Africa, the EESC recommends establishing an investment fund, similar to the ESF, to partner as co-investor with private and public investments. This fund should be based on the criteria and principles of the 2030 Agenda and recognition of internationally accepted basic standards ([5]). The projects supported should be monitored and listed in central registers or platforms. The EESC urges even closer collaboration by CSOs (especially the EESC) on their ethical values in connection with all projects.

1.11. The EESC calls for implementation of a 'from aid to invest' approach, meaning changing the focus from handing out benefits to dealing with and supporting self-reliant, self-dependent economic players and intercontinental economic projects based on cooperation on a level playing field.

1.12. Financial structures in Africa itself should be strengthened to support long-term financing, both for private and public investments. This is an important prerequisite for enduring, sustainable development. European experiences with cooperative banking and national development banks, catering to municipalities in particular, can perhaps serve as a template. In particular, microcredit and investment could be a key issue for the future of the African economy. Sustainable development will only take place when regional value chains and consumer markets for a middle class are supported ([6]).

([1]) OJ C 246, 28.7.2017, p. 71.
([2]) https://www.africa-eu-partnership.org//sites/default/files/documents/eas2007_joint_strategy_en.pdf.
([3]) OJ C 81, 2.3.2018, p. 29.
([4]) Understood as disaster and humanitarian relief, conflict prevention, democratisation, development cooperation, but not military and border police support and cooperation.
([5]) Such as the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.
([6]) Studies show that a certain minimum income leads to decreasing migration pressures, i.a. Clemens, *Does Development Reduce Migration?* (2014) (http://ftp.iza.org/dp8592.pdf).

1.13. The EESC considers that EU development cooperation should focus on working towards a people-centred partnership, ensuring the participation of civil society, trade unions and the private sector and delivering direct benefits for African and European citizens.

1.14. The EESC stresses that organised civil society could help to build a trusted environment in structuring African civil society with instruments for access to law, enforcement of security, and anti-corruption in partnership with African structures. This should be the added value European civil society brings to African development based on the same shared values, such as democracy, rule of law, and political and citizens’ rights.

1.15. EU FTAs and EPAs with African countries do not contain any mechanism for dialogue with organised civil society. The EU should seek, in the context of the revision of these agreements, to establish such dialogue mechanisms for non-state actors.

1.16. Drawing on the approach and emerging experience of the Sustainable Business for Africa (SB4A) platforms, mainly focused on private sector engagement, the EU should target more of its aid and foster a similar initiative for civil society at large — either as part of the SB4A framework or accompanying it or in parallel to it. These could become multi-stakeholder Sustainable Trade and Investment for Africa platforms.

1.17. The EESC considers that the EU should target some of its Aid for Trade resources to the support of civil society organisations’ participation and capacity-building, regarding sustainable trade and investment endeavours.

1.18. Through a multi-stakeholder approach also involving civil society organisations, the EESC promotes initiatives and adjustments to the FTA/EPA/GSP trade policy regimes conducive to effective and sustainable implementation of the AfCFTA and African market integration. It should in particular strengthen intra-African trade and regional and continental integration and develop major sectors of the economy throughout Africa.

1.19. At the heart of improving living conditions in Europe has been investment in public infrastructure, especially in education. One core aim of our development policy in Africa must be to improve the level of education there, particularly among economically vulnerable groups.

1.20. The EESC welcomes the EU’s planned increase of funding to Africa to EUR 40 billion (USD 46,5 billion) in the next budget period and hopes it will be significantly leveraged by private investors.

2. **Background**

2.1. Europe is a global leader in development, being the world’s biggest provider of Official Development Assistance. Providing over 50 % of all global development aid, the EU and its Member States are collectively the world’s leading donor.

2.2. According to the World Bank ([7]), remittances by expatriates to developing countries amounted in 2016 to about USD 426 billion, which is about three times official development assistance worldwide. Providing legal employment opportunities for African migrants in Europe and ensuring safe money transfer facilities will do much to help Africa’s development.

2.3. Africa and Europe are immediate neighbours, bound by a common history. They share common values and interests to guide their cooperation in the future. Today they are jointly addressing global common challenges such as climate change and peace and security. Africa will be especially vulnerable to climate change, even though it contributes less than 4 % to global gas emissions. 27 out of the 33 countries most at risk from climate change are in Africa.

([7]) http://pubdocs.worldbank.org/en/992371492706371662/MigrationandDevelopmentBrief27.pdf.

2.4. Cooperation at a continental level between Africa and the European Union is guided by a Strategic Partnership, which is based on shared values and common interests. In 2007, the Joint Africa-EU Strategy (JAES) was adopted by the EU and the African Union to forge stronger links between the two continents in key areas of cooperation, to deepen the political dialogue, and to provide a concrete road map for future joint work.

2.5. The EU has the longest-standing cooperation with the African, Caribbean and Pacific (ACP) Group, enshrined since 1975 in the Lomé Convention and updated since 2000 in the Cotonou Agreement. 48 states of sub-Saharan Africa are parties to the Cotonou Agreement.

2.6. The EU is currently negotiating a successor to the Cotonou Agreement, which covers the 2000-2020 period, with the African, Caribbean and Pacific (ACP) states. The political and economic context has changed enormously over the past two decades, with trade relations between the EU and the ACP countries now largely regulated by bilateral and regional Economic Partnership Agreements, and with the prominence of the African Union framework, calling into question the coherence, complementarity and synergy between ACP and AU frameworks.

2.7. A successor to Cotonou offers an opportunity to modernise the rules on issues including investment, services, fair trade, human rights, decent working conditions and migration. But cooperation needs to be placed on a new foundation based on the 2030 Agenda and the African states will have to decide whether they want to negotiate together as a continent.

2.8. These facts motivate the EESC to insist on a coherent socioeconomic strategy on EU-Africa relations and to show the proper place of civil society and the social partners' engagement in the post-Cotonou negotiations.

2.9. The EESC has discovered that there is no centralised oversight or recording of all initiatives and programmes and partnerships at EU or national level. In addition there is no complete knowledge about the amount of funds going to Africa.

3. **Bottlenecks**

3.1. It is essential to underline the **growing heterogeneity of the African continent** and the EU should adapt its policies to the realities. We need a much more pragmatic and realistic approach in developing EU-Africa relations.

3.2. The direct relationship between the EU and the African Union (AU) has gained in prominence since the release of the Joint Africa-EU Strategy (JAES) in 2007. The EU has also pushed other initiatives, like the Emergency Trust Fund, the Africa Investment Facility, the External Investment Plan, and a series of sub-regional accords. The multiplicity of modalities in EU-Africa relations produces **a complex and at times incoherent architecture**, where elements of other policies mix with development cooperation. To this confusion are added the divergent interests of the Member States.

3.3. Boosting private sector investment requires peace, security and stability, and an enabling investment climate and business environment. Investor surveys [8] clearly indicate that much more is needed in this area to improve Africa's capacity to compete worldwide in attracting investment capital. The rule of law, fight against corruption, an independent judiciary, and predictability of taxation, as well as peace and stability, are all key factors influencing both domestic and foreign investors' decisions. The cost of setting up a business is thought to be around three times higher in fragile states, significantly discouraging private investment [9].

[8] Inter alia, World Bank *Doing Business 2017* Report.
[9] European Political Strategy Centre strategic note, *The Makings of an African Century* (2017).

3.4. In its opinion on *The core role of trade in implementing the SDGs* ([10]) the EESC stated that: 'Implementation of the SDGs will need direct involvement of civil society not least as that should encourage the rule of law and help counter corruption'. That opinion also emphasised the need to build infrastructure within Africa, currently being pursued by the Chinese. Internal trade within Africa is low, especially when agricultural products are concerned; it accounts for between 10 % and 15 % of all African trade, which will hopefully improve with the implementation of the 2017 WTO Trade Facilitation Agreement.

3.5. According to projections, resources of about USD 600 billion annually are necessary to implement the SDGs in Africa ([11]). Even with the engagement of foreign investment and official development assistance, sustainable development in Africa will depend on the mobilisation and the generation of domestic resources. Such resources are based on long-term investment and long-term value creation, to achieve quality employment and local and regional value chains. Better education and private consumption are major drivers for growth in Africa, which means that creating markets — consumers — in Africa for its own products has to play a substantial part in achieving development. Public infrastructure is very crucial in enabling long-term private investment as well.

3.6. The EESC points out the importance of the Erasmus+ programme in order for more African youth to have access to advanced education.

3.7. The link between economic development and migration should not be overlooked. Studies have shown ([12]) that the needs for migration decrease once a certain per capita income is reached (depending on the study, figures between USD 6 000 and 10 000 per capita per annum are found). Aside from the fact that most migration in Africa takes place within the continent, these figures point to the need for a development policy geared towards giving people a decent life, employment and prospects in their own countries. To achieve this will be an immense challenge because, according to demographic projections, 2,5 billion people will live in Africa by 2050 ([13]).

3.8. The SDGs stipulate the necessity of achieving gender equality as well as empowering girls and women becoming self-sufficient; the development challenges we face today have a distinct gender aspect, which needs to be assessed in designing policies and addressed in implementing them.

3.9. Corruption is a huge problematic issue, not only in Africa. There is a need to promote good economic and financial governance by strengthening the transparent management of public finances, creating a credible system to fight corruption based on the independence of the judiciary, and improving the business climate as well as the circumstances for social improvement.

3.10. Organised civil society could have an important watch-dog function. Implementing a stronger role for NGOs, trade unions and business associations and supporting such initiatives in partner countries serves to promote good governance, justice and democratisation.

3.11. Europe is losing ground in Africa in comparison with other global players like China, investing billions in the continent. EU Member States fear they will find themselves relegated to the second league. If Europe's engagement, as well as that of China, were not centred exclusively on profits, but also focused on sustainable development in Africa, fostering decent living standards, the need to migrate could be lessened.

3.12. The EESC calls for implementation of a 'from aid to invest' approach, meaning changing the focus from handing out benefits to dealing with and supporting self-reliant, self-dependent economic players and intercontinental economic projects based on cooperation on a level playing field.

([10]) OJ C 129, 11.4.2018, p. 27.
([11]) German Ministry for Development *Afrika und Europa — Neue Partnerschaft für Entwicklung, Frieden und Zukunft — Eckpunkte für einen Marshallplan mit Afrika* and Unctad *Economic Development in Africa Report 2016*.
([12]) i.a. Clemens, *Does Development Reduce Migration?* (2014) (http://ftp.iza.org/dp8592.pdf).
([13]) *Africa's Development Dynamics 2018: Growth, Jobs and Inequalities*, AUC/OECD 2018.

3.13. The reluctance of conservative structures (for example churches) towards population growth management reduces the chances for the development of a strategy for sustainable economic and social growth.

4. **Investment**

4.1. For many years the EU's Africa policy has been characterised by good intentions and unfulfilled promises. However, since the refugee crisis interest in a new strategy for cooperation with the continent has increased sharply. The EU plans to invest more in Africa and wants to intensify trade relations, because the next step needed is to become true economic partners. Such a partnership should be founded on an understanding of equal opportunities, taking note of the obvious asymmetries that exist between Africa and Europe.

4.2. Investments in Africa show an uneven picture, reflecting global uncertainty, with foreign direct investment flows to Africa fluctuating and not showing the strong upward trend required. South Africa, Nigeria, Kenya, Egypt and Morocco together attracted 58 % of total foreign direct investment in 2016, while less-advanced and more fragile countries face systemic challenges in attracting private investment.

4.3. The EU is Africa's biggest investor, with its Member States holding approximately 40 % of foreign direct investment stock worth EUR 291 billion in 2016 ([14]). Africa's strong economic progress over the last two decades and the inherent potential for the future mean that there is a substantial opportunity to do more. Demographic projections for Africa make it clear that it is also necessary to generate millions of new, quality jobs, especially for young people entering the labour market. Macroeconomic indicators do not by themselves translate into better living standards for everyone. Policies need to make sure that economic development benefits the living standards of the population at large.

4.4. In order to achieve sustainable development and create quality jobs for the African population — which is set to double by 2050 — public and private investment in particular must increase.

4.5. Investment has become a key question for Africa's future development and will be an issue in the negotiations on a successor to Cotonou. In view of the multitude of existing instruments, negotiations on an investment regime that combines appropriate investor protection on an equal footing with sustainability commitments, especially regarding human rights, the protection of the environment and the creation of decent living standards, promise especially great added value.

4.6. In the next budget period the EU plans to increase funding to Africa to EUR 40 billion (USD 46,5 billion). The hope is that this money will then be multiplied by private investors. As an incentive, the EU wants to provide risk guarantees to encourage the private sector to make the commitment and invest in African countries. Those investments which clearly fulfil and target the sustainability goals, set out in Agenda 2030, should be given priority when it comes to support. Beside the system of risk guarantees an adequate system of checks and monitoring is also needed to ensure the fulfilling of the SDGs. The EESC strongly recommends that organised civil society contributes to the fight against the misuse of European funds.

4.7. Potential investors, mainly those coming from SMEs, report that there is a lack of confidence in the investment environment concerning political stability, justice, intellectual property rights, access to markets and the state of implementation of trade agreements.

4.8. The EESC recommends establishing an investment fund, similar to the ESF, to partner as co-investor with private and public investments. This fund should be based on the criteria and principles of the 2030 Agenda and recognition of internationally accepted basic standards ([15]). The projects supported should be monitored and listed in central registers or platforms. The EESC emphasises even more intensive collaboration with organised civil society (especially the EESC) on their ethical values in connection with all projects.

([14]) Eurostat 2018.
([15]) Such as the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

4.9. The EESC supports the creation of an environment where access to finance is facilitated for both African and European micro, small and medium-sized enterprises, where the legal framework is improved for both public and private investment, and where public procurement systems become more efficient, where investments benefit the people in the local economies and foster domestic quality job creation and where necessary international standards are promoted.

4.10. Financial structures in Africa should also be strengthened to support long-term financing. This is an important prerequisite for lasting sustainable development. In addition, cooperative banking, for example, was a cornerstone of development in numerous European countries and national development banks, also catering to municipalities in particular, have fostered investment in Europe. By using these measures European countries financed social and local public infrastructures in particular, which were not only an important foundation for private investments and lasting economic growth, but also for the development of European welfare states.

4.11. The EU and its Member States should concentrate their financial instruments on specific targets and institutions in order to avoid destructive competition. Competition between different European and international institutions has caused misunderstandings and difficulties in accessing African markets. More joint and direct engagement, control and transparency are needed. Civil society could play an institutional role here as independent monitors.

4.12. An investment policy fostering European private investments in Africa should in particular be directed towards creating regional value chains producing goods which can be consumed primarily in Africa, thereby creating domestic markets. This could echo the European growth model in the decades after the Second World War, which was highly dependent on its domestic markets to develop its industry.

4.13. The African and European NGOs, mainly those with African roots, could perform a bridge-building function for economic development and could become actors in supporting sustainable economic development in their countries of origin.

5. **Trade**

5.1. The EU is still Africa's biggest trading partner, accounting for 36 % of all exports, ahead of China and the US. The aim of the European Commission is to intensify this cooperation and put it on a new contractual basis.

5.2. As Africa's main trading partner, the EU's intention has been to offer its most generous trade preferences to African countries, either through its GSP (and EBA for LDCs, many of which are in Africa), or through FTAs, notably Economic Partnership Agreements, which have development as their prime objective.

5.3. Yet, contrary to provisions in the new generation of EU FTAs and in the Caribbean EPA, EU FTAs and EPAs with African countries do not contain any mechanism for dialogue with organised civil society. FTAs with north African countries do not yet have clauses on Domestic Advisory Groups or a Trade and Sustainable Development chapter. And EPAs, which are about development, do not provide for a Consultative Committee clause to foster non-state actor dialogue on the sustainable implementation and impact of the EPA.

5.4. Engagement and dialogue with organised civil society can also take place outside of (or in parallel to) trade agreements. As trade and investment relations between the EU and Africa are meant to foster sustainable development, all stakeholders, and not only state actors, should be engaged.

5.5. There are development challenges resulting from the current structure of trade between Africa and Europe. Even when ratified, not all EPAs are actually implemented by partner countries. This is also not wholly unjustified, as there have been numerous reports of European exports crowding out the development of local industries and sectors ([16]). Extended

([16]) e.g. https://www.deutschlandfunk.de/das-globale-huhn-ghanas-bauern-leiden-unter-gefluegel.766.de.html?dram:article_id=433177
https://www.wienerzeitung.at/nachrichten/wirtschaft/international/835163_Was-Altkleider-fuer-Afrikas-Wirtschaft-bedeuten.html
https://www.dialog-milch.de/im-fokus-eu-milchpulver-und-der-milchmarkt-in-afrika/

free trade is a definite structural shift for partner countries, which were previously able to regulate their economic sectors through preferential systems. Also, EPAs are negotiated with economic blocs, the members of which often have different situations, and this could merit different approaches to trade policy. Last but not least, comprehensive trade agreements could in and of themselves pose an organisational challenge regarding negotiations for developing countries and newly industrialised countries.

5.6. A greater engagement with civil society has some capacity-building and cost implications, which should be addressed for effective engagement mechanisms to be put in place. The EU should target some of its Aid for Trade (a percentage could be identified) to the support of civil society participation, social dialogue and capacity-building, regarding sustainable trade and investment endeavours.

5.7. Africa is also engaged in the establishment of the African Continental Free Trade Agreement (AfCFTA), towards a single African market. To date it has over 40 signatories and is seen as extremely significant by many state and non-state actors across Africa. It should strengthen intra-African trade and regional and continental integration and develop major sectors of the economy across Africa. The EU can effectively support this endeavour and help ensure that its preferential trade regimes with African countries and regions (EU FTAs with north Africa, EPAs and GSP regime) contribute to support Continental trade integration, moving towards a continent-to-continent trade agreement.

6. **Towards a new 'Africa-Europe Alliance'**

6.1. Africa does not need charity: it needs genuine and fair partnership according to the Alliance for Sustainable Investment and Jobs between Europe and Africa proposed in September 2018. The proposal declares that this would help create up to ten million jobs in Africa in the next five years alone. It must be implicit that these jobs have to guarantee an income that allows for a decent standard of living. The Alliance is about unlocking private investment and exploring the huge opportunities that can produce benefits for African and European people and economies alike. The EU should consider developing the numerous EU-African trade agreements into a continent-to-continent free trade agreement, as an economic partnership between equals. As such, the Alliance is an important political sign. Such a partnership should be founded on an equal footing, mindful of the asymmetries, and take into account the respective capabilities.

6.2. In order to become a real alliance, there is a need for reflection on both sides, a need for greater understanding, coordination and cooperation from both parties and a need:

— for ownership from Africa,

— to go beyond the governments,

— to include all non-state actors,

— to have the goal of creating a decent life for all people in Africa.

7. **Post-Cotonou and the role of civil society**

7.1. The European Commission has started negotiations for a new ambitious partnership with 79 ACP countries. Both the ACP and the EU value the 'political dimension' as an achievement of the Cotonou Agreement and wish to retain it. It focuses on the political dialogue related to national, regional and global questions of mutual interest, as well as a commitment to human rights, good governance and peace and stability.

7.2. Such a new fair trade relationship developed with African countries should promote decent work and uphold public services. Trade policy must ensure full respect and protection of human rights, quality jobs and the environment and must also take account of the development needs of less developed countries. Trade can be a great opportunity only if it creates quality jobs and boosts sustainable growth. Every trade agreement should ensure the inclusion of organised civil society, good governance and transparency.

7.3. The EESC has played a major role in fostering civil society relationships under the Cotonou Agreement. It is now important that continued and even greater engagement by the EESC and its structures becomes a substantial element of the post-Cotonou agreement. In this way EU civil society will be enabled to help civil society from African countries to become a reliable and trustworthy partner for investors.

Brussels, 12 December 2019.

The President
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