
15 Strengthening EU soft power by better engaging with Africa

Rob Floyd

African Center for Economic Transformation

The EU, even with – and maybe because of – its current struggle to maintain cohesion, fiscal discipline, and globalist orientation, has an extraordinary opportunity to shape the future of an even larger and diverse economic community: Africa. The African Continental Free Trade Area (AfCFTA) was brokered by the African Union (AU) and initially signed by 44 of its 55 member states in March 2018. In May 2019 the agreement entered into force for 24 of the signatories that have ratified it. If successful, the AfCFTA will likely be the greatest move towards policy coherence in the history of the human race. Fifty-five countries – from the very small such as Seychelles (with fewer than 100,000 people), to the large and powerful such as South Africa and Nigeria – will need to ensure common policies for trade, investment, and the movement of people. Integration in Africa will need to account for the more than 1,500 languages spoken, and the more than 100 million people who speak Arabic. Africa will need to quickly understand lessons learned from other integration efforts – particularly the EU.

Insufficient coherence

With regard to development, while the EU and its member states may be lauded for efforts at policy coherence (as early as 1992 and then the Treaty of Lisbon), in fact they have largely pursued policies that led to a lack of coherence between African states, even while the EU was strongly supporting the African Union. In fact, Europe provides more than 50% of all aid to Africa – totalling €21 billion from the EU and its member states in 2016. This includes an EU Pan-African Programme of €845 million for the period 2014-2020 and €592 million for the African Peace Facility in 2017-2018. Importantly, this also includes €43 million for the period from July 2016 to June 2019 for the African Union Support Programme (AUSP III), whereby technical assistance is provided to the African Union Commission to build capacity, strengthen institutions, and enhance implementation of the Joint Africa-EU Strategy (JAES). This includes continental integration via the AfCFTA, but also initiatives related to science

and innovation, agriculture, and infrastructure. Overall this supports institutional and administrative capacity within the AU, which is imperative if the continent is to in fact operate as a union. While there are signs that the African Union Commission (AUC) and the role of the chairperson of the AU is strengthening, the AU as a whole remains fragile – and implementation of the AfCFTA will be its biggest challenge as it will significantly impact every part of society and the economy.

The need to build better on African strategies

While EU support to the AU is often graciously and publicly appreciated, it is clear that strong disconnects remain between EU development support and the long-term strategies of the AU and its member states. The African Union Support Programme has attempted to supplement political engagement, such as the AUC-EC joint meetings, with platforms for dialogue, AUC restructuring, and supporting policy frameworks (for example, the Comprehensive Africa Agriculture Development Programme, or CAADP), but has not necessarily been able to foster high-level strategic dialogue on specific areas that align to Africa's long-term strategy, particularly with regard to integration and trade.

The Economic Partnership Agreements (EPAs) between the EU and African, Caribbean and Pacific (ACP) countries, which the EU touts as the building blocks for African integration, have been moving ahead haltingly since their inception. It has been clear that the EU and African countries do not see EPA trade policy as equally beneficial to Africa. Particularly for countries with high protection, they see rapid market liberalisation as providing Europe with a terms-of-trade gain that will be irreversible. Countries in Africa generally are concerned about the impact on their local industries if European companies invest with force across sectors, and maybe most importantly reducing tariffs will lead to lower government revenues.

Engage in dialogues

One can argue that the very nature, size, and scope of the EU's development and trade apparatus prohibit technocrats and policymakers from asking African policymakers the most basic questions: What do you need? What are your own strategies? At the African Center for Economic Transformation (ACET), we have spent the past ten years supporting policy dialogue among African countries in areas such as extractives, manufacturing, resource mobilisation, agriculture, and skills. This dialogue among countries engenders peer-to-peer learning, but more importantly it allows African governments to identify their own challenges as well as successes that can be replicated

while implementing their own strategies. This allows for a level of strategic dialogue that is not subject to bureaucratic frameworks, the promise of loans and investment, or implicit or explicit political imperatives.

A unilateral Africa–Europe Alliance

In September 2018, the President of the European Commission Jean-Claude Juncker announced a new ‘Africa–Europe Alliance’ intended to boost investment and trade, while creating jobs. It proposes to do this with more blended finance, grants and loans, and guarantees; more EU development funding; and exploiting Economic Partnership Agreements, free trade agreements, and other EU trade regimes. The ambition of the Alliance is impressive, with an expectation to impact more than 58 million people with better infrastructure, better energy, and better skills. But it was announced before prior strategic dialogue with Africa’s leadership and stakeholders that could have helped to bring coherence among EU development strategies, and more importantly with Africa’s strategies – for example, implementation of the AfCFTA. To be fair, the EU was transparent in its very generous, but largely unilateral announcement. The EU formally indicated that consultation and dialogue on the programme, including its priorities, would take place after it was announced...

A response to China in Africa

Of course, one can understand global political realities. One week prior to the Alliance announcement, the Forum on China–Africa Cooperation (FOCAC) had concluded in Beijing, with the announcement from China of US\$60 billion in new financing. There was also a new narrative from China focused on building capacity in Africa, increasing imports of non-resource products, providing scholarships, green development, and so on. These are approaches, sectors, and topics that have often been the purview of Western development agencies. Combine the potential impact of FOCAC with the Belt and Road Initiative and the Asia-Africa Growth Corridor, and Europe’s traditional position at the pinnacle of development may feel in peril.

EU soft power potential

But rather than rushing to announce counter initiatives before consulting stakeholders, the EU has the potential to realise its soft power through key changes in approach.

1. Synergies with Compact with Africa

First, the EU can help bring coherence to global fora where it has the unique distinction of representing many nations. An example is the G20 Compact with Africa (CwA), which is an initiative of the German G20 Presidency to enhance investment in Africa. CwA countries include Benin, Burkina Faso, Guinea, Côte d'Ivoire, Ghana, Egypt, Ethiopia, Morocco, Rwanda, Senegal, Togo and Tunisia, while other partners are the G20 countries themselves, the World Bank, the IMF, and the African Development Bank. The CwA is governed through the G20 Africa Advisory Group (AAG), co-chaired by Germany and South Africa. At the African Center for Economic Transformation we support implementation of the Compact with peer learning, investment promotion, and peer review. But that means we also see first-hand the lack of coherence among G20 members in support to the CwA. While three members of the G20 are from Europe, the EU as a member represents an additional 25 countries, many of which have keen interest in Africa, often related to development, trade and migration. That said, of 46 CwA-related events since late 2017, most organised by G20 members, only one was an EU sponsored event. Likewise, while some in the G20 – and even non-G20 European countries – have made additional contributions to strengthen or accelerate the CwA, the EU has not done so. The EU could improve its coherence by better ‘crowding in’ international initiatives such as the CwA, building on its own new initiatives such as its External Investment Plan (EIP) and the recently announced Alliance, which envisages billions of euros in additional investment, particularly in infrastructure. The CwA is just one example, but the premise applies across dozens of G20, OECD, and other ‘club’ initiatives where the EU is a member.

2. Engaging in policy-specific strategic dialogue

Second, the EU can significantly advance policy coherence – and strengthen its own soft power – by engaging in policy-specific strategic dialogue that focuses in the first instance on Africa’s own strategies, challenges and needs. It can be argued there are few people currently engaged in EU–AU engagements who do not see a ‘talking past each other’ mentality, regardless of good intentions. The EU should ‘up its game’ vis-à-vis other development actors and investors to ensure a long-term, robust, and effective dialogue that truly advances transformative development in Africa, while also meeting the EU’s long-term objectives.

Such strategic dialogue needs to be high level, but also technical and practical. It needs to help identify key bottlenecks that are thwarting greater EU–Africa collaboration and at the same time thwarting transformational development in Africa. A new form of strategic dialogue would be grounded in robust analysis and primary research, facilitate

validation of reform recommendations, convene stakeholders for policy design inputs, and support implementation through partnership. A well-formulated strategic dialogue might focus on a selected number of topics and would be oriented to build trust and common positions in a transparent manner.

3. Drawing lessons from EU own integration experience

Finally, and linked to the point above on strategic dialogue, the EU can – and should – bring to bear the lessons learned, good practices, and failures of its experiment to inform the African Union, and in particular the AfCFTA. This could serve as a basis for strategic dialogue and learning, whereby the early iterations of the EU – from the Council of Europe in 1949, to the European Coal and Steel Community, to the Rome, Maastricht and Lisbon Treaties – can provide insights, options and solutions to Africa's most pressing issues on integration. Such dialogue could focus on very specific policy challenges such as trade, infrastructure, productive integration, free movement of people, and financial and macroeconomic integration.

For example, currently, Africa's share of world trade is lowest of all regions, at only 2%, but equally disconcerting is the very low level of intra-African trade. In 2014 intra-Africa trade was only about 16% compared to about 61% intra-regional trade in Asia and 69% in Europe. Thus building on the EU's experience in reducing barriers to trade would create larger regional markets, open up new trade opportunities for businesses, enable firms to expand with greater benefits in economies of scale, and lower prices of goods and services. Likewise, cross-border infrastructure development across the continent is perhaps the most visible manifestation of regional integration and interconnectedness. These include cross-border highways, railways, power and energy, and aviation. Implementing the myriad of programmes supporting infrastructure development (including those of the EU) require common approaches, harmonisation of rules, policies and regulations, where the EU experience can help Africa avoid costly mistakes. Finally, none of this be achieved without effective and fair labour mobility. EU frameworks can be used to identify solutions to skills gaps, entrepreneurship, inclusiveness, and innovations spreading out beyond national borders.

EU soft power to bridge disconnect with African aspirations

EU development and trade initiatives are large and impactful, but the EU can use its own soft power and own experiences to accelerate Africa's integration while achieving greater policy coherence, both within the EU and between the EU and other global agendas. While strong disconnects exist between EU development support and the long-term strategies of the AU and its member states, these can be bridged through an

honest strategic dialogue that builds confidence and solidifies the EU as a full partner. Such evolutions will not necessarily be natural nor easy, but can lead to redefining the way in which the EU supports Africa more broadly, and to more sustainable long-term development and trade collaborations over the decades to come.

About the author

Rob Floyd is Director and Senior Advisor at ACET, heading the Washington DC office. He supports ACET's efforts to develop strategic partnerships, enhance its profile and deepen the ACET business model. An economist and journalist by training, Rob joined ACET after 23 years at the World Bank. He began his career in the Africa Region and served in numerous senior positions including Chief of Staff to two Presidents, Director of Operations for a Vice Presidency and for the CFO, and Country Coordinator for the Bank's \$2 billion annual lending programs to Pakistan and Bangladesh.