

## Toward the 5<sup>th</sup> Africa-EU Summit

# Attract Responsible & Sustainable Investments

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### Africa's Agenda 2063

Africa aspires "to become a continent where freedom of people, capital, goods and services will result in significant increases in trade and investments"; "to promote macroeconomic policies that facilitate growth, employment creation, investments and industrialisation; and "to develop the African private sector through engagement and a conducive climate, fostering pan-African businesses".

The objectives of Agenda 2063's first *ten year implementation plan* include:

- reducing the unemployment rate by at least 25 % and underemployment rate by 50%;
- improving the diversification index by at least 20%.

### Flagships in support of the Africa-EU Partnership



**Boost EU investment in Africa via the proposed European External Investment Plan**, expected to leverage EUR 44 billion of investments until 2020, supported by a structured dialogue with the European and African private sector under a Sustainable Business for Africa (SB4A) platform.

The European External Investment Plan intends to provide, for the first time, an integrated approach to boosting investments in Africa and the EU Neighbourhood. It aims to mobilise additional private and public resources for sustainable and economically viable projects and will be based on three pillars:

- 1.** The proposed European Fund for Sustainable Development with a total value of EUR 4.1 billion which would provide a new guarantee and is expected to leverage EUR 44 billion of investments in Africa and EU Neighbourhood until 2020;
- 2.** Technical assistance would also be provided to help local authorities to improve the regulatory and policy environment, and to help partners develop bankable projects;
- 3.** It also aims at enhancing the investment climate in partner countries, by building on country- and regional-level political and policy dialogue, on EU cooperation instruments and by providing analysis on investment constraints.

The creation of a SB4A platform would enable a structured dialogue between the European and African private sectors to discuss the opportunities and challenges faced by private sector in Africa, facilitate cooperation, promote alliances, as well as to ensure visibility, accountability and wider public awareness. Furthermore, synergies will be sought with similar national initiatives by EU Member States and at multilateral level, in particular with the G20 "compact with Africa" initiative that envisages developing country-led investment compacts with African partners countries.

## **Support a more predictable and conducive investment climate in Africa**, notably via the endorsement of Africa-EU guiding principles for investment policymaking.

A sound investment framework is needed to enable economic transformation and industrialisation. As the EU's Trade for All communication says, the development of "principles on investment together with the African Union or the regional economic communities" is vital in this regard.

The EU will promote best practices that enhance the business environment in Africa with a view to filling the substantial investment gap that exists to achieve the Sustainable Development Goals.

Under the framework of the EIP and beyond, this initiative aims at creating a more equitable and competitive investment climate for both domestic and foreign investors, from SMEs to larger companies, supporting ongoing reforms and encouraging the deepening of existing trade and investment relationships between African countries and the EU.

This initiative would facilitate the implementation of an investment institutional framework based on the rule of law, which adheres to high standards of public governance and ensures predictable, effective and transparent procedures for responsible investors.

## **Support Africa's digital agenda**, focusing on the deployment of eGovernance services, initiatives and investments that facilitate the development of agri-business through access to and use of market, climate and environmental data, and on the development of open digital research environment to foster skills and knowledge.

Digital innovation has proven its potential to offer solutions to local problems and can be instrumental in improving lives even in the poorest countries, in particular by empowering women and girls, enhancing democratic governance and transparency, and boosting productivity and job creation. Technological trends, such as mobile and social solutions, cloud computing and data analytics offer a range of opportunities for new business services, including in the agriculture sector, and can facilitate the entry into the market of innovative SMEs and start-ups.

This flagship would maximise the uptake of digitalisation as a strong driver for economic growth and reduce the digital divide to provide access for all. Working together with African partners and EU Member States, the focus would primarily be on the deployment of eGovernance services, initiatives and investments that facilitate the development of agri-business through access to market, climate and environmental data, and through the development of an open digital research environment to foster skills and knowledge.

### **EU and Africa: Did you know?**

 The EU is Africa's **number one foreign investor** with 33% of Foreign Direct Investment in Africa worth EUR 32 billion in 2015.

 The EU is Africa's **biggest trading partner** accounting for 44% of African exports and 33% of African imports.

 The EU is Africa's **first source of remittances** (36%) amounting to EUR 21 billion in 2015.

 The EU is Africa's **first source of Official Development Assistance** (50%) amounting to EUR 21 billion from EU and its Member States in 2016.

 Africa is the **largest recipient of EU Aid for Trade** in the world amounting to EUR 5.6 billion commitments in 2014.

 The EU is **the most open market** to African exports in the world providing **duty and quota free** access to all products from the vast majority of African countries.

 The European Investment Bank has invested over EUR 20 billion in more than 330 public and private sector projects in Africa.

 The EU and Africa have a long-standing cooperation to promote an **enabling business and investment climate** at national, regional and continental level.