

**“African Growth and Development Partnerships”
-- Views from the EU and Japan --**

Held on 13 April, 2010, 14:00–16:00 at GRIPS, Room 4A

Speakers: Mr. Stefano Manservisi (EC)

Mr. Go Shimada (JICA)

Prof. Izumi Ohno (GRIPS)

Moderator: Prof. Kenichi Ohno (GRIPS)

Background

As one of the side events of the first EU-Japan policy dialogue on development¹, this discussion meeting was held to exchange views and ideas on African growth between EU and Japanese researchers and aid practitioners.

1. Presentations

(1) “The EU-Africa Partnership: 2½ years on – where are we now”—Mr. Stefano Manservisi, Director-General for Development, the European Commission

- First, Mr. Manservisi explained the longstanding relationship between EU and Africa dating back to the 1950s, when the vast majority of African countries had been colonies and associated as overseas territories to the (then) ECC. The two regions had been tied under the common trade regime, which was later transformed into the Yaoundé, Lomé and Cotonou Treaties after the independence of African states. While these were not specific agreements with Africa, they allowed preferential market access to the African, Caribbean and Pacific (ACP) countries. Now the negotiation is underway to conclude a new Economic Partnership Agreement (EPA) with the ACP countries to conform to the WTO rules.
- On the political front, recognizing Africa for the first time as a political interlocutor, EU held the first summit with African countries at Cairo in 2000. At the second summit at Lisbon in 2007, the African Union (AU) Commission was set up after the EU model, and both sides agreed to move from “Donorship to Partnership” which resulted in a joint strategy and actions plans between Europe and Africa. The upcoming third summit on November 2010 will review progress so far, taking stock on the action plans adopted in 2007. The EU Commission and the AU Commission would address policies to be tackled together, involving civil societies and parliaments from both regions.
- The EU-Africa Partnership is built on (1) peace and security, (2) regional integration

¹ The EU-Japan first policy dialogue on development took place on April 12, 2010 in Tokyo. The Delegations were led by Mr. Stefano Manservisi, DG for Development in the European Commission, and by Mr. Shiro Sadoshima, DG of the Bureau for International Cooperation in the Japanese Ministry of Foreign Affairs. For the development policy dialogue statement, see below_
<http://www.mofa.go.jp/mofaj/press/release/22/4/PDF/041401.pdf> (English)
<http://www.mofa.go.jp/mofaj/press/release/22/4/PDF/041402.pdf> (Japanese)

and growth, and (3) investing in people, and (4) partnership to implement the above 3 tiers. It reflects new positive developments in the continent such as growth opportunities, political relationship with China, Turkey etc, although there remain issues to be tackled together, such as immigration, climate change and security.

- Regarding (4), partnership has been established in the following eight areas:
 - Peace and security: EU is investing 1 bil. Euros for capacity building and financing African Troop's deployment in Somali, Central African Republic etc., where visible results are coming.
 - Democratic governance and human rights: EU is assisting the electoral process and incentive reforms. It should be stressed that negative conditionalities are not attached in this process; and EU that consults regional bodies (ECOWAS, etc) first, before raising issues to the government(s) in question.
 - Trade and regional integration: "Aid for Trade" related assistance—an area of EU's strength--has been provided. Particular focus is given on infrastructure (i.e., Trans-African Network), by establishing the EU-Africa Trust Fund. The energy sector faces a delicate problem of competition, and EU is dialoguing with China as well as African countries (Nigeria, etc) so as to channel their investments into regional infrastructure, which African continent is lagging behind.
 - Climate change: EU and AU adopted common stance at Copenhagen.
 - Migration, mobility and employment: This is a political manifest, and EU and Africa have been dialoguing to create win-win situations (i.e., reducing costs for remittance transfer), although there is still long way to go.
 - Science, IT and space: We aim to foster partnership to increase knowledge and participation in Africa (i.e., access to internet, aid security).

(2) "Private Sector Development in Africa"—Mr. Go Shimada, Director, Private Sector Div., Industrial Development Dept., JICA

- Mr. Shimada presented the following issues (see PPT ①)
 - Private sector development and JICA in the context of AfD (Aid for Development)
 - Key messages of the JICA Report on the Economic Development in Africa and the Asian Growth Experience.
 - Case study on JICA's industrial policy support to Ethiopia.

(3) "East Asian Perspectives of Development Partnerships and Growth Support"—Prof. Izumi Ohno, GRIPS

- Prof. Ohno discussed the following issues (see PPT ②);
 - East Asian perspectives of development partnerships
 - Missing elements of current aid effectiveness debates (esp. policy ownership)
 - Diversity and complementary as the principle of development partnerships (e.g., growth support)
 - Ethiopia—a possibility of new partnership model in Africa?

2. Discussions with the participants

Q. What are EU perspectives on “East Asian experiences in the African context”?

A. (Mr. Manservisi) I would like to see the business-oriented approach (not aid-oriented one) adopted in East Asia working in Africa, although the reality is more complex because of Africa’s high aid dependence. The East Asian countries had more favorable international trade regime, while African countries suffered from radical liberalization policies imposed by the Breton-Woods institutions in the 90s. Aid is an important tool to leverage private investment particularly in Asia, but Africa still misses regulatory framework and proper institutions. To address this challenge, EU is supporting African countries through budget support and policy dialogues to establish credible institutions and policies. To date, such efforts have produced some results. I do not entirely agree that Africa should pursue the export-oriented approach like Asia did; rather I argue that Africa should at first create and sustain regional markets.

(Prof. Izumi Ohno) It is true that today’s external environment under the WTO rules differs from that in the 70s and 80s, when East Asian countries pursued export-oriented approach. Nevertheless, today African countries have many opportunities (such as growing trade and investments from China and India), and we should focus on how to tap these potentials by creating visions and actions, tailored to each country’s context.

Q. It seems that negotiation of EPA is forcing African markets to open up to EU market, thus undermining the young African enterprises. Past relationship between Africa and Europe has been so asymmetric, in political and economic terms.

A. (Mr. Manservisi) EU has to negotiate this new agreement (EPA) since the previous trade agreement (Cotonou Treaty) is not in line with the current WTO rules. The EPA aims to strengthen regional bodies to enact the Free Trade Agreement, which is meaningful for Africa and EU. It would help developing horizontal trade within African markets. Protection for infant industries is taken into account. It is based on our belief that African leaders should shift from aid dependency and create the middle class in their countries. They would have more opportunities by not only producing flowers but more sophisticated goods.

Q. Ideally all partners should sit together (not like EU-Africa bilateral meetings), and the government should lead the coordination; yet some do not have capacity to choose projects so there is certain trade-off.

A. (Mr. Manservisi) Agree on the comments made by Prof. Helleiner and President Chissano on ownership (refer to Prof. Ohno’s presentation, PPT slide No. 4); but donors should also be accountable for tax payers. EU is trying to resolve this problem by reducing the fragmentation of aid (conditionalities) and by involving the local people. Donors can be intrusive, but this is not one side. The example of Ethiopia, where various donors support Ethiopian industries, shows perfectly the Division of Labour among partners.

(Prof. Izumi Ohno) In Ethiopia, the support by various donors is linked to country-owned industrial policy/strategy, so the country vision is very important. While Ethiopia heavily depends on aid, they know how to take advantage of its geopolitical situation and manage aid, which is striking compared to the many other low-income countries.

Q. Does EU really have vision on how to promote African growth, compared to what happened to East Asia (where Japan has been a part in their economic success)?

A. (Mr. Manservisi) We have to keep investing in Africa to accelerate growth. Aid is valid for controlling damages, such as diseases, and the role of development aid is important. Nevertheless, I believe that development happens when countries themselves make effort, including top leadership.

Q. What are EU's views on Africa's trade and regional integration?

A. (Mr. Manservisi) Regional integration is important, not only for economic reason but for peace and security. EU started as a mean to reconcile France and Germany, then Italy joined as supplier of labour force. For instance, in West Africa, well-performing but land-locked countries like Burkina Faso or Mali should be integrated into the regional market. EC's assistance for regional integration is well ahead of the World Bank. The future challenge is how to leverage private investment, and in this sense, the Asian experience is important.

*The responsibility for writing this note rests with the GRIPS Development Forum