



STATE OF THE UNION 2018

Strengthening the EU's partnership with Africa

A new Africa-Europe Alliance for Sustainable Investment and Jobs

#SOTEU

12 September 2018



'What happens in Africa matters for Europe, and what happens in Europe matters for Africa. Our partnership is an investment in our shared future. It is a partnership of equals in which we support each other, help each other to prosper and make the world a safer, more stable and more sustainable place to live.'

Jean-Claude Juncker, African Union–European Union Summit, Abidjan, 27 November 2017

In his State of the Union Address on 12 September 2018, President Jean-Claude Juncker proposed to deepen the EU's economic and trade relationship with Africa through investment and job creation.



Strategic investment and job creation



Investment in education and matching skills and jobs



Business environment and investment climate



Economic integration and trade

A new Africa-Europe Alliance for Sustainable Investment and Jobs

The aim of the Alliance is to take the EU's partnership with Africa to the next level. To do so, the Commission proposes to boost investment, further attract private investors, support education and skills development for employability, as well as boost trade and improve the business climate.

This plan will be supported by the Commission's current and future budget, for which Africa is highlighted as a priority region.

• Investment through the Alliance will create up to **10 million** jobs in Africa in the next 5 years.

• **24 million** people will have access to all-season roads through our leveraged investments in transport infrastructure

• **105,000** students and academics will benefit from Erasmus+ by 2027

• **750,000** people will receive vocational training for skills development

• **30 million** people and companies will benefit from access to electricity thanks to the EU's leveraged investments in renewable energy and a generation capacity boosted by 5 GW

Financial contributions to Africa

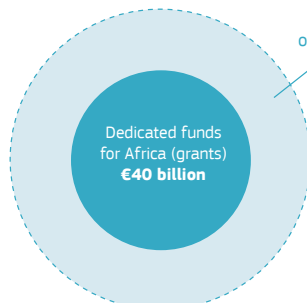
EU Budgetary period 2014-2020

Other funds, bringing total to **€42 billion**



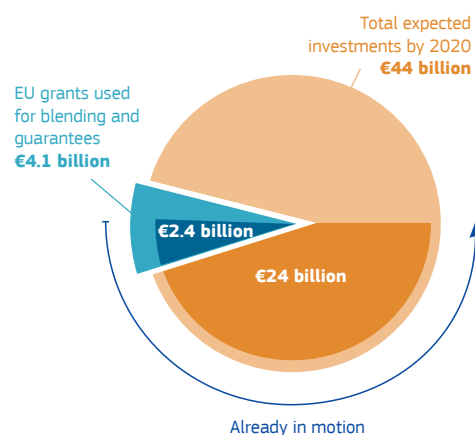
EU Budgetary period 2021-2027 Proposed

Expected other funds



External Investment Plan 2017-2020

EU financial input and expected investments



Boosting strategic investment and strengthening private sector participation



The private sector holds the largest potential for generating jobs and growth and it is therefore essential to boost responsible private investments — both domestic and foreign — in Africa.

Proposed actions

- #1 Boosting support to crowd in investments via blending and guarantees
- #2 Identifying the most promising value chains and the opportunities for manufacturing and processing at national and regional level via the Jobs and Growth Compacts
- #3 Establishing sectoral groups of African and European public, private and financial operators and academia on a sectoral basis before the end of this year to examine and support strategic developments in critical economic areas such as digital economy, energy, transport and agriculture

NASIRA Risk-Sharing Facility — A powerful example of financing for under-served entrepreneurs

The EU is partnering with the Dutch development bank FMO to address the high risks involved in lending to under-served entrepreneurs in countries neighbouring the EU and in sub-Saharan Africa, many of whom have been forced to flee their homes. It will give them access to investment loans by offering local financial institutions, such as banks and microfinance institutions, portfolio guarantees containing loans to entrepreneurs. It focuses on people who have been forced to flee to other parts of their countries (internally displaced people) or leave their countries altogether (asylum seekers or refugees), those who had fled but have recently returned (returnees) and women and young people aged 18-30.

Financing: €75 million from the External Investment Plan's Guarantee

Total investment generated: €750 million to €1 billion, with the aim of creating or supporting up to 800,000 jobs in Africa.

Investing in people by investing in education and skills



Africa has the youngest population of any region of the world and continues to experience strong demographic growth. Providing people with access to education is of paramount importance.

In order to boost investment and create jobs, skills need to be matched with the demands of the labour market. Despite current efforts in education (the EU is investing €1.34 billion between 2014 and 2020 in bilateral education programmes), more investment is needed, both from the EU and its Member States and from its African partners.

Proposed actions

#4 Supporting an important African Union skills initiative aimed at developing an African continental qualification framework

#5 Supporting skills development at national level to match skills to strategic development choices for each country

Strengthening business environment and investment climate

Boosting private sector investment requires peace, security and stability, and an enabling investment climate and business environment, including macro-economic stability and open financial systems for increased private sector credit.

Proposed actions

#6 Developing a strengthened dialogue and cooperation with African partners on the investment climate, including investment protection where appropriate

Tapping the full potential of economic integration and trade

The EU is Africa's biggest trading partner, accounting for **36% of Africa's trade in goods, worth €243.5 billion** in 2017. The EU remains the most open market to African exports in the world.

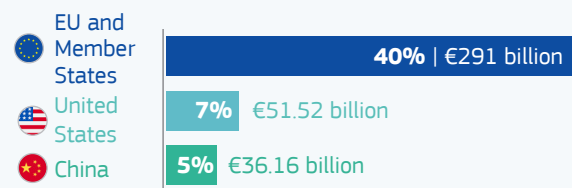
Africa's trade in goods in 2017 per partner

Total trade (exports and imports)



Source: IMF.

Foreign Direct Investment in Africa



Source: Eurostat, UNCTAD World Investment Report 2016, Japan External Trade Organisation.

Proposed actions

#7 Supporting the African Continental Free Trade Area negotiations

#8 Strengthening trade between the EU and Africa. Building on the African Continental Free Trade Area implementation, the long-term perspective is to create a comprehensive continent-to-continent free trade agreement between the EU and Africa

#9 Supporting both intra-African connectivity and strategic linkages between the EU and Africa

#10 Mobilising an important package of financial resources

Building on the African Continental Free Trade Area implementation, the long-term perspective is to create a comprehensive **continent-to-continent free trade agreement between the EU and Africa**. To prepare this, Economic Partnership Agreements, Free Trade Agreements including the Deep and Comprehensive Free Trade Areas on offer to the countries of North Africa, and other trade regimes with the EU should be exploited to the greatest extent, as building blocks to the benefit of the African Continental Free Trade Area.

Trade agreements, arrangements and schemes in place between Africa and the EU

Currently, 52 African countries benefit from a trade agreement, an Economic Partnership Agreement (EPA) or a trade arrangement (Everything But Arms and the two Generalised Scheme of Preferences, Standard GSP and GSP+) with the EU to grant privileged access to its market. These countries pay fewer or no duties on exports to the EU, giving them vital access to the EU market and contributing to their growth.



(* General Scheme of Preferences (GSP+) for vulnerable low and lower-middle income countries — **grants full removal of tariffs on over 66% of EU tariff lines**