



Emerging players in Africa: What's in it for Africa-Europe relations?

An ECDPM-SAIIA event to further Policy Dialogue, Networking, and Analysis
With the contribution of German Marshall Fund

Brussels, 28 March 2011

All conference information available at www.ecdpm.org/CIBA280311

Meeting Report

1. Background

The European Centre for Development Policy Management (ECDPM) and the South Africa Institute of International Affairs (SAIIA), with the support of the German Marshall Fund (GMF), organised a policy dialogue to address key dimensions of the implications of China, India and Brazil's (CIB) engagement with Africa on Africa-Europe relations. As the **first of a series of policy dialogues**, the meeting brought together key stakeholders from Europe, Africa, and CIB, representing government, the private sector, civil society and the research community. In addition, there was participation from the USA via the GMF, which brought a valuable transatlantic perspective to the debate.

The **specific objectives** of the meeting were:

- to scope out the key elements impacting on Europe-Africa relations arising out of the engagement of 'emerging powers' in Africa;
- to explore the potential interest for mutual learning among African, European, Chinese, Indian and Brazilian actors in the 'government to government' and private sector spheres, including through triangular dialogue opportunities and other existing processes; and,
- to identify priorities for further dialogue, knowledge-sharing and analysis, aimed at better aligning the initiatives of traditional and new partners to African owned objectives and strategies.

2. Key points

- Many participants recognised that the narrow **aid effectiveness** debate framework playing out in the North was not sufficient as it did not consider the new realities resulting from the emerging powers' involvement in Africa. Nevertheless, processes for modernising development policy in the traditional donor countries are now in place.
- In creating opportunities for **knowledge-sharing and mutual learning** between North and South (both emerging powers and African states), using existing fora for dialogue is the better option, rather than creating new ones.
- While **triangular cooperation and dialogue** processes (i.e. among Africa, emerging economies and traditional partners) were regarded by many participants as extremely functional in sharing experiences and developing a common *modus operandi*, their efficacy depends on a substantial degree of trust among all actors (while many Africans continue to be suspicious of such initiatives, seeing them driven largely by Europe).
- African policy makers have the opportunity in this transitional period to consider which of the existing **developmental frameworks and instruments** may be suitable for their engagement with emerging partners.
- Triangular or bilateral dialogue processes should not be limited to government-to-government exchanges, but include the **private sector and other civil society** stakeholders, which have a critical role to play in a more widely defined development engagement.
- Although reconciling commercial interests and altruistic values is not easy in the short term, a balanced approach by all partners of Africa towards more coordination and coherence between ODA and non-ODA flows and public and private action would be an important contribution to a **development effectiveness** agenda.

3. Issues discussed

The meeting started with introductory presentations (www.ecdpm.org/CIBA280311) focusing on: Africa's perspectives on the **public policy** implications of emerging powers; the impact of **private sector engagement** and within that the specific role of corporate social responsibility in Africa, particularly from an emerging player perspective; and how structured **policy dialogues** among different stakeholders and a better understanding of the role of the emerging powers in Africa can be useful in enhancing Africa-Europe relations.

Three main questions guided the discussions:

- *What are the prospects for mutual learning among different actors on development approaches vis-à-vis Africa?*
- *What are the prospects for reconciling values and interests (in both ODA and other official flows, and between public and private action)?*
- *What fora and options are available for intensifying 'triangular' dialogue?*

a. Mutual learning

A few **basic facts** seemed to form a consensual premise for the discussions. Firstly, Europe no longer holds a privileged position in Africa's external relations, as African states now have more options in terms of development partners. Emerging

economies, especially China, have now 'emerged' so intensifying ties with those markets is a key priority for Africa, especially in light of the economic contraction in the North after the financial crisis. Moreover, in many respects, Africa today can be considered a 'land of opportunity', and some African countries are 'emerging economies' themselves.

With the proliferation of external development partners, some participants agreed that it is important to **move toward a better division of labour**. To ensure more effective sustainable economic growth in Africa, the starting point should be to **recognize the comparative advantage of each actor and make mutual learning a priority**. Mutual learning however does not happen automatically, so 'old' and 'new' external actors in Africa need to identify opportunities to interact and learn from each other. For instance one example posited by a participant was that a country like China could learn from the EU's experiences in fighting corruption or promoting structured interaction with African non-state-actors; while traditional partners such as the EU and the USA could learn from China's commercial engagements that may have a developmental impact in Africa. Furthermore, emerging powers could provide valuable insights from their own approach to addressing development challenges in their home countries.

There was consensus among participants that the **process of dialogue for mutual learning should be owned and driven by African actors**. While acknowledging that facilitating dialogue among numerous actors could be difficult, it was noted that a **triangular multi-stakeholder approach** involving governments, private sector and civil society may provide a 'fast-track' means to bring key issues to the attention of policy makers in Africa and its partner countries. Some participants emphasized that the three parties could also learn without having a formalised interaction and that dialogue was not the only way of learning.

Africa now has an opportunity to demand a new way of doing things from its various partners and should take the lead in stimulating triangular discussions to jointly identify and reconcile differing priorities. However, greater diversity of choice for African states now meant greater leverage for them. A drive to harmonise and coordinate all development cooperation activities could erode this diversity and hence leverage. Africa has therefore sometimes remained sceptical about the value of such dialogue, although as a forum for mutual learning it certainly should raise greater interest.

Emerging powers' engagement in Africa is vast but data are not always easily available, particularly on the development cooperation flows from the emerging economies. African actors need to undertake their own analysis of the extent and impact of different partners' engagement in African countries. There is a need for **capacity building** in African institutions and to learn from others, such as South Africa, who developed a strategy of engagement with China, through its Comprehensive Strategic Partnership Agreement, but also with India and Brazil, based on national strategic interests and the perceived comparative advantages of each partner.

b. Reconciling values and interests

The reconciliation of values and interest is a major challenge and one that has to be considered over time. It could emerge from both traditional and new actors in Africa becoming more responsive to the needs of African countries.

Most engagements with Africa entail a combination of **access to resources, markets, development assistance and political relations**. Given the challenges for Africa's development often created by the lack of coherence between the aid, trade, and other policies of African partners, concerns were raised about the extent to which development objectives should be separated from commercial interests, especially with regard to foreign private sector involvement in Africa. Participants agreed on the need to explore ways to better **reconcile commercial interests and altruistic values**, including making ODA and non-ODA flows, public and private action, more coherent and coordinated. Although the full reconciliation between the varying values and interests of Africa and its partners may not be a realistic task, a more balanced approach by all partners of Africa would be an important contribution to a development effectiveness agenda.

The meeting noted in particular the need to clarify how **foreign direct investment** (FDI) could be better leveraged to contribute directly to a win-win situation for both commercial and development interests. In this context the importance of private sector participation in dialogue processes was stressed. On the other hand, some questioned whether **public policy** and political leadership could ever match the much more dynamic private actions and economic realities - a match that many participants thought Africa-Europe government-to-government relations so far had failed to achieve, while Africa-China engagements seemed to pursue more effectively. In this context it should be the responsibility of African stakeholders to **define what sort of growth** they seek, and what 'inclusive growth' entails exactly. In general, it was agreed that a key challenge of small, developing states is to build resilient societies while generating growth; and that development aid and private sector investment from traditional and emerging partners should aim at supporting sustainable growth for the largest possible share of African people.

Reconciling interests and values would also require actors to be more **open and transparent on how they work and engage with Africa**. The **impact of all partnerships** should be evaluated, though emerging powers have yet to adopt 'monitoring' mechanisms similar to those that traditional donors have established for peer-reviewing each other's contribution to development.

c. Platforms and Options for Dialogue

Participants recognized that **intensifying triangular dialogue** between emerging economies, traditional donors and African countries could be very important to stimulate mutual learning and work towards reconciling values and interests of partners for the benefit of African development.

It was apparent that among traditional partners such as the EU and the US there might also be different preferences regarding the terms, the process and the focus of engagement with emerging powers and Africa.

Since in general the added value of triangular engagement over bilateral approaches is yet to be accepted widely, triangular dialogue will require **pragmatism and manageable ambitions**. This means that the platforms to facilitate dialogue will need to balance the concerns of all parties, though the process should be driven by Africa. **Triangular dialogue can only be successful if it provides incentives for all to sit at the table**. The starting point will have to be agreeing on a fresh, neutral process, so that all involved feel ownership. It is not for one party to join a process

that was initially conceived and developed by others, as would be the case if China, India or Brazil were to join the DAC (a body for traditional donors).

Such a neutral process does not exist at present, despite participants discussing a number of forums that could take forward triangular dialogue, including the Fourth High-Level Forum on Aid Effectiveness in Busan, the 2011 G20 Cannes Summit, and the Fourth UN Conference on the Least Developed Countries in Istanbul.

Two lessons emerged from the experience of participants. First, it seems more realistic initially for triangular dialogue to identify possible collaboration in **specific sectors and countries, at technical level**, rather than trying to achieve consensus on overall development approaches and objectives at policy level. The success of the China-DAC Study Group illustrated the efficacy of this approach as DAC members engaged with China on Chinese lessons for Africa in specific sectors and technical topics. Second, the G20 experience thus far indicates that a policy dialogue aimed at collaboration and knowledge sharing requires **both technical discussions** on the issues at stake **as well as political will** at the highest level. The two levels of the process must go hand in hand.

Finally, while acknowledging the importance of multilateral and global frameworks, the meeting noted that Africa's own institutional mechanisms and structures, however fragile and weak, should be more prominent (but also required enhanced capacity) as African ownership and leadership are essential to drive the debate. To ensure alignment by international partners to Africa's objectives, the **process of triangular dialogue needs to work through African sub-regional and continental structures** and processes.

4. The way forward

This policy dialogue stimulated a first multi-stakeholder debate on some of the key elements impacting on Africa's relations with traditional partners arising out of the engagement of emerging powers in Africa. It confirmed the interest in mutual learning among the different actors. Throughout the discussions **a number of priority themes were suggested** for further, more specific, analysis and dialogue, each encompassing a public policy and a private sector dimension:

- natural resource management, FDI and corporate governance;
- regional integration and trade corridors development;
- food security and the Comprehensive Africa Agriculture Development Programme (CAADP);
- peace and security;
- global governance architecture and the voice of Africa;
- climate change financing and the increasing levels of borrowing by African governments, in the context of the overall international aid architecture; and
- international trade preferences for Africa, the WTO and regionalism.

ECDPM, SAIIA, and GMF, together with partners from China, India and Brazil, **will further refine this broad research agenda, conduct the analysis and facilitate dialogue**. A subsequent meeting is planned in Nairobi, Kenya, to engage a larger number of African actors, consolidate a list of thematic priorities for analysis, and scope out how best the ECDPM-SAIIA-GMF initiative can add value to the

deliberations of African institutions on their international relations with traditional and new partners.

As suggested by participants during this first workshop, a number of **opportunities for more focused knowledge exchange** and cross-fertilisation of experiences could be targeted, or facilitated, **in the coming months**:

- Supporting **African continental and sub-regional institutional mechanisms** and policy processes aimed at developing regional engagement strategies, to ensure that international partnerships and triangular dialogue and cooperation are promoted on the basis of African objectives and sectoral plans (e.g. CAADP). The AU, UNECA and the Regional Economic Communities have started in this direction (e.g. 'Forum for AUC-ECA Partners Dialogue'; 'Expert Group Meeting on New trends in South-South and Triangular Cooperation: Implications for Southern African Countries'). Such processes could be supported also through independent analysis and facilitation of informal dialogue.
- Convening informal meetings or brainstorming sessions with officials of **EU Member States**, to advance discussions on the key dimensions of the CIB-Africa relations affecting the Europe-Africa partnership and strategic thinking around options for possible policy adjustments by Europe, e.g. in the context of the Joint Africa-EU Strategy or the preparations for the European Commission 'Communication on a Modernised EU Development Policy'.
- Organising **private sector** forums on specific economic sectors with businesses from Africa, emerging players, the EU and the US, which have an interest in Africa. The aim would be to discuss linkages between investment opportunities and development, including business climate bottlenecks or the role of corporate governance initiatives in improving the developmental impact of FDI.
- Supporting dialogue processes with **NGOs** and community-based organisations with an interest in particular aspects of the role of emerging economies in Africa, e.g. their impact at grass-roots level or how to strengthen the capacity of African NGOs to engage actors from the emerging players and vice versa.
- Convening seminars to build **networks of research, public policy expertise and knowledge exchange** from Europe, Africa, the US, China, India and Brazil on the themes identified. This could include: the launch in Lisbon in June (during the annual meetings of the African Development Bank) of the African Economic Outlook 2011, focused on the emerging economies in Africa, as an opportunity for triangular dialogue; and an analysis of the lessons learnt based on the outcome documents of the China-DAC Study Group due later in 2011.

For comments and further details about these topics and processes, please **contact**:

San Bilal, ECDPM, sb@ecdpm.org ; Francesco Rampa, ECDPM, fr@ecdpm.org
Elizabeth Sidiropoulos, SAIIA, Elizabeth.Sidiropoulos@wits.ac.za