



Federal Ministry
for Economic Cooperation
and Development

Africa and Europe – A new partnership for development, peace and a better future

Cornerstones of a Marshall Plan with Africa

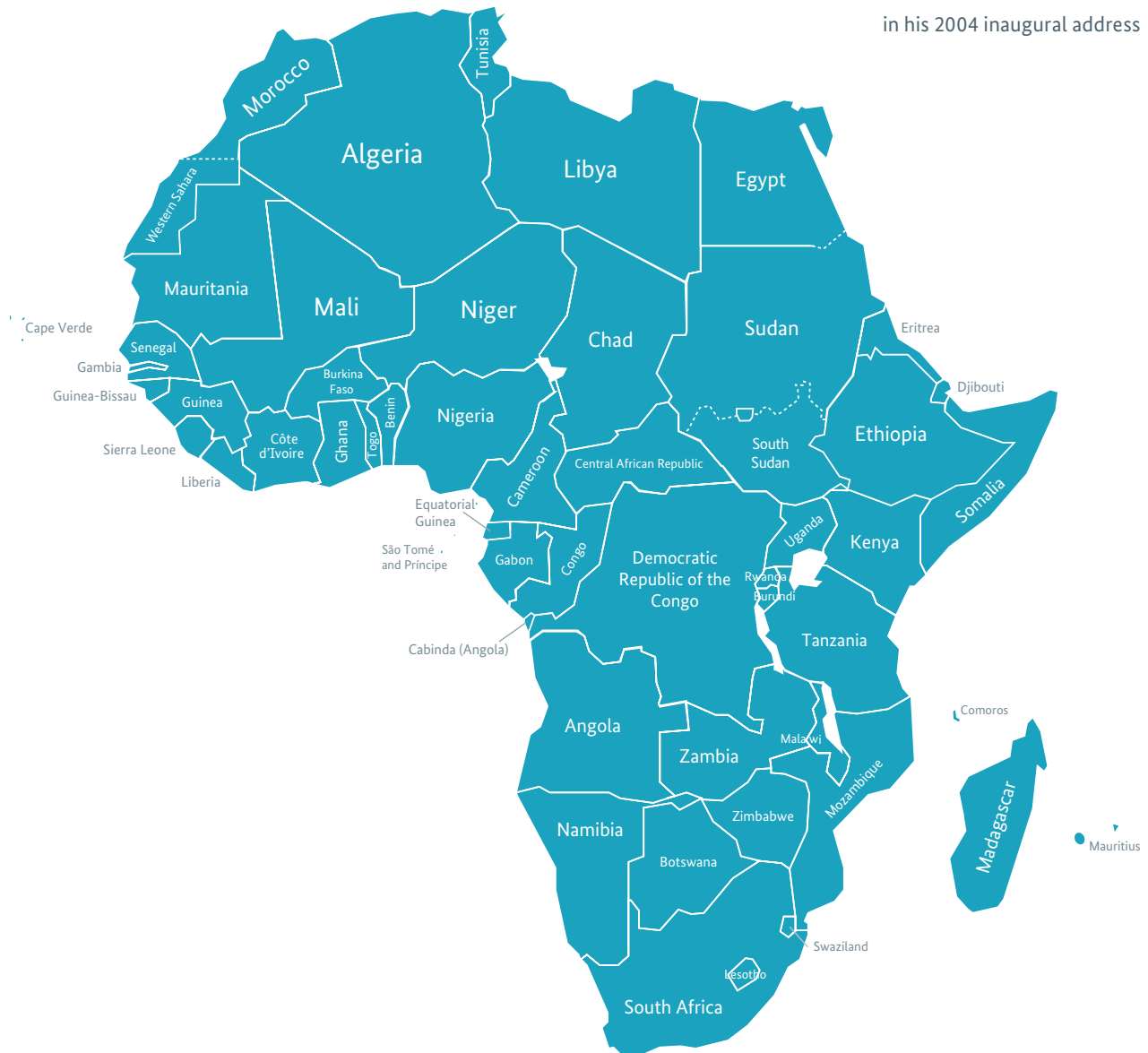


Table of contents

AFRICA AND EUROPE – A NEW PARTNERSHIP FOR DEVELOPMENT AND PEACE	4
10 STARTING POINTS FOR A MARSHALL PLAN WITH AFRICA	5
1. AFRICA – EUROPE’S PARTNER CONTINENT	7
1.1 Cooperation based on values and interests	7
1.2 Africa has tremendous assets	8
1.3 The continent of opportunity	10
1.4 Building on African ideas and structures	11
2. THE ESSENCE OF THE MARSHALL PLAN	12
2.1 New forms of cooperation – reform partnerships	13
2.2 New rules of cooperation	13
2.3 A new dimension of financing	15
3. THE PILLARS OF THE MARSHALL PLAN	16
Pillar 1 – Economic activity, trade and development	16
Pillar 2 – Peace, security and stability	19
Pillar 3 – Democracy, rule of law and human rights	21
4. THE FOUNDATIONS OF THE MARSHALL PLAN	24
4.1 Food and agriculture	24
4.2 Protecting natural resources	27
4.3 Energy and infrastructure	29
4.4 Health, education and social protection	31
5. OUTLOOK	33

“IN MY VIEW, THE HUMANITY OF THE WORLD CAN BE MEASURED AGAINST THE FATE OF AFRICA.”

Former German President Horst Köhler
in his 2004 inaugural address



“WHAT HAPPENS IN AFRICA IMPACTS ON ITS RELATIONS WITH THE WORLD. SUSTAINABLE GROWTH AND DEVELOPMENT THEREFORE REQUIRES PEACE, SECURITY AND STABILITY. AND THEY REQUIRE THE UNITY OF THE AFRICAN CONTINENT. PEACE IS THE GREATEST WEAPON FOR DEVELOPMENT.”

Nelson Mandela
6 April 2000, London School of Economics

The designations employed and the presentation of material in the maps do not imply the expression of any opinion whatsoever on the part of the BMZ concerning the legal or constitutional status of any country, territory or sea area, or concerning their frontiers or the delimitation of frontiers. Source: FAO, IFAD and WFP 2015.

Africa and Europe – A new partnership for development and peace

Africa and Europe are neighbouring continents. We are bound together by a shared history – and we are responsible for determining the course of our shared future. How successfully we manage the major challenges that lie ahead will decide not only the future and the fate of Africa – both its people and its natural environment – but also the future of Europe. And indeed these challenges can be tackled successfully – by taking our cooperation to a new dimension that benefits both continents.

In 2017, both Germany and the European Union are turning the spotlight on Africa. Germany is making the continent a focus of its presidency of the G20. And the EU is working on a new Africa strategy. The 28 member states want to redefine the basis for cooperation between the EU and Africa by replacing the Cotonou Agreement with a new partnership agreement. It is time now to find new solutions to new challenges. This paper is a living document. It identifies where there is potential, where there are problems and what could be the solutions. It aims to spark discussion, stimulate ideas and get all political and social groups involved. It is an open invitation to everyone to get on board in analysing the situation and finding solutions. Then we can forge a new partnership for learning and development.

There is not ONE solution, ONE plan, ONE best way of responding to the challenges that Africa faces. They are, of course, not totally comparable with the challenges Europe faced after World War II. But they require the same mobilisation of effort.

This Marshall Plan is also an expression of our will and of our optimism that we can truly find a path to peace and development in our cooperation between Europe and Africa. It must be an overarching and integrated strategy of the European Union and its member states and the states of the African Union. The focus will be on fair trade, more private investment, more bottom-up economic development, more entrepreneurial spirit and, above all, more jobs and employment.

African ownership must be strengthened and the days of “aid” and of “donors and recipients” put behind us. The EU and its member states want to engage in a partnership between equals. That means reaching a new agreement on political, economic, social and cultural cooperation. Our starting point will be the African Union’s Agenda 2063.

Our aim is an Africa that is both prosperous and at peace, where development benefits all and is powered by the African people. We want African solutions to African challenges.

As we enter this key year for Africa, we call on all our African partners, all experts in civil society – from business, research and science, the media, churches, business associations – and all those engaged in the various policy fields that are vital to the success of the Marshall Plan. We invite you to join in the discussion on these suggestions and solutions. Help us move them forward. We plan to stage a number of special events and invite everyone to engage in an online dialogue.

→ <http://www.marshallplan-mit-afrika.de>

10 starting points for a Marshall Plan with Africa

- 1 WE NEED A NEW PACT ON THE FUTURE BETWEEN EUROPE AND AFRICA** – Africa's population is set to double by 2050. It will then be home to 20 per cent of all people in the world. Ensuring that hundreds of millions of young Africans have enough food, energy and jobs and that their natural resources are protected presents massive challenges but also opportunities. European countries in particular can play a role in tackling these massive challenges by offering their knowledge, innovations and technological advances and getting directly involved.
- 2 AFRICA NEEDS AFRICAN SOLUTIONS** – The founding of the African Union (AU) and launching of the New Partnership for Africa's Development (NEPAD) were encouraging expressions of Africa's desire to make a fresh start. And reform-minded politicians have outlined Africa's own vision of the continent's future in the AU's Agenda 2063. Germany and Europe must now listen to what African countries are saying and bring a new quality and a new dimension to their cooperation with Africa. We need to move away from the donor-recipient mentality that has predominated for many decades and shift towards an economic partnership based on initiative and ownership. Africa is Europe's partner – not only on matters of economic cooperation and development policy but also in such key policy areas as trade, finance, the environment, agriculture, economics, foreign affairs and security.
- 3 PRIORITISING JOBS AND OPPORTUNITIES FOR YOUNG PEOPLE** – It is vital that Africa's young people can see a future for themselves *in* Africa. The average age in Africa is 18. Soon Africa's population will top 2 billion. That means that 20 million new jobs will be needed each year, in both urban and rural settings. Developing the necessary economic structures and creating new employment and training opportunities will be *the* central challenge. Africa's young people also need contact and interaction with Europe. Europe must develop a strategy that allows for legal migration whilst combating irregular migration and people smuggling.
- 4 INVESTMENT IN ENTREPRENEURSHIP** – It's not the governments that will create all the long-term employment opportunities that are needed, it's the private sector. So it's not subsidies that Africa needs so much as more private investment. That means creating an attractive environment within Africa itself. But it also means developing new instruments for mobilising and safeguarding investments. That will be topped off by proposals for corporate tax incentives and new investment opportunities, such as Africa funds or infrastructure bonds.

- 5 **VALUE CREATION, NOT EXPLOITATION** – Africa must be more than the continent of raw materials. The Marshall Plan is powered by a new kind of economic policy – one focused on economic diversification, the establishment of production chains, targeted support for agriculture and small and medium-sized businesses, enhanced status for trades and crafts and thus the creation of a new SME sector. Europe needs to support this by offering improved access to the EU single market and dismantling trade barriers.
- 6 **DEMANDING THE RIGHT POLITICAL ENVIRONMENT AND SUPPORTING ITS DEVELOPMENT** – Sustainable economic development is reliant on the rule of law, on both men and women enjoying political participation and on efficient and non-corrupt administrative structures. Everyone should benefit from economic progress in a country, not just the elites. That is something to be supported and also demanded on a daily basis.
- 7 **REFORM PARTNERSHIPS, NOT A BLANKET APPROACH** – The members of the African Union have committed to specific reforms in their Agenda 2063. We will be taking Africa's commitments seriously and will step up our development cooperation with those partners who implement reforms aimed at good governance, protection of human rights and economic development.
- 8 **EQUITABLE GLOBAL STRUCTURES AND INSTITUTIONS** – Reforms in Africa must also be matched by reforms in Europe and at global level. The main areas are fair trade, combating illicit financial flows and putting a stop to arms sales to areas in crisis. New forms of political cooperation also demand closer cooperation between European and African institutions. That means a permanent seat for the African nations on the United Nations Security Council and an enhanced role in all international organisations and negotiations, such as the World Trade Organization (WTO).
- 9 **ODA CANNOT PROVIDE ALL THE ANSWERS** – A lot has been achieved with Official Development Assistance. Yet it cannot cope with the challenges of an entirely new dimension we are facing. ODA should instead serve more to facilitate and promote private investment. African countries themselves must also mobilise considerably more domestic revenues, for example in the form of higher tax receipts.
- 10 **WE WILL LEAVE NO ONE BEHIND** – Germany will deliver on its shared responsibility for the least developed countries. The Marshall Plan highlights people's basic needs: food security, water, energy, infrastructure, digitalisation, health care and access to education – particularly for women and girls. We need to acknowledge the opportunities and challenges presented by urbanisation. And, just as much, we need to harness the potential of rural development and agriculture.

1. Africa – Europe's partner continent

Africa is a continent with its own very distinct history and culture. Three times the size of Europe and 85 times the size of Germany, it consists of 54 countries and is home to 3,000 ethnic groups and communities, 3,000 languages and countless religious faiths. Africa is the cradle of human-kind – Africa is in all of us.

Africa and Europe are neighbours. The distance between Sicily and Tunisia is a mere 145 kilometres, and it is only 14 kilometres between the Spanish coast and Morocco. We are not only united by our geographical proximity but also by history and culture. At the Berlin Conference of 1885, the continent was split up and dividing lines

were drawn with a ruler, without taking account of the peoples' history, tradition, culture and right to self-determination. What followed was an era of suppression, paternalism, humiliation and exploitation.

This has caused and continues to cause many conflicts and wars. The age of slavery was one of the low points in the relations between the western world and Africa and has had a lasting impact. Even today, the wealth of industrialised countries is, in part, based on the unchecked exploitation of the people and resources of the African continent. Learning from this history today means assuming responsibility for a common future.

1.1 Cooperation based on values and interests

Our cooperation with Africa is based on values and guided by common interests.

“Human dignity shall be inviolable.”¹

This principle applies to all people, also in Africa. It is a fundamental belief rooted in part in our tradition of Christian values and in Europe's humanist heritage. It means that there is a moral obligation to defend human rights, freedom, solidarity, the rule of law and the integrity of creation.

A Marshall Plan with Africa also symbolises achievement and mutual respect. It is guided by the interests of Africa and Europe. In the long term and as neighbours, we can either prosper together or suffer together.

¹ Art. 1 para. 1 first sentence of the German Basic Law (German constitution)

1.2 Africa has tremendous assets

Africa is a rich continent. It has vast agricultural and land resources and thus the potential to feed all the people living on the continent. Poverty, hunger, malnutrition and want could be overcome in just a decade. An Africa without hunger is possible.

Moreover, Africa is home to 15 per cent of global oil reserves, 40 per cent of gold reserves, 80 per cent of platinum metal reserves and has the largest expanse of agricultural land in the world.² In the last few decades there have also been some positive developments: the gross domestic product has increased fivefold since 1990, child and maternal mortality has been reduced by half, and 80 per cent of all children today attend primary school. The people in Africa have taken on a great deal: almost one third of the world's refugees, i.e. 20 million people, have found shelter in Africa.³ Africa has tremendous assets. In addition to its richness in resources and young population, it boasts cultural diversity, entrepreneurial spirit, innovative power and great untapped potential in the areas of renewables and agriculture.

A recent McKinsey study makes concrete forecasts for 2025⁴: a doubling of manufacturing output, 2.1 trillion US dollars in household consumption and 3.5 billion dollars in business spending.

The continent's cultural and religious diversity are also important resources. Churches and faith communities have always played a pivotal role in providing social services, especially in the areas of education and health. They reach people even in places where no public institutions or systems exist. In countries where the opposition or civil society are weak, religious representatives are often the only ones to raise their voice and expose corruption and social injustice.

Many of these assets are still not being used. There are reasons for this, and we must address them openly. In many African countries, corrupt elites still have too much influence. Elites who prefer to channel their money abroad instead of investing it locally, who decide to sell their arable land and fisheries instead of using them to feed their own population, who let multinationals exploit the country's natural resources without creating domestic value chains.

Large sections of the African population are suffering from a political culture that does not define "government" as a duty to serve the common good but as the right to help yourself. This deprives the youth of Africa of their future. In addition, women and minorities are often excluded although the skills and abilities of all people are needed. No society can afford not to use the potential of half its population. The women of Africa hold the key to the continent's future in their hands. They must also be able to use that key.

But international corporations are also falling short in some areas, namely with regard to meeting local environmental and social standards and compliance regulations. This has resulted in Africa losing more than one trillion US dollars in the last 50 years that could have been used for sustainable development, with illicit financial flows currently amounting to 50 billion US dollars per year. 60 per cent of losses are due to aggressive tax avoidance by multinational corporations.⁵

² AfDB (2015)

³ UNHCR (2015)

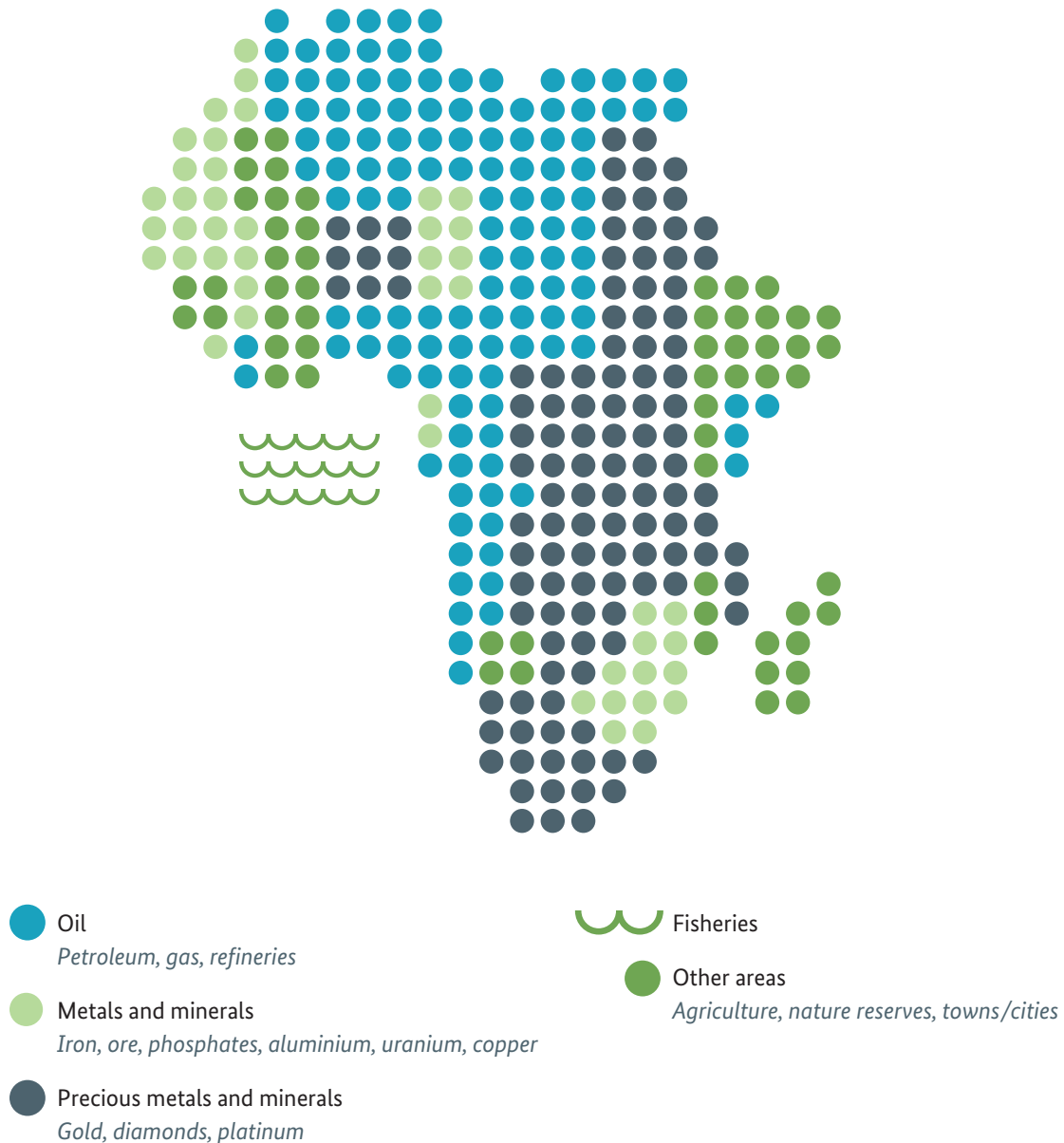
⁴ McKinsey Global Institute (2016): *Lions on the Move II*

⁵ Final Report of the High Level Panel on Illicit Financial Flows from Africa of the AU/UN (2015)

In addition, Europe's policy on Africa was for decades often guided by its own short-term economic and trade interests. There was no consistent,

targeted or "joined-up" policy, and the required structure for implementation was not in place.

Africa is rich in resources:



Source: African Development Bank, www.afdb.org

1.3 The continent of opportunity

Notwithstanding all the conflicts and problems, Africa is also a continent of opportunity, dynamic development and youth. Half of the African population of 1.2 billion is under the age of 25. Africa's population is set to double by 2050 and this dynamic population growth is both a challenge and an opportunity. The dynamic power of a young society should be a driver of economic development. For this to happen, Africa's youth need to have access to education and training. Africa's dynamic population growth is also an epochal challenge, for instance with regard to food security and environmental and climate protection.

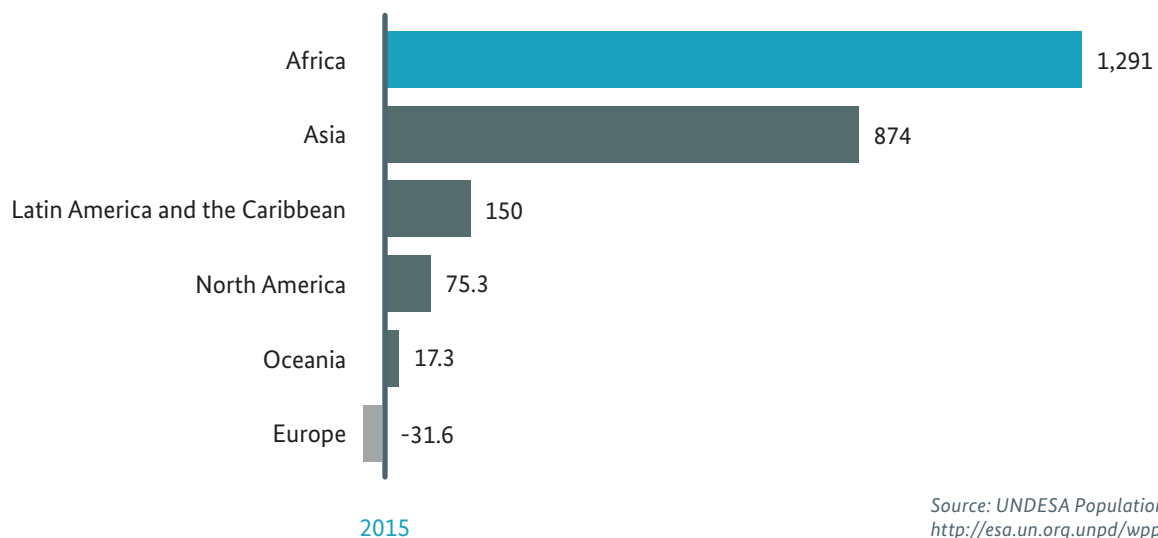
Young people in Africa know what opportunities are available to young people in Europe. Quite rightly, they are demanding the same opportunities for themselves. That is why all measures must

be judged by the question of whether they give young people new prospects for a better future. We thus need to shift the focus of our cooperation and prioritise the three-pronged approach of education, training and employment.

The most important question that must be answered by a Marshall Plan is:
How can 20 million new jobs be created that give young people prospects for their future without destroying the environment?

Population growth (2015 – 2050)

projected growth in millions



Source: UNDESA Population Division
<http://esa.un.org.unpd/wpp>

1.4 Building on African ideas and structures

Africa has already laid important foundations:

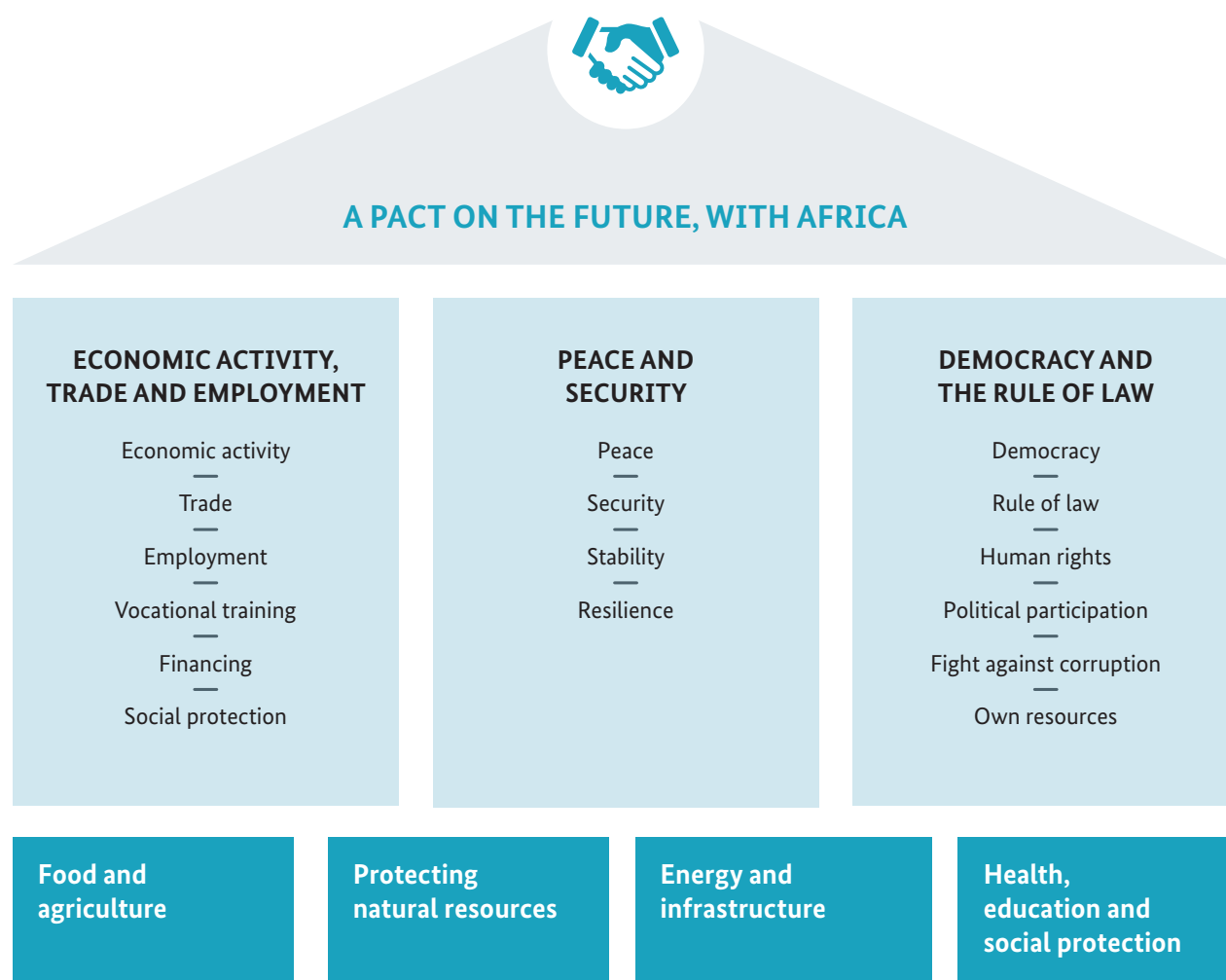
- *The African Union (AU) brings almost all African countries round one table and, in this way, strengthens cooperation on the continent. With its peace and security architecture and the African Standby Force, the AU has demonstrated its capacity for effective action.*
- *With the Agenda 2063, it has adopted a clear strategy for promoting sustainable development on the continent. An implementation plan defines the goals for the next ten years. Africa's policymakers have vowed to support democracy, the rule of law and economic reforms. They realise that they need to create value in their own countries – by taking the initiative and promoting economic development whilst fighting corruption at the same time.*
- *Several countries have embarked on a course of reform in recent years, like for example Algeria, Benin, Botswana, Egypt, Ghana, Mauritius, Morocco, Namibia, Senegal, South Africa, Togo and Tunisia.⁶*

The Marshall Plan takes Africa at its word. It is designed to be a common response by all partners to these African initiatives and structures – a European offer to support the African continent in promoting development of a new dimension. The Plan is rounded off by new concepts of institutional cooperation and well-coordinated policies on foreign affairs, development, trade, economics, security, agriculture, climate, environment and migration.

6 Transformation Index BTI 2016

2. The essence of the Marshall Plan

The Marshall Plan rests on three pillars, contains more than 100 ideas for reform and is centred round the key issues for development:



In all areas, our focus is on providing far more support to women and girls – both as a cross-cutting priority issue and as a separate priority area in its own right – and on strengthening education and training offers for the young generation.

Through targeted and cross-sectoral initiatives, we want to use the opportunities of digitalisation in all areas of life. We want to develop digital infrastructures and invest in people's abilities and skills. Our goal is to promote the fair and open development of a digitalised world.

2.1 New forms of cooperation – reform partnerships

We need a paradigm shift in the cooperation with our African partners. We must move away from the concept of donor and recipient countries, and focus more on joint economic cooperation instead. In the financing of projects, we need to develop a common, international strategy and take a coordinated approach. We do not have to do everything differently. But we do need to do many things more effectively, quickly and consistently.

We are taking African governments at their word. This means that in future we will intensify our co-operation with countries that are reform-oriented and have proven their will to reform, above all by ensuring reliability, the rule of law and the political participation of all their citizens.

Together with other European and international players we want to forge incentive-based reform partnerships with the reform champions among African states, thereby creating incentives for faster, sustainable development. We will therefore make the instruments of development policy more flexible so we can respond to political changes more quickly and effectively. We want to move away from the blanket approach to development cooperation and provide targeted support to reform-minded countries. Of course, we will also continue to take our share of responsibility for the least developed countries.

2.2 New rules of cooperation

In a globalised world, Africa's development also depends on international rules and institutions. Our African partners need fair opportunities. This requires changes, in Germany, Europe and worldwide:

- *put an end to harmful exports to Africa; move from free trade to fair trade, promote economic structures and establish local value chains*
- *comply with international environmental and social standards*
- *eliminate international tax havens; stop illicit financial flows from Africa – for example by exerting pressure on international financial markets and banks*
- *restrict exports of arms – especially small arms and light weapons – to Africa*
- *put pressure on governments that finance religious extremism in Africa, thereby destabilising entire regions.*

In Germany and Europe, we must also harmonise our policies and instruments more effectively. Here, Germany can lead the way. And for this we need a coherent Africa policy. Introducing an annual “Federal Government Report on Africa Policy” can be a first step in this regard. This report could take up and merge the different ministries’ strategies for Africa.

The original Marshall Plan was an offer to Europe – today’s Marshall Plan is an offer by Europe for joint action with Africa. That means putting an end to individual countries doing their own thing in Africa and instead joining forces within Europe. We need a pan-European effort.

The Post-Cotonou process presents the EU with the unique opportunity to overhaul its policy for Africa as of 2020 in terms of both institutions and agreements. It also offers the potential to ambitiously drive forward the agenda of trade agreements with Africa.

A flexible framework agreement could be used, above all, to develop a sustainable, politically strengthened partnership with Africa.

Regional integration in the Mediterranean region is an essential factor for growth, economic development and employment in the countries of North Africa. We want to build on the cooperation with the Union of the Mediterranean, which was founded in 2008, and the G7 Deauville Partnership with the Arab transition countries and grow them into a strategic partnership. The Union of the Mediterranean must become a driving force for regional integration so as to further boost foreign investment, employment and trade.

Therefore, Africa should also be high on the Brussels agenda. Regular meetings between the African Union and the European Union are a step in the right direction. But they are not enough. We need long-term and sustainable ties between the AU and the EU. The EU-Africa Summit in the autumn of 2017 must mark a historic turning point in the relations between the two continents and usher in an institutional realignment to be completed by 2020.

We need an EU Commissioner for Africa, who ensures a coherent policy on Africa. Until his or her appointment to the new EU Commission in

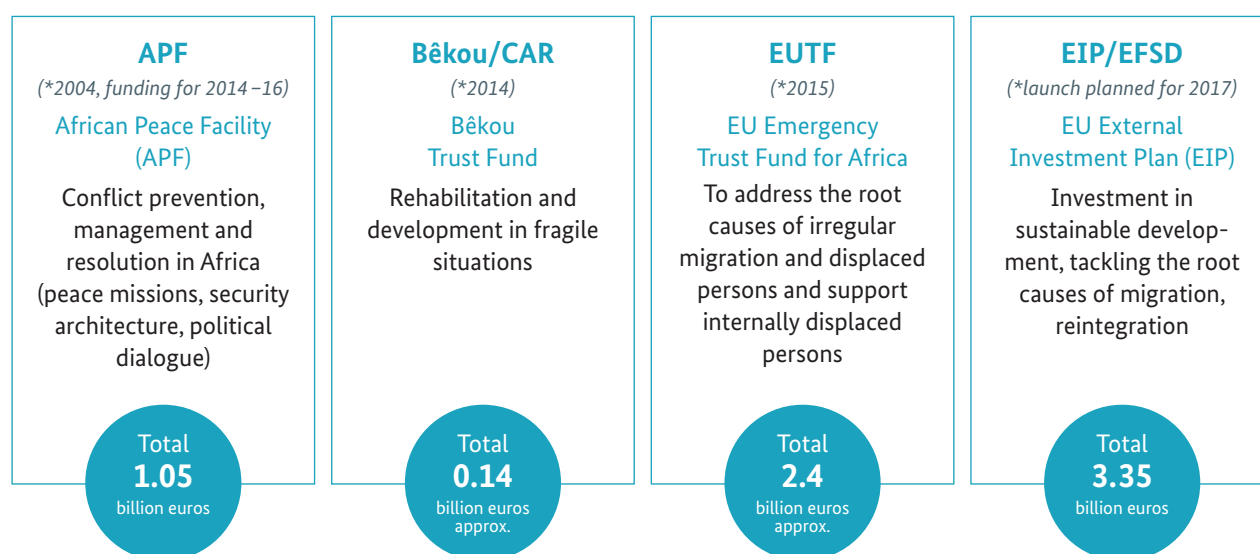
2019/2020, an “Africa Council” chaired by the High Representative could be established, composed of all Commissioners currently responsible for Africa. The Africa Council would be tasked with continuously reviewing all EU measures in terms of their development benefits for Africa.

At a time when a proposal for the new European Consensus on Development is being discussed, the EU must strengthen its development cooperation with Africa and ensure that it is dovetailed closely with EU external action instruments.

In the short term, we can also use existing instruments to significantly expand our partnership with Africa, namely the EU Trust Fund for Africa, the EU External Investment Plan, the financing instruments of the European Investment Bank and the EU Migration Partnerships.

At the same time, we must stop speaking on behalf of Africa. Africa can speak for itself. That is why Africa should gain a permanent seat on the UN Security Council and be represented in other international organisations in a way that reflects its increased importance.

EU-financed funds and facilities in Africa



Source: BMZ As at: November 2016

2.3 A new dimension of financing

In 2015, ODA (Official Development Assistance) for Africa amounted to more than 50 billion euros globally. Of course, we need more ODA funds to meet the current challenges. In view of the investment volume of over 600 billion US dollars per year required to implement the UN Sustainable Development Goals (SDGs) in Africa⁷, relying on ODA funds alone cannot be the solution. It is important, therefore, to take a three-pronged approach to financing:

- *mobilise own financial resources in African countries and strengthen their capacity to generate own revenues*
- *boost private investment and mobilise private capital using new support instruments and investment products*
- *use ODA funds to leverage private investment.*

It is hard to explain why the tax ratio in the poorest African countries should still be below 17 per cent when it stands at an average 35 per cent in OECD countries, or why education budgets are chronically underfinanced in many African countries despite them selling their natural resources.

The crucial factor is to mobilise the private sector to a greater extent. If Germany and other donors, and also the multilateral development banks, support suitable funds, it will reduce the risks faced by investors significantly. In this way, public funding can be used to directly boost private investment in Africa. Every euro of tax revenue can leverage many more euros in private capital. And then investing becomes attractive even for large institutional investors such as insurance companies or pension funds.

ODA funds can also be used for guarantee instruments – similar to the covering of exports by Hermes guarantees – to protect private investments (ODA-financed guarantee instrument). The World Bank already has a Multilateral Guar-

antee Agency, which could expand its activities in Africa if donors made the necessary commitments.

Moreover, we must ensure that investments in Africa are no longer exposed to currency risks. We thus need to ensure a better hedging of local currency risks, for instance through the Currency Exchange Fund.

Together with the World Bank, the International Monetary Fund and the regional development banks, Germany will launch an initiative during its G20 Presidency to boost private investment in Africa.

In addition, existing instruments need to be co-ordinated and managed better. This is also something we are already working on with the World Bank. The structures of the EU External Investment Plan can be the basis for a pan-European investment initiative.

Capital stock of development banks in billion US dollars



Source: Banks' annual reports

⁷ Economic Development in Africa Report 2016, UNCTAD

3. The pillars of the Marshall Plan

Pillar 1 – Economic activity, trade and development

WHERE ARE WE NOW? WHERE DO WE WANT TO GO?

Over 50 million young people in Africa are in precarious employment. Youth unemployment there stands at 50 per cent.⁸ The continent needs some 20 million new jobs each year.⁹

There are still far too few training opportunities for young people. And often the training on offer does not match the needs of the private sector. Africa needs many more training opportunities, the status of crafts and trades must be raised and technical and vocational education and training must be made available to all. That also means giving the agricultural sector a more modern image as an attractive area to work in. We need to explore new ways of developing structures for small and medium-sized enterprises. At present, not enough value is added to local resources, trade areas are too small and there is a lack of business initiative and industry.

The declining demand for commodities has meant a slowdown in gross domestic product growth for many African countries. That shows just how dependent Africa is on those commodities. Now it needs to focus more on economic diversification. Africa is not well integrated into the world economy, offers an insecure environment for private investment and some countries face a growing risk of remaining permanently in debt.

Yet there are signs of hope. According to the World Bank, net flows of capital to sub-Saharan Africa have more than trebled since 2000, particularly in stable and well-governed countries where conditions are conducive to development. Local

financial systems are emerging in many countries, meaning that businesses can find funding locally.

The World Bank's Doing Business Index points to a general improvement in the business climate in sub-Saharan Africa since 2010. And Africa also now has innovation clusters, such as Kenya's Silicon Savannah, which is at the heart of the continent's high-tech boom.

Resource wealth, fertile soils, a growing SME sector – these are just some of Africa's greatest assets. But its greatest asset remains its young people. By 2035, Africa will have the largest potential workforce in the world.¹⁰ It is critical that it use those assets to generate a demographic dividend.

As the world's last untapped market – and one that is right on Europe's doorstep – Africa holds great opportunities, not least for the German private sector.

Our vision can already be found in the AU strategy: ***“a prosperous Africa based on inclusive growth and sustainable development”***.

⁸ OECD (2016)

⁹ IMF (2016)

¹⁰ Mo Ibrahim Foundation (2013)

WHAT NEEDS TO HAPPEN?

→ AFRICA

- Improve the environment for doing business (including climate for investment and innovation)
- Develop stable and inclusive financial systems
- Promote intra-African trade (AU and regional organisations)
- Achieve rapid and successful conclusion of negotiations on a Continental Free Trade Area (CFTA)
- Introduce protective tariffs to provide partial and temporary protection of domestic markets against global competition
- Expand technical and vocational education and training and focus more on the needs of the local labour market
- Ratify the WTO Trade Facilitation Agreement

→ GERMANY

- Launch an alliance for jobs and vocational training for African's youth in collaboration with the German private sector and international partners (ILO, AfDB etc.)
- Collaborate with various ministries to put together a package of investment incentives for businesses:
 - conclude pro-development double taxation agreements with more African countries
 - create tax incentives for investment in Africa
 - better dovetail the German Ministry for Economic Affairs' business promotion instruments with German development policy
- Expand the network for advising German businesses in Africa
- Support the private sector in establishing sustainable supply chains, for example "no-deforestation" supply chains for soya and palm oil and "fair supply chains" for cocoa, coffee and bananas
- Support African financial markets and financial service providers (for example through local currency funds or acceptance of currency risks or guarantees)
- Use Official Development Assistance (ODA) to mobilise private capital to boost employment
- Develop risk transfer mechanisms (e.g. credit and loan guarantee schemes) and expand such mechanisms (create a new ODA-financed guarantee scheme)
- Create new investment products (funds and bonds) for private investors
- Found a digitalisation centre for African business in collaboration with African partners

→ INTERNATIONALLY

- Support an economic and energy partnership between the EU and North Africa (e.g. promoting renewable energies, research cooperation and infrastructure partnerships)
- Expand political and economic cooperation within the Union for the Mediterranean
- Conclude and implement pro-development trade and economic partnership agreements
- Support the European External Investment Plan, using it to achieve the goals and focuses of this Marshall Plan
- Continue integration into and opening of the EU single market
- Promote local value chains
- Support the African private sector in satisfying EU quality standards so as to be able to realise their export potential and use the opening of the EU single market to create more value within Africa
- Review existing investment agreements with African countries and update them in a way that boosts development
- Promote value creation within Africa (for example using the local workforce for infrastructure projects)
- Provide information on and promote legal migration opportunities to the EU for the purposes of specialist training
- Support private investors in preparing funding-ready projects
- Prevent development banks from crowding out private capital and mobilise private capital instead
- Deploy Official Development Assistance (ODA) only when projects are not suited to private funding
- Prevent the foreign exchange risks involved in dollar or euro loans from placing excessive strain on partner countries' budgets; more loans in local currency from development banks

Pillar 2 – Peace, security and stability

WHERE ARE WE NOW? WHERE DO WE WANT TO GO?

Peace and security are key to development and economic growth. War and violence can destroy in just a few weeks what has been built up over many years. In 2015, they resulted in the forced displacement of some 20 million people.¹¹ No one wants to invest in an area where shots are being fired. Conflicts often arise out of competition for commodities. That makes Africa's resource wealth both a blessing and a curse. This is compounded by the growing threat posed by violent extremism, often fuelled by ostensibly religious convictions.

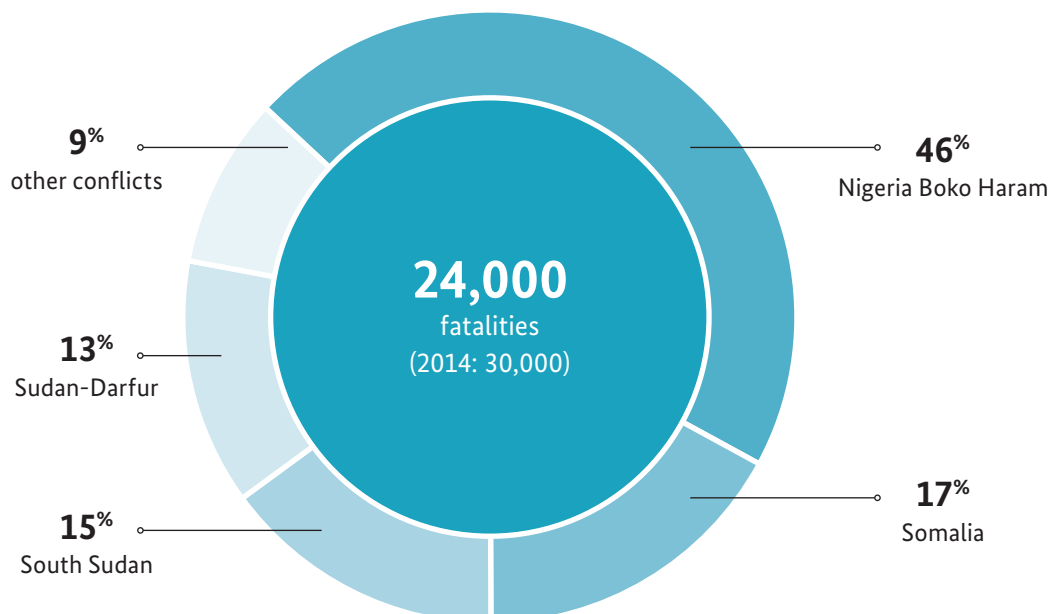
The African Union identified peace and security as central aims in its Constitutive Act and it reconfirmed that commitment in its Agenda 2063. It has established a peace and security architecture that encompasses a Peace and Security Council for Africa, an early warning mechanism and the African Standby Force. These institutions, and Africa's crisis diplomacy, have already helped Africa to contain many violent conflicts.

And yet, compared with its military capacities, Africa's civil capacities remain underdeveloped. What is lacking is a joined-up approach, human resources, administrative capacities and appropriate staff training. That means that more support is needed. The aim is for Africa, the African Union and its regional organisations to be capable of resolving conflicts and crises themselves.

Our vision has already been formulated in the AU strategy: *“a peaceful and secure Africa”*.

¹¹ UNHCR (2016)

Fatalities from conflicts in sub-Saharan Africa in 2015



Source: International Institute for Strategic Studies (IISS), www.iiiss.org

WHAT NEEDS TO HAPPEN?

→ AFRICA

- Expand the security architecture of the AU and African regional organisations
- Provide substantial contributions to ensure funding for an African peace and security policy
- Strengthen civilian oversight exercised by the national authorities responsible for security

→ GERMANY

- Boost prevention: continue support for the establishment of African security structures, particularly mediation, early warning systems and peace consolidation
- Systematically implement the German government's forthcoming "Guidelines on Crisis Engagement and Peacebuilding" in Africa
- Develop proposals for security partnerships
- Launch an enable and enhance initiative to improve skills of security forces

→ INTERNATIONALLY

- Propose an "EU-Africa Peace and Security Partnership" for the 2017 EU-Africa Summit
- Continue the EU's African Peace Facility until 2020, mobilising funding from sources other than the European Development Fund and systematically increasing the share devoted to building civil capacities
- After 2020, establish a dedicated EU funding instrument to expand military capacities and fund peace operations
- Achieve effective and reliable burden-sharing between the AU and the United Nations on funding African-led peace operations
- Launch a diplomatic conflict resolution initiative
- Take a broader and more substantial approach in post-conflict situations that includes economic and employment aspects so as to generate a faster peace dividend
- Support faith communities in their peace-promoting role
- Expand the International Partnership on Religion and Sustainable Development
- Cease arms exports to crisis areas and improve controls of small arms trade

Pillar 3 – Democracy, rule of law and human rights

WHERE ARE WE NOW? WHERE DO WE WANT TO GO?

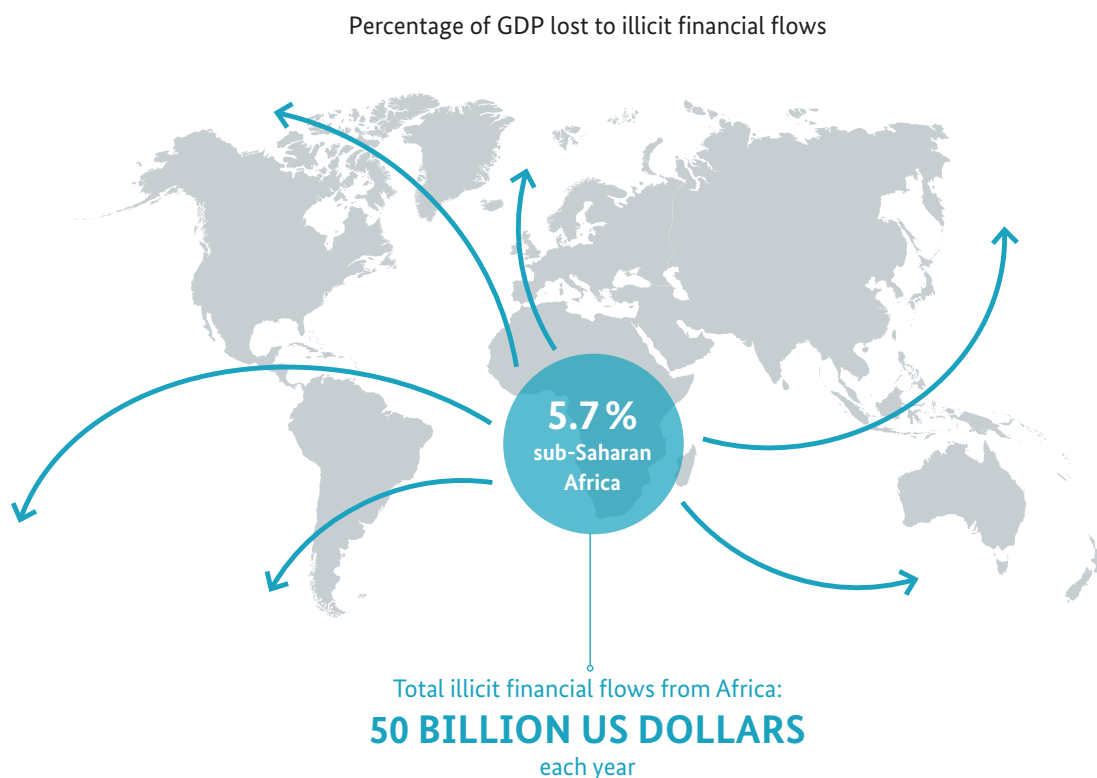
It is the state's job to put in place the right conditions to attract private investment. That also ensures that such investments benefit all the people in a country, not just the elites. Many people in Africa are suffering from inadequacies in the rule of law, exclusion from the political process, inefficient administrative structures and corruption. Every year, Africa loses over 50 billion US dollars through illicit financial flows, draining those countries' economies of vital capital.¹²

That is equal to flows of Official Development Assistance. Trust in government institutions is lower in Africa than anywhere else in the world. Of course, there are other, more positive examples. Rwanda,

for instance, has made great strides in its fight against corruption, thanks in part to Germany's support on modernising local administrative structures and building up monitoring systems together with civil society.

The aim is “*an Africa of good governance, democracy, respect for human rights, justice and the rule of law*”.
(Agenda 2063)

¹² Final Report of the High Level Panel on Illicit Financial Flows from Africa of the AU/UN (2015)



Source : United Nations, 2016

WHAT NEEDS TO HAPPEN?

→ AFRICA

- All African governments implement the AU Charter on Democracy, Elections and Governance and the UN Convention against Corruption
- All African states support the African Court on Human and Peoples' Rights
- Permit submission of individual complaints to African Court on Human and Peoples' Rights
- Ensure poor sections of the population also have access to independent courts
- Strengthen legal certainty and the fight against impunity
- Modernise administrative structures (efficiency, transparency, accountability)
- Cut red tape – particularly for the registration of new businesses
- Recruit civil servants based on aptitude, performance and skills
- Pay civil servants competitive wages so as to prevent corruption
- Strengthen transparency in the extractive sector and in public procurement
- Establish systems of civil records and land registers
- Strengthen property rights
- Ensure civil society is able to develop freely
- Repeal laws banning NGOs
- Enforce human rights for all, including minorities
- Further develop the African Peer Review Mechanism for the implementation of the Agenda 2063
- Use the AU Assembly to discuss progress on the Agenda 2063
- Implement Addis Ababa Action Agenda:
 - increase tax ratio
 - broaden tax base
 - improve revenue administration
 - close tax loopholes

→ GERMANY

- Tie Official Development Assistance to progress on the goals of Agenda 2063 (reform partnerships)
- Make our development cooperation instruments more flexible
- Shorten the planning and implementation phase of development interventions
- Create new incentive systems to mobilise counterpart funds (e.g. providing more official development funding when countries generate more tax revenues)
- Talk straight with those opposed to reform rather than showing diplomatic restraint
- Provide more support to young elites growing into positions of authority through political foundations; expand the German-African Youth Initiative into a type of a ERASMUS programme with Africa and promote youth exchange

→ INTERNATIONALLY

- Stop illicit financial flows and aggressive tax avoidance and evasion
- Increase automatic exchange of information on tax matters
- Implement the G20/OECD action plan on base erosion and profit shifting by multinationals
- Ensure and monitor adherence to international standards on corporate sustainability, transparency and tax honesty; increase application of UN Global Compact in Africa
- G20 commit to design activities in Africa in a way that promotes rule of law and transparency and ensures that value is created in Africa, particularly through use of domestic workforce
- Make it easier in particular for scientists, artists, journalists and human rights activists to obtain visas
- Expand the Extractive Industries Transparency Initiative (EITI) and the G7 CONNEX Initiative, which provides advice on contract negotiations
- Assist African countries in mobilising financial resources of their own; extend the Addis Tax Initiative to other countries
- Launch an international investment drive for e-governance and/or digitalisation of administrative processes – with Africa, international donors and technology companies

4. The foundations of the Marshall Plan

4.1 Food and agriculture

WHERE ARE WE NOW? WHERE DO WE WANT TO GO?

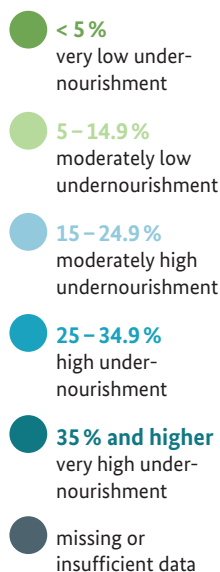
Africa could feed itself. But instead, it is spending an annual 35 billion US dollars¹³ on food imports. More than 232 million¹⁴ people in sub-Saharan Africa, almost one in four, are still suffering from hunger.

Africa is still the only continent where the absolute number of chronically malnourished children is rising. They are at risk of becoming a “lost generation”. Investing in food programmes, particularly for pregnant women, mothers and small children, is the most important investment in the future.

The main cause of hunger is poverty. And poverty has a predominantly rural face. Investment in agriculture has been a neglected topic for far too long. Precious foreign currency has to be spent unnecessarily on meeting people’s basic needs. The agricultural sector, which employs some 70 per cent of the entire economically active population, accounts for just 30 per cent of added value.

¹³ AfDB (2016)

¹⁴ UN/WFP (2016)



The map shows the percentage of people in each country who are undernourished (2014–2016)

The designations employed and the presentation of material in the maps do not imply the expression of any opinion whatsoever on the part of the BMZ concerning the legal or constitutional status of any country, territory or sea area, or concerning their frontiers or the delimitation of frontiers. Source: FAO, IFAD and WFP 2015.

The productivity of African agriculture can in fact be increased dramatically simply by providing better education, training and advice and easy access to agricultural research findings.

There is a need for:

- *technical innovation (e.g. better seeds, animal hygiene, storage and processing technology),*
- *organisational innovations (e.g. strengthening producer groups and farmers' organisations) and*
- *systemic innovations (e.g. establishing business models, marketing and sales structures).*

More than 315 million smallholders also need:

- *easy access to agricultural financial services (e.g. to loans for agricultural inputs and to insurance),*
- *infrastructure expansion; it must be ensured that Africa's rural areas are connected to its growing cities since this is necessary to expand intra-African trade and*
- *a reform of land rights; this is of key importance for the future of small farmers and also essential for ensuring fair participation in growing added value.*

It is the rural areas that will determine Africa's future. These areas must not lose out to globalisation. Progress in individual countries must not be undermined by unchecked and uncontrolled market forces or by distortions to the market through agricultural subsidies. Financial investments in agricultural markets should be made transparent and subject to regulation. Speculation in times of looming global food price crises must be banned.

At the same time, African countries need to take advantage of the trade policy options available to them to protect their markets and develop a competitive agricultural and food sector. Dependencies

must be reduced, independence must be strengthened. Agreeing on tariff- and quota-free market access for all least developed countries is one way to support this process.

Globalisation means all our lives impact on others' lives. The way agricultural products are produced and consumed significantly influences the ecological and social conditions in Africa. Most cocoa farmers still live below the poverty line. Their earnings amount to merely 6 per cent of the cocoa price. Moreover, it is scandalous that children are still employed in the production of cocoa.

Therefore, we urgently need to find new ways to develop agricultural value chains that are sustainable and to improve the working and living conditions of the local population. Multi-stakeholder forums such as the German Initiative on Sustainable Cocoa are an important first step.

Our consumption habits, too, must change. Information and education play a pivotal role in achieving this. We need credible environmental and social labels so that ethical and environmentally sound supply chains can be recognised immediately by everyone.

The goal is an Africa with ***“modern agriculture for increased production, productivity and value addition (that) contributes to farmer and national prosperity and Africa's collective food security”***. (Agenda 2063)

WHAT NEEDS TO HAPPEN?

→ AFRICA

- Launch targeted programmes to improve food security, especially for pregnant women, mothers and children
- Use at least 10 per cent of public spending for innovation-oriented agriculture
- Improve access to advisory services and training, means of production and capital
- Establish well-functioning systems of agricultural financing
- Strengthen intra-African agricultural trade by improving infrastructure and dismantling trade barriers
- Implement a sustainable agricultural policy and, particularly for women, establish secure land rights
- Use the options available to protect African markets so as to allow Africa's own agricultural sector to develop

→ GERMANY

- Expand the programmes being implemented under our One World – No Hunger Initiative, including Green Innovation Centres, and enhance their structural impact in African countries
- Further strengthen development cooperation programmes aimed at developing rural areas
- Intensify public research in the field of agriculture and breeding and give small family farms better access to high-quality seeds
- Modernise agriculture in Africa by applying adapted technologies for smallholders
- Further promote the establishment of sustainable agricultural supply chains by
 - setting up multi-stakeholder forums (example: Initiative on Sustainable Cocoa)
 - promoting credible environmental and social labels in the agricultural sector
 - supporting partner countries in meeting quality standards

→ INTERNATIONALLY

- Afford Africa better access to EU markets and enable African countries to use protection mechanisms to develop their own agricultural sector
- Abolish all trade-distorting agricultural subsidies at WTO level
- Strengthen international investment programmes such as the Global Agriculture Food Security Programme (GAFSP) and programmes to fight malnutrition
- Promote youth employment in rural areas and agricultural innovations through greater commitment by the G20
- Protect the African fisheries sector by concluding fair fisheries agreements and taking more resolute action to combat illegal fishing
- Call for better cooperation between international organisations for food and agriculture (especially FAO, IFAD, WFP, World Bank, CGIAR)

4.2 Protecting natural resources

WHERE ARE WE NOW? WHERE DO WE WANT TO GO?

Africa is the continent most at threat from climate change. Seven of the world's ten countries that are at greatest risk are in Africa. In the last 25 years, the number of weather-related disasters such as floods or droughts has doubled. This has once again been dramatically illustrated in large parts of eastern and southern Africa by the El Niño phenomenon. Climate change puts essential sources of livelihood such as farmland, water supply, ecosystems and supply infrastructure at risk. Africa already has the highest drought-induced mortality rates of any region in the world. Climate change thus also increases the risk of conflict over natural resources (such as land or water) and, as a consequence, places migratory pressure on the continent.

The United Nations Environment Programme has calculated that natural resources account for up to 50 per cent of gross domestic product in many African countries. Moreover, the maritime regions that lie off many African countries are affected by overfishing. Population growth will greatly increase pressure on Africa's ecosystems in the next few decades.

At the same time, African states are actually subsidising the over-exploitation of resources in their countries. In sub-Saharan Africa, subsidies for fossil fuels alone amount to 21 billion US dollars¹⁵ per year. Reducing subsidies and introducing environmental taxes and pollution charges would enable African countries to not only create favourable overall conditions for a robust and viable economy but also generate additional funds for development.

Africa's biodiversity and ecosystems are precious assets that need to be protected, both to increase resilience to climate change and to boost economic activity and employment. Existing forest areas must be preserved as carbon sinks and for ensuring rainfall distribution, which is vital to the agricultural sector and for energy generation. Using environmentally sound technologies would make African products more competitive and also be an important factor in environmental and climate protection.

Our goal is a green, resilient and sustainable Africa *whose “unique natural endowments, (...) environment and ecosystems, including its wildlife and wild lands are healthy, valued and protected, with climate resilient economies and communities”*. (Agenda 2063)

For this to happen, Africa itself must take responsibility for the protection and sustainable use of the natural resources that form the very basis of its future economic activity and prosperity.

¹⁵ Africa Progress Report 2015

WHAT NEEDS TO HAPPEN?

→ AFRICA

- Adapt agriculture better to climate change, for instance through
 - better erosion control and conservation agriculture
 - changes in crop rotations and more efficient water use
 - diversification of agricultural production
 - restoration of soil fertility
- Create more natural and marine protected areas and manage these more effectively
- Conclude an anti-poaching agreement

→ GERMANY

- Support African partner countries in fulfilling their national obligations under the Paris climate agreement, for example:
 - Provide individual advice in designing and implementing climate change mitigation and adaptation measures
 - Lend support in mobilising own funding and targeted financial support
 - Mobilise private investment, for instance to promote climate-friendly agriculture, forestry, afforestation, industry, energy generation and energy efficiency

→ INTERNATIONALLY

- Specifically promote technology transfer and environmentally friendly investments
- Swiftly implement international agreements to reduce carbon emissions
- Support African countries in establishing true-cost pricing in the consumption of goods and resources (e.g. by establishing ecological tax systems and eliminating harmful subsidies)
- Make available additional capital for climate risk insurance
- Further expand the African Risk Capacity drought insurance scheme (develop new insurance products and take on new members)
- Expand initiatives for reforestation (e.g. in the Sahara region) and the protection of tropical forests

4.3 Energy and infrastructure

WHERE ARE WE NOW? WHERE DO WE WANT TO GO?

Deficiencies in infrastructure sap growth in Africa by 2 per cent a year.¹⁶ This applies to both the transport infrastructure and to energy and water supply. According to UN estimates, this adds up to 40 per cent to the price of African goods on the world market. The International Energy Agency states that only around 32 per cent of the population in sub-Saharan Africa has access to electricity, and only half of the population has access to clean water. Reliable, 24-hour water and energy supply is essential for businesses. The “sun continent” Africa has the potential to significantly expand its energy supply system using renewable energies, without having to take any detour via environmentally harmful technologies. And it can make this system viable, sustainable and affordable right from the start. The necessary technologies to generate solar, water, wind, biomass and geothermal energy are available. If the general political framework is right, it will be easy to attract investors. It will thus be possible to give 90 per cent of the African population reliable access to energy by 2030.

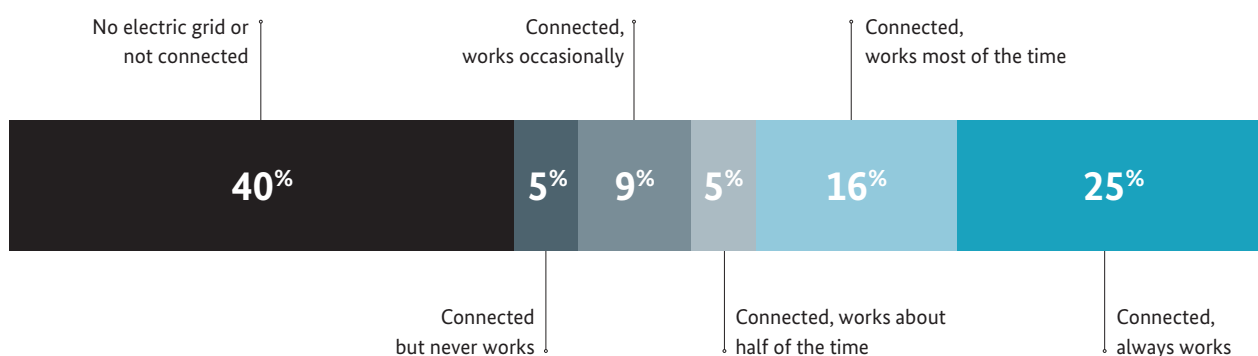
Off-grid energy solutions can be used to provide quick and effective supply to rural areas. This cre-

ates jobs and paves the way for local value chains. Diesel generators must be replaced with highly efficient solar, wind, biomass and water energy. Private sector models and initiatives at municipal level can be used to obtain the necessary long-term funding. For example, village communities can set up cooperatives to build their own renewable energy plants, which they then manage themselves.

In addition to the need to develop rural areas, there is also urgent need for action in Africa’s rapidly growing cities. The existing infrastructure cannot cope with the influx of people. They live in precarious conditions without any access to energy or water, sanitation or sustainable mobility concepts. The economic potential of cities is being wasted.

The need for investment is huge; according to the African Union, 360 billion US dollars will be required between now and 2040. These deficits cannot be overcome without using African countries’ private capital and own resources. Financing is not the only bottleneck; preparing funding-ready

16 UN Economic Commission for Africa (2015)



Source: 2014/2015 Afrobarometer Survey

projects is the real challenge. When the overall conditions are right (as was the case with mobile communications), investment gaps can be closed quickly.

One important pillar is the continental Programme for Infrastructure Development in Africa (PIDA).

Our goal is to have a high-quality energy, transport, water and ICT infrastructure in conurbations (“New Urban Agenda”) and in rural areas across the whole continent “to support Africa’s accelerated integration and growth, technological transformation, trade and development”. (Agenda 2063)

WHAT NEEDS TO HAPPEN?

→ AFRICA

- Turn to capital markets to mobilise financial resources for infrastructure and use them for sustainable rural and urban development
- Consistently focus energy policy on expanding renewables and creating a needs-based energy mix
- Establish off-grid energy structures in rural regions through private sector investment, municipalities and/or cooperatives
- Secure access to local energy supply by means of digital payment systems

→ GERMANY

- Support the development of funding-ready infrastructure projects and share experience of Germany’s energy transition so as to promote the expansion of renewable energies in Africa
- Raise private capital for modernising and transforming the energy sector, focusing it on renewable energies
- Expand incentive systems for establishing decentralised energy solutions in rural areas through municipalities, private investment and local cooperatives
- Forge technology and energy partnerships
- Cooperate with 40 African cities so as to harness the potential of Africa’s rapid urbanisation and scale up city partnerships

→ INTERNATIONALLY

- Implement and expand G20 infrastructure initiatives with Africa
- Concentrate development bank financing in the energy sector on renewable energies

4.4 Health, education and social protection

WHERE ARE WE NOW? WHERE DO WE WANT TO GO?

One of the central elements of public welfare system services is to provide citizens with health care, education and social protection. African states must live up to that responsibility.

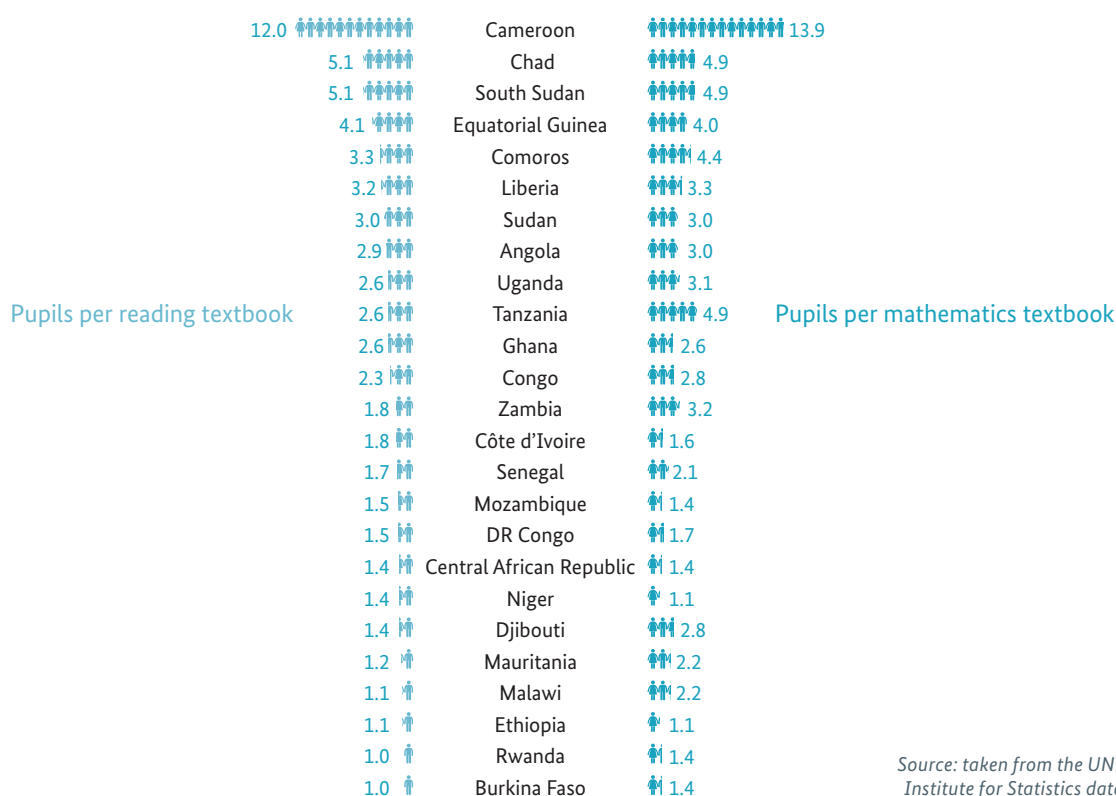
But in Africa, there is a lack of infrastructure, facilities and equipment and, above all, skilled professionals and administrative staff to provide education and basic health care services. Too many children still cannot read or write when they leave school, and girls in particular drop out of school too often. Education is key for developing the future. Family planning, a decrease in child mortality rates and education opportunities are essential in curbing population growth.

These sectors are also important economic factors and provide jobs for millions of people. Innovative digital solutions are economically attractive and make it possible to provide education and

health care (such as e-health solutions) to people living in remote areas. In addition, Africa needs well-functioning social protection systems. They directly help to reduce poverty and inequality and allow people to realise their productive potential. More than three in four people in Africa still have no social protection.

Our goal is an Africa that **“will be amongst the best performers in global quality of life measures,”** for instance through the provision of basic services in the areas of education and health, and whose **“human capital will be fully developed as its most precious resource”**. (Agenda 2063)

In many countries, pupils have to share books:



Source: taken from the UNESCO Institute for Statistics database

WHAT NEEDS TO HAPPEN?

→ AFRICA

- Make available sufficient funding for education (15 to 20 per cent of national budgets) and health (15 per cent) and ensure access for women and girls; finally implement the NEPAD strategy for education and health
- Improve education systems (especially administration, teacher training, building of schools)
- Make sure that higher education reflects the needs and demands of the labour market
- Introduce dual vocational training systems and establish vocational training schemes for crafts and trades
- Ensure early and comprehensive sex education
- Scale up investments in social protection and establish comprehensive social protection systems, which may include social transfers and employment measures

→ GERMANY

- Use the opportunities offered by digitalisation for education (e.g. open license learning and teaching materials, e-learning, massive open online courses)
- Significantly intensify economic cooperation with Africa and the number of scholarships available with the goal of mutual learning
- Enlarge BMZ initiatives for the training of skilled health workers and training on family planning and maternal health
- Realise 500 clinic partnerships in collaboration with the business sector
- Expand innovative solutions for social protection with the private financial and insurance sector
- Support the private sector in the field of risk coverage
- Develop reinsurance options for social protection systems and make available start-up financing
- Leverage partner countries' loans and own funds for social protection

→ INTERNATIONALLY

- Strengthen the Global Partnership for Education so as to promote effective coordination and place a greater emphasis on basic education in the poorest countries
- Promote digital education for women and girls and also relevant job opportunities and move this issue forward within the G20 (#Eskills4girls initiative)
- Increase member states' assessed contributions to the WHO by at least 10 per cent
- Ensure that international pharmaceutical groups charge fair prices for essential drugs
- Develop and expand innovative approaches for the health sector in collaboration with the private sector
- Recognise more clearly within the G20 the importance of social protection systems as instruments to cushion the effects of crises in developing countries (economy, migration, climate) and implement the recommendations of the G20 on that issue

5. Outlook

Germany is the birthplace of the social market economy. Public welfare, human dignity and responsibility are the fundamental values we hold. As a member of the European Union, we have ourselves experienced how regional integration and the opening of markets foster prosperity, peace and security. Drawing on the experience of our German and European success story, we want to support the African countries in implementing their Agenda 2063.

To that end, we will take the proposals of the Marshall Plan and:

- *discuss and develop them further with our African partners;*
- *link them with existing and new approaches at the EU level;*
- *address them in our consultations with other donor countries;*
- *develop them further with civil society, academia and the business sector in Africa and in Europe.*

Based on the results of these consultations, we will submit concrete proposals for decision during the German G20 presidency at the G20 summit in July and subsequently at the EU-Africa Summit in November 2017.

We want to work with Africa and Europe, the international community and all reform-minded stakeholders from civil society and the business sector. With them, we want to shape the future, in the spirit of the international community's pact on the world's future, namely the 2030 Agenda, and of the Paris agreement on climate change. We will use 2017, this year when so much focus will be on Africa, as an opportunity to initiate a new and lasting partnership with the continent.

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