

The Africa Roundtable

by the Global Perspectives Initiative (GPI)

Follow-Up

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Global Perspectives Initiative

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Introduction

The second edition of *The Africa Roundtable* convened in the German Bundestag on Thursday, May 12, 2022, at the invitation of the Global Perspectives Initiative (GPI) and MP **Dr Karamba Diaby**. *The Africa Roundtable* was created to anchor Africa in Germany's political and business landscape, so it was fitting that the sitting was held in the parliament. In his opening remarks, the co-host Dr Karamba Diaby and **Dr Ingrid Hamm**, Co-Founder and CEO of GPI, emphasised that the forum was about working together and learning from one another.

Under the title **Recovery, Preparedness and Resilience in Times of Crises**, 35 participants from business, politics, and civil society discussed how to bring about strong, sustainable, and inclusive economic recovery in Africa post Covid-19, and how to strengthen the continent's health and food infrastructures so that countries are better prepared for external shocks.

The Aftermath of Crises

During the first *The Africa Roundtable* in June 2021, it was said that Africa was "the least infected but most affected" by Covid-19, and indeed the continent is still dealing with the effects of the pandemic and the measures that were taken to control it. The war in Ukraine and its **impact on food security** around the globe now present an additional challenge. Several countries in Africa depend on Russia and Ukraine for fertiliser and wheat. Those imports have been disrupted because of the fighting, resulting in increased food prices. This comes as 280 million people in Africa – especially in the Sahel and in the Horn of Africa – are already under-nourished because food supply is under significant pressure due to conflicts and severe drought.

Germany's Federal Minister for Food and Agriculture, **Cem Özdemir**, told the Roundtable that the world was observing an "unholy alliance where the consequences of the war are clashing with the impact of the climate crisis, and the Covid-19 pandemic". Minister Özdemir said he attached great importance to **1. maintaining international relations** with Africa, **2. keeping markets open** for rule-based agricultural trade, and ensuring Africa's fair and just participation, and **3. harmonising global food security**, climate change mitigation, and biodiversity.

Senegal, a strong partner country of Germany, is chairing the presidency of the African Union this year. The keynote address of *The Africa Roundtable* was delivered by Senegal's Minister of Economy, Planning, and International Cooperation, **H.E. Amadou Hott**, who began by saying "today more than ever before, our goals and interests are aligned, the perception of our continent continues to evolve positively. Let us save this momentum to bend the arch of history towards a strong EU alongside a prosperous Africa."

Minister Hott highlighted several aspects he sees as crucial required to build this new partnership:

- **Frontloaded investments** in infrastructure, climate change resilience, health, education, energy, agriculture, housing, and digitalisation that enable a leapfrog to middle income status and beyond in a short period of time.
- **Financing** through the (re-)allocation of **Special Drawing Rights** (SDRs) to Africa under very long terms or by raising perpetual financing from the capital market with guarantees from the EU. This could implement key infrastructure projects jointly executed by European and African companies, hence providing growth in both continents.
- **Representation** of the African Union at the level of **G20**.

- **Just energy transition** that takes into account Africa's need for electricity and encourages Europe to diversify its partners in terms of sourcing gas.

Time for a Paradigm Shift: Europe Needs Africa

Minister Hott's calls for collaboration were underscored by the EU's Commissioner for International Partnerships, **Jutta Urpilainen**, who reiterated the business case for Africa. She stated that "in the short term we need to create fiscal space for African countries to better respond to the pandemic" and agreed that the increase of SDRs for Africa needs to meet the \$100bn target. To move beyond, Commissioner Urpilainen mentioned the **Global Gateway**, a Europe-Africa investment package which was launched at the AU-EU summit in February.

Prof. Jeffrey Sachs, President of the UN Sustainable Development Solutions Network, listed six investments that he said had the highest priorities in Africa: 1. education, 2. health, 3. electrification, 4. sustainable land use, 5. sustainable urban infrastructure, 6. universal digital access. He said none of the above was too costly, but dependent on the right financing mechanisms: "Because of the **flawed mechanisms of the IMF**, World Bank debt sustainability analysis, the flawed scoring and misinterpretation of the credit rating systems of Moody's, S&P and Fitch, we do not have Africa receiving the large flows of funds that are absolutely justified by the returns on investment that would come. As Minister Hott emphasised, there needs to be long-term finance options on what sovereign countries borrow when they have appropriate ratings, "not a 3-year or a 5-year Eurobond to finance a 20 to 40-year investment programme. There is a bit of homework to do to get this financing right." Prof. Sachs also called on Germany to help **secure representation for Africa within the G20**, not as a guest, but as the 21st member.

Africa's Economic Recovery & Financial Inclusion

Ahead of *The Africa Roundtable*, the UN's Economic Commission for Africa (UNECA) published a **white paper on financial inclusion** according to which Africa is experiencing its first recession in decades due to limited fiscal responses to the Covid-19 pandemic. African states were only able to commit 1.8 percent of their collective GDP due to five factors: **1. low domestic resource mobilisation**, **2. losses** through illicit financial flows, **3. high cost of borrowing** and limited lending capacity from international finance institutions, **4. a decline in official development assistance** and the concentration of development financing in a minority of countries, and **5. insufficient inclusivity** of debt relief and liquidity mechanisms such as SDRs.

UNECA's Executive Secretary **Dr Vera Songwe** presented solutions that could be effective in closing the financing gap in Africa.

- **Issuing new SDRs** following the first round of \$650bn.
- **Debt restructuring** within the G20 debt framework, not just for low-income, but for middle-income countries as well.
- **Bringing China to the table** of debt restructuring, e.g., through the G7 and G20 asking China to dedicate a particular office to countries working with them.
- **Ending (corporate) tax exemptions** and exceptions around the mining sector in African countries.

Germany is chairing the G7 this year and will host the G7 summit in June. State Secretary at the Federal Chancellery and Germany's Chief G7 negotiator **Dr Jörg Kukies** explained that Senegal and South Africa have been invited to the summit in Elmau, and that both countries, along with Niger, will host Chancellor Olaf Scholz for an official visit before the summit.

Dr Kukies said the G7 would be discussing the topics presented in the paper published by Dr Songwe's office at the UNECA, in particular the topic of Chinese debt. Berlin's priorities for the G7 are:

- An **inclusive climate club** based on carbon pricing, decarbonising industries and just energy transition partnerships, that allows **market access** and avoids imposing additional barriers to trade.

- **Economic stability and growth** and addressing the de-acceleration of growth and the acceleration of inflation through the right policy combination.
- Health and **increasing and localising vaccine production** and rollout.
- **Investments**, particularly in infrastructure, through the *Team Europe* approach: a combination of public funds, public banks, and private sector money will help to mobilise €300bn of which €150bn should be dedicated to Africa.
- **Resilient democracies** and fighting fake news and disinformation campaigns.

As part of the *Team Europe* approach, the European Investment Bank's (EIB) President **Dr Werner Hoyer** presented what he called the three key ingredients for sustainable recovery in Africa:

- **Innovation and digitalisation**, especially by entrepreneurs. Africa's large share of young people and in particular young, motivated women, and **entrepreneurial spirit** is its biggest asset.
- **Catalysing finance** and focusing on privately financed investment activities: "By taking a small share of the investment risk, institutions like EIB – often in partnership with the European Commission or the Gates Foundation – have shown how, with relatively small amounts of public money, significant private investments can be mobilised."
- **Partnerships**, especially in the energy sector as potential for renewables or green hydrogen is nearly limitless – not just for its own industry but also for Europe's.

Dr Hoyer stated that "we have just set up our specialised arm for international cooperation, EIB Global. The idea is to strengthen our presence on the neighbouring continent and beyond and help to work towards more creative win-win solutions."

Germany's newly formed Federal Ministry for Economic Affairs and Climate Action (BMWK) was represented at *The Africa Roundtable* by State Secretary **Anja Hajduk** who assured the audience that Africa is and will remain an **important partner region for Germany's economy**: "The war in Ukraine brings with it global reorganisation to an extent that we have not witnessed since the end of WW2. Therefore, my ministry calls for Africa to be seen as an important geo-strategic partner and to bury the purely development focused approach." She added that the BMWK's engagement in Africa focuses on **small and medium-sized enterprises** (SMEs) through instruments such as the *Africa Business Network*, as well as export credits and investment guarantees and the *Compact with Africa*.

Contributions from Participants

- **Jochen Flasbarth**, State Secretary at the Federal Ministry for Economic Cooperation & Development (BMZ): "Africa's young population is a great advantage, and we must look into health systems and invest dramatically to ensure the wellbeing of this young population."
- **Edwin Ikhuria**, Africa Director of The ONE Campaign: "We have to understand power imbalances in the composition and shareholding of IMF and World Bank, and that the current financial system does not favour change. The question is also as to who really makes sure that these investments reach the people they should reach?"
- **Dr Karamba Diaby**, Co-Host & Member of Parliament: "The war in Ukraine puts a stronger focus on Africa in terms of energy supply, and this could be important for young professionals and create new occupations."
- **Martin Ewald**, Managing Director at Allianz Global Investors: "It is incredible what is happening in terms of innovation and venture capital in Africa. It is something one can bet on."
- **Christiane Laibach**, Member of the Executive Board of the KfW Group: "Private investors are shy animals. We need to provide de-risking approaches and send clear signs that Africa is a great environment for investments."

- **Wolfgang Niedermark**, Member of the Executive Board of the Federation of German Industries: "The key term is diversification. We cannot rely on cheap energy from Russia, on cheap products from China alone. As industries, we see a *Zeitenwende*."
- **Dr Philipp Ackermann**, Director General for Africa at the Federal Foreign Office: "We need to work with governments who see that demography is a large challenge in economic recovery."
- **Dr Mo Ibrahim**, Founder & Chair of the Mo Ibrahim Foundation: "Crises are sometimes a really good opportunity. We need to look at the issue of agriculture in Africa and why the continent is unable to feed itself. Power is a serious problem and Africa has gas resources – here, we need a clear statement from Europe that will accelerate investments in gas."
- **Dr Ilja Nothnagel**, Member of the Executive Board of the Association of German Chambers of Industry & Commerce: "The AfCFTA will open a lot of gates for African companies to conquer their neighbouring markets which makes it easier to get into economies of scale and attract investments with balanced risks."
- **Prof. Anna-Katharina Hornidge**, Director of the German Development Institute: "The diffusion of products is a challenge, not just for vaccines. We should talk about market shaping and about building institutional environments for diffusion by bringing together public and market-based approaches."
- **Erick Yong**, Founder & CEO of GreenTec Capital Group: "We underestimate the innovations coming from young Africans, and the advantage of co-investments with African venture capitalists. They are already in the space of innovation and in a market that is growing – from \$100m seven years ago to \$5bn today."
- **Thomas Schäfer**, CEO of ŠKODA AUTO and Volkswagen: "Mobility, getting people and goods from A to B, is one of the biggest hindrances. We often cannot connect supply with demand, especially not cross-border. The key is inter-state collaboration and countries putting demands together."
- **Michael Krake**, Executive Director for Germany at the World Bank: "In Washington, we are not discussing the reboot of the Bretton Woods institutions which we founded 70 years ago, and which serve us well. But we need to further develop them: my call would be to revamp the multilateral institutions that we all turn to these days, but which are not fully equipped to do the job."
- **H.E. Mulu Solomon Bezuneh**, Ambassador of Ethiopia to Germany: "Africa is one and shares a lot of similarities and concerns, but the reality on the ground might vary from country to country. We want Europe to come and invest and solve our problems jointly."

Pathways to Resilient Relations on Health & Agriculture

Elhadj As Sy, Chair of the Global Preparedness Monitoring Board reiterated a "**disillusion in global solidarity**" following the conduct of vaccine production and rollout globally. He reminded the audience that vaccines produced in Senegal, South Africa or Rwanda should not only be for the African market. The world needs to make sure that "we procure and then we have advanced market commitments at a global level that those products which are of good quality can be used at that level as well."

Dr Thomas Steffen, State Secretary at the Federal Ministry of Health addressed levels where the cooperation between Africa and Germany needed to be advanced:

- **Bilateral contact** increasing **ownership** of partner countries: Local health systems cannot be made resilient by prescribing solutions or allocating money in and from Berlin.
- **African vaccine production** for African markets and globally by creating better supply and distribution chains and working together with regulatory authorities to make sure what is produced is safe for people on the ground.
- **Surveillance and early detection systems** to be able to react quickly in case of an outbreak. This includes screening on a global level and better data sharing between public health institutes.

- The **'fire brigade of the future'** that will be sent to the centre of an outbreak will have to be a global and a local one to ensure ownership on the ground and the transfer and sharing of expertise globally to react to these kinds of situations.
- **Strengthening the WHO** is also part of Germany's G7 presidency by increasing contributions and looking at ways to reform the institution.

Aparajita Ramakrishnan, who spoke on behalf of the Bill & Melinda Gates Foundation, said many billion USD probably need to be spent on pandemic preparedness but that could prevent the spending of trillions in the future. The Foundation has two priorities that need to be addressed in Africa: food security and resilient health systems. In order to ensure that, she suggested five focus areas:

- **Humanitarian response**, e.g., through organisations like UNICEF and the World Food Programme (WFP).
- Keeping supply chains and trade **open**.
- **Surveillance** on a global level, e.g., by using the Food and Agriculture Organization's market information system that tries to predict future food crises.
- **Investing in new tools** to make agriculture more resilient and mitigate the impacts of climate change.
- **Epidemic rapid response mobilisation** or so-called pandemic teams that are available to support in-country and on a global level through rapid response.

Dr Thomas Sattelberger, Parliamentary State Secretary at the Federal Ministry for Education and Research (BMBF), reminded everyone that as much as the international focus lies on the war in Ukraine, it should not be ignored that the world is still battling a pandemic. At the Munich Security Conference, the Coalition for Epidemic Preparedness Innovation, the BMBF and the Johns Hopkins Center for Health Security conducted a pandemic vaccine simulation with the title *Every Day Counts*. It was a fictional scenario of a global outbreak caused by a new virus, and he recounts observing "several polarities" in which each country looked out for its own national interest and prioritised its own people, raising the **utmost importance of global cooperation and equitable sharing**.

Contributions from Participants

- **Dr Chikwe Ihekweazu**, Director of the WHO Hub for Pandemic & Epidemic Intelligence: "Global health organisations have not done enough to leverage the incredible resources they have to support the development of capacities. Over 99% of test kits used for HIV supported by PEPFAR and the Global Fund are still produced in the Global North. Africa should not only be seen as a recipient set of nations. Investments in these global institutions should also develop markets and research institutions in the Global South.
- **Dr Tajudeen Raji**, Head of Public Health Institutes & Research at the Africa CDC: "We have seen the limit of global solidarity and therefore need to strengthen national institutions before calling on the regional and global ones. We cannot continue to import vaccines, diagnostics, and therapeutics for 1.3bn people."
- **Ingrid-Gabriela Hoven**, Member of the Management Board of GIZ: "Covid-19 has had a huge impact on women and girls, and gender equality can bring huge potential to economic and social development. We need to give them a chance to participate in each sector more forcefully and provide them with support – reproductive health for example."
- **Dr Nina Smidt**, Managing Director at Siemens Stiftung: "One of the opportunities in social impact investing is to work with local actors, local start-ups, social enterprises primarily focusing on access to essential services, because they know best what is needed in their communities, regions, countries. They are accepted by their communities, and it is a sustainable way of implementation. But often, it is not a very good business case, so it takes a long time for a social enterprise to be self-sufficient."

- **Dr Gesa Mieke-Nordmeyer:** Head of Directorate Social, Health and Labour Policy at the Federal Chancellery: “People are tired of the pandemic, but at the end of the day there might be more to come, and it is therefore really important to draw the right lessons: 1) we need to be quicker, 2) we need to collaborate multilaterally, and 3) we need to raise money for prevention.”

Looking Into the Future

Synthesising earlier contributions, **Dr Mo Ibrahim**, Founder and Chair of the Mo Ibrahim Foundation brought up two key takeaways – one internal and one external. Internally, African countries need to **1. strengthen the AU’s delegated authority** and ensure its funding and **2. ensure intracontinental integration**. He criticised that “95% of the AU’s operational budget comes from elsewhere and we complain” and that trade barriers between countries hamper growth and the improvements of livelihoods.

Dr Bärbel Kofler, State Secretary at the Federal Ministry for Economic Cooperation and Development (BMZ), reminded the audience that in all talks going forward from Covid-19, focusing only on the pandemic is too narrow. Financial mechanisms ought to ensure **access to healthcare in general**, not only pandemic preparedness. Universal access and affordable healthcare systems are part of shock preparedness. Additionally, Dr Kofler stated the importance of a **One Health** approach that takes human medicine, veterinary medicine, and environmental causes of health issues into account and fosters holistic solutions to global health challenges.

Closing the debate, **Dr Obiageli ‘Oby’ Ezekwesili**, the Founder and CEO of Human Capital Africa once more emphasised the case for sovereignty and the **responsibility of African governments and citizens** to pay more attention to sound policies, build stronger institutions, and make better selections of investments in the public good and services that citizens and businesses need: **“Europe will not come and solve it for us. It is our problem to solve.”** She further mentioned that no one saw China or India coming 30 or 40 years ago, respectively, and that fundamentally, she believes that Africa is right on the way. As three game changers that will make or break the transformation of the continent – even despite poor governance – she stated: **1. Africa’s women, 2. Africa’s young people, and 3. technology**. To be part of this transformation, European companies “cannot afford to wait and sit on the side-lines.” She reiterated the AfCFTA as Africa’s greatest internal reform and the best decision that the AU has made which will hopefully increase Europe’s willingness to venture into Africa and diversify its regions of operation.

Conclusion

The second edition of *The Africa Roundtable* lived up to its promise of constructive dialogue. Participants contributed input that was practical, and some of it could be applied without cost. As someone who was born and raised in Africa, and who still falls in the youth bracket, I felt it was my duty to listen so as to be able to hold decision-makers to account at a later stage, but I also had to speak, for the ones who I represent. Young people in Africa do not want handouts, they want opportunities. Those opportunities can be created if the right steps are taken. That is why I called on Minister Hott to take the message to leaders on the continent that all Africa’s young people are asking for are promises to be fulfilled and for public servants to serve.

PUBLICATION INFORMATION

**The Africa
Roundtable**
Follow-Up

Page 8

The Global Perspectives Initiative

As a non-profit and independent platform, the Global Perspectives Initiative works towards enhanced engagement and responsibility for sustainable development by German decision-makers. At the same time, the initiative aims to strengthen African perspectives in policymaking. To this end, GPI regularly brings together decision-makers from politics, business, academia, media, and civil society to discuss new approaches, provide new impulses and raise awareness on the common chances and challenges the two neighboring continents are facing.

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