FUTURE AFRICA-EUROPE

TIME FOR A PARADIGM SHIFT IN CROSS-CONTINENTAL COOPERATION

Africa-Europe Foundation Reference Document

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AFRICA EUROPE FOUNDATION

ABOUT FUTURE AFRICA-EUROPE

"The Africa-Europe Foundation 'Future Africa-Europe Report' is timely — coming at a critical moment to rebuild multilateral trust and show concretely how international cooperation can deliver for our societies. As countries prioritise translating the Pact for the Future into action — including lifting the Sustainable Development Goals — the Report provides an operational blueprint for how Africa and Europe can accelerate cooperation in critical areas from food systems transformation, energy and finance to the health systems of tomorrow."

Amina J. Mohammed, Deputy Secretary-General of the United Nations and Chair of the UN Sustainable Development Group

"The Africa-Europe Foundation was conceived to open up our partnership to new strategic and operational ideas from a wide range of diverse actors, corresponding to the priority of creating more space for youth and women in decision-making. I welcome the timely 'Future Africa-Europe Report' and look forward with interest to the next steps."

Jutta Urpilainen, European Commissioner for International Partnerships

"We are at a pivotal moment in history. The actions we take today will determine the future of our planet for generations to come. Through the Future Africa-Europe Report we are issuing a call to international policy makers to challenge prevailing thinking, unlock innovative solutions and reimagine inclusive multilateralism with youth leadership, women and marginalised groups at the decision-making table."

Ellen Johnson Sirleaf, AEF Co-President, Nobel Laureate and former President of the Republic of Liberia

"In a shock-prone world, the Africa-Europe Foundation's work on cross-continental cooperation is helping countries mobilize finance for climate and sustainable development. Only by working together can our world overcome its many challenges and provide opportunities for the future."

Kristalina Georgieva, Managing Director of the International Monetary Fund (AEF Convening for the Summit of the Future)

"Our Future Africa-Europe initiative outlines how a forward-looking, impact-driven Africa-Europe Partnership can signal a complete change of paradigm in international cooperation. It's no longer about outdated development, aid-based models where Europe is proposing to help sort out African challenges and defining the supply, while Africa comes to Europe seeking pledges. Instead, it's about a future-proof, win-win partnership — built on equal footing and mutual interests — ensuring the smart investments today, for tomorrow."

Mo Ibrahim, Co-Founder and Chairman of the Mo Ibrahim Foundation

"AUDA-NEPAD is delighted to be working with the Africa-Europe Foundation on the strategic foresight and commitment tracking required to achieve AU Agenda 2063 and UN Agenda 2030. This partnership transforms dialogue into action, contributing to a critical paradigm shift in development cooperation"

Nardos Bekele-Thomas, CEO of the African Union Development Agency (AUDA-NEPAD

"Long-view leadership that looks beyond the here and now demonstrates a wisdom to make decisions based on scientific evidence, and the humility to listen to those affected. Through the Future Africa-Europe Report, the Foundation provides concrete areas of cross-continental cooperation which are critical to restoring trust in multilateralism and steering the investments needed today for our societies of tomorrow."

Mary Robinson, AEF Co-President, Chair of the Elders and former President of Ireland

"The Africa-Europe Partnership has a unique opportunity to seize the various openings in these challenging times, to really push for better financing and growth opportunities which will drive more trade and lead Africa to generate more of its own resources."

Ngozi Okonjo-Iweala, Director-General of the World Trade Organization (AEF Convening for the Summit of the Future)

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TIME FOR A PARADIGM SHIFT

The world in 2024 is fractured. Regional conflicts threaten to spread but have already caused widespread human displacement. Economic insecurity has exacerbated extreme poverty, and political shifts could jeopardise global coalitions—all this against the backdrop of the ongoing climate crisis. At the same time, the pace of technological, political and social change is now so rapid that global systems, processes and governance structures are unable to keep up and are no longer fit for purpose.

International cooperation has never been more important, yet has rarely been so undermined. Trust in institutions is perilously low. Action must be taken now to rebuild that trust and restore a commitment to cooperation if we are to progress towards a sustainable, equitable and resilient future.

Following the gathering of global leaders in New York for the United Nations' landmark Summit of the Future, the Africa-Europe Foundation (AEF) issues this report as a challenge to policymakers and civil society alike: shake off complacency, question prevailing thinking, and work to strengthen the Africa-Europe Partnership. These are challenging times that require bold, innovative thinking. We must move away from prevailing narratives that measure the relationship's success based on aid and financial resources received, towards one focused on true partnership and collaboration, asking what both continents can do for each other and sharing their unique expertise for mutual development.

Our central message is that despite, or indeed because of, the shift in global geopolitics, a rethought, strong and forward-looking alliance between Africa and Europe remains the most effective way to resolve the interconnected crises of inflation, energy access, food security and climate change. Looking towards 2063, Africa has the demography, transition minerals and untapped industrial capacity; Europe has the technology, investments and regulatory tools with experience to direct private capital and shape markets. Both continents have the potential to scale a next generation of youth-led innovation and entrepreneurship as well as maintain multipolarity in the face of common challenges requiring shared positions.

This *Future Africa-Europe* Report is the result of a dynamic, year-long process involving diverse stakeholders:

- The Foundation's multi-stakeholder Strategy Groups comprising think-tanks, academics, civil society networks and private sector partners from across Africa and Europe;
- Young leaders engaged in AEF Focus Groups and cross-continental convenings on topics such as sustainable finance and economic inclusion;
- The AEF High-Level Group of Personalities and Women Leaders Network;
- The Future of Africa-Europe Strategic Dialogues, organised in partnership with Namibia and Germany (co-facilitators of the UN Summit of the Future).

Our approach to foresight and trends analysis has been framed within the context of the African Union's Agenda 2063, a pan-African strategic framework for sustainable development (which has embedded within it the goals from UN Agenda 2030). We focus on areas where cooperation could most benefit from a future-oriented partnership, all of which are underpinned by a strong call to action to double down on the mobilisation of finance for sustainable development. This includes: **Agri-Food and Health Systems, Sustainable Finance, Oceans and Blue Economy, and Energy Cooperation.** While deep diving into these critical domains of cooperation, we also capture cross-cutting trends which will shape the long-term partnership between Africa and Europe: **Demography and Mobility; Technology and Digitalisation; Geopolitics and Global Governance.**

On demography and mobility, imbalances will necessitate strong cross-continental coordination underpinned by mutual benefit. The UN projects that by 2050 Africa's population will reach close to 2.5 billion, elevating its share of the global population to more than 25%. Meanwhile, in Europe, projections by the EU suggest that by 2050 nearly a third of the population will be aged 65 years or older, with the ratio between working-age and older individuals set at fewer than 2:1. These demographic shifts will necessitate extensive coordination between continents to maintain healthy populations, meet demand in sustainable food production, empower workforces, and encourage exchanges without brain drains that harm local economies in favour of remittances. In essence, we should leverage our knowledge of trends for the future to course-correct the partnership.

Another important driver in increasing the speed and scale of the delivery of shared development goals is digital technology. Investing in critical digital infrastructure has vast potential across sectors. It can increase productivity in the face of labour shortages, strengthen efficacy for the delivery of health services, facilitate coordination for joint action against pandemics, illicit financial flows and maritime insecurity, ensure robust climate monitoring systems to inform policy, and increase transparency and accountability in carbon credits. While new technologies offer tremendous benefits, their uneven adoption between countries, primarily in emerging economies, creates security risks. It is thus crucial that major gaps in policy, regulation and infrastructure are addressed, balancing innovation with ethical and security considerations. Building digital collaboration frameworks between Africa and Europe is a key step to support the partnership's ambition in turbocharging joint development.

Global governance structures are a third and critical area of evolution that will impact future cooperation. In an increasingly multipolar world diverse coalitions are formed, partnerships are no longer limited to friends and the global governance ecosystem becomes increasingly crowded. Though this has the potential to expand country participation and elevate new voices, it could also limit transparency and cohesion when addressing global challenges. Multilateralism as it stands can thus only be defended through its reform, democratising its agenda-setting to ensure it is responsive to everyone's needs.

Important progress has been made over the last year with the implementation of a permanent African Union seat at the G20 and a third seat for Africa in the boards of the International Monetary Fund and the World Bank. However, African voting shares in both institutions are low in comparison to their stake in membership, programmes and loans, not to mention their proportion of the global population. Increased representation in institutions will both ensure more fair and effective decision-making, as well as more accountability and impact in implementation. South Africa's upcoming G20 presidency will be the first time Africa leads the G20 agenda, arguably still the most important multilateral forum in the economic field. Coinciding with the 4th International Conference on Financing for Development (FfD4), this Presidency could deliver an agenda that shapes the future of inclusive international tax cooperation, strengthening resource mobilisation and addressing illicit financial flows.

This report is an action-orientated initiative aligned with the UN Pact for the Future and serves as an operational blueprint for shared long-term strategic milestones, among them FfD4. Each chapter focuses on strategic areas of intervention in critical sectors of cooperation for our shared development goals. For brevity, the report may generalise trends across two very diverse and evolving continents. We ask readers to forgive any absence of nuance regarding specific geographies.

STRATEGIC AREAS OF ACTION FOR AFRICA-EUROPE

AGRI-FOOD TRANSITIONS

Rebalance trade relations. Africa imports $35 billion worth more in food than it exports. This imbalance is unsurprising when half of European farm revenue is bolstered by subsidies. The African Continental Free Trade Area (AfCFTA) promises to reduce intra-African trade barriers and stimulate regional food trade by up to 30% but this could reduce critical tariff revenues. It is thus crucial to integrate agri-food trade into development and finance policy debates, as well as support the operationalisation of promising mechanisms such as the AfCFTA Adjustment Fund Corporation, which aims to address tariff revenue losses and ensure the benefits of integrated trade are shared equitably across the continent.

Expand agri-food industrial parks. These parks can cluster infrastructure and services, helping farmers and SMEs to reach more profitable markets. In doing so, they could remove barriers to regional trade, and support African access to EU markets by becoming processing zones with facilities and technical assistance to ensure compliance with EU export rules.

Align on fair trade conditions. There is a risk that infrastructure investments could enable subsidised European food to penetrate even further. Policy mechanisms should ensure that Africa's rural economies can compete fairly with subsidised food imports. A "Food Border Adjustment Mechanism" could measure European food exports to lower-income countries, estimate the value of embedded subsidies, translate this value into an export tariff, and pass these funds on to the importing country to invest in their domestic food security.

Scale agro-ecology through Centres of Excellence. Leveraging and expanding Centres of Excellence to share knowledge and data on soil health and land tenure, can help to realise agro-ecology's full potential for improving resilience, sustainability and yields.

HEALTH SYSTEMS FOR THE FUTURE

Prepare for future pandemics. Lessons learnt from COVID-19 including the infrastructure and mechanisms used to respond to it, must be adapted and integrated into broader global health initiatives and future rapid-response toolkits. The Partnerships for African Vaccine Manufacturing (PAVM) Framework and the Team Europe Initiative on Manufacturing and Access to Vaccines, Medicines and Health Technologies are both models that foster health sovereignty and future security.

Expand digital health infrastructure. Investing in robust digital health infrastructure will bridge the digital divide and enhance the quality and efficiency of healthcare delivery, enabling more proactive and personalised healthcare interventions. Success depends on harmonised standards for cybersecurity, data interoperability, and expanded digital competence training for the health workforce.

Connect health workforces. Expanding exchange programmes for health professionals between Africa and Europe, such as the EU's Erasmus+ programme, can significantly boost knowledge transfer. This could be complemented by digital platforms and by engaging with broader organisations within and beyond health such as educational institutions and professional unions.

Finance climate-health adaptation. With health currently receiving only 0.5% of overall multilateral climate funding, and just 5% of climate adaptation funding, integrating health into climate strategies is essential. The New Collective Quantified Goal on Climate Finance should allocate funds specifically for health-related climate adaptation and mitigation. Attaching costs to the indicators of the Global Goal on Adaptation could help set evidence-based climate finance goals by monitoring demand to match supply and enable more accurate budgeting.

A NEW MODEL FOR FINANCE

Elevate underrepresented voices in the reform of international systems. The current financial architecture is ill-suited to addressing the needs of lower-income countries. This could change by enhancing openness, transparency and inclusivity in global agenda-setting and decision-making. As the world grapples with meeting development targets by 2030, the participation of African countries in the global financial architecture must be strengthened in time to ensure priorities are aligned. For example, by proposing that certain strategic measures in these institutions be passed by a majority of member countries, not only by quota and voting shares.

Leverage digitalisation to address illicit financial flows. According to UNCTAD, Africa loses $88.6 billion annually in IFFs — equivalent to half of the continent's SDG financing — and it is estimated that Africa's capital stock could have expanded by more than 60% and its per capita GDP could have reached up to 15% higher without IFFs. Digital technologies are used to facilitate the transfer and subsequent use of funds but they can also help track, recover, and repatriate funds by increasing transparency to improve the early detection of illegal transactions.

Reinvest debt service payments in country growth strategies. In 2022 the share of debt service in total government revenues averaged about 18% in Africa. Tackling the dire state of the continent's public debt and service is crucial if it is to meet its development goals. There is no shortage of traditional debt management solutions but innovation is now imperative. Converting country public debt into infrastructure assets, by negotiating with creditors to reinvest interest payments domestically, for example, would stimulate productivity through infrastructure and natural resource development.

Streamline funding applications. Encourage political will to harmonise criteria and bureaucratic requirements across funding institutions to cut administrative hurdles for applicant countries. An automatic applications exchange mechanism for climate finance, for example, could act as one-stop shop for climate financing applications, where multilateral and global climate funding institutions could access applications on a continuous basis.

UNLOCKING THE BLUE ECONOMY

Put oceans and the blue economy at the heart of development. Sustainable Development Goal 14: Life Below Water, is currently the most underfunded SDG, receiving only 0.68% of total SDG financing in 2021. A strong Africa-Europe Oceans Partnership could address challenges through green industrialisation, decarbonisation, the exploration of deep ocean resources, human and ocean health, and maritime security.

Join forces to shape international 'blue' frameworks. Create inclusive, equitable processes that facilitate more ratifications of international agreements and contribute to ongoing multilateral processes like the Global Plastics Treaty, the BBNJ Agreement, the Global Biodiversity Framework, WTO fisheries subsidies, regulations on deep-sea mining, and the third UN Ocean Conference scheduled to take place in 2025.

Leverage knowledge-sharing to bridge innovation gaps. A network of dedicated research institutions could enhance capacity to govern blue economy resources, by sharing best practices and skills. AU Centres of Excellence incorporate indigenous practices and traditional knowledge that can offer new strategies and adaptive solutions for small-scale fisheries across Europe, while the EU could share expertise in maritime surveillance, resource management, and clean technologies.

Facilitate equitable data sharing for fisheries management. Enhancing the sustainability of fisheries should focus on transboundary management — a complex issue due to their shared nature, overfishing and the illegal intrusion of vessels into Exclusive Economic Zones. The EU has proven leadership in fisheries management and could support the transformation of Africa's fisheries sector through technical and institutional capacity building, particularly in relation to improving the collection of data and knowledge around fish stocks to help restore ecosystems and increase fish production.

A JOINT VISION FOR ENERGY

Align strategies to achieve energy autonomy. Africa and Europe have ambitious energy goals: Europe aims to obtain 45% of its electricity from renewable sources by 2030, while Africa seeks universal access to affordable, reliable and modern energy by the same year. To do so, continued investment is needed to achieve COP28 commitments to increase renewable energy capacity and energy efficiency, as well as to provide technical support for the continued roll-out of the Africa-EU Green Energy Initiative, the Africa Single Electricity Market and the Africa Continental Power System Masterplan, among other initiatives. Structuring regular high-level dialogues on energy would lead to more effective bilateral engagement, for example by having systematic ministerial meetings every two years, as done with the AU-EU agriculture ministerial conference.

Leverage the G20 framework. The inclusion of the African Union within the G20 is a positive step in ensuring greater representation in international cooperation and decision making. South Africa's upcoming presidency of the G20 in 2025 is an opportunity to put the continent's energy future in the spotlight and leverage the circular cooperation possible within the group to share knowledge, learnings and best practices. More broadly, it's an opportunity to build momentum to ensure Africa's stronger inclusion in multilateral organisations and international convenings (e.g. by elevating debates around voting shares at the IMF and World Bank, and inclusion in the UN Security Council).

Invest in capacity-building to strengthen carbon market governance. Carbon pricing and markets could unlock large-scale finance to accelerate climate action in Africa and Europe. Effective regulations and market governance are crucial to reach this potential by ensuring an ecosystem that pairs transparency, integrity and quality in credits with fair and equitable market access and revenue distribution. This requires capacity building and training policymakers and practitioners to reform national and regional carbon markets and ensure robust regulation is in place to transform markets from voluntary to compliance ones.

Develop an Africa-Europe social and economic contract for critical raw minerals. Africa has about 30% of the world's critical mineral reserves—essential for both energy and digital transitions. Developing an Africa-Europe strategy on critical raw materials, which includes a social and economic contract, could align their respective goals by forecasting supply and demand, and nudge the mining sector towards practices that bring lasting social and environmental benefits. This could also underpin greater cross-border collaboration to create a larger, more attractive integrated market for industrial investment.

1 RETHINKING OUR AGRI-FOOD PARTNERSHIP

“We will promote equitable, resilient, inclusive and sustainable agrifood systems.”

Pact for the Future, September 2024

Agri-food systems are a blind spot for Africa and Europe and the partnership between the two continents. In 2022, leaders of the EU and AU committed to building a common future as each other's closest partners and neighbours. Within their long list of shared priorities, one area received notably low attention: agri-food, i.e. agriculture and food. This oversight represents a vast, shared security risk for peace, health, supply chains, livelihoods, and ecosystems in both continents. Powerful trends in demography, consumption, climate, geopolitics, and technology all suggest that the partnership's current policy paradigm on agri-food is woefully inadequate for the coming decades. We argue that Africa and Europe share long-term interests in using trade, agriculture policy and public investment to make Africa's agri-food systems more productive and Europe's farms less subsidy-dependent, leapfrogging global transitions to climate-resilient agriculture.

PARADIGM CHANGE: MOVING TOWARDS BENEFICIAL AGRI-FOOD TRADE AND INVESTMENT

How to nourish a third of humanity? With an additional billion Africans by 2050, Europe and Africa must feed over three billion people combined. Malnutrition will burden those Africans still living with extreme poverty. Meanwhile, rising obesity trends imply costly health impacts on both continents. Food systems must deliver more calories, more protein, and more dietary diversity; all at a time when farm productivity is threatened by climate change and ecological degradation. Europe's yields are flat and its growing embrace of agro-ecology should improve resilience and sustainability but not productivity. At the same time, yields of African farms are increasing although they remain at a quarter of Europe's; but with plenty of available cropland still uncultivated, Africa has clear potential to scale production and avert any impending food crises.

Where will a billion young Africans find work? By 2040, there will be two million new working age Africans entering the labour market each month. This generation is more dynamic, connected, ambitious, educated and entrepreneurial than any before. As they seek and create economic opportunity, policy makers in Africa and Europe will come under pressure. Europe will likely face the paradox of public outcry against economic migrants even as its ageing and declining population creates ever-tighter labour shortages, especially in the low wage work of the agri-food and social care sector. As the only source of population growth in an ageing world that is rapidly running out of young workers, Africa will need to balance the need for remittances from migrants in Europe and Asia with the continent's own labour needs to serve its growing continental economy.

Will Africa capture the massive growth in demand from its urban consumers? Africa is the fastest growing consumer market in the world, and the second fastest for economic growth. Over the next decade, its agri-food economy is projected to quadruple to over $1 trillion. This signals a vast economic opportunity for import substitution, value addition, and regional trade. Urban consumers seek increasingly sophisticated, processed products, not the raw products mostly delivered to market by smallholders. If Africa grows and strengthens its processing sector, then its smallholders and rural economies are likely to benefit hugely from this transition. If not, then foreign suppliers will capture the value. Furthermore, African countries currently source only 15% of their imports from within the continent, the remainder is from overseas especially from its largest trading partner, the EU. AfCFTA promises to reduce the many intra-African trade barriers and stimulate regional food trade by up to 30%. Beyond Africa's own burgeoning markets, new demand for secure supply chains from Africa may emerge from Europe, with its ageing, more urban, expensive workforce.

How might Africa's value chains compete against European subsidies? Africa imports $35bn worth more in food than it exports, particularly from the EU in the form of grains, dairy, meat, and processed foods. This imbalance is unsurprising when half of European farm revenue is bolstered by subsidies. For example, 90% of chicken in Ghana is imported, mostly from the EU where feed is so subsidised that Ghana's poultry farmers cannot compete. The playing field is far from level and the price is being paid by African farmers, European consumers and their environment. Similarly, soft trade barriers such as "rules of origin" limit Africa's ability to export to EU markets, especially for processed goods, so most exports are cash crops with low value addition. Hence, Africa's value chains cannot compete in this current situation, its rural economies are weak, exports have low value, and Europe is perversely incentivising the economic migration it resists.

Africa's own political interests may collude in maintaining this distortion, with the interests of urban consumers in accessing cheap food persistently having greater sway than the economic needs of rural producers. The recently revised EU Common Agricultural Policy offers the prospect of some progress, with subsidies shifting from production to environmental incentives. Nonetheless it still disadvantages Africa's farmers and risks introducing a new 'environmental' trade barrier between Africa and Europe. Such market dynamics lock-in Africa's rural poverty and create an agricultural trade deficit that contributes to recurrent economic, nutrition, political instability and debt crises. If instead they tipped policy in favour of Africa's agricultural value chains, then its own consumer demand could drive a rural renaissance, attracting private investment, mitigating economic migration, and securing trade surpluses to fund Africa's development. This would also create the space for European agriculture to reduce its carbon intensity and start to recover some of the loss in biodiversity of recent decades.

Where will Africa turn for trade and investment? Africa's agri-food system promises substantial public goods and private returns, if only Africa can secure beneficial trade and investment. Over the next decades, aid flows will diminish in importance and in an increasingly multi-polar world, African countries have many options beyond their traditional development partners like the EU and other OECD members. Unless Europe proactively nurtures a healthy economic partnership with its neighbour and offers trade and investment on beneficial terms, Africa may well lean more towards more autocratic governments beyond its borders to secure its finance and trade. If that happens, Europe risks losing out on its own supply chain resilience, investment returns, and geopolitical security.

Who will the tech wave benefit? Over the next 30 years, several technologies will have sweeping impacts on food systems globally. Bio-technology promises countless ways to improve crops for productivity, nutrition, and soil health. Digitisation will deliver mountains of data to strengthen production, markets, and diets. Robotics will automate laborious tasks. AI promises to supercharge all these innovations by analysing data in bespoke ways that will make the financing, production, distribution, and consumption of food more precise and personalised. These technologies could significantly strengthen African food systems, for example by unlocking higher yields to Africa's crops that have been neglected by research, such as teff, fonio, millet, and cowpea; or by digitising farmer access to extension services and direct consumer sales. However, technology benefits may default to industrial agriculture, further compromising the competitiveness of Africa's predominantly small-scale farming.

Taking a 40-year view, Africa and Europe can shape their common future. Whilst some African voices champion sovereignty, and some European interests may benefit from more dependency in the agri-food partnership, the Africa-Europe Foundation firmly advocates that as neighbours we thrive better through reciprocity. This will require leaders in both Africa and Europe to make difficult domestic decisions. African agriculture and trade policy will need to be driven by the needs of emerging commercial farmers and agro-processors rather than the urban elite. European agricultural and trade policy will have to better balance the needs of consumers and the environment with the interests of European producers.

What action is needed to secure such a future? The current policy paradigm is the legacy of an era of ODA targeting extreme poverty and hunger and must evolve to advance beneficial trade and investment for a more vibrant, nourishing, resilient and sustainable agri-food economy in Africa. European policy makers should view Africans not as aid beneficiaries, but as potential partners in finding solutions to several of Europe's most intractable demographic, geopolitical, environmental and economic challenges.

We have identified three policy priorities for this to happen:

1. Design for capital flows into Africa's agri-food economy. This must ensure trade and investment have a virtuous economic effect along the value chain.

2. Evolve food systems to be more just and sustainable. Only with thoughtful policy will a buoyant agri-food economy arc toward equity and ecological health.

3. Reboot the partnership for mutual benefit and security. Sustained collaborative leadership is needed by Africans and Europeans to translate this food system vision into action.

PRIORITY 1: DESIGN FOR CAPITAL FLOWS INTO AFRICA'S AGRI-FOOD ECONOMY

Focus on commercial value chains as distinct from subsistence farming. Over half of Africans may be farmers but most are vulnerable people who grow food because of a lack of alternatives. Only 10-20% are smallholders that could operate commercially. Rural economies will strengthen only when this group, along with larger farms, thrive within commercial value chains that add value through processing. As rural economies thrive and diversify, poor people will graduate from subsistence farming into dignified work in the farm and the non-farm rural economy. Commercial smallholders, with access to markets and services, will have greater resilience to environmental or economic shocks and thereby improve food security. The rural vulnerable need support but this social protection and humanitarian expenditure must be separated from public investment into rural production, prosperity, and functioning food systems.

Make Africa's agri-food markets competitive. From farms to factories, Africa's value chains struggle with profitability but the evidence shows that policy change and catalytic programming can help. Agri-food industrial parks can cluster infrastructure and services where the opportunity is greatest and aggregation hubs help farmers bridge their first mile to markets. Formalising tenure enables more effective use of land as an asset. Support to SMEs unlocks them as pioneers of inclusive rural growth. Influencing consumer preferences shifts demand to more local, diverse, and nutritious foods. Strategic public procurement brings confidence to local markets, e.g. by sourcing foodstuffs from smallholders for school meals. Removing hard and soft barriers to regional trade offers scale where domestic markets are too small to be viable. The GDP of Africa is the same as France, so removing the barriers to trade between African countries is a prerequisite to scaling economies that will drive competitiveness.

Target public investment towards infrastructure, processing, and technology. Whether from smallholder farmers themselves, domestic investors, commercial lenders, or venture capital funds, private capital flows when agri-food investments promise decent near-term returns. Public investment must do the groundwork first. Rural infrastructure needs distributed grids for renewable energy, better road and rail networks, digital connectivity, and cold chains. The EU's Global Gateway strategy could be a positive contribution, aiming to mobilise $150 billion in infrastructure investments for Africa by 2027. The processing sector also needs prioritising to ensure Africa's farmers and entrepreneurs capitalise on the evolving demand from its urban consumers. Blended finance instruments can de-risk first-movers who otherwise face prohibitively high financing costs. Public funding for research must target agri-food innovations, such as orphan crops, and accelerate market adoption. All these public investments are more effective than input subsidies that often eat up agricultural budgets in Africa.

Reconstructed financial architecture must rapidly unlock such public investment. For African agriculture to grow 50% more food by 2040, the public investment in infrastructure, technology, and market development must be substantial and rapid. Estimates vary but suggest a financing gap of tens, perhaps hundreds, of billions of dollars each year. A fairer global financing architecture could close this gap and warrants urgent collaboration between EU and AU policy leaders. The African Development Bank wants to secure $170 billion a year in development financing by recycling Special Drawing Rights through Multilateral Development Banks (MDBs), implementing MDB capital adequacy reforms, and reforming credit rating methods. Illicit financial flows from Africa to Europe (including through trade mispricing of agricultural commodities) exceed the counterflow of $27 billion in ODA. The $40 billion in remittances from Africa's diaspora in Europe could also be leveraged through innovative bonds. Climate finance, currently flowing at $30 billion per year, could also become a substantial source of capital if access is made much easier for Africa's agri-food producers.

Make trade beneficial or risk failure. There is a risk that infrastructure spending could simply enable subsidised European food to penetrate deeper into rural Africa and undercut local markets. To ensure this doesn't happen, Europe and Africa must collaborate on fairer conditions for trade. A model might be offered by Europe's Carbon Border Adjustment Mechanism (CBAM) which protects EU markets from imports that don't account for carbon. A similar "Food Border Adjustment Mechanism" could be a mirror image of CBAM by recapturing Europe's subsidies before they get exported with the food. This would then allow Africa to secure the huge economic benefits from Intra-African food trade as its consumer markets rapidly eclipse Europe's. The European Commission could also be an ideal technical partner for the African Union Commission and Regional Economic Communities as they advance the AfCFTA to benefit from Africa's status as the world's largest free trade area. AfCFTA is more likely to accelerate if reconstructed financial architecture and a growing tax base can reduce the pressure on African governments to raise revenue through trade tariffs. Africa may also benefit from its duty-free and quota-free access to the EU market but only if its processed products can overcome the EU's complex rules of origin and social and hygiene standards, which must become more transparent and simplified. Agro-industrial parks could help with this by becoming processing zones with facilities and technical assistance that ensure export compliance. If Africa and Europe can align on reducing trade barriers and distortions between them, then they could be powerful allies in reinvigorating WTO negotiations that promote fairer, more open markets globally. Lastly, several African countries must stop using monetary policy to overvalue their currency in ways that make imports cheaper and exports more costly.

PRIORITY 2: DEVELOP FOOD SYSTEMS THAT ARE BOTH JUST AND SUSTAINABLE

Embrace policies that distribute value creation. Quadrupling Africa's food economy will generate significant wealth but left unchecked this is likely to be captured by African and international elites. Thoughtful economic policy could help ensure the value is spread more evenly, for example by helping SMEs thrive, and empowering women and youth led businesses. In fact, youth entrepreneurship is fertile ground for collaboration by connecting this dynamic, emerging generation of Africans with Europe's research, markets, and investors; especially if wider market reforms create tailwinds for agri-food start-ups. Similarly, better technology policies could ensure improved crops are a public good, or that digital platforms help small-scale farmers access markets.

Protect those left behind. The proportion of Africans employed in primary production is likely to continue decreasing, creating a need for economic diversification and effective labour policies (Ghana and Vietnam offer successful models). Rising tax revenues should support social welfare for those left behind as the agri-food sector transforms. The EU's own policy experience may offer guidance during Africa's economic transition. This transition will take decades, during which time many communities will remain vulnerable to food insecurity and environmental and economic shocks. Europe must remain a committed humanitarian partner, albeit with a gradually diminishing role, as Africa strengthens its own safety nets and crisis response.

Africa must find its own path to sustainability. Intensive agriculture has degraded soil, water, climate and biodiversity in Europe. It is the outlier sector without a coherent plan for emission reductions, and as such European policy is now exploring agro-ecology and more plant-based diets to redress that balance. As a result, western institutions are increasingly making such practices a condition of their support for Africa. Meanwhile, over 70% of Africa's cultivated land is degraded but this is a result of poverty not industrial agriculture, and its farming practices have low emissions. Africa's priority remains improving yields and eliminating poverty and hunger. It must pioneer its own pathway to a more productive and nourishing food system sustained by healthy, resilient ecosystems. This requires intensification, through both organic and synthetic improvements in soil health, mechanisation and irrigation, and better seeds. Livestock is a valuable source of protein and nutrients to address malnutrition, and is an essential part of integrated, mixed farming. Africa cultivates less than a fifth of its 7.8 million km2 of potentially available cropland, compared with Europe, which cultivates over half of its potential 2.1 million km2. If Africa combines relatively unambitious yield gains with incremental expansion of cultivated areas, it can easily meet additional demand without exceeding ecological limits.

Low emission food production promises economic tailwinds for Africa. Africa has a much shorter path toward a net-zero food economy, which should emerge as a competitive advantage. Whether through agro-forestry, organic soil improvement, or renewably-powered processing and cold chains; Africa can leapfrog those high-emitting production practices that most industrialised countries must soon abandon. Global incentives such as carbon markets or the EU's CBAM could help in encouraging lower-emission food production.

Europe can be an essential partner on Africa's journey of sustainable intensification. Shifting production from Europe to Africa may even ease the pressure of farming on European ecology. Work is needed to make carbon markets accessible to Africa's farmers, such as through simpler verification. The Great Green Wall is a positive example of ambitious Africa-Europe collaboration to regenerate nature whilst increasing production. Collaboration is also needed to manage fisheries sustainably, especially where Europe's commercial fleets compete with Africa's artisanal fleets. Managed well, 'blue foods' (i.e. food derived from aquatic animals, plants or algae that are caught or cultivated in freshwater and marine environments) are a vital source of protein and nutrients.

PRIORITY 3: REBOOT THE PARTNERSHIP FOR MUTUAL BENEFIT AND SECURITY

Africa and Europe need each other for a secure future. There is much to be gained from a partnership that unlocks beneficial trade and investment in a vibrant, sustainable, and nourishing agri-food system in Africa. Africa would benefit from a geopolitical partner who wants the continent to thrive as a democratic, stable, productive, and resilient neighbour. For Europe, gains could include slower illegal migration, more secure supply chains, less conflict, reduced ecological pressure, lower carbon production, geopolitical solidarity, and hopefully some delicious African cuisine. Together, Europe and Africa could embody a bulwark for multilateralism, trade, collaboration, and climate action in a multi-polar world. The alternative is diminished influence for both with the risk of chaotic, spiralling crises if the food and income requirements of a billion more Africans go unmet.

Africa has a plan which Europe can support by incentivising delivery. The African Union's Agenda 2063 offers a strategic framework for the socio-economic transformation of the continent over the next 40 years. For food and agriculture, this manifests through the Comprehensive Africa Agriculture Development Programme (CAADP) and associated commitments made within the 2013 Malabo Declaration, which offer a robust and integrated approach for food system transformation focussed on inclusive value chains, regional trade, environmental sustainability, better nutrition, and multi-stakeholder partnership. The 2024 CAADP Biennial Review shows 19 of 49 countries progressing well. In places like Rwanda and Morocco, where the agri-food sector has strong political support, the approach is having a significant impact. However, too often political incentives are weak and therefore so is progress, with no country on track to meet all seven Malabo commitments. OECD partners including the EU can also complicate national and continental sectoral planning by each arriving with their own priorities. A healthier partnership would see Europe align its strategic interests behind Africa's agenda, working together to elevate delivery incentives at national and continental level. Democratic incentives could come from strengthening the voice of producers and consumers, and engaging parliamentarians. A European offer of more beneficial trade and investment would have a much greater impact on African perceptions of the partnership than any announcement around development aid.

Pioneer countries can lead the way. Vested interests will resist the necessary paradigm shift on both continents with Europe protecting its trade privileges and Africa protecting its lower-priced food imports. At any one time, only a portion of African and European countries will have the right political economy to advance food system transformation together. To help ignite a transition, the AU and EU should channel political and financial capital to those member states that are ready to ignite dynamic partnerships. Other countries will follow as they witness peers secure beneficial trade, investment flows, job creation, nutritional health, and resilient landscapes. Political will may be greatest for collaboration in countries where rural stagnation is already driving large-scale illegal migration to Europe.

Champion food system leadership at every level. Beyond formal policy processes, Europe and Africa need a mindset shift if they are to become true partners. Any attempt at a partnership will fail if the relationship is characterised by bestowing charity or seeking profit. Everyone from heads of state to youth entrepreneurs has reasons to work together in shaping food systems that will work for all. We must find and elevate the champions of such a future and develop new structures and ways of working. Agricultural Sector Donor Working Groups must become Food System Trade and Investment Groups. Cabinet offices must convene cross-ministry task forces. Our academic institutions must collaborate on action research across multiple fields. Through these measures and more, Team Europe and Team Africa can unify in their pursuit of thriving food systems fit for the 21st Century.

2

BUILDING RESILIENT HEALTH SYSTEMS

"We will ensure science, technology and innovation contribute to our efforts in areas such as health."

Pact for the Future, September 2024

The critical importance of sustainable and responsive health systems is increasingly recognised, but country action is limited in an environment of growing population health needs and economic constraints. Evidence-based health workforce strategies have become a central component in providing equitable and high-quality health services towards attaining universal health coverage and meeting health-related SDGs. While it is the case that in 2030 there will still be a shortage of health workforces in Africa and Europe, we outline the potential scenario where new leadership transforms whole systems of care in an attempt to strengthen resilience and sovereignty in action. Add to this the horizon of change that digital health services promise, changing disease burden, more complex healthcare, health worker migration, private sector growth, greater demands by patients and a shrinking fiscal environment.

PARADIGM CHANGE: MOVING TOWARDS GLOBAL HEALTH SECURITY

How can we narrow the health services gap? The vulnerabilities and disparities in global health systems became all too evident during the COVID-19 pandemic. Africa for example has on average 1.3 hospital beds per 1,000 people compared with 5.5 beds in Europe. While both continents faced significant challenges in responding to the crisis, it is vitally important to learn from each other's experiences not only to build health systems that can withstand future pandemics but to meet the day-to-day health challenges that hinder development in many contexts. For instance, Rwanda's rapid deployment of contact tracing and testing measures demonstrated the effectiveness of swift, coordinated action, while Germany's robust healthcare infrastructure enabled it to manage the surge in cases more effectively than many other countries.

What effect will the climate crisis have on health systems? The intersection of climate change and health poses significant risks, particularly for vulnerable populations. In 2020, the World Health Organisation (WHO) estimated that climate change would cause approximately 250,000 additional deaths per year between 2030 and 2050 due to malnutrition, malaria, diarrhoea and heat stress. In Africa, climate change exacerbates vector-borne diseases such as malaria and dengue, while in Europe, extreme weather events like heatwaves and floods put additional strain on public health systems.

Where are the health professionals? With a density of just 2.3 health workers per 1,000 people compared with a global average of 5.5, the African continent is facing a severe shortage of health professionals. According to the WHO, this situation will get even worse as many trained professionals move to other regions for better opportunities. In Nigeria, for instance, it is estimated that over 40% of trained doctors have moved abroad in search of better working conditions. Meanwhile, Europe is dealing with an ageing health workforce, with an average age of 49 years for physicians across the continent. In Germany, for example, around 25% of the medical workforce is expected to retire in the next decade. This is increasing pressure on health systems to find and train new professionals. Initiatives like the African Union's Health Workforce Strategy and the European Union's Action Plan for the Health Workforce highlight ongoing efforts to tackle these issues, but governments must do more to stem the 'brain drain'.

Can technology build better, stronger health systems? Digital health technologies have the potential to revolutionise health systems and enhance the quality of care delivered, particularly in remote or resource-constrained contexts. Technologies such as mobile health (mHealth) solutions, electronic health records, and advanced data analytics can significantly improve health outcomes and would go a long way to delivering equitable health care systems.

Drawing on tangible examples from both continents, we have identified five policy priorities to foster collaboration and innovation to enhance global health security:

1. Leverage existing partnerships and multilateral channels to share knowledge, resources, and strategies to address transnational health challenges.

2. Strengthen health systems to ensure they are resilient enough to meet current challenges and future threats.

3. Implement policies that urgently address the intersection of climate change and health.

4. Build an empowered workforce of healthcare professionals.

5. Leverage the opportunities offered by technology to create robust, secure health systems that close the healthcare divide.

PRIORITY 1: DRIVE A NEW HEALTH DIPLOMACY PARTNERSHIP

Embed lessons learnt during the COVID-19 pandemic. Stronger partnerships with international organisations, such as between the WHO, UN Food and Agriculture Organisation (FAO), the World Organisation for Animal Health and the UN Environment Programme can ensure a coordinated, equitable global response to health emergencies. This approach should be exemplified in the ongoing Pandemic Treaty negotiations, ensuring that the lessons learned from the COVID-19 pandemic—particularly the importance of solidarity-based approaches—are fully integrated. As we emerge from the pandemic, it is critical to capture, strengthen, and replicate best practices while embedding them into broader health strategies. The pandemic exposed a trust deficit between regional partners, but it also demonstrated how multilateral cooperation can significantly enhance global health security. For instance, the Africa Centres for Disease Control and Prevention (Africa CDC) worked with the WHO to coordinate responses across the continent, establishing the Africa Task Force for Coronavirus, which facilitated resource sharing, training, and strategic planning among African countries. This collaboration supported the equitable distribution of personal protective equipment and the rollout of vaccines. Globally, the WHO-led ACT-Accelerator initiative, strongly supported by the EU, aimed to accelerate the development, production, and equitable access to COVID-19 tests, treatments, and vaccines. It is crucial that this infrastructure be preserved and adapted so that COVID-19-specific mechanisms are tailored for use in broader global health initiatives and integrated into future rapid-response toolkits.

Promote policy coherence. Ensuring health policies and policies in other areas such as trade, environment, and development are aligned can create a holistic approach to health diplomacy. The Joint Africa-Europe Strategy (JAES), established in 2007 and reinforced by the 6th EU-AU Summit of 2022, is a model of a partnership between both continents that focuses on shared priorities. One notable initiative under JAES is the Africa-EU Partnership on Science, Technology and Innovation, which includes a focus on health research and innovation, facilitating collaborative projects such as the European & Developing Countries Clinical Trials Partnership, which supports joint research to accelerate the development of new or improved drugs, vaccines, microbicides, and diagnostics against HIV/AIDS, tuberculosis, malaria, and other neglected infectious diseases in sub-Saharan Africa. This programme exemplifies how policy coherence and intersectoral collaboration can lead to significant advancements in global health, and more collaborations like this should be encouraged.

Support capacity building. Develop new programmes and leverage existing schemes such as the AU's Leadership Development Programme and the European Public Health Alliance so that health diplomats and policymakers can enhance their skills in negotiation, advocacy, and strategic planning. By building the capacity of health professionals and policymakers, these programmes support the development of effective policy coherence across regions and ensure the skills needed to engage in international health diplomacy are in place.

PRIORITY 2: STRENGTHEN HEALTH SECURITY AND RESILIENT HEALTH SYSTEMS

Strengthen surveillance and early warning systems. Invest in integrated disease surveillance systems that take advantage of real-time data sharing between the Africa CDC and the European Centre for Disease Prevention and Control (ECDC). These could include interoperable health information systems and fostering collaboration on epidemiological research to strengthen the capacity of both regions to monitor and respond to infectious disease threats.

Invest in vaccine and medicine production and strengthen supply chains. Develop diversified, secure supply chains for essential medical supplies and equipment that can ensure equitable access during crises, which means investing in local manufacturing capacities and establishing strategic reserves. One model for this is the Partnerships for African Vaccine Manufacturing (PAVM) Framework aimed at boosting vaccine production capabilities in Africa with the goal of 60% local production by 2040. The initiative has led to the establishment of production facilities in countries like Senegal and South Africa reducing dependence on external supplies and ensuring more equitable access to vaccines. In line with PAVM, the Team Europe Initiative on Manufacturing and Access to Vaccines, Medicines and Health Technologies (MAV+) works with African partners to strengthen their local pharmaceutical systems and manufacturing capacity, ultimately strengthening the continent's health autonomy and serving as a model for future cooperation. At a global level continued support for the COVAX Facility, co-led by Gavi, the Vaccine Alliance, WHO, and the Coalition for Epidemic Preparedness Innovations, is crucial to guaranteeing equitable vaccine distribution.

Sustain political focus on building resilient and sustainable health systems promoting universal health coverage. The pandemic highlighted the need for system-wide strengthening to ensure endemic conditions are simultaneously managed along with pandemic threats. Long-term investment—in healthcare infrastructure, workforce development and health financing—is therefore needed to make certain that everyone can access quality healthcare services without risking financial hardship. Ghana's National Health Insurance Scheme (NHIS), supported by international partners including the EU, is one example of the benefits and challenges in expanding access to healthcare. Since its inception in 2003, NHIS has significantly increased healthcare utilisation, covering over 40% of the population in part by investing in community health workers—crucial for bringing essential healthcare to marginalised communities.

PRIORITY 3: JOINTLY ADDRESS THE CLIMATE-HEALTH NEXUS

Implement climate-resilient health policies... Bring climate adaptation strategies into national health policies by integrating climate considerations into public health planning, strengthening health infrastructure to withstand climate impacts, and enhancing community-based health programmes. Several national strategies that demonstrate the effectiveness of climate-resilient health policies are already in place, offering an opportunity for the sharing of knowledge to replicate best practices. Senegal has integrated climate adaptation into its national health policy through initiatives such as the Climate Change and Health Strategy, which includes measures to prevent and control vector-borne diseases, improve water and sanitation infrastructure and enhance health surveillance systems. Likewise, France's Plan National Canicule (National Heatwave Plan) is a strategy to protect public health during extreme heat events through early warning systems, public awareness campaigns and the establishment of cool shelters. Since its implementation in 2004, this proactive approach has significantly reduced heat-related mortality during subsequent heatwaves.

...and vice-versa. Integrating health ...and vice-versa. Integrating health considerations into climate strategies is crucial for addressing the interconnected challenges of climate change and public health. The Global Goal on Adaptation should include health targets to ensure that climate adaptation measures also bolster health systems. Similarly, the New Collective Quantified Goal on Climate Finance should allocate funds specifically for health-related climate adaptation and mitigation. Attaching costs to the indicators of the Global Goal on Adaptation, for example, could be of help in setting evidence-based climate finance goals by assessing demand to match supply. By translating the actions underpinning indicators into their final cost, we can assess the level of finance required and set sub-targets per sector in climate finance. Embedding health objectives into these frameworks secures necessary financing, which has a multiplier effect on return on investment.

Promote sustainable health infrastructure. Invest in green health infrastructure that reduces carbon footprints and withstands climate impacts. This involves designing and constructing health facilities that are energy-efficient, use renewable energy sources, and incorporate sustainable practices to reduce environmental impact. Morocco's Ministry of Health in partnership with the German Corporation for International Cooperation (GIZ), launched the «Green Hospitals» initiative to reduce the environmental impact of healthcare facilities through the installation of solar panels, energy-efficient lighting and waste management systems. In Sweden, the Karolinska University Hospital has implemented energy-efficient building designs, utilised renewable energy sources and incorporated green spaces to improve patient well-being.

Advance research and data sharing. Fund collaborative, interdisciplinary Africa-Europe research initiatives and establish data-sharing platforms to enhance the exchange of knowledge and evidence-based policymaking, including for the urgent operationalisation of the September 2024 Political Declaration on Antimicrobial Resistance. For example, the Africa-Europe Climate and Health Research Network brings together researchers from both continents to study the impacts of climate change on health. One of its key projects, «Climate Change and Infectious Diseases in Africa and Europe,» has produced valuable insights into the transmission dynamics of diseases like malaria and Lyme disease under different climate scenarios. Likewise, the EU Horizon 2020 research and innovation programme has funded several projects, such as «Heat-Shield» which studies the impact of heat stress on workers in various sectors across Europe and Africa.

PRIORITY 4: EMPOWER THE HEALTH WORKFORCE

Strengthen the training and retention of health workers. Strengthening comprehensive training programmes and creating incentives for health professionals, particularly in underserved areas, are critical steps. The African Union's African Health Workforce Education and Training Initiative, for example, has focused on expanding training opportunities and increasing the number of health professionals. Similarly, the European Union's EU4Health programme has supported training initiatives aimed at addressing skills gaps. In Ethiopia, the Global Health Service Partnership, a collaboration between the Peace Corps and health organisations, has helped to increase the number of trained healthcare workers in remote areas through targeted training programmes.

Foster cross-continental workforce exchanges. Expanding exchange programmes for health professionals between Africa and Europe can significantly enhance skills and knowledge transfer in healthcare delivery. The EU's Erasmus+ programme includes components for healthcare professional exchanges, while African initiatives like Technical and Vocational Education and Training programmes play a crucial role in strengthening community health systems by equipping individuals with the skills needed to provide essential medical support. The European Training Network for Health Economics has been instrumental in fostering knowledge exchange between African and European health economists, enabling African professionals to gain insights into European health systems and vice versa, leading to improved healthcare strategies in participating countries.

Integrate climate and pandemic preparedness into training. Ensuring that health workforce training programmes include modules on how climate change affects health and pandemic preparedness and response is vital. The WHO's Health Emergency Response Framework provides guidelines for integrating these aspects into training and the ECDC has developed training modules on pandemic preparedness with various emergency scenarios, which have been adopted by several African countries, including Kenya and South Africa.

PRIORITY 5: LEVERAGE OPPORTUNITIES OF DIGITAL HEALTH

Leverage the know-how of other sectors. In many African countries, mHealth innovations, whose technology stemmed from other sectors, have significantly improved healthcare delivery. Kenya's M-PESA platform, for example, was initially designed for mobile payments but has since expanded to make healthcare payments and financial management easier. As of 2023, M-PESA has over 40 million active users and processes transactions worth more than $500 million a month. Africa more broadly is also seeing a rise in mobile health applications, with over 200 mHealth apps available, addressing health issues from maternal care to disease tracking. Partnerships between Europe and Africa, such as the Team Europe Initiative on Digital Health, have demonstrated the benefits of leveraging cross-sector expertise to enhance healthcare access and service delivery.

Expand digital health infrastructure. Investing in robust digital health infrastructure is one of the best ways to ensure widespread access to reliable internet and digital tools. This investment should cover both urban and rural areas to bridge the digital divide and enhance healthcare delivery in underserved regions. In Rwanda, the government has launched the Kigali Health Information System to extend digital health infrastructure across the country, improving access to health records and telemedicine services. In the EU, over 90% of countries have implemented sophisticated electronic health record (EHR) systems to improve patient care and streamline processes. For instance, Germany's EHR system, introduced in 2021, supports seamless data sharing across health providers, leading to a more integrated and efficient healthcare system.

Promote interoperability and data security. Developing standards for data interoperability and ensuring robust cybersecurity measures are crucial for protecting patient information and building trust on the one hand and facilitating seamless data exchange between different health systems on the other. The Interoperable Electronic Health Record system in The Netherlands serves as a model, allowing healthcare providers to share patient data across different platforms while complying with strict data protection regulations. This approach has enhanced care coordination and patient safety. Lessons from the aforementioned Team Europe Initiative emphasise the importance of secure, interoperable systems in improving health outcomes across Africa.

Leverage AI and Big Data. Using artificial intelligence (AI) and big data analytics can predict health trends, optimise resource allocation, and improve patient outcomes by enabling more proactive and personalised healthcare interventions. In collaboration with the African Union, IBM has developed the Watson for Health platform to leverage AI and big data to diagnose diseases, predict outbreaks, and optimise healthcare resource allocation. In Nigeria, AI-driven tools have been used to analyse health data and predict malaria outbreaks, leading to more effective prevention and treatment strategies. The Team Europe Initiative on Digital Health can harness these technologies to further enhance the capacity of African partners to use digital tools for better health outcomes. In order to promote the responsible use of artificial intelligence in the health sector and also provide a predictable environment for the private sector to introduce innovative digital health and artificial intelligence solutions, a robust national and continental regulatory framework must be ensured. Once the groundwork has been done, the potential of AI and big data to transform healthcare is limitless.

IN FOCUS

BUILDING A FUTURE IN A WORLD WHERE TECHNOLOGY, INNOVATION AND DEVELOPMENT GOALS ARE INTERTWINED

Digital technologies hold the key to achieving global development ambitions in the context of resource and time constraints. However, to harness the opportunities offered by emerging technologies, the right strategic priorities and governance frameworks must be put in place as soon as possible.

Every new technology is coupled with positive and negative impacts. As we enter a future powered by Artificial Intelligence (AI), this journey must be underpinned by responsible and sustainable innovation. The summer of 2024 marked an important period for such frameworks, with UN, African and European regional strategies making headlines:

- **African Digital Compact and Continental Artificial Intelligence Strategy:** Endorsed by the AU Executive Council in July 2024, both landmark documents outline a common vision to accelerate Africa's digital transformation by calling for unified national approaches to unlock the potential of new technologies as catalysts for sustainable development.

- **European Union AI Act:** The first-ever comprehensive legal framework on AI worldwide, the EU AI Act came into force on 1 August 2024 and will be fully applicable within two years. It harmonises rules around specific uses of AI for developers and deployers based on four risk rankings.

Noting the transborder nature of the Africa-Europe Partnership and the transborder potential of AI to revolutionise sectors – from healthcare to agriculture, energy to finance - there is a need for greater harmonisation of regulations, policies and approaches across regions to limit gaps in governance, facilitate compliance and aim for the more equal distribution of opportunities to make better progress on the Sustainable Development Goals and the UN Pact for the Future.

Currently, no global framework exists to govern AI. Instead, the AI governance landscape is a patchwork of efforts. Of 193 UN Member States, only seven are party to the seven most recent international AI governance initiatives (OECD AI Principles-2019, G20 AI principles-2019, Council of Europe AI Convention drafting group-2022–2024, GPAI Ministerial Declaration-2022, G7 Ministers' Statement-2023, Bletchley Declaration-2023 and Seoul Ministerial Declaration-2024), while 118 countries are missing entirely, primarily from the Global South.

In response, the UN Secretary-General's High-level Advisory Body on Artificial Intelligence (HLAB-AI) released the "Governing AI for Humanity" report on 19 September 2024. The report urges the UN to lay the foundations for a globally inclusive and distributed architecture for AI governance, outlining recommendations to address gaps in current governance arrangements, including:

- Establishing an interdisciplinary International Scientific Panel on AI to produce reports on AI risks and opportunities.
- Organising a biannual intergovernmental and multistakeholder policy dialogue on AI governance at the UN to foster common ground and share best practices.
- Creating a global AI capacity development network to boost AI governance capacities, offering training, resources, and AI datasets to researchers and social entrepreneurs.
- Establishing a global AI fund to address financing gaps in capacity and collaboration.

The UN Summit of the Future elevated the role of emerging technologies to meet sustainable development goals, with clear calls to action to mitigate the digital divide. Annex 1 of the Pact for the Future, the UN Global Digital Compact, charts a roadmap for global digital cooperation to close these divides and govern digital technologies. It's built on principles such as ensuring universal connectivity and mitigating security threats, outlining commitments including increased investment in digital public infrastructure by 2030.

"We recognize the importance of financing to unlock the full potential of this Compact. Successful implementation will require public, private and multilateral resources, including the pooling of investments in joint and blended facilities for impact at scale…"

- UN Global Digital Compact, 22 September 2024

We must find pathways to connect the goodwill underpinning these new regional and global governance frameworks with concrete action. Both Africa and Europe have expressed strong interest in leveraging AI to fuel innovation, empower small and medium-sized enterprises, and create high-value jobs. As with other development goals, the missing ingredient is funding for implementation. For this reason, the UN Financing for Development Conference (FfD4) scheduled for 30 June to 3 July 2024 in Sevilla, Spain, will be significant.

Microsoft has projected that AI has the potential to contribute up to $15.7 trillion to the global economy by 2030, of which $1.2 trillion could be generated in Africa, representing a 5.6% increase to the continent's gross domestic product. However, to leverage such potential growth, investments are necessary today, not only in critical digital infrastructure but in capacity building and knowledge transfer to empower youth, the private sector and institutions to actively participate in the digital economy.

Thus the recommendation by the UN High-level Advisory Body on Artificial Intelligence to develop a Global Fund on AI, is one to be taken seriously. Several countries are facing fiscal and resource constraints when funding SDGs. These constraints likewise limit their ability to use AI "appropriately and effectively". The Fund would address underlying capacity and collaboration gaps, incentivising harmonised regulatory approaches. It would receive and disburse financial and in-kind contributions from public and private sources, including via the capacity development network, to facilitate access to AI enablers (e.g. training programmes, models, curated data sets) to catalyse local action for SDGs.

Questions on the Fund's operationalisation remain, but it's imperative to facilitate an open space for collaborative, interdisciplinary and multi-stakeholder engagement to reap the full benefits. As we look ahead to 2025, significant milestones exist—the AI Action Summit hosted by France in February and the Global AI Summit on Africa hosted by Rwanda in April—to forge transformative partnerships that advance a harmonised and inclusive global AI agenda for the benefit of everyone.

3 FINANCING OUR FUTURE

"We will secure an ambitious outcome at the Fourth International Conference on Financing for Development in 2025 to close the Sustainable Development Goal financing gap and accelerate the implementation of the 2030 Agenda and the achievement of the Sustainable Development Goals."

Pact for the Future, September 2024

Africa is a crucial trading partner for Europe, and the EU is a source of substantial Foreign Direct Investment (FDI) and Official Development Assistance (ODA) to Africa. The continent remains a strong investment priority, with billions of euros directed towards renewable energy, digital connectivity, infrastructure, vaccines and other sectors. However, neither FDI nor ODA are remotely sufficient for Africa to achieve its development targets within the frameworks of Agenda 2030 and AU Agenda 2063. Recent declines in ODA are unlikely to reverse, with high-income countries facing their own budgetary challenges from inflation to humanitarian considerations. The resulting financing gaps are staggering—it is estimated that Africa will need to mobilise up to $1.3 trillion annually to meet the SDGs by 2030, i.e. about 43% of the continent's GDP.

Leadership changes across European and African institutions and countries will almost certainly have major implications for budgetary and policy orientations and thus influence future cooperation. According to the African Union, domestic resource mobilisation has the potential to cover up to 90% of the financing required for Agenda 2063. The continent is therefore shifting its finance strategy, with greater focus put on domestic resource mobilisation (DRM) and innovative financing to fulfil development goals.

PARADIGM CHANGE: MOVING TOWARDS A NEW MODEL OF DEVELOPMENT FUNDING

How can this differ from 'business as usual'? Expanding the fiscal space, where a government has more flexibility in how it spends its budget, will require African countries to make bold policy choices. This will undoubtedly encompass a shift from traditional foreign-aid-focused strategies to a reliance on more domestic-driven development finance and investments. Both Agenda 2030 and 2063, as well as the Addis Ababa Action Agenda underline the centrality of DRM to the achievement of Africa's priorities, and the need to mobilise resources from all funding mechanisms, such as prioritising value-chain development in alignment with the AfCFTA, especially in green sectors, critical minerals and food systems.

What is the current state of Africa's debt? Africa's burgeoning public debt and debt service have severely restricted the fiscal space for many countries. According to International Debt Statistics, the continent's debt burden had reached $547 billion even prior to the COVID-19 pandemic and rose significantly to $1.8 trillion in 2022. The ratio of total external debt to export earnings rose from 74.5% in 2010 to 140% in 2022 for Africa, and the share of debt service in total government revenue amounted to 18%.

Why does the current financial architecture need to change? The international financial architecture (IFA) is a framework of institutions, policies, rules, and practices that govern the global financial system. The opaque nature and lack of inclusiveness in financial institutions' decision-making processes suggest that the current IFA may have become ill-suited to adequately address the realities facing developing nations, particularly in Africa, not least because it gives developed countries a disproportionately larger say in global financial decision-making. Voting rights and representation within international financial institutions, for example, are characterised by an asymmetric system favouring developed countries, limiting the voice and influence of developing nations in shaping policies and reforms, which raises concerns about the legitimacy and fairness of the system. This needs to change if development goals are to be met.

This chapter makes a number of recommendations to strengthen sustainable development financing for long-term, impactful growth through three policy priorities:

1. Leverage Africa's internal assets including tax revenues, innovative finance mechanisms and the informal sector.

2. Make use of Europe's role as Africa's key strategic partner in sustainable finance by bringing its technical expertise and resources to support new financing measures.

3. Strengthen action at global and multilateral levels to reform the international financial architecture and strengthen country representation.

PRIORITY 1: LEVERAGE AFRICA'S DOMESTIC RESOURCES

Improve Africa's internal tax revenues. Africa must widen its domestic tax base and increase its internal tax revenue capacity if it wants to meet development targets and move away from ODA. According to a joint report by the OECD, African Tax Administration Forum and the Arican Union Commission, in 2021 the average tax-to-GDP ratio for Africa was 15.6%, compared with 21.7% for Latin America and the Caribbean and 34.1% for OECD countries. Although the strategies to achieve this must be country-specific, effective policies should share the same goal i.e., to promote growth, strengthen tax compliance measures, improve service delivery and public accountability. Tax exemptions, in fact tax incentives in general, that are meant to attract FDI are often counter-productive for African countries because they can be a source of the "race to the bottom" phenomenon, where countries cut taxes ever lower to attract companies but end up jeopardising their tax base. To stem the flow of tax leakages, African governments should develop frameworks to monitor and evaluate tax incentives granted to corporations. This would ensure transparency in their management and confirmation if incentives provide value for money and yield a positive return. Rwanda, Senegal, and Uganda have already seen large increases in their tax revenues by eliminating tax exemptions or digitising filing and payment systems.

Adopt innovative debt management strategies. Tackling the dire state of Africa's public debt and service is crucial if it is to meet its development goals. Unfortunately, the cost of borrowing continues to climb for African countries. This reflects the dramatic change in the composition of Africa's debt over the past twenty years as it shifted from traditional bilateral and multilateral creditors to private commercial creditors with higher market-based interest rates rather than concessional interest charges. In 2022 eight out the nine countries in debt distress globally were in Africa and as of January 2024 three African countries—Ethiopia, Ghana, and Zambia—have defaulted on their debt. There is no shortage of traditional debt management solutions such as debt reprofiling or rescheduling, climate-action-related debt swaps, stronger public finance management capacity, and better integration of debt obligations in medium-term and long-term planning but they have failed to reach their targets. More innovative debt management solutions are now imperative, such as:

- converting countries' public debts into infrastructure assets, by negotiating with creditors to reinvest interest payments domestically, which would stimulate productivity through infrastructure and natural resource development;

- offsetting Africa's debt with proceeds from the unrecovered illicit financial flows held in recipient countries; and

- aligning electoral timelines with loan disbursements to ensure better accountability in the relationship between terms of office and fiscal decisions, possibly limiting debt for current expenditure.

Diversify funding sources through innovative financing mechanisms. Given the scale and the urgency of development financing requirements, new funding mechanisms must be explored. It is estimated that Africa has $2.3 trillion of investment, pension and sovereign wealth funds (SWFs) that are currently locked-up overseas. In 2014 Africa's pension fund assets alone were estimated at $334 billion, with growth variations across sub-regions and countries. Several countries including Algeria, Angola, Djibouti, Gabon, Ghana, Mauritania, Morocco, Namibia, Nigeria, Rwanda, Senegal, Uganda, and Zimbabwe have currently established SWFs that can be used as vehicles to invest in infrastructure, boost economic growth and create jobs through public-private partnerships. There are also considerable opportunities to unlock additional value from remittance flows into Africa through the use of diaspora bonds, which are currently underused although Egypt, Ethiopia and Nigeria have introduced them in recent years. The World Bank estimated Africa's total inflow of remittances at $72.5 billion in 2023, with $54 billion flowing into Sub-Saharan Africa alone, representing a potentially substantial investment source for the continent. Improving the interoperability of payment systems between the EU and Africa would help lower the costs of remittances and optimise remittances as another source of DRM.

Strengthen the informal sector as a stable source of DRM: It is estimated that the informal sector makes up 55% of Africa's GDP and employs at least 80% of the labour force. Formalising the informal sector could result in increased domestic tax revenue, with potential gains as high as 74% and 55% of GDP in Benin and Burkina Faso respectively. Policies and investment that address the challenges faced by the informal sector, including lack of technical and vocational training, limited infrastructure development, lack of access to credit and finance, low technology and innovation, and precarious working conditions would optimise revenue. Strengthening identity systems alongside digital payment and mobile money solutions and other financial inclusion strategies would also help to formalise the informal sector, making it a source of sales taxes. E-commerce platforms that onboard informal businesses for trade already exist and could facilitate tax payments on their sales without being formalised.

PRIORITY 2: EUROPE AS AFRICA'S KEY PARTNER IN SUSTAINABLE FINANCE

Secure development financing in the next EU Multiannual Financial Framework. The current EU Multiannual Financial Framework (MFF), which comes to a close in 2027, initially prioritised climate finance for the green transition but a mid-term revision of the MFF became necessary in 2024 to deal with unforeseen challenges, resulting in €2 billion being reassigned away from the EU's main development and global climate action budget towards funding for new migration spending. It is vital that those commitments continue to be monitored, but equally important is making sure that EU funding is secured for development, global health and climate action when negotiations for the next MFF begin in June 2025. The next MFF is a once-in-a-decade opportunity and should not be wasted, taking us past the global goals 2030 targets, covering the years 2028-2034.

Deliver on Global Gateway and Team Europe initiatives. Europe's Global Gateway and Team Europe Initiatives can drive the financing of critical infrastructure, combat illicit financial flows, and support sustainable development. Successfully implementing these programmes will be pivotal in transforming Africa's economic landscape. Robust monitoring and evaluation frameworks should be established to track progress, ensure transparency and accountability, and make necessary adjustments to projects. This should be done nationally and regionally across stakeholders and should align with new or existing common frameworks for ease in comparative analysis.

PRIORITY 3: STRENGTHEN ACTION AT THE GLOBAL AND MULTILATERAL LEVEL

Give Africa a louder voice in the reform of the international financial architecture. The current IFA has failed to come up with long-term solutions to the debt crisis that is overwhelming developing countries. This crisis will only be solved when African countries have a stronger voice in multilateral financial organisations. African countries should present a unified voice for increased representation in these organisations by, for example, obtaining additional seats on the IMF and World Bank boards, and for the requirement that a majority of countries, as well as a majority of voting power, should be required to pass certain measures. Giving African countries a stronger voice could play an important role in aligning their priorities in international and multilateral reform negotiations such as those on tax reform currently underway at the UN and the upcoming 4th International Conference on Financing for Development. Support from Europe will be critical in strengthening Africa's hand in its ability to break through multilateral and even bilateral logjams in sustainable finance mobilisation.

Strengthen Africa's own financial architecture. The implementation of AU decisions establishing Pan African Financial Institutions including the African Monetary Fund, the African Investment Bank and the African Central Bank should be accelerated and underpinned by efforts to strengthen good governance.

Reform the MDBs. Increasing the efficiency, flexibility, and agility of MDBs could free up large sums of financial resources for sustainable development investment. For Africa, a key goal of this reform is to increase access to concessional financing to low income and vulnerable countries, through more donor contributions to the World Bank's International Development Association (IDA) and the Africa Development Bank's African Development Fund (ADF). Kenya's President Ruto and Africa Development Bank (AfDB) President Adesina have called for the tripling of ADF funding from \$8.7 billion to \$25 billion. Many are also calling for the tripling of funding for IDA from \$93 billion currently to \$279 billion by 2030. Countries are encouraged to follow the early commitments of Spain and Latvia, increasing their IDA21 contributions by 37% (to €400 million) and 60% (to €9.48 million) respectively, compared to the previous IDA replenishment cycle.

Increase transparency of, and dialogue with, credit rating agencies. African countries are increasingly voicing their frustration with international credit rating agencies, arguing that the perception of risk assigned to them by these agencies is higher than the actual risk. Specifically, African countries argue that their ratings are not based on accurate data but instead are largely subjective. Existing credit rating agencies should demonstrate better transparency in the types of measures that they use to rate African economies, and African governments should continue to explore the option of establishing an African Credit Rating Agency.

Increase access to SDRs and rechannelled SDRs for African countries. In May 2024 the IMF Executive Board approved a major reform in its Special Drawing Rights (SDR) mechanism, allowing members to channel their unused SDRs to multilateral development banks including the AfDB, which could unlock up to \$80 billion of new MDB lending capacity globally. For Africa, this is a potential source of important additional development finance. The current total SDR allocation amounts to \$650 billion, and the proportional allocation to Africa is 5%, equivalent to \$33 billion. A 25% voluntary channelling of G-7 countries' SDR allocations, for example, would result in additional \$73 billion available to African countries. For this to happen, it is important to strengthen advocacy and support for Europe-Africa cooperation to ensure that the additional resources are effectively released to AfDB, and that African member states are able to access and mobilise those resources.

Strengthen international cooperation in global tax reform. The international community has shown interest in strengthening its cooperation and support for Africa in the ongoing UN negotiations on global tax reform. These UN negotiations are not expected to conclude before 2026 but major preparatory steps are already underway. In July 2024 the Ad Hoc Committee to Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation released its first draft setting clear objectives to establish an inclusive, fair, transparent, efficient and effective international tax system for sustainable development. Africa has led the way in galvanising the support of the Global South and a few European partners in the lead-up to these negotiations, but more work needs to be done in affirming and expanding these alliances. The Global Solidarity Levies Task Force, launched at COP28 to bring countries together to explore scalable and practical options for climate levies, is an important complement to the push for more fairness in the international financial system. From aviation and maritime levies to those on financial transactions and windfall profits, the success of the task force is dependent on its inclusivity and interlinkages to the above-mentioned UN reform processes. Country representatives are encouraged to join to voice their perspectives on the potential scope of levies, how they could be implemented, including transition mechanisms, and how resulting revenues should be governed for disbursement.

Leverage partnerships to combat illicit financial flows. Illicit financial flows (IFFs) include money illegally earned, transferred or used. They drain money from Africa that could have been used to finance healthcare, education, climate mitigation and many other development priorities. According to UNCTAD, Africa loses $88.6 billion annually in IFFs — equivalent to half of the continent's SDG financing. It is estimated that Africa's capital stock could have expanded by more than 60% and its per capita GDP could have reached up to 15% higher should these illicit flows have been stemmed. If Africa is to meet its development targets it has to take action to stop illicit financial flows by tracking, recovering and repatriating them back to the continent but it cannot do this alone. Europe is a major recipient of IFFs from Africa and it should use all the data analytics, and information and communications technology at its disposal to monitor financial flows and assess their risks of becoming illicit. Multi-stakeholder coalitions also play a crucial role in ensuring effective data tracking and information-sharing across stakeholders, which can be leveraged for sustainable institutional capacity-building initiatives. Effective anti-IFF measures also require African governments to strengthen governance and the rule of law, and to adopt measures to improve the regulation of financial markets, reduce corruption and empower crime-fighting institutions. Information exchange, peer-learning from best practices, and active participation in global and continental initiatives, such as the Global Forum on Illicit Financial Flows and Sustainable Development and the Convention on Mutual Administrative Assistance in Tax Matters, are also crucial to combatting IFFs successfully. Some steps are being taken — the Team Europe Initiative, a €450 million package of projects to support Africa combat illicit financial flows and transnational organised crime launched in June 2024, focuses on the adoption of stronger legal and regulatory frameworks, building more effective enforcement, and improving connections between national and regional bodies. Any success on these commitments by Europe would likely set critical milestones in improving the conditions for more substantial revenue mobilisation for Africa.

Enhance the capacity for climate finance mobilisation. To reduce the impact of climate change on its socio-economic development prospects, Africa should strengthen its climate adaptation and resilience strategies, which will require increased access to financial and technical resources. Tax Justice Network-Africa estimates that Africa needs $140 billion annually over the 2020-2030 period to support its climate change mitigation and adaptation but has mobilised only 3% of this amount. Countries need capacity-building on the UN Framework Convention on Climate Change (UNFCCC) Toolkit to Enhance Access to Climate Finance, and need to prioritise climate mitigation and adaptation in their domestic budgets and policies including in their financial institutions. Success in climate finance mobilisation will also require the following actions from Africa's partners:

- **Accelerate climate finance disbursement.** An automatic climate applications exchange mechanism could act as a one-stop shop for climate financing applications, where multilateral and global climate funding institutions could access applications on a continuous basis. Such a mechanism would cut down on bureaucratic requirements that countries currently face where every funding institution has its own particular funding criteria.

- **Develop Africa's Carbon Markets.** Carbon markets may also constitute an important source of climate-related funding for Africa, leveraging its extensive reserves of natural resources. This requires appropriate regulatory and governance frameworks to be instituted to ensure integrity in credits, such as in Kenya, Ghana, and Rwanda, and that a fair revenue distribution mechanism be put in place. See Chapter 5 on energy for detailed recommendations.

- **Further operationalise the Development Banks' Joint Roadmap for Climate-Health Finance and Action.** The World Bank has declared that "climate change is the greatest threat to health and wellbeing facing the world in the 21st century." In an attempt to tackle these issues, the Bank launched the Development Bank Working Group for Climate-Health Finance comprising members from Multilateral Development Banks and Public Development Banks, including the AfDB and the European Investment Bank. The operationalisation of their joint roadmap, which outlines a common, strategic approach to drive climate and health commitments within finance decisions is a critical next step, which further underpins the priority to integrate health concerns in climate policies and finance, such as the New Collective Quantified Goal for Climate Finance. See Chapter 2 on health for detailed recommendations.

IN FOCUS

RECOMMENDATIONS FOR THE 4TH INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT

Taking place between 30 June - 3 July 2025 in Sevilla, Spain the 4th International Conference on Financing for Development is a critical milestone following the UN Summit of the Future's strong call to fill the SDG financing gap. With sustainable finance identified as the common thread uniting Africa-Europe Foundation workstreams, we will be present to elevate innovative funding mechanisms that hold most promise within the cross-continental partnership.

We urge global leaders at the FfD4 Summit to prioritise advancing the following actions:

Support a Multilateral Framework for Global Tax: Ongoing UN negotiations on Global Tax Reform should be supported to ensure the development of a transparent, inclusive, and accountable multilateral framework. The Ad Hoc Committee's Draft Terms of Reference for a UN Framework Convention on International Tax Cooperation saw strong leadership and unity from Africa; but more work needs to be done in affirming and expanding support from the international community. As the UN General Assembly votes to adopt the Terms, countries should prepare to support the final delivery of a UN Convention by the 82nd Session of the General Assembly in 2027. As laid out in the Terms the "intergovernmental negotiating committee should take into consideration the work of other relevant forums…" We thus call on countries to support the work of the Global Solidarity Levies Task Force, integrating recommendations released at COP30 in the UN process.

Include the fight against Illicit Financial Flows (IFFs) in the Global Financial Agenda: IFFs drain Africa of billions annually, undermining development efforts. Global leaders must champion measures to track, recover, and repatriate these flows. We thus urge a renewed commitment to the Mbeki Report's recommendations aimed at combating IFFs from Africa, ensuring accountability from both source and destination countries, as well as all stakeholders in the value chain. Key actions should include enhancing transparency through the implementation of public beneficial ownership registries, harmonising tax policies, and fostering stronger international cooperation.

We call on all countries to:

- Reinforce the importance of comprehensive, standardised reporting on SDG 16.4.1. Currently, IFF estimates predominantly come from developing economies, highlighting the need for broader global participation. High-income countries should ensure the availability of country-by-country reporting to boost tax compliance, corporate responsibility and transparency in financial systems.

- Commit to the automatic exchange of information and the establishment of global beneficial ownership registries, leveraging AI as a tool for efficient and accurate tracking.

- Scale proven capacity sharing initiatives like Tax Inspectors Without Borders for tax auditors to assist national tax authorities in conducting complex international audits.

- Take decisive action to strengthen asset recovery mechanisms for developing countries, through frameworks like the Common African Position on Asset Recovery. Recent innovations in asset repatriation such as using frozen assets for development projects or debt relief should be adapted the African context. Establishing escrow accounts for seized assets and a multilateral mediation mechanism for disputed recoveries would address power imbalances and expedite the process.

We call on European countries to:

- Refrain from blacklisting African countries, which undermines their economic stability, with limited to no evidence that supports it as an effective measure. They should instead engage in constructive dialogues with African countries, ensuring fair representation and cooperation on international tax standards, and elevating IFFs as a key G20 priority.

Strengthen and Expand Carbon Markets: Africa's vast natural resources present an opportunity for carbon markets to serve as a significant source of climate-related funding. However, this requires strong regulatory and governance frameworks, along with fair revenue-sharing mechanisms. The Africa-Europe Working Group on Carbon Markets recommends Africa and the EU build a joint platform that puts carbon principles into practice, building capacity, and sharing infrastructure investments to make markets work in a sustainable way for people and the environment. This includes strengthening the capacity of African policymakers and practitioners by providing training and addressing the challenges associated with the EU's Carbon Border Adjustment Mechanism and Article 6 of the Paris Agreement. *See Chapter 5 for further information.*

Ensure a Robust Monitoring Process: To ensure accountability and continued trust in multilateralism, stakeholders should support the work of the Inter-agency Task Force on Financing for Development. Continued investment in benchmarking existing commitments and tracking the implementation of FfD4 outputs is necessary, including in the context of the Addis Ababa Action Agenda. This implies enhanced cooperation when it comes to sharing data and analysis on the implementation of commitments.

4

OCEAN GOVERNANCE AND THE BLUE ECONOMY OF TOMORROW

"We will take ambitious action to improve the productivity, sustainable use and resilience of the ocean and its ecosystems."

Pact for the Future, September 2024

Almost half of the world's population live near coastal areas, billions depend on the sea for their livelihoods, as does the vast majority of global trade. There can be no doubt about the importance of the blue economy for its geopolitical value, the maintenance of global supply chains, and its contributions to socio-economic development. Yet there is an imbalance between this potential and tangible efforts. Sustainable Development Goal 14: Life Below Water, which is committed to conserving and sustainably using oceans, seas and marine resources, is the most underfunded development goal, receiving only 0.68% of total SDG financing in 2021. With vast shared maritime areas, the ocean has enabled natural connections between Africa and Europe through trade, investment and cultural exchanges, thus offering a compelling proposition for the two continents to work jointly to shape the future of the global ocean landscape. A strong Africa-Europe Ocean Partnership offers a rare and valuable opportunity to address both present and future challenges through green industrialisation, decarbonisation, the exploration of deep ocean resources, human and ocean health, and maritime security.

PARADIGM CHANGE: MOVING TOWARDS A TRUE OCEAN PARTNERSHIP

What does the current oceans landscape look like? African and European institutions agree that there is mutual value in a strengthened ocean partnership. Both continents are surrounded by some of the world's most important marine biodiversity, strategic maritime trade routes and blue carbon assets. They both face similar related challenges, from biodiversity loss, pollution and rising sea levels to the overexploitation of natural resources and illegal, unreported and unregulated fishing. Strengthened coordination would thus bring significant mutual benefits.

How can Africa and Europe harness the growth potential of the blue economy? Africa describes the blue economy as the "new frontier of African Renaissance" due to its potential for improving community wellbeing and environmental sustainability. With over 30,000km of coastline, the continent is home to a significant number of ocean-dependent populations. AU Agenda 2063 notes that "Africa's Ocean shall be a major contributor to its continental transformation and growth." Today, its blue economy generates €273 billion annually and 49 million jobs and by 2063 it is estimated this will increase to €522 billion annually, and 78 million jobs, or 5% of the workforce. The EU also sees the blue economy as a key driver of economic growth and job creation—the bloc controls around 40% of global shipping tonnage, employing 4.45 million people and generating around €667.2 billion in turnover. The contribution of the blue economy to each member state's economy varies greatly but is expected to increase in those countries with significant ocean resources.

Africa and Europe represent the two regions with the highest potential to design common strategies for untapping blue cooperation and it is high time that the two continents devoted more attention to ocean governance and the blue economy. With this in mind, we have identified four priorities for collaboration:

1. Implement a framework for international ocean governance that encompasses a joint vision and equitable processes and outcomes.

2. Implement a sustainable fisheries management process based on an exchange of expertise and knowledge sharing to support the transformation of Africa's fishing sector.

3. Work together to develop innovative 'blue finance' mechanisms that promote investment in the ocean economy.

4. Strengthen the capacity for joint Africa-Europe research and innovation by capitalising on existing programmes to promote the blue economy agenda and building transparent, collaborative knowledge networks.

PRIORITY 1: CREATE AN EQUITABLE FRAMEWORK FOR INTERNATIONAL OCEAN GOVERNANCE

Design, formalise and implement an Africa-Europe Ocean Partnership. Such a partnership should focus on creating inclusive and equitable processes that encourage maritime restoration, regeneration and resilience. With a joint position and common view of global treaties an Africa-Europe Ocean Partnership could facilitate a greater number of ratifications to secure the implementation of international agreements, as well as contribute to ongoing multilateral processes like the Global Plastics Treaty, the BBNJ Agreement, the Global Biodiversity Framework, WTO fisheries subsidies, regulations on deep-sea mining, climate and biodiversity COPs, the 7th AU-EU Summit, and the third UN Ocean Conference scheduled to take place in 2025. Cooperation and collaboration around the blue economy and ocean governance offers the potential for both Africa and Europe to drive different aspects of the sustainable development agenda. The current, complex geopolitical landscape is full of opportunities for cooperation where Africa can exercise agency and use its soft power to advance foreign policy agendas through its many collaborations with traditional partners including the EU.

Advance the development of the regenerative blue economy at every level. A regenerative blue economy is more progressive than both the current blue economy model and sustainable blue economy approaches because it prioritises the restoration and revitalisation of aquatic and marine ecosystems, rather than merely maintaining their current state. While a sustainable blue economy focuses on the responsible use and conservation of aquatic and marine resources to ensure their availability for future generations, a regenerative approach actively seeks to improve the health and resilience of environments through initiatives that restore damaged habitats, enhance biodiversity, and create a net positive impact on ecosystems, ultimately leading to more robust and resilient economies and societies. A regenerative approach also recognises the necessity for effective ocean governance and is committed to investing in the blue economies of both the African and European continents, through a mutually supportive partnership anchored in the principles of sustainability, restoration, regeneration and resilience.

Adopt Marine Spatial Planning. Marine Spatial Planning (MSP) brings together multiple users of the ocean to make collaborative, informed decisions about the sustainable use of marine resources. By adopting MSP at large, Africa and Europe could balance economic, ecological and social interests to ensure the sustainable use and management of marine and coastal areas. It will provide the two continents with a tool to enhance coordination, monitoring, maritime safety, sustainable resource management, environmental protection, climate change adaptation and community engagement. In shared marine spaces such planning could encourage greater cooperation and coordination between the continents, addressing any transboundary issues. Furthermore, monitoring and accounting systems can be leveraged to optimise the allocation of marine space, while balancing competing interests in a manner that ensures ecological integrity, economic viability, and social equity.

PRIORITY 2: UNLOCK THE POTENTIAL OF SUSTAINABLE FISHERIES MANAGEMENT AND INNOVATION

Leverage the EU's leadership in fisheries management. Fisheries management remains a complex issue thanks to a variety of factors from the transboundary, shared nature of fisheries to overfishing and the illegal intrusion of vessels into Exclusive Economic Zones (which give a state exclusive rights to use marine resources in a particular area). Healthy ecosystems are essential to unlock fisheries management and innovation. In 2022, the African Development Bank released its *Future of Marine Fisheries in the African Blue Economy* report, which highlighted the many pressures that burden Africa's marine fisheries industries from climate change and the associated alterations in distribution patterns to the increase in overfishing, which is worse in Africa than other continents and has dire consequences for the food security and livelihoods of coastal communities. The EU has proven leadership in effective fisheries management and could support the successful transformation of Africa's fisheries sector through technical and institutional capacity building. It could provide high-level expertise in database management to help restore ecosystems, increase fish production and prioritise the need for better monitoring and control of Africa's artisanal fisheries (i.e. traditional fisheries involving fishing households as opposed to commercial companies), which make up a significant proportion of regional fishery contributions.

Facilitate greater, equitable fisheries transparency and data sharing around foreign fishing arrangements. Enhancing the sustainability of fisheries should focus on effective transboundary management, particularly around minimising the environmental footprint of fishery fleets and processing industries. There are several routes to achieving this goal:

- supporting the Fishery Transparency Initiative, a global initiative set up to enhance the credibility, accessibility and usability of national fisheries management information;
- facilitating the certification of fishery resources;
- enhancing traceability throughout value chains;
- fighting illegal, unreported and unregulated fishing activities, migratory fishing and foreign access, while simultaneously increasing the collection of data and knowledge around fish stocks;
- removing harmful fishery subsidies that contribute to overcapacity and overfishing; and
- advancing equal fishery agreements between regional blocs.

Collaboration and cooperation between Africa and Europe on these issues can ensure the optimal management of cross-boundary fisheries and bring about the equitable sharing of benefits to all who depend on those resources.

Leverage innovation within the Africa-Europe Partnership. African states are already demonstrating innovation and dynamism in the sector, for example fishing communities in coastal areas of West Africa have built on traditional knowledge and fishing tools to diversify their fishing methods to adapt to changes in fish stocks while preventing bycatch (unwanted fish and other marine creatures trapped by fishing nets but which fishermen do not want, cannot sell, or are not allowed to keep). Adaptive solutions like this represent valuable knowledge that could offer new strategies for enhancing sustainability in small-scale fisheries across European waters. The EU could help African countries to exploit their maritime potential in a sustainable and responsible manner by sharing expertise in maritime surveillance, resource management, and clean technologies to support more innovation.

PRIORITY 3: INVEST IN INNOVATIVE BLUE FINANCE MECHANISMS

Put pioneering finance mechanisms to work. A vast amount of investment is required to unleash the full potential of the blue economy. An Africa-Europe Ocean Partnership that also explores finance and investment could identify and implement innovative financing mechanisms to facilitate ocean restoration and resilience. It could deploy regenerative and sustainable blue economy strategies, and scale-up and duplicate successful mechanisms. Innovative financing mechanisms include—but are certainly not limited to—payment-for-ecosystem services schemes, compensation for natural capital (including debt-for-nature swaps or ocean swaps), blue carbon markets, improved allocation of global tax, blue bonds, blue tokens and FinTech, blended finance facilities and novel insurance mechanisms to incentivise investment by creating confidence for a particular development project. By implementing mechanisms like these Africa and Europe have the potential to generate development finance, which would reduce the reliance on ODA funding for development goals. The development of the blue economy across Africa and Europe could create the synergies needed to facilitate the long-term financing of new development initiatives as well as ensure the continuation of current projects and programmes. In doing so, the Africa-Europe Ocean Partnership can unlock the promise of the blue economy to boost socio-economic development while ensuring the sustainability of ocean resources.

Increase the use and development of blue carbon initiatives. Blue carbon, where carbon is stored in coastal ecosystems such as mangroves, marshes, saltmarshes and seagrass meadows, shows particular promise for sustainable development across mainland Africa and Europe, as well as Small Island Developing States and island states, which tend to be more isolated and vulnerable to external shocks. The development of coastal resilience and restoration can be encouraged though carbon finance, and the application of carbon credit trading mechanisms through the carbon sequestration services they provide. As Africa and Europe seek to intensify their scope of cooperation on carbon pricing and markets, it is of interest to conduct national assessments to evaluate ecosystem carbon sink capacity and to incorporate these into national greenhouse gas (GHG) inventories. West Africa, encompassing around 14% of the global mangrove area, holds substantial potential yet to be fully realised. Initiatives like the Great Blue Wall in East Africa and the Indian Ocean, targeting the sequestration of 100 million tons of carbon dioxide by 2030, likewise represent a significant untapped resource. However, due in part to gaps in scientific knowledge, countries might be uncertain about their blue carbon potential and its locations. Establishing robust governance and monitoring, reporting and verification systems for blue carbon holds a wealth of untapped benefits for regenerating blue landscapes and delivering finance to coastal communities. However, establishing such mechanisms across AU and EU member states requires infrastructure that can integrate them into a suite of operational solutions that can be accessed at the national, regional, and continental levels, as well as integrating them into blue economy strategies, Nationally Determined Contributions and overall policy development to tackle climate change.

PRIORITY 4: STRENGTHENING AFRICA-EUROPE CAPACITY SHARING AND JOINT RESEARCH

Use Global Gateway to support the blue investment agenda. The Global Gateway investment strategy was launched by the EU to create a platform for sustainable infrastructure investments in partner countries.

The current suite of blue-related projects — around half of which are in Africa — and other initiatives focus on the development of water infrastructure, ports, and blue renewable energy. There are only a handful of projects that focus on protection and restoration, blue interventions for climate change, technological development or improving blue economy knowledge and research. None look at blue carbon, blue financing or ocean governance. This leaves plenty of room to drive an investment agenda, using the Global Gateway strategy, that better incorporates regenerative blue economy thinking rather than traditional sector management and investment. The two continents should work together to develop blue biotechnologies such as pharmaceuticals, fertiliser, e-fuels and nutrient-rich food, and large-scale decarbonisation projects like green shipping, port management, and alternative forms of energy. African states can learn from the advancements of their European counterparts in areas of cybersecurity and low-carbon technologies.

Build networks to share research, data and knowledge. Building new — and strengthening existing — knowledge networks would reap huge benefits, fostering innovative policy solutions, promoting science observation, and sharing data. Such networks would enhance the ability of countries to govern and manage their blue economy resources effectively. They could build on the work of specialised AU and EU institutions like the AU's Centres of Excellence (CoEs), which could serve as platforms for many of the policy and technical discussions needed for progress on ocean action and cooperation. African CoEs often incorporate indigenous practices and traditional knowledge into their governance strategy. This can pave the way for European institutions to incorporate similar practices into their own approaches and resource management. Countries could also build on the academic work conducted by organisations such as the International Panel on Ocean Sustainability and UNESCO's Chairs on Ocean Governance. A network of such dedicated research institutions can enhance the capacity of member countries to govern and manage their blue economy resources effectively, through the cooperative development and sharing of best practices, contextual knowledge, and specialised skills. It could also help both continents find common ground in areas of emerging interest, such as the science behind deep-sea mining.

5 SUSTAINABLE ENERGY FOR ALL

"We will accelerate efforts to ensure access to affordable, reliable, sustainable and modern energy for all...and increase substantially the share of renewable energy."

Pact for the Future, September 2024

Africa and Europe have ambitious strategies to transform their energy systems and contribute to net zero globally; but by working together, these strategies have a much greater chance of success. Africa makes up 18% of the global population but accounts for only 3% of global electricity use and generates the lowest emissions per capita of any region. By contrast, Europe, with only 9.3% of global population, accounts for 15% of global electricity generation and 9% of global emissions. Both continents have set ambitious energy targets to address their respective challenges: Europe aims to obtain 45% of its electricity from renewable sources by 2030, and Africa intends to provide universal access to affordable, reliable and modern energy services by the same time period.

PARADIGM CHANGE: MOVING TOWARDS UNIVERSAL ACCESS TO ENERGY

Is the timeline to transition away from fossil fuels fair? The urgency to move away from our global dependence on fossil fuels is well-documented. The UNFCC's Global Stocktake of 2023 and IPCC's 6th Assessment Report of 2022 both set out the need to accelerate the move away from fossil fuels but, with more oil and gas reserves being discovered in Africa, the speed of this transition is contested. Many African countries argue for a slower phasing out of fossil energy, especially gas, which is considered a transitional fuel according to the Africa Common Position on Energy Access and Just Transition. Europe's continuing reliance on oil and gas raises the questions of justice and fairness to the debate around the speed of transition.

How can Africa best tackle energy poverty? Africa has historically been left behind in the race for global energy access and transition due to its lower level of economic growth and industrialisation. Decades of under-investment has left more than 600 million people — nearly 40% of the population — without adequate access to energy, and 900 million people — 80% of families — without clean cooking facilities. Energy poverty has been recognised as a significant obstacle to achieving Agenda 2063 goals. Accelerating a shift to sustainable energy requires significant and rapid growth of investment, technology roll-out, and sustainable regulatory certainty across Africa. This is particularly urgent if the continent is to cope with the expected quadrupling of demand for electricity by 2050.

Who benefits from an energy partnership? The strengths of Africa and Europe bolster the weaknesses in each other's assets and expertise. Oil, gas and minerals make up two-thirds of trade between Africa and Europe and three-quarters of trade between Africa and emerging markets, largely in unprocessed form. Africa offers Europe and the broader global economy a major source of fossil fuels while simultaneously holding enormous renewable energy potential, from solar, wind and hydro resources as well as many untapped critical minerals, which could be used to green industrialisation. Europe offers Africa access to finance and technology, alongside decades of expertise in consolidating a single electricity market, through policies, planning, investments, and technologies. Thus, the Africa-Europe Partnership presents a compelling proposition for the two continents to work jointly to shape the future global energy landscape.

How can Africa and Europe build a partnership of equals? Geopolitical shifts, market forces, conflict, technological advancements, social and cultural movements, and climate change are reshaping the global energy landscape, with major consequences for human and natural systems. Africa and Europe represent the two regions with the highest potential to design common strategies for energy cooperation. Both continents are committed to achieving Sustainable Development Goal 7 (SDG7), which is to deliver affordable, reliable, sustainable modern energy for all by 2030.

Energy cooperation has already been at the heart of the Africa-Europe Partnership, with AU flagships and AU-EU initiatives acting as the primary tools for Africa and Europe to deliver on their commitments to build a 'partnership of equals'. These include the Africa Continental Power System Masterplan and the Africa-EU Green Energy Initiative, as well as the Accelerated Partnership for Renewables in Africa (APRA). These initiatives, if put into practice, will serve as critical cornerstones for Africa's energy transformation, bringing improved access to power, and higher levels of trade and investment.

Both continents should work together, recognising their different starting points, to identify shared interests and co-design long-term objectives. With this in mind, we have identified three policy priorities:

1. Establish truly effective conversations between Africa and Europe to set — and meet — specific targets to deliver an equitable and sustainable energy future.

2. Enable Africa to harness its vast natural resources.

3. Leverage the vast potential of carbon pricing and markets.

PRIORITY 1: WORK TOGETHER TO FAST-TRACK A JUST, INCLUSIVE AND SUSTAINABLE ENERGY FUTURE

Create credible energy policy frameworks to encourage investment. Africa's limited access to electricity and clean cooking solutions has led to requests for international partners, including the EU, to help build regulatory capacity and mobilise investment in infrastructure to resolve power shortages, blackouts, and the high cost of electricity per megawatt. Renewable energy systems, on- and off-grid, offer low-cost technologies to improve energy access, and provide the basis for industrial development in new value chains, thereby stimulating job creation and economic diversification. In return, African governments need to put in place credible policy frameworks to guarantee returns to investors.

Facilitate more meaningful and productive energy conversations. Despite multiple declarations calling for greater action to deliver energy access in Africa, structured conversations between Africa and Europe on energy access and transitions are rare. Establishing country and regional dialogues around energy issues would lead to more effective bilateral engagement between the EU and African countries, bringing greater investment in infrastructure, renewables, and low-carbon solutions. The APRA initiative, an alliance led by African countries, is one very tangible means to make progress in this area while Europe's expertise in electricity policy and regulation could be of great value to governments seeking inward investment critical to energy system development.

Ensure targets are met and commitments kept. Africa and Europe have pledged to work together in select areas of cooperation such as investment in strategic corridors via transmission and distribution systems, designing regulation for renewable uptake and green industrialisation, building sustainable value chains, prioritising local processing and manufacturing, and establishing government-backed delivery units to accelerate and scale the deployment of clean cooking solutions. Despite this, there is a vacuum when it comes to specifying what actions each side will take to deliver upon these commitments, and the current shifting political contexts makes slippage in pledges even more likely.

Leverage the inclusion of the AU within the G20 framework. The global spotlight will be on Africa when South Africa takes over the G20 Presidency in 2025, offering a rare global platform to deliver tangible outcomes for the continent's energy future. This includes the continued roll-out of the Africa-EU Green Energy Initiative, amounting to €20.5 billion for the period 2021-2027 and identifying new transformative projects to be funded and implemented. AU flagships such as the Africa Single Electricity Market and the Africa Continental Power Systems Masterplan need full technical support, funding and implementation. At the same time, finance needs to flow to achieve the tripling of renewable energy capacity and doubling down on energy efficiency improvements by 2030, as agreed at COP28.

Align the goals of universal access to energy and climate neutrality. Looking beyond 2030 the two continents should align the targets set out in SDG7 with the Paris Agreement to make sure that universal energy access corresponds with goals for climate neutrality. By focusing on the recommendations set out above, Africa has the potential to transform its economic prospects, becoming the next global climate-solutions hub and a partner in supporting Europe to meet its decarbonisation and energy security targets. Europe would be very foolish to let this opportunity for shared benefits slip through its grasp.

PRIORITY 2: HARNESS AFRICA'S CRITICAL RAW MATERIALS POTENTIAL

Work with Africa to enable it to take control of its vast resources. Africa's vast endowment of critical raw materials puts it at the heart of ambitions to reach a global, sustainable energy future. The continent has about 30% of the world's critical mineral reserves including 92% of platinum group metals, 50% of cobalt and 42% of manganese. It also has substantial lithium deposits that are yet to be explored. The IMF estimates that by 2050, global demand for some critical minerals will rise by 500% — a level of increase that cannot be met without Africa's mineral resources. These minerals are essential components of the global energy transition and, if mined, processed, and managed properly have the potential to transform some countries and Regional Economic Communities into major industrial hubs that could enable countries across the continent to use their natural resource wealth to meet development goals. Before this can happen, African countries must take back control of their own resources, negotiating with international mining companies to recalibrate existing relationships for a fairer distribution of revenues and supply chain benefits. Such negotiations will not be straight-forward but it may be relevant for Europe to play a role.

Develop a collaborative strategy on critical raw materials. To meet rising demand the AU and EU must work together to explore untapped mineral resources by making use of the EU's advanced data and technological capacities and its membership to the Minerals Security Partnership (MSP). Developing an Africa-Europe strategy on critical raw materials — including a social and economic contract — could align their respective goals by forecasting supply and demand and nudging the mining sector towards a fresh start with new practices that bring lasting social and environmental benefits. This could also help build greater cross-border collaboration from which to create a larger, more attractive integrated market for industrial investment, guided by an equitable partnership framework that brings heightened focus to transparency in governance and anti-corruption measures.

Reduce the barriers to trade and competition. Africa's anticipated demographic growth will likely bring with it a demand for investment in green jobs such as the processing of minerals and other raw materials that are currently exported in their raw state. To encourage this, AfCFTA should reduce trade barriers between African states and support better infrastructure. This could unite fragmented critical mineral markets and transform them into larger-scale operations that form regional value chains drawing on both raw and processed mineral inputs, all while meeting the growing demand for finished products on the continent. Harnessing private sector support for such an approach is essential to achieving competitive regional value chains that work with each country's comparative advantage.

Create industrial partnerships. Critical mineral extraction and processing requires reliable, large amounts of electricity. To expedite this, the EU should work with African countries to develop special economic zones and industrial parks that provide technical and financial assistance to generate reliable quantities of low carbon electricity and build local value chains across a number of manufacturing operations. These industrial partnerships could create multiple employment opportunities for local people and generate revenue for local and national governments.

PRIORITY 3: UNLOCK THE FULL POTENTIAL OF CARBON PRICING AND MARKETS

Rethink carbon collaboration. The attention given to carbon markets at COP27, the inaugural Africa Climate Summit, and at COP28 suggests that this is the perfect time to explore its potential to deliver climate finance and trigger social, economic and environmental benefits. Europe should consider the role African carbon credits could play in meeting the EU's quality and integrity standards in a way that is consistent with maintaining its ambitious climate neutrality obligations. For this, African countries, project proponents, buyers and sellers must establish — and maintain — exacting standards and regulations aligned with internationally recognised certifications and principles to foster trust and confidence.

Work together to design carbon pricing and markets. Carbon pricing and markets provide a means to unlock large-scale finance to accelerate climate action in both Africa and Europe. Africa is endowed with extraordinarily rich natural assets, including deep carbon sinks, which absorb and store more carbon than they release. If these carbon sinks are protected, they have the potential to absorb millions of tons of carbon dioxide annually. Well-designed carbon pricing and markets can translate into very significant climate funding that could bring substantial benefits to communities and the environment.

Implement robust governance structures. Effective regulations and market governance are crucial when it comes to making the best use of carbon pricing and markets. Carbon pricing mechanisms have the greatest potential for global climate and socio-economic impact if they pair the high demands for transparency, integrity and quality with fair and equitable market access and revenue distribution. This requires investment in the design of markets, institutions and capacities within Africa. The EU Emissions Trading System (EU ETS), which is the EU's key tool in the cost-effective reduction of greenhouse gas emissions, provides a good model and demonstrates that tough and ambitious regulation can generate high prices. Robust regulation must be put in place if high-integrity carbon markets are to flourish in African countries which largely rely on voluntary carbon credits.

Build a joint carbon market platform that meets multiple aims. Given the potential of carbon markets to generate benefits for the environment and labour markets, Africa and the EU should build a joint platform that puts carbon principles into practice, building capacity, and sharing investments in the infrastructure to make carbon markets work in a sustainable way for people and the environment. This includes strengthening the capacity of African policymakers and practitioners by providing training and addressing the challenges associated with the EU's CBAM and Article 6 of the Paris Agreement.

Support policymakers in a CBAM transition. The EU's CBAM, which will tax carbon-intensive imports such as steel, cement and iron, began a two-year roll out in October 2023, and will be fully in place by January 2026. The mechanism poses considerable challenges for energy trade between Africa as many African countries may lack the resources to invest in cleaner technologies. The AfCFTA Council of Ministers should be invited to provide solutions on CBAM's economic implications and propose remedies, which could include exemptions or the gradual phasing-in of CBAM requirements. Advocating for Africa's interests in the CBAM transitional phase can help mitigate the risk of Africa becoming uncompetitive in European markets. The EU should actively engage with African countries on CBAM's design so it can prepare for a future where energy trade can be used to achieve net-zero targets. Looking ahead to 2030, 2050 and 2063 targets, Africa and Europe may hope to jointly establish an effective, ambitious global carbon price and high-quality, high-integrity carbon credits, supporting well-structured African national and regional carbon markets.

Make use of the knowledge contained within existing bilateral organisations. There are numerous initiatives in place such as the Africa Carbon Markets Initiative and the Africa-Europe Working Group on Carbon Markets which can serve as critical platforms to strengthen the Africa-Europe Partnership on carbon markets, making use of Europe's expertise in this area to unlock the Africa's large carbon potential. A true partnership can drive a symbiotic relationship in which: 1) African carbon credits and low-embedded emission products serve EU demand; 2) EU investment generates revenues and spurs further economic growth and stability in African countries; and 3) African deployment of innovation helps accelerate industrial development, bringing down the cost curve to drive scale. Ultimately, this supports both Europe and Africa in their quest for a globally competitive net-zero future.

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AFRICA EUROPE FOUNDATION

Brussels Office:

Treesquare
De Meeûssquare 5/6
1000 Brussels
Belgium

Cape Town Office:

Touchstone House
7 Bree Street, Foreshore
Cape Town
South Africa