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MIGRATION COMPACT AND AFRICAN GROWTH

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In an important contribution to shaping an EU strategy on migration – the *Migration Compact* – the Italian government is underscoring that the goal for all the existing initiatives and instruments in the field of external action should be to develop an active strategy, focusing first and foremost on the African countries of origin and transit of such migrants. In describing the relevant instruments for this action, the Italian non-paper suggests that investment projects of high social and infrastructural impact should be identified together with the African partner countries as a crucial incentive for enhancing cooperation with the EU.

In the same perspective, on 14 September 2016 the European Commission proposed an ambitious *External Investment Plan* in order to support investment in the partner countries in Africa (and the European Neighbourhood) to promote a new model for participation by the private sector and to help achieve the Sustainable Development Goals, adopted by the United Nations on September 2015. This external action is conceived in the same spirit as the Juncker Plan through the creation of a new *European Fund for Sustainable Development* (EFSD), which is expected to trigger additional public and private investment volumes, providing partial guarantees to intermediary financing institutions that will, in turn, provide support via loans, guarantees, equity or similar products, to end beneficiaries. In this way the EFSD could mobilise total investments up to €44 billion, based on a €3.35 billion contribution from the EU budget and the European Development Fund. If Member States fully match the European contribution, the action could mobilise more than €88 billion in additional investment.

This action seems to represent the crucial instrument for controlling the flow of migrants moving from African countries to Europe, particularly in the case of economic migrants coming mainly from Sub-Saharan countries where the global economic crisis has resulted in a further deterioration of living conditions. Between 2010 and 2015, African GDP grew 3.3 percent a year, a sharp decline from the 5.4 percent average annual growth rate achieved between 2000 and 2010. But these global figures misrepresent the real situation since the overall slowdown in Africa's growth is largely dependent on what happens in the North African countries caught up in the turmoil of the Arab Spring and in the oil exporting countries affected by the sharp drop in oil prices.

In the Arab Spring countries (Egypt, Libya and Tunisia, together representing 18 percent of total African GDP) the real annual growth rate in 2015 was zero (compared to 4.8% between 2000 and 2010); in the oil exporting countries (Algeria, Angola, Chad, Democratic Republic of Congo, Equatorial Guinea, Gabon Nigeria and Sudan, representing 40 percent of African GDP) it was 4% (7.3% between 2000 and 2010), while in the rest of Africa (42 percent of African GDP) the growth rate was higher in 2015, at 4.4% (4.1% between 2000 and 2010).

Despite this slowdown in the growth rates in recent years, the overall outlook remains promising since African GDP is still expanding faster than the world average and there are certain factors that will contribute largely to increase the speed of economic growth in African countries. The first is rapid urbanization, strongly correlated to the rate of real GDP growth, because productivity in cities is more than double that in the countryside. According to a recent McKinsey study, Africa's urban GDP per person was $8,200 in 2015 compared with $3,300 in rural areas.

Africa has a large and young workforce, an important asset in an ageing world. An expanding working-age population is generally associated with strong rates of GDP growth. The employment of this workforce depends largely on the ability of African countries to fully exploit the huge potential from accelerating technological change. This in turn is strictly linked to a massive increase in expenditures targeted on creating human capital. Furthermore, Africa contains 60 percent of the world's unutilized but potentially available cropland, as well as the world's largest reserves of mineral resources.

The exploitation of this growth potential is mainly hampered by the unavailability of much needed investments in infrastructures. For instance, 600 million Africans are without any electricity or lighting. The African Union has agreed to create a Continent-wide Agency for electrification, which has elaborated a plan to reach the goal of 100% electrification in 10 years. The implementation of this plan will require financial aid from the EU of 5 billion dollars yearly for ten years, and this will provide the leverage for releasing the private funds of up to 250 billion dollars needed to realize the plan for the electrification.

Three hundred million Africans are without access to clean water and only 5 percent of the available cropland is correctly irrigated. But beneath the dry African soil there are reserves full of underground water: according to recent research by the British Geological Survey and the University College of London, the water reserves are 100 times greater than the volume of water available above ground. The supply of water could be further increased through the use of the new, technologically advanced, desalination plants. This opportunity could be exploited if the electricity required is provided through major investments in solar energy production.

Investments in water and energy supply and production of human capital are the first requirements for an effective African growth plan, which the European Fund for Sustainable Development should support to effectively deal with the challenge of managing the increasing flow of migrants moving toward the European coasts. But this plan has to comply with political requirements as well. The first is the establishment of political stability and security conditions in those African countries from which the migration flows originate, and this should be a priority task in the perspective opened by the new *EU Global Strategy* conceived by Federica Mogherini, the High Representative of the Union for Foreign Affairs and Security Policy.

To be successful, the growth plan should be designed and implemented at regional level, supported by an institutional agreement similar to the European Coal and Steel Community. A Mediterranean Water and Energy Community could represent the first step in this direction. European financial aid is unavoidable, but the initiative should remain in the hands of the African countries concerned. As General Marshall said in his famous speech at Harvard University on 5 June 1947, launching his plan for European recovery after World War II, "it would be neither fitting nor efficacious for the American government to undertake to draw up unilaterally a program designed to place Europe on its feet economically. This is a business of the Europeans. The initiative must come from Europe and the program should be a joint one". This lesson should be remembered by the European Union now when promoting the External Investment Plan.

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(The opinions expressed here do not necessarily reflect those of the CSF)

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