How Can Europe Better Contribute to Africa’s Economic Transformation in a Post-Corona Era?

The Afro-European partnership has changed considerably in recent years, yet tangible improvements in terms of economic and political development, prosperity, health, and education are limited to only a few countries in Africa. The Covid-19 crisis poses now an additional threat to the achievements of the past. The focus section of this CESifo Forum issue examines and discusses the current relations between Africa and Europe, and outlines the main drivers of Africa's economic transformation. Due to the importance of capital flows for development, this section also addresses the use and effectiveness of foreign aid and FDI. The following contributions devote special attention to the future paths of political and economic cooperation between the two continents in a post-corona era.

Arkebe Oqubay

Africa’s Economic Transformation and the Future of EU-Africa Cooperation*

Europe is Africa’s principal trading partner and primary investor and the EU remains Africa’s largest donor.[1] Cultural exchanges and tourism have been an important and growing arena for cooperation and business opportunities. However, despite the long history of economic relations between Africa and Europe and their geographical proximity, economic and diplomatic ties have not reached their full potential. Current Europe-Africa economic ties are inadequate and, arguably, asymmetric. A timely review of current ties is needed so that a new para-digm can be established based on a growth agenda rather than the traditional “donor-recipient” view-point.

For the last six decades, EU-Africa ties have been framed by the EU-ACP (Africa Caribbean Pacific) agreements, which were established by the Lomé Conventions I–IV (1975–2000), and after 2000 by the Cotonou Agreement expiring in 2020. The Cotonou Agreement lays down such principles as the equality of the partners, that ACP countries have the right to determine their own development paths, and that cooperation is multidimensional and all-encompassing. African and European leaders have also approved the Joint Africa-EU Strategy (JAES), which outlined how cooperation between Africa and Europe can develop into a new strategic level. This strategic partnership agreement was adopted at the second EU-Africa summit in Lisbon in 2007.[2]

TOWARDS A NEW BEGINNING

The evolving multi-dimensional crisis associated with the Covid-19 pandemic has exposed the weakness of international collaboration, including between Europe and Africa. It is worth exploring how this crisis could be used as an opportunity to kick-start a new trajectory. After all, an extraordinary crisis of this nature brings with it not only chalenges but also opportunities for learning and starting afresh.

This paper argues that thriving Africa-Europe economic ties must be developed within the framework of Africa’s economic transformation, and that such cooperation must be accompanied by a paradigm shift that emphasizes mutual benefits and recognizes Africa as a true economic power and a partner among equals.

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[1] In 2017, Europe imported more than EUR 240 billion of Africa’s goods accounting for 36 percent of Africa total exports.

[2] Although the paper’s focus is on the European Union, it alternately and flexibly uses “Europe” and “European Union”.

The paper draws on continental and specifically Ethiopian cases and is structured as follows. It first reviews the key drivers of Africa's economic transformation and considers how the existing economic ties between Africa and Europe could be changed. The second and third sections review African economic transformation and African economic integration, the two pillars that could serve as the foundations for building productive economic ties. The fourth section examines the Covid-19 crisis and its implications for Africa-Europe ties. The fifth and final section explores pathways towards a future productive Africa-Europe partnership.

AFRICAN ECONOMIC TRANSFORMATION

Understanding the African Context

The Europe-Africa relationship is influenced by a number of prevailing standard perspectives. The first is the dominant misperception of Africa and its growth trajectory, based on the standard "Afro-pessimism" and "African dummy" perspectives. Afro-pessimism is an ideologically driven bias that misrepresents Africa as a tragically doomed continent (Cramer, Sender and Oqubay 2020). The overly simplistic African dummy research approach treats the continent as a homogeneous entity and offers uniform diagnoses, despite the huge diversity between and within its 54 countries.[3] This viewpoint denies not only the diversity of Africa but also its capacity for dynamic learning.

Second, past development experience shows that diversity in development paths is the rule rather than the exception. There is no uniformly applied magic wand, and even late latecomers traveling their own paths have the opportunity to catch up. Instead of searching for a "one-size-fits-all" model, African countries should discover and pursue their own economic development paths based on their own specific conditions and contexts, and recent experience confirms these lessons (Amoako 2020). For instance, Ethiopia's growth was achieved through the pursuit of policy independence and an unorthodox economic development model (Oqubay 2015).

Third, African countries can benefit from both policy learning by government and technological learning by firms (Oqubay and Tesfachew 2019). A development-oriented state (government) and a dynamic private sector are vital for successful economic transformation and catch-up (Oqubay and Ohno 2019). The economic liberalization advocated by international financial institutions and their shareholders, and the policy prescriptions of the Washington Consensus, dismantled state apparatus and seriously damaged development paths. The experience of successful latecomers, however, suggests that openness may work well alongside rapid industrialization and transformation when complemented by strategic pathways and effective industrial policy. The state's role as leader, catalyst, and supporter of economic development is critical for successful catch-up – although it plays different roles in different sectors, countries, and development stages. African countries will not be able to achieve their ambitions to industrialize and climb the development ladder without sustained state support to enhance technological capability and learning.

Ethiopia: A Bright Spot

High Growth and Economic Transformation

Africa's economic performance since 2000 has significantly improved, following the sluggish growth of the 1980s and 1990s, a period associated with Washington Consensus prescriptions for economic liberalization. Africa's average annual GDP growth rate for the last 20 years has been 4.6 percent, but lower than that of Asia. Growth has also been uneven across African regions and countries. Furthermore, faster economic growth has not translated into deeper economic transformation. This is evident in the low level of diversification of national economies, weak and low-value exports, and the slow growth of manufacturing and other high-productivity sectors. Nor have Africa's new investments been able to generate sufficient jobs, despite the 20 million new entrants into the labour market every year.

Nevertheless, some of the world's fastest-growing economies are in Africa, and Ethiopia is one of the continent's bright spots. Ethiopia's remarkable record of economic growth and its home-grown development path have inspired the entire continent. As the last decade drew to a close, Ethiopia, with its population of 112 million, was one of the very few countries to top the list for high-level economic growth. The country's gross domestic product has jumped by 146.7 percent since 2009, and its per-capita purchasing power parity has risen by 149 percent.[4] According to the World Development Indicators, Ethiopia's economic growth has averaged 10.5 percent since 2004, twice the African average, while life expectancy in the country rose from 44 to 67 years between 1990 and 2017, also twice the average for the continent (see Figure 1).

Unlike other countries, Ethiopia's development path has been home driven, despite its lack of endowment in natural resources such as oil and minerals. The country continues to generate jobs and economic growth by focusing on attracting productive investment, industrialization, and education. Productive capacity has been developed by building physical infrastructure, developing human capital, especially in

[3] This approach applies to most writings based on the neoclassical growth theory, which ascribes similar policies to all African countries. The recommendation of Structural Adjustment Programs to all indebted African countries by the IMF falls into this category. For a discussion on Africa's post-colonial economic performance and the notion of the African dummy, see Jerven (2011).

[4] See, *Financial Times* "Ethiopia seizes crown as fastest-growing country in the 2010s".

vocational education, and transforming the university system (Oqubay 2015; 2019).

Ethiopia has built world-class industrial parks to attract investment, facilitate skill and know-how transfer, and promote linkages and environmental sustainability (UNCTAD 2019). This enabled it to increase FDI four-fold between 2012 and 2017. The country's share of East Africa's FDI inflows rose from 10 percent to about 50 percent, and inflows into the rest of the continent from 1 percent to 10 percent. For many foreign investors, the main reason for investing in landlocked Ethiopia has been the government's commitment to support investors and engage in dialogue.

In 2010, the government turned its attention to attracting foreign direct investment (FDI) into the productive sector, particularly manufacturing, promoting targeted sectors and firms, and working closely with investors. Four-fifths of FDI inflow into Ethiopia in the last few years has been destined for manufacturing (see Figure 2 and 3).

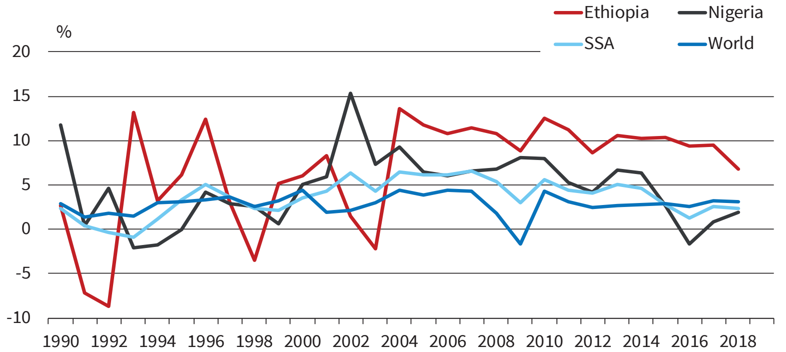
Manufacturing FDI also needs to be channeled towards expanding the export sector to tackle the balance-of-payments constraint. A major challenge for policy makers is how to sustain double-digit growth while at the same time generating enough decent jobs; expanding the export sector; resolving the balance-of-payments constraint; building a solid manufacturing base; and transforming the agriculture sector. Attracting targeted and productive FDI is essential for creating jobs, broadening the skills base of the local industrial workforce, motivating domestic firms, and sharing management know-how.

Targeting and Attracting Productive FDI

Ethiopia's rapid and inspirational growth symbolizes the continent's bright future. At a time of slow global economic growth, African policy-makers should be single-mindedly focusing on building the continent's production capacity and attracting productive FDI in three ways. First, African government should focus on creating the necessary conditions for productive investment. Improving the business climate is an essential, but not a sufficient condition: productive investment requires educated personnel, energy infrastructure, and investment in efficient connectivity (Lopes and Kararch 2020).

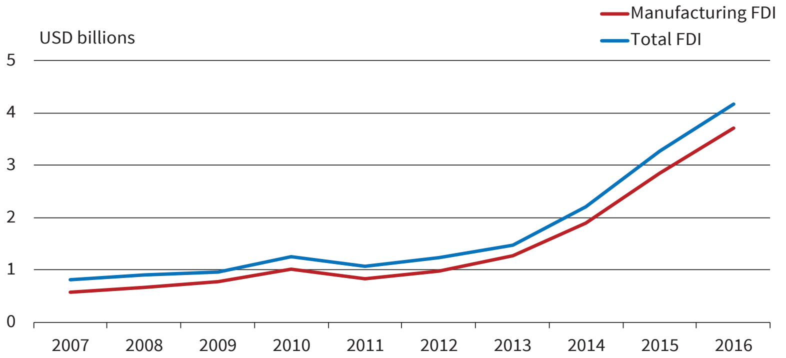
Second, African governments must avoid focusing solely on generic foreign investors. The evidence shows that the growth outcomes of FDI for host countries are mixed, with some of it simply acting as "phantom" rather than real capital and bricks-and-mortar investment. African governments should identify their priority sectors and the most promising sources of higher-quality FDI, and should also target firms. An institution fit for purpose should be developed to act as a single investment channel, providing better coordination mechanisms, and building the diverse expertise required to attract, facilitate, and retain targeted

Figure 1
Economic Growth



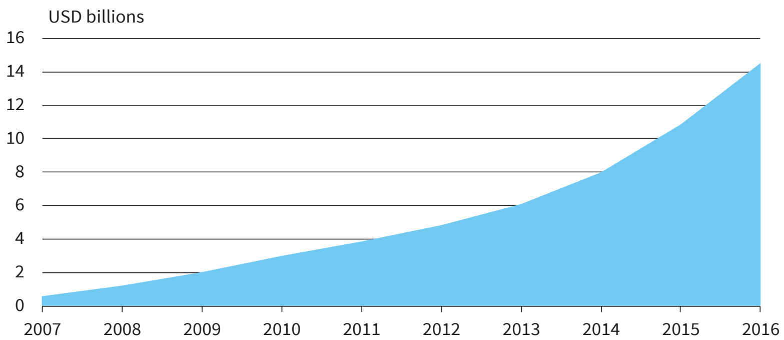
Source: World Bank Development Indicators (2020). © ifo Institute

Figure 2
Total and Manufacturing FDI Inflow to Ethiopia



Source: National Bank of Ethiopia and Ethiopian Investment Commission (2020). © ifo Institute

Figure 3
Manufacturing FDI Stock



Source: National Bank of Ethiopia and Ethiopian Investment Commission (2020). © ifo Institute

FDI. Without these essential reforms, there can be no improvement in investment promotion outcomes.

Third, new industrial parks need to be built and existing ones expanded. Policy-makers often fail to understand that industrial parks require a strategic approach linked to creating a wider productive industrial ecosystem that contains pockets of excellence. Ethiopia's approach to building an industrial ecosystem has been driven by learning from others and finding unique solutions to challenges and binding constraints (Oqubay and Kefale 2020).

AFRICAN ECONOMIC INTEGRATION

A Pan-African Renaissance

Another foundation conducive to Africa-Europe economic ties is Africa's economic integration journey. Creating and promoting a union that will increasingly play an essential role in political, diplomatic, and economic arenas has been guided by the spirit of pan-Africanism and a stronger belief that rapid growth and economic transformation is the pathway to achieving a prosperous Africa. A major milestone was reached on May 25, 1963 when 32 signatory governments established the Organization for African Unity (OAU). The OAU was pivotal in the fight against colonialism and apartheid, and in progress towards a stronger political union through the founding of the African Union Commission (AUC). Stronger economic ambition and initiatives to revitalize the African Union have led to the launch of the New Economic Partnership for African Development (NEPAD), in which peer review mechanism (PRMs) focus on experience sharing among African countries (Amoako 2020).[5]

African countries committed to implement the Millennium Development Goals (MDGs) between 2000 and 2015, which would contribute to improved social welfare systems. Governments recognized, however, that Africa must aim beyond the MDGs to long-term sustainable development and economic transformation leading to the evolution and commitment of Agenda 2063, which is aligned to the United Nations' Sustainable Development Goals (SGDs).[6] The development of a stronger European Union has influenced African leaders and policy makers to work towards sustainable political union and economic integration.

Economic Integration

African governments, the African Union, and the United Nations Economic Commission for Africa (UNECA) have made concerted efforts to foster Africa's economic integration, in which the African Continental Free Trade Agreement (AfCFTA) represents a fundamental milestone made possible by the emergence of regional economic communities such as COMESA, EAC, ECOWAS, and SADC which gained experience and confidence through experimentation (UNECA 2020).[7]

The AfCFTA was ratified on March 21, 2018 by leaders of 28 African countries. Intra-Africa trade currently represents a mere 15 percent of Africa's total trade, showing that the continent's intra-regional value chain is very weak compared with that of Asia, where it stands at 80 percent. Africa's trade volume is also constrained by the relatively slow economic growth in the continent – averaging 4.6 percent since 2000 in contrast to Asia's 7.4 percent – and by the weak development of productive capacity, especially manufacturing.

However, there is a worrying lack of understanding among policy makers and scholars of the implications and requirements of AfCFTA. Instead, there is a sense of overblown euphoria about what it will achieve. The benefits of economic transformation may only be partial if not combined with additional policy measures targeting binding constraints to ensure a larger share of intra-Africa trade and to build regional value chains based on bigger value addition.

The outcome of the AfCFTA will depend on whether African countries embrace industrialization and focus on increasing their productive capabilities in a highly competitive global landscape. At least three interventions are required if AfCFTA is to succeed as a development opportunity. First, the development of manufacturing is essential if African countries are to increase their production of value-added products, expand exports of such products, and reduce their trade imbalances. This approach improves economic diversification, which accelerates structural transformation (Cramer, Sender and Oqubay 2020). Developing productive capacity in an intensely competitive environment requires massive new investment, a supportive industrial ecosystem, and skill acquisition. The decreasing trend in labour productivity (currently 50 percent that of Asia) must be reversed, as the competitiveness of African economies will be shaped by their productivity gains.

Second, while increasing intra-Africa regional value chains is necessary, African countries also need to increase their marginal share in global exports, currently slightly less than 3 percent. Increasing African exports will contribute to economies of scale, create decent jobs, and serve as a source of international learning to improve productivity.

Third, AfCFTA is constrained by infrastructure deficits and the fragmentation of supply chains. Currently, African countries are not investing sufficiently in connectivity and infrastructure, significantly to the detriment of regional trade. The harmonization of regulations related to different sectors (such as pharmaceutical products) and sub-regional blocks is needed to create a conducive business climate that will foster trade.

A Focus on Productive Capacity and Industrialization

Although there is no universal recipe for industrialization, a pragmatic approach to evidence-based policymaking undoubtedly improves outcomes. African countries need to design their own economic development strategy and an industrial policy that fits their unique circumstances (Oqubay 2020c; UNECA

[5] See African Union (2020a).
[6] See African Union (2020b).
[7] For instance, East African Community (EAC), Common Market for Eastern and Southern Africa (COMESA), Economic Community of West African States (ECOWAS), and Southern Africa Coordination Conference (SADCC) founded in 1967, 1994, 1975, and 1981 respectively.

2016). Policy learning by governments, policy dialogue among African countries, and technological learning by firms making use of the latecomer advantage, are especially important.

For instance, lessons can be drawn from Ethiopia's new approach to building special economic zones and industrial hubs. The establishment of these state-of-the-art industrial parks was itself based on learning from others (Oqubay and Kefale 2020). African countries could also leverage the economic ties they already have with traditional partners and form new South-South avenues for cooperation. China-Africa economic ties have helped to catalyze economic transformation in some African countries, including Ethiopia (Brautigam 2019).

Industrialization and economic transformation must guide the current AfCFTA narrative. It is important to emphasize that Africa's future will be determined by a focus on industrialization, and by the transformation of agriculture and the economy (ACET 2018). Policy makers need to single-mindedly focus on industrialization, as the hard truth is that there is no shortcut to economic transformation.

THE EVOLVING COVID-19 CRISIS

Covid-19 and Africa

As the new decade opens with some optimism in Africa, a multi-dimensional global crisis has brought the world economy to its knees. In less than four months, Covid-19 has evolved from what was initially understood to be a flu-like illness into the greatest threat the world has faced since the Second World War. The level of globalization and the interconnectedness of the world render it particularly destructive although is not the deadliest infectious disease recorded. The depth of the global economic crisis is exceptional; not only is it worse than the 2008 global financial crisis, but it is also happening at a time when there is weakened global collaboration and increasing political posturing over trade and technology among major global trading partners. The crisis revealed the limitations of scientific advances in health care and medicine, the vulnerability of weak national healthcare systems, the weakness of misdirected technological advances, the damage done by populist and political posturing, and the general instability of the global economy and the globalization trajectory.

As European countries see the curve flattening, the next epicenter – and the most vulnerable – will be African and other developing countries. The impact on these countries is expected to be more damaging because of their weak healthcare systems and generally low levels of economic resilience, innovation ability, knowledge base, resource diversity, and social fabric. Support for developing economies must be part of an international cooperative movement. Millions of Africans may become infected with Covid-19, and researchers at Imperial College London recently estimated that, even under the most optimistic scenario, the virus would kill 300,000 people in Sub-Saharan Africa – not to mention the immense economic costs of lost export revenues, severed supply chains, and plummeting demand.[8]

The response by most African countries to Covid-19 has been swift and bold in the face of a world short of progressive global leadership and a unified global response. The lessons learned from the 2014–16 response to Ebola in West Africa, which exposed the vulnerability of national health emergency systems and wider socio-economic impacts, has led to improvements in some African countries and to the establishment of CDC-Africa.[9] A comprehensive Covid-19 response must also take account of the pandemic's economic consequences. Already, oil prices have plummeted – bad news for Africa's producers, although beneficial for oil importers.[10] Supply-chain disruptions augur declining exports. The damage to the travel and tourism sectors is just beginning to show.

Managing the post-Covid-19 economic recovery will also be critical. Limiting the damage to the most dynamic sectors as much and as early as possible is essential, because more productive activities have bigger spillover effects and are crucial for recovery and large-scale employment. The biggest mistake would be to place all economic activities on an equal footing and try to make everyone happy. Instead, policy makers should focus on export industries, which are vital to ensure foreign-exchange liquidity, ease balance-of-payments constraints, and generate employment. Encouraging services exports and high-value service activities is also critical, as is ensuring affordable food supplies.

African and international leaders must act boldly, decisively, and immediately to prevent a catastrophe. African governments, in cooperation with communities and international actors, can take steps now to limit the damage – and lay the foundations for a healthier, more resilient future. If managed well, the Covid-19 response will result in stronger healthcare systems that are far better equipped to keep populations healthy in normal times – and to respond to inevitable future crises (Oqubay 2020b). But, to be successful, African governments will need external support.

International Collaboration and Support for Africa

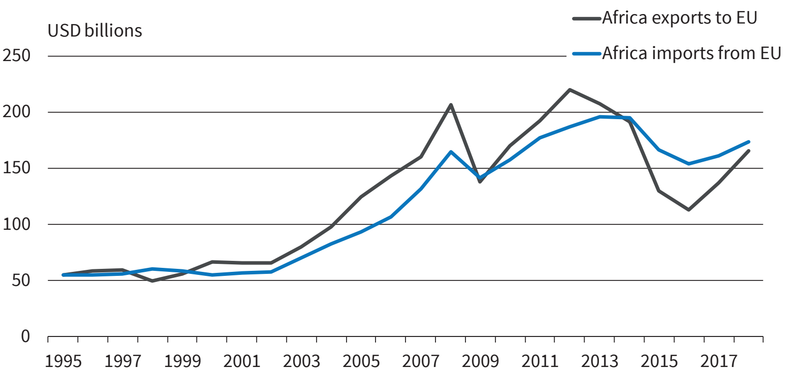
At a time when the world is looking for direction, advanced economies, including European countries, ab-

[8] See, https://www.imperial.ac.uk/media/imperial-college/medicine/sph/ide/gida-fellowships/Imperial-College-COVID19-Global-Impact-26-03-2020v2.pdf and https://www.mckinsey.com/featured-insights/middle-east-and-africa/tackling-covid-19-in-africa.
[9] The hardest-hit countries in the 201416 Ebola pandemic were Guinea, Liberia, and Sierra, and since 2018 the Democratic Republic of the Congo.
[10] See AfDB's (2020) forecasts; 3.9 and 4.1 percent for 2020 and 2021 respectively is no more valid.

dicated their global leadership roles, falling prey to international posturing. We live in an era of hyper-globalization when such crises can no longer be contained within national boundaries. A holistic approach implies that emergency health measures and economic interventions are not mutually exclusive. It also means that maximum unified global collaboration and cooperation by governments, and especially coordination with WHO, is no longer a choice but a necessity. The 2020 G20 summit failed to recognize Covid-19 as an unprecedented global threat and ended without any significant decisions on the global economic crisis and health emergency.

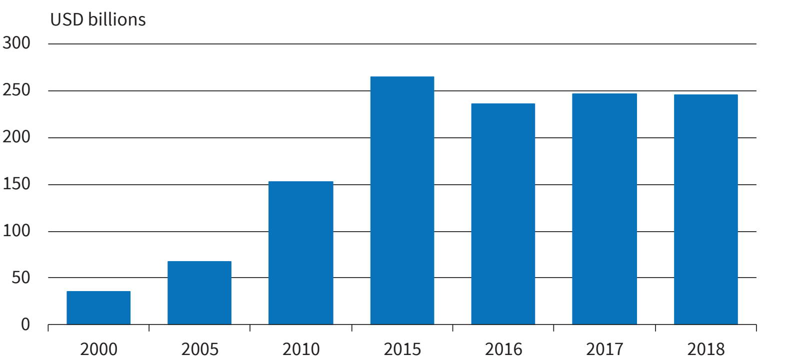
International action must be guided by several key principles. Any support needs to focus on emergency health measures to help African countries control the pandemic. International cooperation must include development assistance to help countries manage both economic crisis and humanitarian needs. It should also include support for foreign-exchange liquidity to limit insolvency and protect essential economic activities. The most generous debt relief, preferably through cancellation, and new funding should be applied to those African countries (typically non-resource rich and less politically strategic) that are least able to borrow in commercial markets and least able to spend on building health care systems.

Figure 4
Patterns of EU-Africa Trade



Source: UNCTAD's merchandise trade data (2020). © ifo Institute

Figure 5
Patterns of EU's FDI Stock in Africa



Source: UNCTAD database (2020). © ifo Institute

THE FUTURE OF AFRICA-EUROPE TIES

Strengthening Africa–Europe Ties through Productive Collaboration

Africa-Europe economic ties suffer from multiple weakness and constraints. Lack of internal cohesion within the European Union is a major impediment. Europe's sluggish economic growth and weaker economy following the 2008 global recession has limited the scope of collaboration with African countries. The sluggish economic recovery in Europe and the austerity measures pursued have created a fertile environment for discontent and the rise of nationalism and populism, weakening European common interest and partnership with other regions. Historical bonds between European and African countries, though important, have not proved strong enough to build a mutually beneficial partnership. Europe has been shown to lack coherent policy and strategy towards Africa or a strong commitment to the relationship (Medinilla and Teevan 2020). New partnership initiatives begun by some European leaders were short-lived and often linked to the election cycle, further evidence of the absence of a strong commitment to the Africa-Europe relationship.

Many European countries have encouraged their firms to invest in Africa, but the impacts have been limited. The investment inflow has focused on the extractive sector, with less attention paid to productive sectors such as manufacturing. In addition, investment from Europe is distributed unevenly across African countries.[11] While it is evident that foreign investment goes to sectors where profits are high and its accountability is often to shareholders, there are incentive measures that home governments can take to encourage their multinational companies to invest in productive sectors abroad. A new paradigm for the Europe-Africa partnership could benefit from such measures. The objective is to encourage multinational companies from Europe to invest in Africa's productive sectors, particularly manufacturing, and contribute towards the continent's growth and economic transformation agenda.

Thus, the conventional paradigm of the donor-recipient relationship must evolve towards a "new growth generation" approach to Africa's partnership with Europe. The latter will not only deepen the relationship but will also positively contribute towards Africa's economic transformation. The focus must be on expanding trade, productive investment, infrastructure, and collaboration to build human capital (see Figures 4 and 5).[12] The European Union and its member nations must note that the current support is inadequate."

[11] For instance, the bulk of UK investment is concentrated in Nigeria, Kenya, Ghana, and South Africa.
[12] It is important to fix visa processes for promoting trade, investment, and develop human capital. See, Oqubay (2020a) on existing visa flaws.

To sustain Africa's economic transformation and high growth, the focus must be on promoting productive investment to create jobs in Africa, developing domestic linkages and skills, and enhancing export capability. In addition to promoting FDI in productive sectors, both sides must work on expanding trade volume, on the diversification of African exports and on addressing the trade imbalances, which can be achieved through the expansion of productive capacity. It will be essential to focus on infrastructure development, with a particular emphasis on the expansion of energy and connectivity. However, none of this will suffice if not supported by technological and know-how transfer.

A Sustained Partnership on Global Threats

Three principles must guide the future of Africa-Europe economic ties: first, the focus must be on activities that impact economic transformation and high growth in Africa; second, it must be based on complementarity and a relationship among equals that addresses the current asymmetric relationship; and third, it must focus on fundamental global threats. Environmental sustainability is vital for Africa, Europe, and the global community. In an increasingly globalized world, global pandemics are likely to undermine all countries. Global partnerships must aim at improving international governance rules, with a particular focus on resolving the constraints that affect developing countries.

Another critical issue is that while Africa should continue to engage with its traditional partners ("the West" and "the North"), it also needs new partners from the east and the south. The economic ties between Africa and China are a good example of win-win benefits, especially when it comes to attracting productive investment and trade, financing infrastructure, and human capital (Oqubay and Lin 2019). This should induce other countries to develop ties with Africa's interests at their heart, not governed by "pre-conditionality" but based on values of mutual respect and non-interference in others' internal affairs.

Such collaboration can be realized only if there is strong political commitment by both sides, supported by strategic and institutional frameworks. Lessons from the recent expansion of China-Africa economic ties over the last two decades may provide insights on what improvements to make. A Eurocentric view that questions the legitimate rights of African countries to develop economic ties with West and East is dangerous and must be rejected. For instance, portraying China-Africa ties as "new colonialism" reflects a paternalistic view of the relationship that regards African countries as backward and lacking the capacity to rationally comprehend their national interests. Stronger China-Africa ties would create more jobs for Africans, promote and diversify exports, and expand infrastructure, all of which are useful for facilitating investments and operations of firms from the West. Developing a strong regional value chain will also assist European firms to diversify their global value chains.

CONCLUDING REMARKS

It is often said that a major global crisis, particularly of the type that we are facing at the moment, presents not only challenges but also opportunities for learning, rethinking policy direction and adjusting strategy. As African and European countries begin to formulate their policy responses for the post-Covid-19 recovery phase, it is important that a new approach to the Africa-Europe economic relationship is prioritized. The relationship between Africa and Europe has a long history extending beyond geographical proximity. Unfortunately, however, the ties that have emerged in the last five decades have been less beneficial, especially for Africa's growth and economic transformation agenda, than the recent economic ties that Africa has created with countries in other regions.

The post-Covid-19 recovery period provides an opportunity for a paradigm shift in the Africa-Europe relationship from the conventional "donor-recipient" approach to one that is based on mutual respect and aligned with Africa's sustainable economic transformation agenda. There is no doubt that Europe wishes to see a growing, dynamic, and prosperous Africa. As noted above, Europe is the major donor to African countries. The point is that Africa's prosperity and economic transformation will not be achieved through aid alone. It requires investment in productive sectors and infrastructure, the creation of a strong domestic knowledge base generating well-paying jobs, and technological learning through linkages. Above all, it is achieved by building the domestic productive capacity that is critical for producing a wide range of products that African countries need both for consumption and to sell competitively in international markets. What Africa expects from its ties with Europe is a partnership that enables it to acquire these capabilities. The new decade may finally offer a new opportunity for a paradigm shift.

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