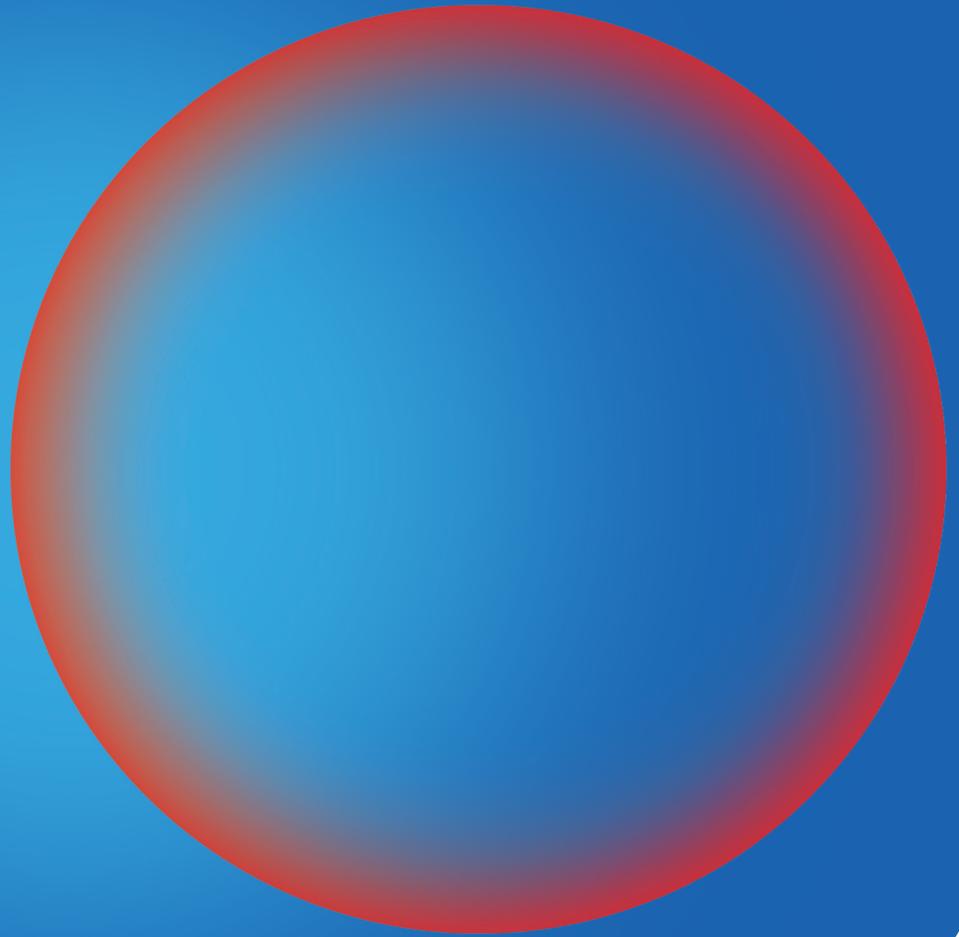


Meeting of the OECD Council at Ministerial Level

Paris, 9-10 June 2022



TOWARDS AN OECD- AFRICA PARTNERSHIP

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Towards an OECD-Africa Partnership



The OECD Global Relations Strategy [[C/MIN\(2021\)17/FINAL](#)] stresses the need to enhance the engagement of the Organisation with Africa in a coherent and cohesive manner. Within the framework of the External Relations Committee, OECD Members agreed on the importance of defining a partnership with Africa in close consultation with African countries and Organisations.

The objective of the present document is to set the path towards the establishment of this partnership. It outlines a gradual approach, through which tools and areas of work will be jointly identified by the OECD and African partners. This proposal is intended to be a first step to be submitted to the Council in order to leverage Members' perspectives and support the discussion on Africa at the Ministerial Council Meeting (MCM) on 9-10 June 2022. Subsequently, it will guide conversations with the African Union and African countries and institutions to formalise the partnership and define concrete policy priorities and actions.

Background: seizing opportunities and addressing challenges for Africa's transformation

1. **In recent decades, Africa has embarked on a transformation process in several domains.** In partnership with African institutions, the OECD has documented this transformation, assessed its implications on the continent's development and increased its engagement with African countries and institutions.¹ **African policy makers have taken major steps to address structural issues facing the continent.** They are engaged in significant reform **efforts to integrate their economies at the continental level and into the global economy**, and they have adopted tailored strategies to steer the **economic transformation** of Africa, including by strengthening the business climate to attract more and better investment. As a result, **intra-African trade increased in recent years** to 15.4% of total African exports, which is significantly higher than in the early 2000s, but still represents a relatively low share compared with Europe or Asia.²

2. **Investment in infrastructure has also been increasing steadily. While the infrastructure gap is still far from being closed,** the Africa Infrastructure Index scores improved for almost all African countries between 2018 and 2020.³ In addition, after a long period of stagnation, the last twenty years have seen **encouraging progress in industrial development, with Africa's manufacturing growth outpacing the global growth rate and digital transformation progressing in many countries.**⁴ As manufacturing grew on average by 5.3% per year from 2000 to 2017,⁵ economies other than the continent's usual best performers (– i.e. Egypt, Morocco, Nigeria, Tunisia, and South Africa) have achieved tangible results. The industrial sector expanded by over 10% in Ghana over the last five years and jumped from 20% to closer to 30% in Uganda over the

¹ The OECD and African Development Bank jointly launched the African Economic Outlook in 2001 and jointly produced it until 2017. Since 2018, the AUC-OECD Africa's Development Dynamics has become the OECD regional flagship report on Africa.

² <https://unctad.org/fr/node/27413>.

³ AfDB (2020), The Africa Infrastructure Development Index (2020), <https://www.afdb.org/fr/documents/economic-brief-africa-infrastructure-development-index-aidi-2020-july-2020>. The index covers transport; power; ICT; and water and sanitation.

⁴ AUC/OECD (2019), Africa's Development Dynamics 2019: Achieving Productive Transformation, <https://doi.org/10.1787/c1cd7de0-en> and AUC/OECD (2021), Africa's Development Dynamics 2021: Digital Transformation for Quality Jobs, <https://doi.org/10.1787/0a5c9314-en>.

⁵ AfDB (2021) Annual Development Effectiveness Review, https://www.afdb.org/sites/default/files/news_documents/ader_2021_en_v17.pdf.

same period.⁶ Furthermore, Rwanda has emerged as a strong performer in global e-government and doing business, thanks to the expansion of government's e-service and the adoption of effective regulatory reforms.⁷ Despite these notable achievements, the transition to more productive activities is not yet mainstreamed beyond pockets of excellence. The vast majority of small enterprises, which play a key role in social inclusion and job creation, are not sufficiently involved in this transformation. **Productivity and formalisation remain important challenges.** The Africa-Asia productivity ratio decreased from 67% in 2000 to 50% in 2018. In some countries, almost 91% of the non-agricultural labour force remains informal.⁸

3. As warming temperatures, droughts, rising sea levels, extreme weather events and locust outbreaks pose a serious threat to food and water security, employment and agricultural livelihoods, African governments are also stepping up **adaptation efforts** to address the climate crisis. Such efforts are much needed as **Africa is one of the continents most vulnerable to the consequences of climate change and air pollution, despite the fact that it bears little responsibility for global warming.**⁹

4. Despite such important progress, further efforts aimed at enhancing African economies' resilience will need to be carried out in light of recent shocks. **While Africa had the second highest economic growth rate in the world prior to COVID-19, economic growth has not translated into sufficient job creation and the continent will need more than five years to regain its pre-COVID share of the world's GDP.**¹⁰ Charting African economies on stronger recovery paths and reversing the increase in poverty will require implementing and financing structural policies that boost job-rich and inclusive growth.

5. In order to do so, **greater domestic resource mobilisation will be critical.** According to OECD-AU-ATAF estimates, the average tax-to-GDP ratio in Africa was 16.6% in 2019. Although this was an increase of 0.3 percentage points from 2018, the average in Africa in 2019 was still below those of economies in Asia and the Pacific (21.0%), Latin America and the Caribbean (22.9%), and the OECD (33.8%).¹¹ Illicit financial flows in Africa are between USD 50 and 80 billion annually, thus depriving countries of the much needed resources for their sustainable growth policies.¹² Moreover, the war in Ukraine is likely to exacerbate the challenges faced by the continent in its path to recovery, including by aggravating the food crisis already affecting populations in the Sahel and Lake Chad basin countries. Africa is heavily dependent on both the Russian Federation and Ukraine

⁶ UNIDO (2020), Can Africa's third industrial development decade deliver?, <https://www.unido.org/stories/can-africas-third-industrial-development-decade-deliver>.

⁷ World Bank (2020), Rwanda Economic Update, <https://documents1.worldbank.org/curated/en/912581580156139783/pdf/Rwanda-Economic-Update-Accelerating-Digital-Transformation-in-Rwanda.pdf>.

⁸ AUC/OECD (2019), *Africa's Development Dynamics 2019: Achieving Productive Transformation*, <https://doi.org/10.1787/c1cd7de0-en>.

⁹ While Africa represents only 3% of the world's cumulative CO2 emissions, Africa's land areas have consistently warmed faster than the global average. Cf. WMO (2021), *State of the Climate in Africa 2020*, https://library.wmo.int/doc_num.php?explnum_id=10929.

¹⁰ AUC-OECD (2022), *Africa's Development Dynamics 2022. Regional Value Chains for a Sustainable Recovery*, https://www.oecd-ilibrary.org/development/africa-s-development-dynamics-2022_2e3b97fd-en and AUC/OECD (2018), *Africa's Development Dynamics 2018: Growth, Jobs and Inequalities*, <https://doi.org/10.1787/9789264302501-en>.

¹¹ Tax-to-GDP ratios in Africa in 2019 ranged from 6.0% in Nigeria to 34.3% in the Seychelles and Tunisia, exceeding 28% in four countries (Morocco, the Seychelles, South Africa and Tunisia). OECD/AUC/ATAF (2021), *Revenue Statistics in Africa 2021*, <https://doi.org/10.1787/c511aa1e-en-fr>.

¹² OECD and African Union (2021), *Tax Transparency in Africa 2021*, <https://www.oecd.org/tax/transparency/documents/Tax-Transparency-in-Africa-2021.pdf>.

for grain.¹³ Energy exporters, by contrast, may find new opportunities in the attempts of EU countries to diversify their energy supplies.

6. Finally, demographic growth represents both a challenge and an opportunity for the continent. **Home to the youngest and fastest growing population, with a median age of 19 years,** Africa accounts for 17% of the world's total population – or around 1.3 billion people – and its population should nearly double by 2050 to reach 2.5 billion.¹⁴ Further promoting appropriate policies for Africa's productive transformation and green transitions, including by investing in skills development, would contribute to absorbing the new labour market entrants. Promoting further gender parity would also generate considerable macroeconomic gains. For example, closing the gender gap by allowing women to play the same role in labour markets as men, would add USD 700 billion to sub-Saharan Africa's annual GDP.¹⁵

Rationale and objectives

7. **Africa's priorities are guided by Agenda 2063, a wide-ranging long-term vision for the continent.**¹⁶ This is Africa's "blueprint and masterplan for transforming the continent into the global powerhouse of the future", a continental strategic framework that aims to deliver on its goal for inclusive and sustainable development. Agenda 2063 includes issues such as regional integration and productive transformation, agriculture and food security, taxes, innovative finance for sustainable development, infrastructure financing, good governance, private sector development, technological innovation, climate change, green and blue growth, triangular and South-South co-operation, as well as equal contribution by men and women to the development of their societies. The implementation of the African Continental Free Trade Agreement (AfCFTA) is also expected to promote more regional and continental trade and investment integration.

8. **The OECD's 60th Anniversary Vision Statement [[C/MIN\(2021\)16/FINAL](#)], adopted in October 2021, aims to foster trust in global co-operation to address significant and growing challenges.** These include several issues that are also critical for the development prospects of the African continent, such as the digital transformation, migration, demographic changes, environmental challenges, gender equality, education, as well as health and good governance issues.

9. **Both approaches are also guided by the Sustainable Development Goals (SDGs), which aim to be a global answer to today's challenges.** They reflect the common ambition of OECD and African economies to put people and the improvement of their living standards at the centre of policy reform efforts.

10. **Against this background, the overall objective of this proposal is to build an impactful partnership based on trust, mutual understanding and enhanced co-operation on an equal footing, to address mutually agreed priorities.** This partnership intends to be a coherent effort that caters to the continent's needs and is based on shared benefits and common interests.

¹³ In 2018-2020, Africa imported USD 3.7 billion in wheat from Russia and another USD 1.4 billion from Ukraine, amounting to 32% and 12% respectively of the total African wheat imports. Cf. UNCTAD (2022), The impact on trade and development of the war in Ukraine, https://unctad.org/system/files/official-document/osginf2022d1_en.pdf.

¹⁴ United Nations (2019) World Population Prospects, <https://www.un.org/development/desa/publications/world-population-prospects-2019-highlights.html>.

¹⁵ OECD (2016), SIGI Regional Report, https://www.genderindex.org/wp-content/uploads/files/docs/Brochure_SIGI_SSA_web.pdf.

¹⁶ African Union (2013) <https://au.int/en/agenda2063/overview> and <https://au.int/en/agenda2063/goals>.

11. There are at least three mutually re-enforcing ways through which the OECD and Africa can design a future together. In particular, they can aim to:

- favour a better understanding of Africa’s development dynamics and promote evidence-based policy support at country, regional and continental level, including through the strengthening of statistical systems;¹⁷
- strengthen African policy makers’ voices in **ongoing and new dialogues on global and continental challenges** such as, among others, those on **climate change mitigation and adaptation, trade, investment, development effectiveness, the financing of development, fragility and humanitarian assistance**; and
- provide African countries with a **platform for policy dialogue through which African partners can provide their perspectives on standards** that impact development – and if locally owned, can drive reforms.¹⁸

A strong OECD-Africa partnership based on mutual trust

12. **African leaders have called for greater recognition of Africa in global governance and for the development of a co-designed, mutually beneficial partnership.**¹⁹ There is also growing recognition that **international standards and best practices can play an important role in informing Africa’s own reform efforts and in building resilience.** Even though alignment with OECD standards can be a long and complex process, intermediate steps can be taken with a view to develop awareness, peer reviews and policy recommendations. These can serve as useful mechanisms for supporting the development and implementation of structural reform efforts, taking into consideration local and national contexts, priorities and needs.

13. The OECD can support enhanced participation by African stakeholders in the design of policies and best practices that can evolve into standards.²⁰ In addition, the integration of African countries into selected OECD databases and indicators can provide useful comparisons with OECD and partner countries alike, nurturing a policy dialogue based on evidence and knowledge sharing beyond the traditional donor to recipient relationship.

14. **Several African economies have enhanced their engagement with the OECD, adhering to several OECD legal instruments and actively engaging in partnerships with some of its bodies.** Building on [C/MIN(2018)9], the ERC took stock in September 2021 of ongoing activities with Africa as well as African countries’ participation in OECD bodies, their adherence to OECD legal instruments and integration into OECD databases [ERC(2021)18]. In particular, 11 African countries are members of the OECD Development Centre, working on a wide-range of policy domains. 27 African countries (out of a total of 141) are members/Associates of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) [hereafter “the BEPS Inclusive Framework”] that aims to tackle tax avoidance, improve the coherence of international tax

¹⁷ The OECD produces comparable data which can inform African policy making and support African countries in strengthening their statistical systems, through initiatives such as the Trade Facilitation Indicators, Revenue Statistics in Africa, the Programme for International Student Assessment (PISA) for Development and the Partnership in Statistics for Development in the 21st Century (PARIS21).

¹⁸ As demonstrated by the Inclusive Framework on Base Erosion and Profit Shifting (BEPS). It can, in particular, contribute to significantly improving policy coherence for development.

¹⁹ Intervention of President Macky Sall, Chair of the African Union at the EU-AU Summit on 18 February 2022. <https://www.consilium.europa.eu/en/press/press-releases/2022/02/18/sixth-european-union-african-union-summit-a-joint-vision-for-2030/>.

²⁰ For example, in the area of durable contracts for the extractive sector <https://www.oecd.org/dev/Guiding-Principles-Durable-Extractive-Contracts-2020.pdf>.

rules and ensure a more transparent tax environment. Moreover, 33 African countries out of 163 members participate in the Global Forum on Transparency and Exchange of Information for Tax Purposes (GFTEI). African countries and regions collaborate with the OECD Investment Committee through the OECD Sustainable Investment Programme for Africa. In addition, an advanced partnership has grown over the last 20 years with North African countries in the framework of the MENA-OECD Initiative. Countries such as Egypt, Morocco, South Africa (an OECD Key Partner), and Tunisia participate in the activities of numerous OECD bodies, as well as in the OECD Initiative for Policy Dialogue on Global Value Chains (GVCs), Production Transformation and Development and in the OECD Policy Dialogue on Natural Resource-based Development, in the framework of the OECD Strategy on Development.

15. In addition to the above-mentioned participation in the BEPS Inclusive Framework and GFTEI, several African countries are Associates in OECD committees or participate in committee discussions related to legal instruments to which they are Adherents. The Commission of the West African Economic and Monetary Union (UEMOA), the Commission of the Economic Community of West African States (ECOWAS) and the Permanent Inter-State Committee for Drought Control in the Sahel (CILSS) participate in the OECD Sahel and West Africa Club (SWAC).

16. There are also several ongoing partnerships and initiatives at the regional level such as co-operation with the African Union, the African Union Development Agency (AUDA-NEPAD), the Conference of the Great Lakes region (CGLR), the African Development Bank (AfDB) and the African Peer Review Mechanism (APRM). Other OECD-hosted partnerships such as the Partnership in Statistics for Development in the 21st Century (PARIS21) also support regional and national activities covering 20 African countries to develop better statistical capacities.

17. **This growing interaction contributes to enhancing Africa’s role in global co-operation mechanisms and participation in global policy dialogue, as well as – in some instances – global standard-setting.** Africa’s participation on an equal footing in global policy-making and standard-setting can enhance the international community’s response to global challenges and help further level the global playing field. Furthermore, enhancing Africa’s involvement in internationally recognised best practices and standards can contribute to strengthening the coherence of policy frameworks and country systems to make the most of co-operation opportunities with development partners. This is all the more important as Africa faces numerous requests from traditional and new donors.

18. **The widest possible consultative process with African stakeholders, including civil society, business representatives and academia, will shape the new partnership,** thus ensuring that the scope and focus of the initiative reflect Africa’s expectations and reform agenda.²¹ In order to ensure complementarity and build synergies with the work that other stakeholders carry out in Africa, consultations will be conducted with national development agencies, international organisations and multilateral fora such as the Tokyo International Conference for Africa Development (TICAD).

Working methods and tools

19. **A new partnership with Africa would serve mutual benefits based on shared ownership and reciprocal engagement of African and OECD economies.** The partnership would rely on evidence-based policy analysis and policy dialogue, leveraging existing tools and partnerships:

²¹ With the involvement of competent OECD committees, such consultation could notably build on previous and existing co-operation with continental institutions such as AUC and AUDA-NEPAD, notably through the OECD Sustainable Investment Programme for Africa and the AU-OECD Platform on Investment and Productive Transformation.

- **Knowledge sharing, peer-learning and high-level policy dialogues** conducted at continental, regional and country levels would foster African economies' capacity to deepen continental and international policy co-operation.
- **Policy Reviews** and pilot studies could be undertaken to benchmark African countries' reform processes and to progressively bring African countries closer to OECD standards and best practices.
- Furthermore, **enhanced participation in OECD bodies, as well as alignment with OECD standards where possible**, would be foreseen on the basis of mutual interest. Policy fields promoted in the partnership will be aligned with core areas of work of OECD committees.
- The partnership would also ensure that African countries' growing engagement with the OECD results in further **inclusion in OECD databases**, allowing for comparative analyses to develop evidence-based policy making. These networks should build on existing relationships with partner international organisations and multilateral development banks in the region, where the OECD provides policy leadership complemented by these partners' on-the-ground presence and technical assistance strengths.

Next steps: a flexible, focused and gradual approach towards an OECD-Africa partnership

20. **In light of the mandate received by OECD Members, over the next six months, the Secretariat will conduct extensive consultations in order to narrow down the scope and define the main pillars of the partnership. Given the size and diversity of the African continent, a flexible approach could combine three levels of engagement at the continental, regional and country levels:**

1. As a first step, consultations with the African Union Commission as well as with the annual AU Presidency will be prioritised. Moreover, dialogue with other **continental institutions** will take place, including the United Nations Economic Commission for Africa (UNECA) and the African Development Bank (AfDB), to co-design the partnership and ensure that the OECD's work addresses relevant issues at the regional level. Such engagement would raise the level of the political dialogue.
2. African countries with strong institutional linkages with the OECD, including members of the Governing Board of the Development Centre, Country Programme countries (Egypt, Morocco), and South Africa as a Key Partner could also be considered. **Country champions** may also be identified through a combination of several criteria, including:
 - i. **political commitment, shared values and capacity** to engage with the OECD;
 - ii. **economic potential**; and
 - iii. **geographical diversity** in order to cover different regions.
3. **Working specialised agencies (e.g. AUDA-NEPAD, Africa Exim Bank), the Conference of the Great Lakes region (CGLR), as well as selected African Regional Economic Communities (RECs)** could also be involved, for instance through leveraging past and existing co-operation with the Common Market for Eastern and Southern Africa (COMESA), ECOWAS – through the SWAC – and the Southern African Development Community (SADC) – including through the OECD Sustainable Investment Programme and the AU-OECD Platform on Investment and Productive Transformation.

21. **Diplomatic missions to France will be regularly consulted as part of the process. An informal Friends of Africa group of OECD and African Ambassadors could provide strategic insights. OECD Members' perspectives and orientations will inspire the process through:**

- Regular engagement and information sharing with the Council to assess progress and impact, and explore ways to further institutionalise the partnership as appropriate.
- Continuous involvement of the External Relations Committee (ERC) to ensure regular information sharing and oversee progress of the strategic partnership, while substantive committees and their subsidiary bodies would contribute to and oversee the specific outputs.

22. Under the leadership of the Secretary-General, the Global Relations and Co-operation Directorate (GRC) will facilitate engagement by relevant OECD bodies and programmes in co-operation with the Development Cluster and OECD Directorates active in Africa. Horizontality would ensure visibility of autonomous efforts by different bodies, promote connections between relevant policy areas and allow to join forces in seizing opportunities as they arise.

23. The results of the consultation would pave the way for a decision-making process in which OECD Member countries and African governments and institutions will define the institutional arrangements and strategic orientations for joint work.

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