

European Investment Promotion in Africa as a Counter-Migration Initiative

Research project

Oliver Ried & Michael Kirk

Rapid population growth in many African countries, that is predicted to double the continent's population by 2050, is both a challenge and an opportunity for Europe. Africa will potentially offer a large and growing market for European investors. Simultaneously, uncontrolled migration from Africa to Europe poses a moral dilemma, a security threat and a socio-economic challenge to European governments. The current political discussion in Europe propagates European private sector investments as a key tool to accelerate growth, create opportunities for the local population and eventually reduce unwanted immigration from Africa.

Open Questions:

Building on the old debate that investment opportunities in African countries remain weak due to small markets, weak enabling institutions, bureaucratic hurdles and corruption, but also due to lack of mutual understanding, mental models, expectations etc., we are trying to answer the following research questions:

The goal is to find out if private sector investment in Africa can really have a positive effect on development and ultimately on uncontrolled migration and if so, under which preconditions.

- Does foreign direct investment spur inclusive development?
- Under which circumstances can foreign investment have an impact on unwanted migration from Africa to Europe?
- Which are the most common obstacles for investors in African countries and what tools do European governments possess to help overcome these obstacles?

Reasoning for suggested research approach:

We believe that in the political discussion, two key stakeholder groups are not heard enough. Those are the private sector decision makers and the local authorities and strategic planning bodies.

The first are those who will ultimately decide on investments and carry the entrepreneurial risk. Private investors cannot be forced to be active in Africa. It is therefore key to understand their concerns, their expectations from doing business in Africa, their experience with previous investments and with development cooperation. We therefore aim to collect opinions from a range of different industries, companies of different sizes with and without experience in Africa.

The local response is also key to a successful strategy. Our research will also include African voices talking about Africa. African investors, entrepreneurs and investment authorities need to be involved in any strategy that stands a chance of success. Many African countries appear on the global stage with increasing self-confidence. German companies are by far not the only ones looking for business in a key market of the future (see Chinese activities and those of old colonial powers).

We want to take the claim that African partners will be treated as partners *inter pares*, seriously.

Research approach: We combine quantitative analysis of secondary data with mainly qualitative information from individual and focus group interviews both with European and African stakeholders.

The research approach is structured as follows:

Phase 1: Quantitative Analysis with fsQCA method using World Bank Data (completed)

Phase 2: Qualitative analysis via in depth interviews with all stakeholders (current focus)

Topics covered in the interviews:

1. Private sector business opportunity: relevant sectors for German companies, interest levels of investors and emergence of the middle class
2. Geographic coverage: Interesting countries/regions, selection criteria and relevance for migration
3. Employment impact: scale of employment opportunities that could be created, timeframe and realistic impact on migration
4. Key impact factors: anchor countries and European coordination
5. Public-private partnership: Support for private sector investors and effective cooperation

Stakeholder input from three groups:

1. Experts and decision makers from development cooperation in German, European and Supra-national organizations
 - Assessment of opportunities, challenges and administrative measures
 - New roles for development cooperation (e.g. GIZ, KfW, BMZ, DEG)
 - Tension and synergies between export promotion and development aid
2. Private sector representatives and investors
 - Interest among those who decide on investment
 - Reasons to be present in Africa vs. risks
 - Modes of entry, awareness of public sector support options and investment decisions
 - Experience in different African regions and with development cooperation
 - Scale of employment opportunities
3. Local officials and business leaders in Africa
 - Interest levels to cooperate with German companies
 - Other players and their offers (e.g., France, China, Turkey)
 - Level of industrialization in African key countries
 - Willingness to accept conditionality

Field research planned in three regions:

Côte d'Ivoire and Guinea (in cooperation with "Afrika Verein der Deutschen Wirtschaft"): Promising, stable countries, relevant source countries for migration to Europe (5th and 7th largest African source countries), Reform partnership with Germany in Côte d'Ivoire, opportunity for interviews with potential investors who avail themselves of the planned delegation visits for German investors that are one way to promote economic engagement.

Nigeria: Key player in any African strategy, that seeks to open markets, provide employment and stabilize West Africa, Largest African source country for migration to Europe, largest expected population increase in absolute numbers, huge consumer market

East Africa: stable region with strong growth prospects, high numbers of inner-African refugees, "powerhouse" of industrial growth, potential countries are Ethiopia, Kenya, Uganda, Rwanda

Phase 3: Case study of selected industrial zone in an African country (TBC)

Interview partners for phase 2 (selection):



Contact: Oliver Ried – University of Marburg

Am Plan 2, 35032 Marburg, Germany

Phone: +49 175 318 5370 E-Mail: [oliver.ried \(at\) wiwi.uni-marburg.de](mailto:oliver.ried@wiwi.uni-marburg.de)