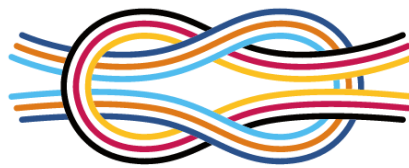


T20 Africa Conference

Africa and the G20: Building alliances for sustainable development

1-3 February 2017



G20 GERMANY 2017
THINK 20 DIALOGUE

Communiqué of the Conference Co-Hosts

Introduction

For the first time since the establishment of the Think20 (T20) process, Think Tanks from across Africa have met with T20 Think Tanks on African soil to discuss the G20 agenda and potential opportunities for Africa – G20 cooperation. The T20 Africa conference provided a forum to discuss how Africa and the G20 could build alliances to promote sustainable development both on the continent as well as globally.

The [T20 Africa conference](#) was organized by the South African Institute of International Affairs (SAIIA), the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE) and the Kiel Institute for the World Economy (IfW) with support from the DIE's Managing Global Governance (MGG) network and the Global Economic Governance (GEG) - Africa program. The conference was addressed by Germany's Parliamentary State Secretary of the Ministry for Economic Cooperation and Development, Thomas Silberhorn, and the Deputy Governor of the South African Reserve Bank, Daniel Mminele. It was attended by 240 high-ranking delegates from African and G20 Think Tanks, African regional organizations (African Union, NEPAD, UNECA, African Development Bank), the South African and German governments, the European Union and the OECD, as well as other G20 engagement groups such as the Business20 (B20). The conference was part of the official T20 process, one of seven G20 engagement processes.

This communiqué is presented by the three co-hosts of the conference: SAIIA, DIE and IfW Kiel. The co-hosts will communicate the findings of the conference to their respective governments, the G20 Sherpas as well as African regional organizations and governments. The results will feed into future T20 events in particular the Think20 Summit: "Global Solutions" on 29-31 May 2017 in Berlin. The co-hosts will continue to reach out to G20 members, G20 engagement groups, and African and international institutions to sustain African participation

in the T20 and G20 processes and to facilitate sharing of experiences, mutual learning and joint initiatives.

G20 and Africa

The African Union's (AU) Agenda 2063 "The Africa We Want" has defined a vision and action plan for the continent's sustainable socio-economic transformation. Its first 10-year implementation strategy was adopted by the AU Summit in 2015. Africa also has a strong commitment to the implementation of the 2030 Agenda for Sustainable Development that heads of state and government decided upon at the UN Summit in September 2015. **The Agenda 2063 as well as the 2030 Agenda for Sustainable Development should define the engagement between the G20 and Africa.** At the G20 Hangzhou Summit in September 2016, G20-leaders adopted the G20 Action Plan on the 2030 Agenda reaffirming their commitment to align their work with the 2030 Agenda and to enhance policy coherence for sustainable development. Building on the achievements of the Chinese presidency, the German G20 presidency intends to foster G20 cooperation and partnership with Africa.

Key recommendations

The T20 and African Think Tanks welcome the emphasis of the German G20 Presidency on strengthening G20-Africa cooperation. The policies of the G20 countries directly impact upon sustainable development in Africa. At the same time, developments in Africa will influence prosperity and stability worldwide. Key examples for strong interdependencies between Africa and the G20 include climate change, the consequences of the financial and economic crisis, pandemics, terrorism as well as migration and refugees. Given these interdependencies, G20 and Africa should make more efforts to build alliances for sustainable development. **There was a strong call by African participants that Africa takes the intellectual lead on the global discourse about Africa.** Moreover, discussions during the conference indicated that joint challenges for Africa and the G20 can only be addressed through investments in an effective, inclusive, and open education system.

A shift of paradigm in engagement between Africa and the G20 is needed. Participants at the T20 Africa conference underlined the importance of developing an overarching narrative that globalisation should benefit everyone and leave no one behind. An open world economy that achieves this goal is therefore essential. In particular, fostering sustainability with a focus on climate and the implementation of the 2030 Agenda for Sustainable Development are of great relevance for global development. **The G20 and African countries should be equal partners in tackling the current global crisis.** The limits of the current globalisation model have become visible in various global crises such as the economic and financial crisis, rising inequalities, increasing economic protectionism, and rising nationalism. On that basis, T20 members see an urgent need to identify shared interests and problems of G20 members and African countries with a view to supporting more effective international cooperation on these.

An Africa-G20 partnership should address the **diversity of challenges the continent faces** and find appropriate solutions at country, regional and pan-African as well as global levels. A number of **specific policy recommendations** were formulated during the conference. They concern the governance mechanisms to sustain G20-Africa cooperation as well as African Think Tanks' participation in the T20 process. In addition, thematic working groups devel-

oped and presented specific policy recommendations on how the G20 and Africa should strengthen cooperation in the fields of (1) infrastructure, (2) e-commerce and the digital economy, (3) agriculture, food security and climate action, (4) trade and investment, (5) international cooperation on tax matters, as well as the (6) political and social environment of sustainable development. These sectoral recommendations can be found in the Annex of the present Communiqué.

I. Governance mechanisms to sustain Africa - G20 cooperation:

Establish a stronger governance mechanism for Africa - G20 cooperation. Africa - G20 cooperation needs to be sustained with an institutionalized governance mechanism if it is to contribute to global sustainable development in the long run. T20 participants concluded that a governance mechanism for cooperation between G20 and Africa should be linked to or hosted by the AU in partnership with the other pan-African organizations such as the NEPAD Agency. Regional anchorage is crucial, because many of the challenges for structural economic change in Africa can only be addressed at the regional level. The governance mechanism should furthermore be representative of African voices and different country settings (including fragile states). African governments and regional organizations will need to define which specific interface for Africa - G20 engagement they would like to develop. The T20 also encourages the G20 to explore how to engage with African proposals for future engagement and to consider the inclusion of Nigeria in the G20.

Integrate cooperation with Africa and African perspectives broadly into the various work streams across the G20. In light of the strong interdependence between Africa and the G20, the T20 calls upon the G20 to strengthen cooperation with Africa across different work streams beyond the Development Working Group. Implementing the 2030 Agenda in cooperation with Africa and supporting the Agenda 2063 require policy coherence across G20 work streams and coordination with other international and regional organizations. Beyond that, G20 - Africa cooperation should start with very specific initiatives where joint interests are strongest and joint action is easy to build. It should then be expanded to a more broad-based engagement.

Pan-African regional organizations should take a leadership role in bringing African perspectives into the G20 agenda and contributing to different G20 work streams. Pan-African regional organizations would have to harness and further develop existing capacities on the African continent to bring African priorities to the G20 table. Existing mechanisms of influence such as the AU's observer status at the G20 could be used to bring African perspectives more pro-actively to the G20 work streams. Moreover, African Think Tanks have highlighted that pan-African organizations could draw more strongly on Think Tank knowledge and expertise when defining their positions across G20 work streams and ahead of G20 summits. Drawing on African Think Tanks' expertise, a specific G20 knowledge center could be created among the pan-African organizations in order to more systematically prepare and support Africa's engagement with the G20 via the observer seats held by the annually rotating chair of the AU and NEPAD's chair of the Heads of State and Government Orientation Committee in the future.

Set a "Joint Code of Conduct" for the engagement between G20 and Africa. Such a code of conduct should set standards and criteria for joint G20 - Africa policies for prosperity and sustainability and should address the governance of cooperation between G20 and Afri-

ca. The code should also inform G20 member countries' engagement with the continent. The code of conduct should live up to the standards set on the African continent, which are at times more ambitious than the 2030 Agenda. A joint code of conduct for engagement implies that **governance issues would be mainstreamed in all G20 working groups**. Sector policies such as taxation or infrastructure investments are only likely to succeed, if the governance system of a country is taken into account.

Managing expectations will be key for the G20 cooperation with Africa. The G20 Presidency should stress the opportunities offered by international cooperation, but also identify clearly its limitations. By announcing the Partnership with Africa, the German government has created high expectations among partners in Africa and elsewhere. While international trade, finance, development and security policies can play a key role, Africa's sustainable development rests primarily in the hands of African governments and societies. The G20 process provides an opportunity for Africa to strengthen its multilateral engagements on its policy frameworks. Consequently, the success of these initiatives depends on public communication and intensive, high-profile political consultations with African partners.

II. African Think Tanks and Think 20: The way ahead

The T20 and African Think Tanks from across the continent commit to sustain a more systematic engagement during future T20 and G20 processes. The conference organizers (SAIIA, DIE, IfW Kiel) commit to working closely with a core group of African Think Tanks, the previous T20 chairs during the Chinese G20 as well as the future T20 leads from Argentina and the subsequent Presidency. The T20 will strengthen systematic outreach towards other engagement groups such as the Business20 (B20) and Civil20 (C20) and their initiatives to cooperate with African partners. Conference participants are looking forward to the next T20 Africa conference in 2018 on the African continent.

Evidence-based policy advice of Think Tanks from the T20 and Africa requires a solid data base. Participants at the T20 Africa conference have highlighted the need to have access to data on key issues of interest for cooperation between G20 and Africa. For instance, international tax cooperation will not be successful if it is not informed by data on the tax base, the international trade of goods and services, the beneficial ownership of assets, the tax payments made by multinational companies and, not least, transnational financial flows. Since many of these data are difficult to obtain, states should increase and improve their cooperation on data transparency.

ANNEX: Recommendations of Sectoral Working Groups

The working groups focused on areas where G20 engagement with Africa is key to promote global sustainable development. In line with our reasoning above, we propose that the G20 activities are as closely embedded in existing African initiatives and institutions as possible.

I. Infrastructure investments

The scale of infrastructure investment needs in Africa is much larger than for other regions. Investment needs cut across countries, regions, and sectors. The international community should respond by supporting high quality infrastructure (poor quality infrastructure leads to high costs in the medium- to long-term). The G20 can play a critical role. Non-involvement is not an option.

The G20 and Africa should not limit their cooperation to large-scale projects but include smaller projects as well that can be scaled up. A focus should be on cities, where infrastructure investment can improve education, health and sanitation, respond to the urbanization trend in Africa, and facilitate regional integration. The private sector needs to be pulled in more strongly to finance infrastructure. There should be a focus on local currency lending and bond markets to avoid LDCs borrowing in hard currency and not being able to repay these loans if their currencies are devaluated given international shocks.

Africa and the G20 should work together to expand existing international initiatives to include African perspectives more strongly: The G20 has been active in the infrastructure space since 2012 through the **Global Partnership for Infrastructure**. Through this partnership the deficits and bottlenecks for infrastructure development in G20 countries were approached in a systematic way in order to clear back logs and ensure adequate progress. This partnership should be extended to Africa. The Global Partnership for Infrastructure should contribute by focusing on quality data collection, developing toolkits and benchmarks for infrastructure development across Africa. African initiatives here exist: the G20 should aim to support these initiatives.

Africa and the G20 should emphasise the sustainability of infrastructure investment: New infrastructure should be of high quality, have a low carbon footprint and should align with continental plans, like Agenda 2063, and key international agreements such as the 2030 Agenda and the Paris Agreement. Financing models of infrastructure investment will have to be innovative if the current deficit of US\$ 100 billion per annum is to be addressed. Public contribution remains important, but it is estimated that up to 7% of Africa's GDP needs to be invested at a time when the fiscal space is constrained, given recent rising debt levels. Thus private capital has to be leveraged through public funds.

The G20 should support the African Development Bank (AfDB), as a key agent for change on the African continent, in finding innovative solutions to financing, including blended financing that attracts private capital. The G20 should recognise that Multilateral Development Banks, especially the AfDB, have a critical role to play in improving the environment for infrastructure investment. The G20 should support the AfDB in its efforts to develop skills, focus on quality, targeted research as well as attracting private financing.

II. E-commerce and the digital economy

African countries are confronted by a potential digital divide. Access to the internet and related digital services is low and in most countries, the supporting regulatory framework and necessary data and logistics infrastructure are not in place. On the other hand, **there are multiple examples of e-commerce success stories across Africa;** and the wide use of mobile phone technology has created many new opportunities for African entrepreneurs and consumers alike. **It has also enabled the provision of key government services to more distant communities.**

To cross this divide and take full advantage of the benefits that can be derived from participation in the digital economy, will require substantive action in three main areas: regulation, education and infra-

structure. Specifically, to support the growth of digital trade and investment in Africa, **the G20 should support African initiatives to:**

Develop and where appropriate harmonize laws and regulations in e-commerce (including, for example, support to the negotiation of regional trade agreements that incorporate aspects of the digital economy). Specific attention will need to be given to developing policies and laws that serve to promote inclusion and access to the digital economy for African consumers and producers, without undermining legitimate domestic security and local development interests. The impact of taxation, on trade in digital products, is of particular concern, as is the manner in which e-commerce can be harnessed to contribute to ongoing sustainable development initiatives.

Strengthen supporting infrastructure, including sufficient and competitive access to data through undersea cables, but also through the improvement of warehousing, postal and communication facilities. This may require consideration of a specialist financing facility; or could be linked to wider discussions on infrastructure finance in Africa.

Address the intersect between education and development, and specifically, the need for early exposure to the digital economy. This may **involve the establishment of new cooperation mechanisms between regional and international institutions or workgroups in order to advocate for increased education around digitization**, and additional investment in the up-skilling and re-skilling of entrepreneurs and workers in Africa.

At this stage, the continent does not have a common position on e-commerce, or a platform at which these issues are widely discussed; and the experience and views of countries and Think Tanks is likely to differ widely. There are also concerns that African countries are not engaging in discussions on e-commerce issues even at a multilateral level. **The G20 should support engagement by African countries on e-commerce issues** to encourage their greater engagement within larger fora, such as at the WTO. However, prior to taking these discussions forward at the G20, it may be important to first develop an informed framework for engagement, which accurately reflects the regulatory, infrastructure and education priorities and interventions of African countries. Further dialogue with African countries will likely be required in order to populate this framework.

III. Agriculture, food security and climate action

Agriculture is a priority for African economic development, poverty alleviation and food security. It has also deep linkages with climate change mitigation and adaptation as well as most natural resources, in particular water and biodiversity.

Small-holder centered agriculture modernization: Small-holder agriculture remains the backbone of most African countries. However, there is the need to modernize small-holder agriculture, integrate it into value chains and markets and approach it as a “business”. The G20 should ensure open markets for African raw and processed agricultural products. G20 and Africa should support the integration of African regional markets. G20 should assist international agendas and country initiatives to improve access to agriculture-related information and land reforms. Both the G20 and Africa should further encourage cooperation between their respective research institutions. Africa is expected to lead these efforts, follow its pan-African initiatives and fulfil its commitments.

Private sector investments: Private sector investments in agricultural value chains are low, post-harvest losses are high and domestic value addition is insufficient. The G20 can encourage responsible FDI and domestic investments by financing, securing, helping to improve the business environment, supporting specific infrastructure investments and transferring and adapting appropriate technology. Africa and G20 should jointly support the linkage of farmers to modern value chains. African countries have to pave the way for responsible private sector investments through creating an enabling business environment, curbing red tape, providing public infrastructure and capacities for facilitating the private sector and linking to farmers.

Resilience to climate change: Climate change impacts pose threats to agricultural production systems, food security, and the social, economic and political stability of African societies. The G20 should, beyond reducing their own contributions to climate change, engage in strengthening an index-based insurance system for countries and regions in Africa. African organizations and the G20 should invest more in early warning systems. G20-Africa-cooperation for sustainable biomass utilisation can help in mitigation and adaptation and provide sustainable energy for all purposes as well as income and employment. Africa should opt for climate-smart agricultural solutions where economically feasible and promote sustainable agriculture practices.

Youth in agriculture and gender: Agriculture and value chains can serve as an important source of employment for the youth. However, young people face specific constraints such as a lack of access to land and credit. There is also the need to provide skills-based education. Youth support should be gender-specific and accommodate the needs of and opportunities for women. African government should reprioritize their policies to provide skills-based education. In addition, youth support should be gender-specific and accommodate the needs of and opportunities for women. G20 can support youth in agriculture and value chains by organizing exchange programs among G20 and African youth and support skills based education. G20 and Africa should pay attention to institutional arrangements for improving access to land and credit by the youth and marginalized groups. African governments should include explicit youth and gender perspectives in their policies and programs.

IV. International Trade and Investment

African governments should strengthen their lead in promoting an enabling investment and trade climate that is conducive to sustainable development. G20 should provide political leadership by promoting inclusive, fair and sustainable trade and investment with and in African countries and beyond Africa. While there are many ways in which African countries can foster trade and investment (e.g. governance reform, improving business climates, deepening regional economic integration), the G20 can also support this endeavor.

Strengthen the multilateral trading system and combat protectionism: The G20 should renew their commitment to strengthen the multilateral World Trade Organization (WTO) as the most inclusive trade forum and the commitment not to introduce new protectionism.

Foster synergies with the 2030 Agenda: In light of the G20's Action Plan on the 2030 Agenda, G20 members should support a more proactive positioning of trade and investment in helping countries achieve their SDGs. Reference to the 2030 Agenda can also help to change the narrative around trade, for example by underlining that losers from global trade policies should be supported.

Expand and improve trade preferences for African economies: G20 members' preferential regimes should be reformed with the aim of focusing the benefits on the countries that need trade preferences the most. G20 members that currently do not offer trade preferences should consider establishing preferential regimes as well. All preference schemes should include rules of origin that allow for the widest cumulation possible to encourage cross-border value chains with and across African countries.

Foster value addition in African economies: African governments should more systematically enact trade and investment policies that exploit the opportunities at hand already today. G20 members should support African supply-side capacities and the integration of Small and Medium Enterprises (SMEs) into cross-border value chains, for example by helping them to comply with public and private standards.

Promote trade facilitation: The WTO Trade Facilitation Agreement, which will soon enter into force, offers substantial potential for African economies. The G20 and Africa should therefore support the implementation of the Trade Facilitation Agreement, for example by strengthening the Global Alliance for Trade Facilitation.

V. International cooperation on tax matters

Despite great advances in the global cooperation on tax matters, governments still lose revenue needed to finance sustainable development because of corporate tax avoidance and illicit financial flows (including its commercial tax evasion component). New policy tools have been introduced to address aspects of base erosion and profit shifting (BEPS), such as abusive transfer pricing and aggressive tax planning. However, implementation of the new mechanisms has not always been as swift as hoped for. Developing countries, particularly in Africa, are often faced with capacity problems when trying to keep up with the pace and complexity of the current reform agenda.

Therefore, **the G20 should work towards extending the framework of international tax governance such that global standards are developed** on a truly multilateral basis, and can be implemented as such. In addition, the G20 should promote increased international cooperation with regard to data collection and data accessibility in key aspects of taxation, such as customs data on international trade (including e-commerce) or beneficial ownership of assets. This is a key element of evidence-based tax policy. The digital economy and digital (crypto) currencies are increasingly being used to facilitate trade and payments in the global village. The G20 should ensure that the multilateral tax (and customs) frameworks should be relevant and appropriate for this digital world.

To foster tax certainty, pre-dispute mechanisms, such as **Enhanced Engagement Programs can strengthen mutual trust and certainty, and should be supported by regional and international organizations**. Tax uncertainty has two dimensions: multinational corporations face uncertainty in their investment decisions, and governments face uncertainty about their tax incomes. In cooperation with regional organizations from Africa and other parts of the world, the G20 should promote model legislations and the development of common standards that are easy to implement.

International cooperation should also be enhanced with regard to countries' tax expenditures, through aligning reporting standards and evaluation methods to improve the efficiency of the tool of tax exemptions for all countries. In addition, **G20 members should stop requesting tax exemptions for their development cooperation spending in recipient countries**.

VI. The political and social environment of sustainable development

Political and social transformation is an important condition for achieving financial and economic reforms that foster sustainability. Achieving Africa's and the G20's goals is thus not possible without addressing political and societal issues, including in their mutual cooperation.

Meet established African governance standards in cooperation between G20 and Africa. The Agenda 2063 explicitly addresses governance standards by emphasizing "an Africa of good governance, democracy, respect for human rights, justice and the rule of law" as well as "a peaceful and secure Africa". This should also be the starting point for G20-Africa cooperation.

Empower women to achieve sustainable development. The German G20 presidency's focus on women empowerment is welcome. Social cash transfers can improve women's access to local economies if they are embedded in inclusive and just political institutions. Based on the outcome document of the UN Humanitarian Summit 2016 the G20 should encourage its members as well as African governments to deliver and improve social cash transfers.

Tailor infrastructure projects according to local, regional and international needs. If infrastructure projects shall contribute to socio-economic prosperity and social equality, African and G20 states must make sure that governance conditions allow them to tailor infrastructure projects to local and regional needs.

Combine investment policies with crisis prevention to ensure secure environments in the long run. Successful private investments require a stable environment. Most of the peaceful African states are neighbors of at least one country in war or a post-war situation. Insecurity spreads easily. G20 and Africa should thus work together to support crisis prevention that prepares countries to counter shocks.