

G20–AFRICA ENGAGEMENT: FINDING A ROADMAP TO SHARED DEVELOPMENT

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Cover image: Family picture during the opening day of the Argentina G20 Leaders' Summit 2018 at Costa Salguero, 30 November 2018 in Buenos Aires, Argentina
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ABSTRACT

As a club of the world's largest economies, the G20 determines the future of global economic governance. The G20 thus plays an important role in global rulemaking, beyond the individual interests of its members. Africa is significantly under-represented, with only South Africa a permanent member. Given that Africa has been a rule-taker since its decolonisation, its limited participation in this grouping runs the risk of perpetuating this situation. Africa and other less developed regions are full blown members of the international community with a vested interest in the future of global governance. The continent still faces huge developmental challenges, but it has also projected much stronger agency in recent years. Yet in discussions about the future world order, Africa is a participant, not an observer. Recently the G20 has started to pay more attention to Africa, and the continent's future development now occupies a somewhat more central position on the grouping's agenda. The G20 Initiative on Supporting Industrialization in Africa and Least Developed Countries, launched under China's G20 presidency of 2016, and the 2017 German presidency's Compact with Africa offered unprecedented moments of engagement. However, the question remains how Africa can use these initiatives to deepen its engagement with the G20 and boost its own development. This paper draws on extensive interviews with key stakeholders to analyse G20–Africa engagement by focusing on three presidencies: China in 2016, Germany in 2017, and Argentina in 2018. It shows how China's Industrialisation Initiative was crucially informed by its pre-existing African engagement, while Germany's Compact with Africa both gained and suffered from a more narrowly focused commercial engagement. It then shows how Argentina, despite lacking a similar African initiative, managed to continue G20–Africa engagement through person-to-person diplomacy. The paper points out both the benefits and the limits of these engagements. It suggests a series of further initiatives that could allow Africa a more significant say in the G20.

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ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
AU	African Union
BEPS	base erosion and profit shifting
BRI	Belt and Road Initiative
CwA	Compact with Africa
DWG	Development Working Group
ECOWAS	Economic Community of West African States
FOCAC	Forum on China–Africa Cooperation
IMF	International Monetary Fund
LDCs	least developed countries
NEPAD	New Partnership for Africa’s Development
PPP	public–private partnership
SME	small and medium-sized enterprise
SOEs	state-owned enterprises
TICAD	Tokyo International Conference on African Development
UN	United Nations
UNIDO	UN Industrial Development Organization
WBG	World Bank Group

INTRODUCTION

The genesis of the G20 lies in crisis. The group was originally convened in 1999 when G7 finance ministers and central bank governors, led by Canada's Paul Martin, recognised that a more representative body was necessary to deal with global economic governance in the wake of the 1997 Asian financial crisis. The 2008 global economic crisis occasioned the upgrading of annual G20 finance meetings to the summit level. While the immediate crisis was managed well, without an implosion of the global financial system, there was nevertheless cause for continued concern regarding the nature of the stabilisation and growth of the global economy. The G20 leaders' declarations and related action plans repeatedly emphasised 'strong, sustainable and balanced growth',¹ with 'inclusive' added under the Turkish presidency in 2015.² The issue of balanced and inclusive growth was pushed to greater prominence by the rise of populism across the developed world.

The 2008 global financial crisis became the catalyst for a more vigorous opposition to globalisation and the neo-liberal policies that had been the staple economic orthodoxy since the end of the Cold War. Globalisation has played an important role in reducing extreme poverty for some 1 billion people since 1990. Nearly half of the population in the developing world lived in extreme poverty in 1990, compared with 14% in 2015.³ However, this reduction in poverty was accompanied by growing inequalities in both the developed and the developing world. Since 1980 the top 0.1% income group has taken up the same proportion of global growth as the poorest 50% of the global population.⁴

Globalisation, the product of the Western capitalist system, created losers in the West, or, as Matt O'Brien put it in the *Washington Post*, 'Globalization didn't create a lot of losers, but the ones it did were concentrated in the countries that were the driving force behind it.'⁵ The financial crisis of 2008 accentuated these groups' sense of relative deprivation and made their political elites appear out of touch with this reality.

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- 1 See, for example, G20, 'G20 Leaders' Declaration, Los Cabos, Mexico', 2012, https://www.mofa.go.jp/policy/economy/g20_summit/2012/pdfs/declaration_e.pdf, accessed 29 November 2018; G20 Information Centre, 'Leaders' Declaration, September 6th, 2013, St Petersburg', University of Toronto, 2013, <http://www.g20.utoronto.ca/2013/2013-0906-declaration.html>, accessed 29 November 2018; G20 Information Centre, 'G20 Leaders' Communiqué, Brisbane, November 16, 2014', University of Toronto, <http://www.g20.utoronto.ca/2014/2014-1116-communication.html>, accessed 29 November 2018.
 - 2 G20, 'G20 Leaders' Communiqué, Antalya Summit 15–16 November, 2015', European Council, <https://www.consilium.europa.eu/media/23729/g20-antalya-leaders-summit-communication.pdf>, accessed 29 November 2018.
 - 3 UN (United Nations), 'We can end poverty: Millennium Development Goals and beyond 2015', 2015, <http://www.un.org/millenniumgoals/poverty.shtml>, accessed 29 November 2015.
 - 4 World Wealth and Income Database, 'World Inequality Report, 2018', <https://wir2018.wid.world/>, accessed 29 November 2018.
 - 5 O'Brien M, 'The world's losers are revolting, and Brexit is only the beginning', *Washington Post*, 27 June 2016.

In the developed world, Brexit and the rise of Trumpism revealed a populist backlash against the core principles of globalisation: free trade, post-modern political systems, open borders, and market deregulation. A 2016 McKinsey Global Institute report, *Poorer Than Their Parents? Flat or Falling Incomes in Advanced Economies*,⁶ found that between 2005 and 2014 real incomes either remained flat or actually dropped in 65–70% of households in 25 industrialised economies. After factoring in lower taxes or government transfers, some 25% still saw a decline in their disposable income.⁷

The G20 has tried to come to grips with the challenges that these developments have created for global elites, while operating within the parameters of the existing international economic order. Over the last decade the grouping has shifted its focus from immediate crisis mitigation to anticipating and heading off future global emergencies.

This shift in focus put the group on the path to a much wider-ranging engagement that moved beyond global financial management to closer engagement with development. In both diplomatic practice⁸ and the scope of its agenda, the G20 over time adopted a more inclusive approach that emphasised that, although its input legitimacy might be limited, its output legitimacy was less so. Through its engagement groups⁹ the G20 has brought views from different stakeholders into the forum, while in the formal participation processes of the sherpa,¹⁰ finance and summit tracks it has sought to include other states, albeit not always the same ones. This enhanced focus also opened the possibility of closer cooperation between the G20 and Africa.

Enhancing this engagement with Africa is crucial to the future work of the G20. Africa's population is both young and growing rapidly. UN estimates show that Nigeria's population will surpass that of the US by as early as 2050, making it the world's third largest state by population after India and China. From now to 2050, half of the world's population growth will be concentrated in just nine countries, of which five are in Africa.¹¹ This population growth offers the potential for economic development that could rapidly accelerate the continent's contribution to global economic growth, similar to demographic dividends in China, India and the Association of Southeast Asian Nations region. However, if this rapid development fails, Africa's population growth can become destabilising, both

6 Dobbs R *et al.*, *Poorer Than Their Parents? Flat or Falling Incomes in Advanced Economies*, McKinsey Global Institute, 2016, <http://www.mckinsey.com/global-themes/employment-and-growth/poorer-than-their-parents-a-new-perspective-on-income-inequality>, accessed 29 November 2018.

7 *Ibid.*

8 See also Cooper A & V Pouliot, 'How much is global governance changing? The G20 as international practice', *Cooperation and Conflict*, 50, 2015.

9 The G20 has the following engagement groups: Business 20, Labour 20, Women 20, Think 20, Civil 20, Youth 20, and Science 20.

10 Shorthand for the political or diplomatic work of the G20.

11 UNDESA (UN Department of Economic and Social Affairs), 'World population projected to reach 9.8 billion in 2050, and 11.2 billion in 2100', 21 June 2017, <https://www.un.org/development/desa/en/news/population/world-population-prospects-2017.html>, accessed 9 November 2018.

at home and abroad. Part of this effect is already being felt in Europe, where increased African migration is being used by parties on the far right as campaign fodder to make inroads among populations that feel under pressure from migrants, whether real or perceived.¹² Growing disaffection with ‘oligarchies’ within states can also spill over into the international realm, where the G20 is also an oligarchy or an example of ‘executive multilateralism’.¹³

At present, Africa is still struggling to find a voice at the G20. Only one African country (South Africa) is a G20 member. Since 2010, on the initiative of the Korean G20 presidency, Africa also has two observer seats, one for the AU chair and the other for the New Partnership for Africa’s Development (NEPAD) chair. Yet they find it difficult to influence the body outside of certain small focus areas. As will be shown in more detail below, the G20’s African engagement is still relatively limited. That said, the last few years have shown a rapid increase and broadening in this engagement, via two successive plans to boost African development put forth under the Chinese presidency of 2016 and the German presidency of 2017.

At present, Africa is still struggling to find a voice at the G20

This paper traces the progress of this engagement. It starts by providing a brief account of the G20’s adoption of development as a core concern. It shows how the body gradually developed its approach to development from 2009 to 2015, with the summit in Antalya, Turkey in key ways opening the door to fuller engagement with Africa. The paper then focuses on the first conclusive flowering of G20–Africa engagement: the 2016 [G20 Initiative on Supporting Industrialisation in Africa and Least Developed Countries](#) (Industrialisation Initiative) launched under China’s presidency. The paper shows how this initiative was located within and informed by China’s own engagement with African development. It then discusses a second G20 Africa initiative, the [Compact with Africa](#) (CwA), launched in 2017 under the German presidency. The paper outlines both the design of the CwA and some of the responses to it, and compares the Chinese and German approaches. It then outlines the approach followed by Argentina in 2018. It argues that while Argentina did not put forth another major African initiative, it actually managed to move the G20’s Africa engagement forward in powerful ways that could strengthen the grouping’s working relationship with the continent in the future. Finally, it offers suggestions for how African voices can resonate more clearly in the G20.

THE G20’S CHANGING FOCUS ON DEVELOPMENT

The main focus of the G20, when it was first established as a group of finance ministers and central bank governors in 1999, was on macroeconomic stability and financial regulation. Development issues received sporadic attention through the first decade of the 21st century. These included discussions on aid effectiveness and achieving better global living standards. However, in most cases these were dependent on the focus of the country that held the G20 presidency. The Indian and Mexican presidencies of 2002 and

12 Davis L & SS Deole, ‘Immigration and the rise of far-right parties in Europe’, *ifo DICE Report*, 15, April 2017.

13 Cooper A & V Pouliot, *op. cit.*, p. 335.

2003 cast some light on development and balanced growth. China's presidency in 2005 focused particular attention on development, via eight commitments, mostly centring on trade.¹⁴ By the 2007 ministerial meeting in South Africa, 'balanced and sustainable growth' had become G20 rhetoric.¹⁵

When the 2008 global financial crisis hit, the G20 had to move quickly to contain the crisis. The Asian financial crisis a decade earlier had given rise to the G20 of finance ministers; now, with the largest economy in the world – the US – facing a meltdown, Washington convened the leaders of the G20 member states in November 2008 for the first G20 leaders' summit. The G20 leaders stemmed the immediate haemorrhage by stabilising economic markets and launching the largest global fiscal and economic stimulus in history.¹⁶ This \$1.1 trillion stimulus, which became the centrepiece of the April 2009 summit in London, was supported by developing countries and the UN. The summit promised action on the reform of international financial institutions to ensure better treatment of developing countries, and to give them a larger share of global power.¹⁷ The grouping's swift action arguably averted a global depression. However, it was clear that these measures were only stopgaps, and any long-term economic stabilisation strategy had to focus on strong, sustainable growth, proactively addressing global imbalances, and more secure and robust sources of finance.¹⁸ The G20 had to move beyond crisis management towards a comprehensive approach aimed at predicting and avoiding future crises. This also meant paying more attention to the slow crisis of under-development.

The first move in this direction was the [G20 Framework for Strong, Sustainable and Balanced Growth](#), adopted at the September 2009 G20 summit in Pittsburgh. The framework took collective responsibility as one of its core principles. It stated that, while each G20 member's primary responsibility was towards its national economic management, it also had a responsibility to ensure the health of the global economy.¹⁹ To that end, the framework committed the G20 to ensuring policy coordination aimed at sustainable growth. This would be established via a three-step process: agreeing on mutual policy

14 Kirton J, 'G20 Development Governance, 1999–2011: Involvement, Innovation, Institutionalisation, Impact', Paper delivered at 'The Global Development Agenda After the Great Recession of 2008–09: Revisiting the Seoul Development Consensus', ILO (International Labour Organization) conference, Geneva, 21 November 2011, <http://www.g20.utoronto.ca/biblio/111203-kirton-ilo.pdf>, accessed 9 November 2018.

15 *Ibid.*

16 Kenc T, 'Response of the G20 to the Global Financial Crisis', Paper presented at 'Balanced and Sustainable Growth: Operationalising the G20 Framework', Central Bank of the Republic of Turkey and European Central Bank joint conference, Frankfurt, 27 August 2015, https://www.ecb.europa.eu/pub/conferences/shared/pdf/g20framework/Keynote_Turalay.pdf?edff74ffbc8baa7e40d93a445ead7067, accessed 9 November 2018.

17 Kirton J, *op. cit.*

18 Kenc T, *op. cit.*

19 Schwanen D, 'The G20 Framework for Strong, Sustainable and Balanced Growth: A Study in Credible Cooperation', CIGI (Centre for International Governance Innovation) G20 Paper, 4, June 2010, <https://www.cigionline.org/sites/default/files/g20no4.pdf>, accessed 6 November 2018.

objectives, gauging the wider impact of national policy, especially on financial stability, and reaching agreement on necessary action towards shared goals. The focus of the framework mainly fell on macroeconomic stability, structural hurdles to development, and regulatory reform.

The G20's more comprehensive focus on development was formalised at the June 2010 Toronto summit through the establishment of the Development Working Group (DWG) – a permanent organ dedicated to policy fostering sustainable development. The Toronto leaders' communiqué noted that 'narrowing the development gap and reducing poverty are integral to our broader objective of achieving strong, sustainable and balanced growth and ensuring a more robust and resilient economy for all'.²⁰ The communiqué also noted that the G20 'must consider the impact of our policy actions on low-income countries'.²¹

The DWG generated a multi-year action plan on development, which was adopted at the November 2010 summit in Seoul. The [Seoul Development Consensus for Shared Growth](#) identified nine pillars of growth: infrastructure, private investment and job creation, human resource development, trade, financial inclusion, growth with resilience, food security, domestic resource mobilisation, and knowledge sharing.²² Each of these was further elaborated into a series of initiatives in the form of a multi-year action plan. The DWG was tasked with monitoring progress on these issues and reporting back to the country sherpas.²³ The focus of the DWG was not explicitly on Africa but on a broader mandate that aimed to address the development gap globally.

The main weakness afflicting the Seoul Development Consensus was that the G20 failed to allocate any new funds to aid its implementation. It also did not heed the call of civil society for better tracking of G20 commitments to development, and to provide greater say to poor countries. The plan also failed to foreground either sustainability or green growth.²⁴ The 2011 summit in Cannes largely built on the Seoul Development Consensus. France was unsuccessful in implementing a proposed Financial Transaction Tax aimed at

20 G20, 'The G-20 Toronto Summit Declaration, June 26–27, 2010', <https://www.oecd.org/g20/summits/toronto/g20-declaration.pdf>, accessed 29 November 2018.

21 *Ibid.*

22 G20, 'Seoul Development Consensus for Shared Growth', <https://www.oecd.org/g20/topics/development/Annex1-Seoul-Development-Consensus-Shared-Growth.pdf>, accessed 6 November 2018.

23 High-level diplomats representing governments at G20 gatherings, facilitating negotiations in the run-up to the annual leaders' summit.

24 Kirton J, *op. cit.* Green growth refers to strategies that foster 'economic growth and development while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies'. For more on this see OECD (Organisation for Economic Co-operation and Development), 'What is green growth and how can it help deliver sustainable development?', <http://www.oecd.org/greengrowth/whatisgreengrowthandhowcanithelpdeliversustainabledevelopment.htm>, accessed 11 November 2018.

funding development.²⁵ However, its focus on food security and infrastructure occasioned greater attention to Africa, including a pilot project on food and nutrition with ECOWAS.²⁶

The issue of G20 accountability received more attention at the 2012 summit in Los Cabos, Mexico, as well as in St Petersburg in 2013. The DWG agreed in 2014 to an accountability framework that drew on the conversations in Russia in 2013.²⁷ The DWG committed itself to producing a triennial comprehensive accountability report, analysing the status of all continuing DWG commitments, and an annual progress report. In addition, the G20 development agenda as set in Seoul was pared down in the 2013 *St Petersburg Development Outlook*. This time, it centred around five key areas: food security, financial inclusion and remittances, infrastructure, human resource development, and domestic resource mobilisation.²⁸ Apart from refocusing the development goals, the 2013 summit is also notable for the decision that the grouping's development engagement should be linked to its broader growth agenda.²⁹ Rather than artificially focusing on development as only pertinent to the developing world, the 2013 summit tried to focus on a limited number of broad-based issues that can deliver relatively immediate outcomes. This focus continued at the 2014 summit, in Brisbane, Australia. The 2014 development priorities included several issues that have become central concerns of the DWG and the G20's Africa engagement, including infrastructure, food security, domestic resource mobilisation and the minimisation of tax evasion.³⁰

The 2015 summit in Antalya, Turkey, arguably prepared the ground for the G20's stronger engagement with Africa that defined the 2016 summit in China.³¹ The summit took place soon after the adoption of the UN's *Agenda 2030* and *Addis Ababa Action Agenda*. The G20 pledged its commitment to this vision of development. While the final communiqué only mentioned Africa twice, it did include several issues that have become prominent in the G20's engagement with the continent.³² Among these were global value chains in agriculture and tax base erosion and profit shifting (BEPS). The summit discussed how to

25 Kirton J, *op. cit.*

26 G20 Information Centre, 'G20 Ministerial Meeting on Development: Communiqué', University of Toronto, <http://www.g20.utoronto.ca/2011/2011-dev-110923-en.html>, accessed 9 November 2018.

27 G20, 'G20 Development Working Group Accountability Framework', 5 September 2014, http://www.g20.utoronto.ca/2014/g20_development_working_group_accountability_framework.pdf, accessed 9 November 2018.

28 G20, 'Saint Petersburg Development Outlook', <https://www.oecd.org/g20/topics/development/St-Petersburg-Development-Outlook.pdf>, accessed 6 November 2018.

29 G20, 'The G20 and global development agenda', April 2014, https://us.boell.org/sites/default/files/downloads/DWG_Mandate__4-14_1.pdf, accessed 9 November 2018.

30 *Ibid.*

31 This focus was arguably informed by Turkey's hosting of the Fourth UN Conference on Least Developed Countries in Istanbul in 2011.

32 G20, 'G20 Leaders' Communiqué: Antalya Summit 15–16 November 2015', <https://www.mofa.go.jp/files/000111117.pdf>, accessed 9 November 2018. See also G20, 'Fact sheet on the G20 Antalya summit outcomes', <http://g20.org.tr/fact-sheet-g20-antalya-summit-outcomes/>, accessed 9 November 2018.

mobilise public–private partnerships (PPPs) to improve infrastructure provision in low-income countries – an issue that took on prominence in 2016 and 2017.³³ There was also a commitment to the [G20 Energy Access Action Plan: Voluntary Collaboration on Energy Access](#). The first phase of this plan called for G20 members' voluntary participation in electrification projects in sub-Saharan Africa. Specifically, at the Antalya summit, the G20 adopted the [Low-Income Developing Country Framework](#). One of the key messages of the framework was that³⁴

'low income developing countries' (LIDCs) are important sources of current and future supply and demand; promoting their integration into the global economy as a path to their prosperity is not just a moral obligation, it is essential for the sustainable and balanced growth of the global economy.

The emergence of these issues on the G20 agenda also signifies the grouping's slow but growing engagement with Africa. This engagement took a more central place at the 2016 summit in Hangzhou, China.

INDUSTRIALISATION INITIATIVE: HANGZHOU 2016

The 2016 Hangzhou summit proved a turning point in the G20's engagement with Africa. However, as with the German engagement that followed, China's positioning of the G20 as a partner to Africa needs to be seen in the context of its own intensive work on African development, rather than as a sign of permanent and proactive engagement with Africa coming from the G20 itself. In fact, in interviews a senior official in the Chinese Ministry of Foreign Affairs explained its work in 2016 as offering G20 members an opportunity to join in China's existing engagement with the continent, rather than representing a new set of engagements.³⁵ Therefore, before focusing on the Industrialisation Initiative launched at the Hangzhou summit in 2016, one needs to position it in China's larger engagement with Africa. This engagement will be sketched below.

CHINA'S AFRICA ENGAGEMENT

China has maintained close political engagement with African countries since the early days of decolonisation, although this engagement underwent fluctuations owing to domestic political changes.³⁶ Through forums such as the 1955 Afro-Asian Summit in Bandung, China expressed support for African anti-colonial struggles under the umbrella of the global Non-Aligned Movement. While this support mostly translated into

33 G20, 'Fact sheet on the G20 Antalya summit outcomes', *op. cit.*

34 G20 Turkey, 'G20 and Low Income Developing Countries Framework', 2015, p. 1, <http://g20.org.tr/wp-content/uploads/2015/11/G20-and-Low-Income-Developing-Countries-Framework.pdf>, accessed 18 November 2018.

35 Personal interview, official in Ministry of Foreign Affairs, Beijing, 9 July 2018. The official requested anonymity.

36 Alden C, *China in Africa: Partner, Competitor or Hegemon?*. New York: Zed Books, 2007.

relatively small-scale military training and material support, it also led to one notable contribution to African infrastructure in the form of the TAZARA railway, which allowed copper shipments from landlocked Zambia to bypass ports controlled by apartheid South Africa by connecting it to Tanzania.³⁷ After the death of Mao Zedong and the subsequent opening-up period, China's engagement with Africa lessened, but it picked up again when China faced the danger of international isolation after the Tiananmen Square crackdown in 1989. Chinese companies faced pressure to engage overseas markets and value chains as part of the Going Out strategy championed President Deng Xiaoping. The combination of this strategy and temporary isolation from many Western markets encouraged Chinese companies to explore Africa as an alternative source of raw materials, urgently needed for China's manufacturing economy.

The 1990s saw a gradual increase in China–Africa relations, a trend that greatly accelerated after the establishment of a formal platform for the relationship in the form of the Forum on China–Africa Cooperation (FOCAC) in 2000. FOCAC was structurally similar to Japan's Tokyo International Conference on African Development (TICAD), first held in 1993.³⁸ Japan's engagement with Africa was influenced by Western preoccupations with development aid. In contrast, China focused on geopolitical relationship building and trade. The effect was instantaneous: bilateral trade jumped from \$10 billion in 2000 to \$50 billion in 2006.³⁹ By 2009 China had replaced the US as Africa's main trading partner.

Owing to both China's own changing economic and geopolitical priorities and Africa's promotion of additional fields of engagement, the China–Africa relationship slowly expanded beyond trade. This also expanded the range of issues discussed at the triennial FOCAC gathering. For example, cooperation on peace and security was first raised at the 2009 FOCAC ministerial conference.⁴⁰ By the subsequent FOCAC ministerial conference in Beijing in 2012, this engagement had expanded to a commitment not only to cooperate with the AU on peace and security but also to build new AU headquarters and give \$60 million in funding to the body to aid African integration.⁴¹ African pressure to move beyond the trade in raw minerals also increasingly put industrialisation on the FOCAC agenda.⁴² This trend reflected a Chinese willingness to include African development plans such as *Agenda 2063: The Africa We Want* in China–Africa development initiatives.

37 *Ibid.*

38 The one significant difference was that the UNDP and the World Bank were involved in the TICAD process as co-organisers.

39 *Ibid.*

40 FOCAC (Forum on China–Africa Cooperation), 'Forum on China–Africa Cooperation Sharm El Sheikh Action Plan (2010–2012)', 12 November 2009, https://www.focac.org/eng/zywx_1/zywj/t626387.htm, accessed 9 November 2018.

41 Foreign Ministry of the People's Republic of China, 'The Fifth Ministerial Conference of the Forum on China–Africa Cooperation Beijing Action Plan (2013–2015)', 23 July 2012, <https://www.fmprc.gov.cn/zflt/eng/zxxx/t954620.htm>, accessed 9 November 2018.

42 Van Staden C, Alden C & YS Wu, 'In the Driver's Seat? African Agency and Chinese Power', SAIIA (South African Institute of International Affairs) Occasional Paper, 286, 26 September 2018, <https://saiia.org.za/research/in-the-drivers-seat-african-agency-and-chinese-power/>, accessed 6 November 2018.

Agenda 2063 was ratified in 2015. Later that year, the 2015 FOCAC summit prominently featured the development plan and its first 10-year implementation plan, in its own [Johannesburg Action Plan](#).⁴³ A key theme of this summit was a greater emphasis on industrialisation.

The Johannesburg Action Plan puts industrialisation at the centre of African development: ‘The two sides believe that industrialization is an imperative to ensure Africa’s independent and sustainable development.’⁴⁴ This move to industrialisation was to be based on what the plan calls ‘mutual needs for industry partnering and industrial capacity cooperation between China and Africa’.⁴⁵ The document lists a few concrete ways in which this cooperation will proceed. In the first place, it expresses willingness on the Chinese side to boost the transfer of labour-intensive industries to Africa, which will allow recipient countries to build up foreign exchange, increase tax revenue and create jobs. In the second place, it also commits China to setting up a \$10 billion fund to boost industry partnering and industrial capacity cooperation.⁴⁶ The two sides also committed to jointly setting up conducive infrastructure (notably, industrial parks), joint pilot projects and a cooperation model to boost further cooperation on industrialisation.⁴⁷ The action plan further outlined cooperation on infrastructure, foregrounding PPPs, and on the beneficiation of natural resources.

While the document foregrounds skills and technology transfer from China, as well as Chinese investment and financing, it also frequently references pre-existing African development plans, such as the [Programme for Infrastructure Development in Africa](#). This consideration of African models was not necessarily part of the FOCAC process from the start. In fact, the increasing incorporation of these plans into FOCAC documents was seen as an effort to dispense with a tendency to sideline African priorities in earlier iterations of the platform. The Xi administration was at pains to move away from what has been criticised as mercantilism towards a more comprehensive relationship with the continent.⁴⁸ An enhanced focus on industrialisation does not simply emerge from Beijing’s priorities, but rather represents a cumulation of conversations between it and African stakeholders. As will be shown below, this also informed the G20’s enhanced engagement with Africa under China’s presidency.

43 Ministry of Foreign Affairs of the People’s Republic of China, ‘The Forum on China–Africa Cooperation Johannesburg Action Plan (2016–2018)’, 10 December 2015, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1323159.shtml, accessed 6 November 2018.

44 *Ibid.*

45 *Ibid.*

46 *Ibid.*

47 *Ibid.*

48 Sun Y, ‘The Sixth Forum on China–Africa cooperation: New agenda and new approach?’, *Foresight Africa: Top Priorities for the Continent in 2015*, Brookings, 2015, <https://www.brookings.edu/wp-content/uploads/2016/07/china-africa-cooperation-sun-2.pdf>, accessed 6 November 2018.

G20–AFRICA ENGAGEMENT AT THE HANGZHOU SUMMIT

The 2016 G20 summit in Hangzhou intensified the body's focus on Africa. It reiterated its support for some of the core issues initiated at previous summits, including stating its support for the Addis Ababa Tax Initiative⁴⁹ and for strengthening multilateral cooperation on tax, illicit financial flows and BEPS.⁵⁰ This focus included the launch of a new [Platform for Collaboration on Taxation](#) between the International Monetary Fund (IMF), Organisation for Economic Cooperation and Development, UN and World Bank Group (WBG). It also set up a [G20 Action Plan on the 2030 Agenda for Sustainable Development](#), focusing on infrastructure; agriculture, food security and nutrition; human resources development and employment; financial inclusion and remittances; industrialisation; inclusive business; energy; trade and investment; anti-corruption; international financial architecture; growth strategies; climate change and green finance; innovation; and global health.⁵¹

The most notable commitment to Africa coming out of the Hangzhou summit was the Industrialisation Initiative. The blueprint for the initiative was provided by a report commissioned from the UN Industrial Development Organization (UNIDO) by the DWG. The report drew on earlier G20 development discourse, particularly the 2009 G20 Framework for Strong, Sustainable and Balanced Growth, the St Petersburg Development Outlook, and the work of the DWG. The report identified a series of factors holding back African industrialisation: a lack of competitiveness, weak logistical and trade facilitation systems, low levels of regional integration, and an absence of accreditation frameworks.⁵²

Rather than simply advocating structural reforms or capacity building, the report argues that agriculture and agribusiness offer development potential for Africa and least developed countries (LDCs), and advocates that these countries should pursue inclusion in global value chains by boosting the private sector and clean, green growth.⁵³ In order to reach these goals, the report advocates collective action from G20 countries to build capacity in Africa and lower-income countries, to help these countries modernise their

49 The Addis Tax Initiative was launched at the Addis Financing for Development Conference in 2015 and aims to generate substantially more resources for capacity building in domestic revenue mobilisation and greater ownership of and commitment to the establishment of transparent, fair and efficient tax systems.

50 G20 Information Centre, 'G20 Leaders' Communiqué: Hangzhou Summit', University of Toronto, 5 September 2016, <http://www.g20.utoronto.ca/2016/160905-communication.html>, accessed 9 November 2018.

51 G20, 'G20 action plan on the 2030 Agenda for Sustainable Development', 8 September 2018, https://www.bundesregierung.de/Content/DE/_Anlagen/G7_G20/2016-09-08-g20-agenda-action-plan.pdf?__blob=publicationFile&v=3, accessed 9 November 2018.

52 UNIDO (UN Industrial Development Organization), 'Industrialisation in Africa and Least Developed Countries: Boosting Growth, Creating Jobs, Promoting Inclusiveness and Sustainability', 1 September 2016, https://www.unido.org/sites/default/files/2016-09/G20_new_UNIDO_report_industrialization_in_Africa_and_LDCs_0.pdf, accessed 9 November 2018.

53 *Ibid.*

agricultural sectors and gain a stake in global value chains. Such action includes help with boosting research capacity, standardisation systems and technical skills transfer. It also calls on G20 members to ‘[f]acilitate the market access of agri-exports from Africa and LDCs to G20 markets through a comprehensive package of technical support’.⁵⁴ It notably does not call on members to facilitate market access through eliminating their own domestic agricultural subsidies – a significant barrier to entry for African agricultural products.

The report goes on to call for G20 support in facilitating green development, cross-border and integrative infrastructure investment; building capacity to help these countries leverage domestic and external financing; and fostering a ‘New Industrial Revolution’ through aiding the implementation of new technologies, including the Internet of Things, big data analysis and so forth.⁵⁵

The UNIDO report provided the template for the subsequent Industrialisation Initiative. The initiative suggests a series of ‘voluntary policy options’ for G20 members to help boost development in Africa and LDCs.⁵⁶ Members are called on to promote structural transformation and industrialisation through knowledge sharing; boost agricultural and agri-business ventures in Africa and elsewhere through technology and skills transfer; support the development of local knowledge bases through training; promote sustainable energy transfer; provide technical assistance to boost trade in accordance with World Trade Organization rules; leverage domestic and external financing, especially to support small and medium-sized enterprises (SMEs); and promote science and technology.⁵⁷

In addition to the UNIDO report, China’s focus on African industrialisation was also fundamentally shaped by its own engagement with Africa. For example, since the 1950s China has worked extensively in improving African agriculture. This work includes much of the same action advocated in the Industrialisation Initiative. Chinese experts regularly run pilot projects in Africa through (Chinese) government-funded agricultural demonstration centres.⁵⁸ This work includes skills transfer, green technology transfer, and capacity building to help farmers enter local and global value chains. All this work is based on China’s own experience of development and should be seen as part of its larger project of imparting some of these lessons to Africa, albeit with attempts to tailor them to local conditions.⁵⁹ This work does not completely overlap with Western ideas of aid. In addition to fostering African economic growth and food security, it is also aimed

54 *Ibid.*, p. 28.

55 *Ibid.*

56 G20 Information Centre, ‘G20 Initiative on Supporting Industrialisation in Africa and Least Developed Countries’, University of Toronto, 27 September 2016, <http://www.g20.utoronto.ca/2016/supporting-industrialization.html>, accessed 9 November 2018.

57 *Ibid.*

58 By 2016, 14 such centres had been completed and another nine were being developed. The largest was in Zambia. See Lu J *et al.*, ‘Chinese agricultural technology demonstration centres in Southern Africa: The new business of development’, *The Public Sphere*, 2016, <https://agritrop.cirad.fr/582983/1/ATDC%20Paper.pdf>, accessed 9 November 2018.

59 Personal interview, Qi Gubo, Agricultural University of China, Beijing, 10 July 2018.

at strengthening bilateral relations with African countries, promoting the establishment of Chinese companies in African markets under the Going Out strategy, and building the agricultural demonstration centres into viable local businesses and centres of skills transfer and research.⁶⁰

While the Industrialisation Initiative is certainly a notable move forward in terms of the G20's engagement with Africa, it is arguably more meaningful to see it as an outgrowth of China's much longer relationship with Africa, one that has taken on even more salience owing to China's Belt and Road Initiative (BRI), a massive rollout of infrastructure that has become the dominant development initiative of the Xi administration. In interviews, Chinese researchers have repeatedly emphasised that China was primarily focused on drawing on its own development experience to kick-start African development, rather than on G20 development templates. In fact, rather than characterising the Industrialisation Initiative as a chance for China to join G20 development efforts, they characterised it as an opportunity to pull G20 members into China's development efforts.⁶¹ In other words, launching the Industrialisation Initiative at the G20 was primarily an effort to draw collective energy into a development initiative shaped within (and complementary to) platforms such as FOCAC, and in the process to make development a mainstream issue.⁶² At the same time, they pointed out that the G20 is in certain ways an imperfect forum to achieve targeted development initiatives, because it lacks an implementation architecture and because its commitment to the developing world is filtered through member countries' own self-protective views on trade.⁶³

Despite the fact that China's Industrialisation Initiative overlaps with its African engagement in forums such as FOCAC and the BRI, it still represents an important moment in the G20's focus on Africa. The Industrialisation Initiative offered the most comprehensive G20 vision of African development yet and opened the door to more intensive cooperation between the body and the continent. In addition, the Hangzhou summit created a space where African issues could be discussed in more detail at a high level. Germany's 2017 presidency took advantage of this work to place Africa in a much more prominent place in the conversation.

Despite the fact that China's Industrialisation Initiative overlaps with its African engagement in forums such as FOCAC and the BRI, it still represents an important moment in the G20's focus on Africa

60 Lu J *et al.*, *op. cit.*

61 Although in practice this manifested less as attempts at comprehensive multilateral cooperation and more as discussions around potential trilateral cooperation. See, for example, Demissie A, 'Opportunities for Germany–China–Africa cooperation under the G20', *China Daily Europe*, 7 July 2017, http://europe.chinadaily.com.cn/opinion/2017-07/07/content_30034785.htm, accessed 12 December 2018.

62 Personal interview, Zeng Aiping, China Institute of International Studies, Beijing, 10 July 2018; personal interviews, Zhang Haibing, Zhang Chun, Zhou Yuyuan, Xue Lei, Shanghai Institutes of International Studies, Shanghai, 12 July 2018.

63 Personal interview, Wang Yongzhong, Chinese Academy of Social Sciences, Beijing, 10 July 2018; personal interview, Zhang Haibing, Shanghai Institutes of International Studies, Shanghai, 12 July 2018; personal interview, He Rui, China Institute of International Studies, Beijing, 10 July 2018.

THE G20–AFRICA PARTNERSHIP: HAMBURG 2017

A number of global and domestic political factors enabled the German government to continue the G20's African focus. In the first place, the election of Donald Trump in 2016 led to a series of spats between the US and its traditional allies, uncovering fault lines within traditional G20 partnerships. This increased pressure to find 'low-hanging fruit' that enjoyed relatively equal support among members and did not exacerbate these conflicts.⁶⁴ In the second place, domestic political pressure against African migration to Europe focused attention on accelerating development on the continent.⁶⁵ More specifically, since 2015 the number of asylum seekers coming to Europe has increased. Chancellor Angela Merkel's decision to allow about 1 million refugees into Germany is blamed for a right-wing backlash, one that is being felt to this day with the rise of Alternative für Deutschland, a far-right party vehemently opposed to immigration.⁶⁶

Germany's presidency of the G20 produced several new mechanisms boosting engagement between the G20 and Africa. The proposals were incorporated into the G20 Africa Partnership,⁶⁷ which was adopted by the leaders in Hamburg in July 2017. The partnership included the [G20 Initiative for Rural Youth Employment](#) in developing countries with a focus on Africa, aiming to aid the creation of 1.1 million new jobs by 2022; the [#eSkills4Girls Initiative](#) to promote opportunities and equal participation for women and girls in the digital economy, in particular in low-income and developing countries; the launch of the [Women Entrepreneurs Finance Initiative](#), the outreach of which would include Africa; and the CwA, which became the signature initiative on Africa of the German G20 presidency.

Furthermore, African engagement was strengthened through the creation of the Africa Standing Group in the Think 20 (one of several engagement groups within the G20

64 Leininger J, "On the table or at the table?": G20 and its cooperation with Africa', *Global Summitry*, 3, 2, December 2017.

65 Reuters, 'German firms promised "Marshall Plan" tax breaks for African Projects', 8 July 2018, <https://www.reuters.com/article/us-europe-migrants-africa/german-firms-promised-marshall-plan-tax-breaks-for-african-projects-idUSKBN1JY0SE>, accessed 10 November 2018.

66 That said, Merkel's government is also blamed in some quarters for bolstering the rise of the right by subsequently cutting back refugee rights and ignoring the rise of right-wing populism for years. See Stanley-Becker I, 'In Germany Merkel welcomed hundreds of thousands of refugees. Now many are suing her government', *Washington Post*, 26 June 2017, https://www.washingtonpost.com/world/europe/merkel-welcomed-hundreds-of-thousands-of-refugees-now-some-are-suing-her-government/2017/07/20/2d9e13aa-68a7-11e7-94ab-5b1f0ff459df_story.html?utm_term=.7c7c06212734, accessed 30 November 2018; Delfs A, 'Migration clash stalks Merkel's coalition after far-right unrest', *Bloomberg*, 11 September 2018, <https://www.bloomberg.com/news/articles/2018-09-11/migration-clash-stalks-merkel-s-coalition-after-far-right-unrest>, accessed 30 November 2018.

67 G20, 'Annex to G20 Leaders' Declaration: G20 Africa Partnership', 2017, https://www.g20germany.de/Content/DE/_Anlagen/G7_G20/2017-g20-annex-partnership-africa-en__blob=publicationFile&v=6.pdf, accessed 30 November 2018.

process drawing policy insights from think tanks).⁶⁸ This was the initiative of the two German co-chairs of the Think 20 process in 2017, the German Development Institute and the Kiel Institute for the World Economy. The establishment of the group provides a permanent mechanism for African input on the T20 and by extension on the G20 agenda, no matter the priorities of the specific presidency.⁶⁹

A month before the July 2017 Summit in Hamburg Germany also hosted a conference entitled ‘G20 Africa Partnership – Investing in a Common Future’ in Berlin. The conference initiated the G20 Africa Partnership, which was based on three pillars: to improve inclusive economic growth and employment; to develop quality infrastructure, especially in the energy sector; and to strengthen the framework for private finance and investment in Africa (CwA). It was based on the assumption that peace and stability are prerequisites for sustainable growth and development.⁷⁰ The second Africa–G20 conference was held in Berlin in late October 2018, and focused on bringing African countries that had joined the CwA into contact with possible investors.⁷¹

THE COMPACT WITH AFRICA

The CwA is an initiative aimed at fostering PPP investments in African countries. One of its primary aims is to unlock funds hitherto inaccessible for African investment, for example pension funds and sovereign wealth funds.⁷² This will be enabled through dual engagement: cooperation between international organisations, the G20 and other governments with African governments to facilitate domestic reforms to ensure a more business-friendly investment environment, and cooperation with private investors in G20 countries to funnel investment into African projects. As a whole the CwA is aimed at boosting economic activity and speeding up private investment flows from the Global North into Africa.

The CwA is not characterised as an aid initiative and does not provide direct investment. It is seen as bottom-up demand-driven cooperation aimed at boosting economic growth in African countries by encouraging investment through a process of domestic economic reforms. African countries volunteer to join the compact and commit to specific reforms.

68 The T20 was launched during the Mexican presidency in 2011.

69 For more detail on the T20 Africa Standing Group, see GDI (German Development Institute), ‘T20 Africa Standing Group’, <https://www.die-gdi.de/en/t20africastandinggroup/>, accessed 10 November 2018.

70 Germany, Federal Ministry of Finance, ‘G20 Compact with Africa’, <https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Featured/G20/2017-03-30-g20-compact-with-africa.html>, accessed 11 November 2018.

71 *The African Courier*, ‘Eleven African leaders converge on Berlin for G20 conference’, 29 October 2018, <http://www.theafricancourier.de/business/eleven-african-leaders-converge-on-berlin-for-g20-conference/>, accessed 30 November 2018.

72 Personal interview, Andrea Rieck, German Federal Ministry of Finance, Berlin, 5 March 2018.

These reforms fall into three areas – macro-economic, business and financing.⁷³ Once these reforms have been enacted, the CwA will facilitate PPPs with potential investors. Unlike earlier economic reforms imposed on Africa by global financial institutions, the CwA is characterised as being led by African countries, and buy-in from African governments is prioritised.⁷⁴ While the CwA originated under the German G20 presidency of 2017, it is supposed to be a long-term G20 commitment, extending beyond the German presidency.⁷⁵ It therefore depends on the support of subsequent presidencies to keep it on the G20 agenda.

A sizable part of the CwA focuses on domestic economic reform within African countries. It is open to all African countries, and at the time of writing 12 have joined the initiative.⁷⁶ It is intended to incentivise countries to embark on reforms conducive to attracting private investment without going through the formal programmes of the IMF. The process breaks down into three steps.⁷⁷ Once an African country signs on to the compact process, it enters into conversations with international institutions such as the World Bank, the IMF and the African Development Bank (AfDB) to discuss which national priorities will be targeted by CwA reforms. The reforms are to be tailored to the needs of each country, and the discussions set the template for the subsequent reform process.⁷⁸ The second step entails cooperation agreements with G20 partners and international organisations to synthesise these national priority areas into individual investment prospectuses articulating specific reform areas and how they will maximise investment.⁷⁹ This leads to the third step, which is the design of concrete reforms aimed at creating more business-friendly investment environments. These reforms will then be coordinated by compact teams, made up of the African compact partner government and representatives from G20 partners and international organisations. A reporting mechanism will also be set up within the G20 finance track to monitor the progress of the process.⁸⁰

The CwA is informed by an assumption that the main hurdle to African development is inefficient domestic financial and economic systems. The suggested reforms differ from country to country, but take place in three main fields. Macroeconomic reforms include ensuring sustainable management of debt, instituting investment-friendly tax reform, maximising domestic tax collection systems, lessening the evasion of taxes, and boosting the work of public utilities. Business reforms include ensuring the protection of

The CwA is informed by an assumption that the main hurdle to African development is inefficient domestic financial and economic systems

73 G20 Compact with Africa, 'About the Compact with Africa', <https://www.compactwithafrica.org/content/compactwithafrica/home.html>, accessed 11 November 2018.

74 Schäuble W, 'A better investment framework for Africa', G20 Compact with Africa, 8 June 2017, <https://www.compactwithafrica.org/content/compactwithafrica/home/ABetterInvestmentFrameworkforAfrica.html>, accessed 6 November 2018.

75 *Ibid.*

76 Benin, Burkina Faso, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Senegal, Togo and Tunisia. See G20 Compact with Africa, *op. cit.*

77 G20 Germany 2017, 'Annex to G20 Leaders Declaration: G20 Africa Partnership', <http://www.g20.utoronto.ca/2017/2017-g20-annex-partnership-africa-en.pdf>, accessed 7 November 2018.

78 *Ibid.*

79 *Ibid.*

80 *Ibid.*

investments, strengthening institutional and business stability, ensuring that contracts are standardised and enforceable, and instituting effective dispute resolution mechanisms. Financing reforms include strengthening national debt provision and banking systems, and facilitating lending by private institutional investors.⁸¹

The CwA differs from previous schemes in that it is a long-term commitment, provides for mutual accountability, and potentially encompasses the whole continent.⁸² The process is about two years old and thus concrete progress in terms of attracting investment is difficult to assess. However, the way in which the compact is structured does not necessarily enable regional integration,⁸³ and some discussions among African analysts have highlighted the fact that most of the countries that have joined are already reform-minded and focused on attracting investment.⁸⁴ The first monitoring report assessing the progress of the CwA was released by the World Bank in April 2018. It recorded 101 reform commitments made by nine compact countries, with Senegal recording the most progress, followed by Rwanda and Ethiopia.⁸⁵ The report also monitors inward private investment by G20 members in response to these reforms. Ten such investments are listed as wholly completed, coming from only four partner countries (Japan and Norway each boasts four, with one each from the US and Germany). The report suggests that, at present at least, the burden of reform falls heavily on African partners, while investment commitments follow somewhat more slowly. That said, an additional 33 commitments are listed as underway, and the German government has conducted roundtable sessions between individual governments and potential investors,⁸⁶ as well as a summit in October 2018 with all the compact countries.⁸⁷ The focus will now shift to attracting investments and not just focus on the reform commitments.⁸⁸

Despite these efforts, many observers feel that the euphoria that surrounded the CwA's announcement in 2017 has faded, and harder questions are being raised about its efficacy.⁸⁹ These will be examined briefly below.

81 G20 Germany 2017, *op. cit.*

82 Lapido O, 'Compact with Africa: Linking policy reforms with private investment', Nasikiliza World Bank Blog, 11 September 2018, <http://blogs.worldbank.org/nasikiliza/compact-with-africa-linking-policy-reforms-with-private-investment>, accessed 10 November 2018.

83 Personal interview, Andrea Rieck, *op. cit.*

84 Discussions among T20 Africa Standing Group members in T20 conferences in 2017. Author's own notes.

85 G20 Compact with Africa, 'Compact Monitoring Report,' April 2018, <https://www.compactwithafrica.org/content/dam/Compact%20with%20Africa/reports/G20-CWA-%20Full%20Report.pdf>, accessed 10 November 2018. Some 23% of commitments were reported as wholly achieved and 74% were on track.

86 Personal interview, Andrea Rieck, *op. cit.*

87 Pelz D & D Janjevic, 'Chancellor Angela Merkel holds Berlin summit for Compact with Africa', *Deutsche Welle*, 30 October 2018, <https://www.dw.com/en/chancellor-angela-merkel-holds-berlin-summit-for-compact-with-africa-project/a-46065155>, accessed 10 November 2018.

88 Informal discussions with ACET, Tokyo, 5 December 2018.

89 Pelz D & D Janjevic, *op. cit.*

CRITIQUES OF THE CwA

The CwA has been the target of criticism since its inception. At the broadest level, critics have questioned the launch of a new development initiative when Africa already has a comprehensive, home-grown development action plan in the form of the AU's Agenda 2063. In the words of analysts Faith Mabera and Nara Monkam: 'Instead of trying to re-invent the wheel, what is needed is a complementary approach to the existing frameworks that Africans have already established.'⁹⁰

Because of the demand-driven nature of the CwA it also does not serve the aim of African economic integration as championed by the AU. The CwA is heavily structured by national ownership. However, much of the success of these national economies will depend on regional integration. This is true both for African industrialisation, which depends on regional and continental value chains and markets, and for the provision of physical infrastructure that will undergird this trade. At present, the CwA partner countries are scattered across the map – a natural result of the demand-driven nature of membership. However, solving this problem is not simply an issue of recruiting more countries. German officials have conceded in interviews that some of the continent's more developed economies have expressed unwillingness to undergo the prescribed reforms.⁹¹ South Africa joined the recent CwA summit because it co-chairs the Africa Advisory Group overseeing the compact, but it has notably not joined the compact itself.⁹² At the same time, analysts Robert Kappel and Helmut Reisen⁹³ have argued that the CwA is not suited to low-income African countries either, because it essentially promotes a neoliberal regime of fiscal discipline, tax reform, rerouting of public spending and deregulation. They argue that this approach underestimates key challenges to growth in low-income African countries, including pervasive unemployment, archaic technologies and a lack of economic integration. This chimes with broader concerns that in countries with weak regulatory environments, the close links between governments and private investors encouraged by the CwA could lead to local structures' being bypassed in favour of backroom deals.⁹⁴ This concern is bolstered by the fact that while the CwA focuses on regulatory reforms, these are not followed up with enhanced support for governance.

90 Mabera F & N Monkam, 'Germany's G20 presidency and the Africa Compact: What now for the G20–Africa partnership?', GDI Blog, 31 January 2017, <https://blogs.die-gdi.de/2017/01/31/germanys-g20-presidency-and-the-africa-compact-what-now-for-the-g20-africa-partnership/>, accessed 6 November 2018.

91 Personal interview, Andrea Rieck, *op. cit.*; personal interview, Katja Decker, German Ministry of Foreign Affairs, Berlin, 3 March 2018.

92 According to SA Treasury officials, there has been some discussion about whether South Africa should join the compact, but it was not clear whether doing so would address South Africa's underlying challenges in attracting investment into certain sectors.

93 Kappel R & H Reisen, 'The G20 Compact with Africa: Unsuitable for Low-Income Countries', Friedrich Ebert Stiftung, June 2017, <http://library.fes.de/pdf-files/iez/13441.pdf>, accessed 6 November 2018.

94 Personal interview, Jörg Haas, Heinrich Böll Stiftung, Berlin, 3 March 2018.

The G20's power lies in its role as a norm-maker for the global economy. Africa's lack of development is linked to the fact that it is structurally excluded from the global economy owing to some of the rules championed by the G20's core membership

Another strain of criticism points out that the CwA lacks a sufficiently wide vision to tackle the range of factors holding back African development. For example, Jann Lay⁹⁵ pointed out that a lack of appropriate educational systems was at least as responsible for a lack of development in African countries as an insufficiently investment-friendly business environment. The failure to build up the skills of the population to meet the demands of a 21st century workplace risks entrenching patterns of employment where local workers are stuck on the lower rungs of foreign-local collaborations, while imported higher skilled workers occupy the higher-paid, better-skilled, higher-level jobs. This pattern has already emerged in Chinese investments in Africa.⁹⁶ In the same vein, critics have faulted the CwA for focusing more on mitigating investor risk than on ensuring that African countries are safeguarded from the potential risks to local environments and communities that can result from investment.⁹⁷ From the other side of the compact, Lay argues that the CwA ignores key G20 member countries' complicity in the uncertain trade and investment environment that holds back African development. While the CwA works towards African economic reforms for a more business-friendly environment, there is no parallel move towards European domestic reform that could boost African trade. These include addressing agricultural subsidies that drive down the prices of European products and make African products uncompetitive.⁹⁸

Concern is not limited to the African side. Initial analyses show that the German private sector has so far been hesitant to embrace the CwA. Private companies are reportedly positive in general terms, but exhibit low levels of awareness of the CwA and high levels of concern about the initiative's focus on investment, while they tend to prefer trade mobilisation leading to investment.⁹⁹ Companies that have taken advantage of the CwA (including new investments by Volkswagen and Siemens) tend to be those that already have experience in doing business in Africa.¹⁰⁰

Finally, Julia Leininger has pointed out that the CwA reveals a fundamental conflict inherent in the G20's engagement with Africa. The G20's power lies in its role as a norm-maker for the global economy. Africa's lack of development is linked to the fact that it is

95 Lay J, 'The G20 Compact with Africa: An incomplete initiative', *GIGA Focus Africa*, 2, June 2017. See also Thiele R *et al.*, 'African Economic Development: What Role Can the G20 Compact Play?', GDI Discussion Paper, 3, 2018, *z*, accessed 10 November 2018.

96 Lee CK, *The Specter of a Global China: Politics, Labor and Foreign Investment in Africa*. Chicago: University of Chicago Press, 2018.

97 Lay J, *op. cit.*; personal interview, Jörg Haas, *op. cit.*

98 *Deutsche Welle*, 'Africa: Compact with Africa – how is Germany's prestige project for Africa doing?', 30 October 2018, <https://allafrica.com/stories/201810310146.html>, accessed 6 November 2018.

99 Coulibaly B *et al.*, 'Mobilizing Private Investment and the Compact with Africa: A preliminary Assessment and Steps Ahead', G20 Insights Policy Brief, 23 August 2018, https://www.g20-insights.org/policy_briefs/mobilizing-private-investment-and-the-compact-with-africa-a-preliminary-assessment-and-steps-ahead/, accessed 6 November 2018.

100 Pelz D & D Janjevic, *op. cit.*

structurally excluded from the global economy owing to some of the rules championed by the G20's core membership: 'Hence, the G20 efforts to support economic and social development in Africa are likely to be undermined because of a lack of fair norm-setting at the global level.'¹⁰¹ She argues that the only solution to this contradiction is for Africa to gain a stronger voice in the G20's norm-setting. Below, this paper will take a look at how the Argentinian presidency of 2018 made steps in that direction. However, before that it will briefly compare the CwA and the Chinese Industrialisation Initiative.

COMPARING THE CWA AND THE INDUSTRIALISATION INITIATIVE

On the face of it, the Chinese Industrialisation Initiative shares certain commonalities with the German CwA. In the first place, both locate Africa's lack of development in insufficient and inefficient local African economic structures. In the case of the CwA, these are defined as poor macroeconomic, business and finance environments, while the Industrialisation Initiative defines these as poor infrastructure, logistics and trade facilitation, regional integration, and accreditation networks.¹⁰² Despite China's traditionally more critical stance towards global economic governance institutions, neither singles out global structural inequality as a contributing factor in Africa's economic exclusion.

However, while the problem identified is roughly the same, the suggested solutions differ. The CwA focuses on reforms to the local business environment and the facilitation of investment relations as a solution. In contrast, the Chinese approach is much broader, focusing much more heavily on skills transfer. Of the seven areas of engagement suggested in the Industrialisation Initiative (industry, agriculture, youth and women, renewable energy, trade, SME development and science and technology), six also contain suggestions for training, couched in terms such as 'knowledge-sharing', 'capacity development' and so on.¹⁰³ This focus is linked to China's pre-existing engagement with African education. In 2015 the Chinese government pledged to set up several regional training facilities to train 200 000 African technicians, with 40 000 of them training in China. In addition, 30 000 Chinese government scholarships would be made available to African students.¹⁰⁴ By FOCAC 2018 this had increased to 50 000 government scholarships and 50 000 opportunities for Africans to attend seminars and workshops in China, as well as greater cooperation between African and Chinese universities.¹⁰⁵

101 Leininger J, *op. cit.*

102 G20 Information Centre, 27 September 2016, *op. cit.*

103 *Ibid.*

104 *Xinhua News Agency*, 'Xi announces 10 major China–Africa cooperation plans for coming 3 years', 4 December 2015, http://www.xinhuanet.com/english/2015-12/04/c_134886420.htm, accessed 6 November 2018. Also see Ministry of Foreign Affairs of the People's Republic of China, 10 December 2015, *op. cit.*

105 Ministry of Foreign Affairs of the People's Republic of China, 'Forum on China–Africa Cooperation Beijing Action Plan (2019–2021)', 5 September 2018, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1593683.shtml, accessed 6 November 2018.

This is not to say that China does not favour regulatory reform very similar to the CwA. For example, the 2015 FOCAC Johannesburg Action Plan states that:¹⁰⁶

African countries will continue to improve laws, regulations and infrastructure, introduce preferential policies and improve government services wherever possible, so as to create enabling conditions and an environment to attract investment by Chinese companies and support industries and industrial capacity from China, where mutually beneficial.

The Industrialisation Initiative tends to frame these changes in terms of human capacity development rather than as purely regulatory reform.

The CwA's relative lack of engagement with African development plans such as the AU's Agenda 2063 has been characterised as revealing an overly narrow view of development, one that does not take into account the wide range of factors holding back the continent.¹⁰⁷ It has also been criticised as not paying sufficient attention to African development agendas. In contrast, China explicitly and repeatedly engages with development agendas such as the AU's Agenda 2063 and the UN's Agenda 2030. The [FOCAC Beijing Action Plan \(2019–2021\)](#), released during the 2018 FOCAC summit, is littered with references to these development plans. Especially during the last two summits, China has emphasised its commitment to working within their parameters.¹⁰⁸ This reflects not so much on the effectiveness of the two initiatives as on the optics of China paying attention to Africa's own development blueprints.

A third contrast lies in the approach to investment. While the CwA concentrates its energy on PPP-based investment, the prominence of Chinese policy banks and state-owned enterprises (SOEs) in African investment seems to suggest a different model of investment. However, in interviews Chinese analysts pointed out that the two are closer than they seem. This is because despite their being formally state-owned, Chinese SOEs act like private entities in practice. This includes competing with one another for contracts. The main difference lies in the role of the state as an underwriter of financing – a significant difference between the two initiatives.¹⁰⁹

On a wider scale, the state also provides a geopolitical frame for all these activities in the form of the BRI. This expansive global infrastructure, trade and investment rollout provides a narrative of proactive development cooperation between China and large swathes of the Global South. In contrast, the CwA remains defined by a somewhat more negative narrative of containing African migration to Europe. Yet the CwA arguably transcends the boundaries of bilateral state–state relations because it counts multilateral institutions such as the IMF, the WBG, the AfDB and the AU as partners. Although the

106 Ministry of Foreign Affairs of the People's Republic of China, 10 December 2015, *op. cit.*

107 Schadomsky L, 'Opinion: New name but same mistakes in Compact with Africa', *Deutsche Welle*, 30 October 2018, <https://www.dw.com/en/opinion-new-name-but-same-mistakes-in-compact-with-africa/a-46095113>, accessed 6 November 2018.

108 Van Staden C, Alden C & YS Wu, *op. cit.*

109 Personal interviews, Zhang Haibing, Zhou Yuyuan, Zhang Chun and Xue Lei, *op. cit.*

Industrialisation Initiative was characterised as opening Chinese engagement with Africa to other G20 partners, it is still dominated by FOCAC. While China has strengthened FOCAC–AU ties, the body is still largely structured according to bilateral relations between China and individual African countries.

Finally, one has to ask what the complementarities are between the two approaches. Notwithstanding that on the surface there appears to be scope for the two programmes to mutually support and strengthen each other, interviews with officials on both sides showed that there is relatively little awareness of the opposite side. German officials were relatively uninformed on Chinese work in Africa, and the same was true for Chinese officials' awareness of the CwA. In each case, the initiatives were characterised as driven by Berlin and Beijing rather than as multilateral initiatives with a wide stakeholdership, as one would expect under the G20 umbrella.

ENHANCING AFRICAN ENGAGEMENT: BUENOS AIRES 2018

After the intense engagement and new Africa-focused initiatives of the Chinese and German presidencies, Argentina's 2018 G20 presidency was widely expected to be less focussed on Africa. This expectation was based on a number of historical reasons.

In the first place, unlike some other G20 members, Argentina does not have a long historical connection to Africa. Argentina has seen relatively little emigration to or immigration from Africa. It has only 10 embassies on the continent,¹¹⁰ and African engagement is officially rated (with other distant and economically marginalised regions) as a second-tier foreign policy priority.¹¹¹ This relatively low political priority coincides with the expense of African engagement. The cost of maintaining a diplomatic presence in 55 African countries is not offset by political or foreign policy influence, either on the global stage or regionally. This means that resources are frequently concentrated in regions with more direct political salience to Buenos Aires, notably South and Latin America and the Caribbean.¹¹²

The one exception is Argentina and African states' shared identities as Global South and developing countries. This shared identity found expression in the [Buenos Aires Plan of Action](#) – a key document that outlined South–South cooperation in 1978, and its symbolic 40th commemoration coincides with Argentina's G20 presidency. However, even in the context of South–South solidarity, Argentina's relationship with Africa is more distanced than its relationship with the Caribbean or Latin America. Its focus on development

110 Personal interview, Mariano Simón-Adrós, Director of Africa and Middle East Affairs, Argentine Ministry of Foreign Affairs, Buenos Aires, 20 September 2018; personal interview, Gabriel Maffei, Director of Sub-Saharan African Affairs, Argentine Ministry of Foreign Affairs, Buenos Aires, 30 January 2018.

111 Lechini G, 'The Legacy of Argentina's G20 Presidency in 2018: Priorities, Outcomes and Prospects', presented at Institute for Global Dialogue and Friedrich Ebert Stiftung G20 Dialogue, Pretoria, 26 September 2018.

112 *Ibid.*

within the G20 follows this pattern, with much of its direct engagement flowing to these regions rather than to Africa.¹¹³

Despite this distance, Argentina has several focus areas that link to African preoccupations. For example, as a global leader in agro-processing, Argentina listed food security and agriculture as a priority under its G20 presidency. This is also a key issue for African countries. Another example is a focus on infrastructure investment. Africa has a yawning infrastructure gap – a significant inhibitor of development. Argentina prioritised infrastructure development via PPPs and the development of infrastructure as an asset class in order to facilitate this investment. While this has been an ongoing G20 project, Argentina's championing it under its presidency arguably provided an opportunity for greater African participation.¹¹⁴

During interviews with Argentinian officials engaged in the G20 process, they emphasised that Argentina's African engagement during its presidency was more focused on continuity than innovation.¹¹⁵ They pointed out that the G20 has demonstrated a tendency to launch new initiatives without following up on earlier ones. Because the two preceding presidencies saw the announcements of big African initiatives, the Argentinian government felt that there was more to gain from ensuring the continuity of these initiatives than announcing yet another. Officials mostly characterised their engagement as supportive and emphasised continued engagement rather than path-breaking innovation.¹¹⁶

That said, the Argentinian presidency implemented a series of seemingly small innovations that can be said to have improved the G20's engagement with Africa.

In the first place, it deepened engagement by inviting representatives of the AU (represented by its 2018 chair, Rwanda) and NEPAD (represented by Senegal) not only to key meetings and the summit itself but also to all of the preparatory meetings in the myriad of work streams leading up to the summit.¹¹⁷ This has the potential of significantly deepening G20–Africa engagement, and to give African countries and institutions much more of a say in both the negotiations that shape the final conversations at the G20 summit and the list of issues that receive emphasis.¹¹⁸

113 Personal interview, Mariano Simón-Padrós, *op. cit.*; personal interview, Gabriel Maffei, *op. cit.*

114 Personal interview, Pedro Villarga Delgado, Argentine G20 sherpa, Buenos Aires, 30 January 2018.

115 *Ibid.*; briefing with Stefania Campaniello, G20 Policy Coordinator in the Argentine Treasury, Buenos Aires, 31 January 2018.

116 *Ibid.*

117 To understand the importance of this change, compare it to (for example) the 2014 Australian presidency of the G20, where the AU and NEPAD were only invited to three meetings in the run-up to the summit. See Embassy of Australia in South Africa, 'Address to the Second African G20 Conference: The G20 and Africa's Economic Growth and Transformation', 11 November 2013, <https://southafrica.embassy.gov.au/files/pret/G20%20Presentation%20-%20SAIIA%20event%20-%2011%20Nov%202013.pdf>, accessed 9 November 2018.

118 Briefing, Pedro Villagra Delgado, Argentine sherpa to the G20, Pretoria, 15 February 2018.

Another innovative aspect of Argentina’s African engagement is the use of direct person-to-person diplomacy. In 2018 Pedro Villagra Delgado, Argentina’s G20 sherpa, visited Addis Ababa and Johannesburg for a series of conversations with African national government and AU officials about what they would like to gain from engagement with the G20, how they feel G20–Africa engagement should work, and which shared interests should inform the wider work of Argentina’s G20 presidency. This initiative was a low-cost but effective way of increasing engagement between the continent and the G20. It had the effect of putting African concerns on the agenda at a high level and remained faithful to the optics of deeper engagement with Africa. Delgado’s initiative was a first for a G20 presidency,¹¹⁹ and signalled that while Argentina may lack the resources to launch a new African initiative, it takes African participation seriously and is interested in African input on many of the key issues discussed by the bloc. This is a serious symbolic shift for a body that has stayed aloof from the continent and tends to characterise Africa as more a series of local problems than a region that can contribute to global solutions.

However, for all its symbolic impact, the process also faced certain challenges. For example, while many issues were raised in these conversations, there was a reported difficulty in identifying clear priorities and schedules of tasks that enjoyed broad consensus. While there are many shared experiences and priorities between Africa and Argentina, it was reportedly difficult to narrow these down into a plan of action that could clearly influence future G20 work.¹²⁰

This experience shows how important it is for African governments and institutions such as the AU to build capacity to keep track of and stay in conversation with bodies such as the G20. As engagement with African development remains on the G20 agenda via such mechanisms as the DWG, it is crucial for African bodies to engage proactively with the body. At present a lack of capacity sometimes holds back this engagement. Despite their official observer status, the AU and NEPAD have to prioritise some G20 work streams over others because of a shortage of staff and capacity. Whether Argentina’s outreach has strengthened the engagement between the G20 and these bodies remains to be seen. The level of African engagement during Japan’s presidency of the G20 in 2019 will provide an indication of this.

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LOOKING FORWARD: HOW CAN AFRICA WORK MORE EFFECTIVELY WITH THE G20?

While the G20 has certainly increased its engagement with Africa, the continent still struggles to have its voice heard. South Africa is the only African member of the G20, and it walks a difficult line of trying to work for greater African engagement within the forum without being perceived as ‘speaking for’ the continent.

The last few years have seen greater engagement with African multilateral stakeholders such as the AU and NEPAD, but, as this paper has shown, this engagement is still in

119 *Ibid.*

120 Lechini G, *op. cit.*

its early stages and is also dependent on the priorities and energy of the host country. Argentina has arguably set a new standard for direct engagement with African stakeholders, but whether this will continue under subsequent presidencies remains to be seen. The Japanese presidency of the G20 in 2019 coincides with the next TICAD ministerial, scheduled for August 2019. Japan has already indicated that there will be linkages between the two processes.

Africa desperately needs greater engagement with the G20 in order to boost its development, gain infrastructure, maximise renewable energy, and make the most of its youth dividend. However, the G20 also needs to work with Africa to ensure its own future

Africa desperately needs greater engagement with the G20 in order to boost its development, gain infrastructure, maximise renewable energy, and make the most of its youth dividend. However, the G20 also needs to work with Africa to ensure its own future. High levels of African migration have caused political disruption in several G20 member states, and Africa controls resources crucial to technologies that will help the world mitigate climate change, as well as some of the last mass forests that can help to regulate global temperatures. Africa is the last major emerging market and increasingly a contributor to global economic growth. All of these factors call for greater cooperation between the G20 and the African continent, and the following recommendations can be seen as suggestions towards that goal.

African stakeholders should be drawn into a wider range of G20 activities than those focusing on development.¹²¹ Up to the present, most of the G20 engagement with the continent has happened via the DWG. However, African voices should also be heard across both the sherpa and finance tracks. Ideally, African stakeholders should be given consistent representation in all the G20 work streams, including trade, investment, migration, climate resilience and the future of work. The most effective way to ensure this cooperation is to make it a standing rule that all G20 working groups should have African representation.

Beyond engaging with African entities as G20 partners, the bloc should also engage more deeply with African development priorities. This paper has shown growing G20 engagement with development blueprints such as the AU's Agenda 2063. However, the impact of this engagement would be greatly enhanced if the G20 prioritised concrete and actionable goals based on these development goals. This would contribute greatly to streamlining G20 development engagement with Africa, as well as ensuring consistent African engagement. That said, the G20's lack of a centralised implementation architecture throws the implementation of these goals back to its individual members.

In the third place, the G20 can gain a more stable platform for its African engagement by dealing with the AU Commission rather than the rotating AU chair. Up to now the AU has been represented at the G20 by the state occupying the AU chair. However, this leads to a less consistent mode of engagement because the position shifts annually. Because

121 For a more detailed elucidation of these recommendations, see T20 Africa Standing Group, 'What Priorities for G20–Africa Cooperation? Synthesising T20 Africa Recommendations', G20 Insights Policy Brief, 23 July 2018, https://www.g20-insights.org/policy_briefs/what-priorities-for-g20-africa-cooperation-synthesizing-t20-africa-recommendations/, accessed 7 November 2018.

so few African states are G20 members, the state occupying the chair has little incentive to implement mechanisms that can track G20 initiatives. In contrast, cooperation with the AU Commission ensures a more stable platform for engagement and provides an incentive for the AU to set up more formal and permanent mechanisms for tracking G20 commitments and to facilitate African engagement with its myriad activities.¹²²

Finally, it is crucial for African governments to be more pro-active in their engagement with the G20. African governments and the AU should set up G20 desks to track the body's engagement with the continent. Closer cooperation with and support for the T20 could bolster this process. In order to make better use of initiatives such as the Industrialisation Initiative and the CwA, African governments should identify potential private sector partners in the G20 and proactively engage them. African governments should also pre-emptively identify potential projects that could benefit from G20 investment and champion these in G20 forums.

122 See also Grobbelaar N *et al.*, 'G20 and Africa – Ready for a Steady Partnership?', G20 Insights Policy Brief, 11 May 2017, http://www.g20-insights.org/wp-content/uploads/2017/05/Policy-Brief-Africa_final.pdf, accessed 9 December 2018.

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