

List of Co-Chairs Cooperation with Africa

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Cooperation with Africa

Policy Recommendations for the G20

The international community is working together towards the achievement of the Sustainable Development Goals (SDGs) by 2030. While there is limited room for further improvement relating to these development goals in East Asia, a region that was a primary driver in the success of the MDGs, improvement in Africa is the key to the success of the current SDGs.

Africa has vast natural resources, including 60% of the world's uncultivated arable land and substantial deposits of oil and other mineral resources. Africa also has a young and fast-growing population, which could support the economic development of the region if properly employed in modern, high-productivity sectors. The G20 must deliver realistic and feasible policy messages to African and world leaders to help the continent to effectively utilize these endowments and achieve sustainable development.

This year, T20 Japan takes up the issue of "Cooperation with Africa" as one of its taskforces discussing various aspects of African development. This book is a collection of policy discussions by a volunteer group of global thinkers and development practitioners experienced in African development. This group has worked together closely for the past few months to choose the most critical issues in African development, to discuss the resulting policy challenges, and to work out policy recommendations to the G20 leaders.

The major players in African development today are not limited to OECD donors as in a few decades ago though. Many non-OECD governments are among the important contributors to African development. Also, the inflow of FDI has almost reached the level of net ODA receipts recently as a large number of private sector firms from around the world are increasing their business in Africa. And, as the African economies are becoming increasingly integrated into the world economy, many policies of the G20, which are aimed at the welfare of their domestic populations, also influence African

development positively or negatively. The G20 is exactly the right forum to coordinate these economic policies, including international tax and regulatory structures, and agree on a unified framework within which the development efforts are to be harmonized.

Each policy brief discusses the challenges and opportunities as well as the policy recommendations for each policy issues. The main messages across individual policy issues can be summarized as:

- Reach agreement on a unified approach towards macroeconomic stability in Africa through attaining fiscal and debt sustainability and strengthening domestic resource mobilization;
- Mobilize and involve all development actors and tools including digital technology towards employment led growth, resilient food systems and the sustainable development of African economies;
- Enhance coordination between the G20 and Africa to achieve coherent policies toward regional and international economic integration, including the removal of G20 and individual member policies that impede development in Africa. At least, a “do no harm” approach should be guaranteed.

For the international community to work with African countries in achieving sustainable growth, policymakers need to generate a set of achievable policy packages. We hope that these recommendations by the T20 team based upon the academic and practical studies may help policy formulation on African development by the global leaders.

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Annex

Key Recommendations, Specific Actions, and Policy Briefs¹ (Task Force 5: Cooperation with Africa)

Summary of Challenge/Goal
<p>Although a number of African economies made strong progress in economic and social development as well as poverty reduction during the 2000's, they still face various development challenges. Poverty and hunger are still widespread, with over 65 million people facing crisis-level food insecurity. Debt burdens are on the rise again, requiring policy coordination beyond the traditional development partners. Certain international trade and other policies and practices also impede African development. G20 and African countries should coordinate their development efforts and economic policies to seize new opportunities for the advancement of African economies and the achievement of the SDGs.</p>
<p>Key Recommendation 1: Reach agreement on a unified approach towards macroeconomic stability in Africa through attaining fiscal and debt sustainability and strengthening domestic resource mobilization.</p>
Specific Actions
<ul style="list-style-type: none"> • Step up the debate among G20 on debt data reporting standards for low-income countries, especially Africa—covering contingent and parastatals' liabilities too—and assist and encourage African countries to collect and publish debt data in real time. • Put in place an orderly debt resolution mechanism given the more diffuse creditor base and other new features of African debt. • Assist in developing systems and processes that will ensure that borrowed funds, especially non-concessional, are used productively to enhance the repayment capacity; and assist in designing standard terms in negotiations over innovative sources of funding that limit the need for foreign currency borrowing and reliance on the volatile funding sources by African countries. In this context, ensure that Multilateral Development Banks are adequately capitalized. • Ensure that taxation of the digitalized economy works for Africa, especially regarding the profit allocation rules for multi-national enterprises, and enhance technical and financial support for the use of advanced technologies for improving customs and tax administrations such as the automatic electronic exchange of invoices and the digitalization of customs administration.

¹ This is an input from the Cooperation with Africa taskforce to the T20 communique. Communique was compiled from this input.

<p>Referenced Policy Briefs</p> <ul style="list-style-type: none"> • Kapil Kapoor, George Kararach, Jacob Odour, Walter Odero, Edward Sennoga, Brahim Coulibaly, Ryosuke Nakata. “Fiscal and Debt Sustainability in Africa” • Nara Monkam, Gamal Ibrahim, William Davis, Christian von Haldenwang. “Tax Challenges of Digitalization in Africa” • Gamal Ibrahim, Witness Simbanegavi, Anita Prakash, William Davis, Willson Wasike, Ashraf Patel. “Industrial Development and ICT in Africa: Opportunities, Challenges and Way Forward”
<p>Key Recommendation 2: Mobilize and involve all development actors and tools including digital technology towards employment led growth, resilient food systems and the sustainable development of African economies.</p>
<p>Specific Actions</p> <ul style="list-style-type: none"> • Enhance the alignment of various actors involved in African development, such as Compact with Africa country teams, local businesses and G20 business sectors, to foster non-resource based economic development led by the private sector. • Consolidate and enhance development support programs, including G20 support for the financing of region-wide investments in infrastructure and irrigation schemes for the development of climate-resilient agrifood systems, agricultural productivity growth and massive employment creation, under a common framework such as the Comprehensive Africa Agriculture Development program (CAADP), and enhance the coordination of individual development programs. • Promote financial inclusion as a prerequisite to business development through soft loans, credit ratings and other financial instruments. • Establish a framework for utilizing digital technology to achieve sustainable development, including an information system for food market transparency, the “fintech” development to facilitate the access to finance by local small businesses, and the revenue administration to eliminate tax leakages.
<p>Referenced Policy Briefs</p> <ul style="list-style-type: none"> • Rob Floyd, Kapil Kapoor, Laura Sennett. “G20 Compact with Africa” • Gamal Ibrahim, Witness Simbanegavi, Anita Prakash, William Davis, Willson Wasike, Ashraf Patel. “Industrial Development and ICT in Africa: Opportunities, Challenges and Way Forward” • Belay Begashaw, Gary-Jan Verburg, Futoshi Yamauchi, Daniele Fattibene, Yasuo Fujita. “Linking Smallholder Production with Value-Added Food Markets” • Ousmane Badiane, Julia Collins, Yasuo Fujita, David Laborde, Will Martin, Maximo Torero, Rob Vos, Futoshi Yamauchi. “Sustainable Prevention of Food Crisis in Sub-Saharan Africa”

Key Recommendation 3: Enhance coordination between the G20 and Africa to achieve coherent policies toward regional and international economic integration, including the removal of G20 and individual member policies that impede development in Africa. At least, a “do no harm” approach should be guaranteed.

Specific Actions

- Realign G20 countries’ agriculture trade practices, especially subsidies and non-tariff barriers that are inconsistent with WTO regulations to provide opportunities for African producers to participate in global value chains.
- Step up efforts to combat illicit capital outflows, including helping track and repatriate illicit funds back to African countries.
- Develop regional regulatory institutions that ensure the safety and quality of African products (especially food products) while not placing a prohibitive burden on African small and medium enterprises and smallholder farmers in complying with regulations.
- Support a global and inclusive discussion of a new approach to taxation of the digitalized economy that considers Africa’s perspectives and priorities, alongside those of other developing countries, and avoid penalizing African countries that fail to implement international tax standards that they do not have the capacity to implement.

Referenced Policy Briefs

- Gamal Ibrahim, Witness Simbanegavi, Anita Prakash, William Davis, Willson Wasike, Ashraf Patel. “Industrial Development and ICT in Africa: Opportunities, Challenges and Way Forward”
- Belay Begashaw, Gary-Jan Verburg, Futoshi Yamauchi, Daniele Fattibene, Yasuo Fujita. “Linking Smallholder Production with Value-Added Food Markets”
- Ousmane Badiane, Julia Collins, Yasuo Fujita, David Laborde, Will Martin, Maximo Torero, Rob Vos, Futoshi Yamauchi. “Sustainable Prevention of Food Crisis in Sub-Saharan Africa” Monkam, Ibrahim, Davis, von Haldenwang. “Tax Challenges of Digitalization in Africa”
- Nara Monkam, Gamal Ibrahim, William Davis, Christian von Haldenwang. “Tax Challenges of Digitalization in Africa”