

B20 and Africa

Africa is a continent of vast opportunities. Despite the high volatility of commodity prices as well as geo-political and geo-economic uncertainties, the continent's average real GDP growth is forecasted to pick up to 3.4 percent in 2017. Africa thus remains the second fastest-growing economic region after East Asia. At the same time, there are many challenges including poverty, hunger, poor education, ill health, unemployment and inequality, bad governance and corruption. Just to absorb new entrants into the labor force, around 20 million jobs need to be created every year until 2035.

In order to realize the many opportunities, but also to tackle the challenges, more investment is needed – among others in health, education, climate change mitigation, energy access, and infrastructure. As pointed out in the United Nations' Sustainable Development Goals and the Addis Ababa Action Agenda, private investment is a powerful lever for successful socio-economic development. However, to boost investment, the business climate and especially good governance must be improved. In a B20 Survey conducted late 2016/early 2017, respondents pointed out the many impediments to investment in Africa, primarily corruption, followed by regulatory and political barriers, lack of infrastructure, legal uncertainties, and a lack of skilled labor. Being asked to identify the most promising measures to address these barriers, respondents pointed at good regulation, improvement of administration through one-stop shops for investors, capacity building, financial sector development and regulation, as well as better public-private-partnership processes.

The G20 Compact with Africa (CWA) Initiative aims to increase investment in Africa, in particular in infrastructure, by improving the macroeconomic, political, and financial environment. The B20 strongly welcomes this initiative. The B20 calls on the G20 to upgrade its partnership with Africa by strengthening the environment for foreign direct investment, boosting investment in infrastructure, enabling reliable and affordable energy, increasing digital connectivity, fostering open and inclusive trade, improving good governance and responsible supply chains, creating an enabling environment for small and medium-sized enterprises, improving financial inclusion as well as advancing health, employment, and education. The G20 should build on existing initiatives such as the Agenda 2063 of the African Union. The initiative needs to be demand-driven. Compacts need to be signed with individual African countries and should be tailored to the needs and interests of the respective country.

The B20 strongly welcomes the intention of Côte d'Ivoire, Morocco, Rwanda, Senegal, Tunisia, the African Development Bank (AfDB), the IMF, the World Bank Group (WBG), and other interested bilateral partners to work on investment compacts and develop strong investment climates. The B20 hopes that more African countries will join the initiative. The B20 therefore appreciates the interest voiced by Ghana and Ethiopia. The B20 also urges the G20 to set up a mechanism that ensures implementation and monitoring of the Compacts. The B20 stands ready to assist the G20 and Compact countries in order to ensure a successful implementation of the partnerships.

The G20 is the premier forum for international economic cooperation – responsible for 85 percent of global gross domestic product (GDP) and three-quarters of global exports (goods and services), representing about two-thirds of the world's population. It should take a leading role in working with African countries in a partnership of equals. In this way, the G20 will make a big step towards reaching this year's goals: increasing resilience, improving sustainability, and assuming responsibility worldwide.

Recommendations

Recommendation 1: Strengthening the Environment for Foreign Direct Investment – The G20 should, in partnership with the Compact countries, improve the environment for FDI by jointly working on investment facilitation plans and more strongly supporting public-private partnerships.

Recommendation 2: Boosting Investment in Infrastructure – The G20 should, jointly with the Compact countries, enhance investment in infrastructure by providing better information about infrastructure project pipelines, further expand risk mitigation instruments, and increase regulatory certainty.

Recommendation 3: Enabling Reliable and Affordable Energy – The G20 should, in cooperation with the Compact countries, enable reliable and affordable energy by promoting the development and further expansion of bankable and investment-ready energy investment pipelines with a larger number of high-quality energy infrastructure projects.

Recommendation 4: Increasing Digital Connectivity – The G20 should, in cooperation with the Compact countries, bridge the digital divide between and within countries by enabling investment in ICT infrastructure as well as scaling up capacity building and skills programs.

Recommendation 5: Fostering Open and Inclusive Trade – The G20 should, in cooperation with the Compact countries, foster open and inclusive trade by reducing trade barriers, implementing trade facilitation measures, and scaling up capacity building.

Recommendation 6: Improving Good Governance and Responsible Supply Chains – The G20 should, in cooperation with the Compact countries, foster responsible global and regional supply chains and anti-corruption measures by supporting the comprehensive set of existing international initiatives and by encouraging the African partners to develop strong national institutions.

Recommendation 7: Enabling Small and Medium-Sized Enterprises – The G20 should, in cooperation with the Compact countries, enable an environment that promotes SMEs as a pillar for inclusive growth and development.

Recommendation 8: Improving Financial Inclusion – The G20 should, in cooperation with the Compact countries, advance financial inclusion to create a broader basis for sustainable economic growth and development.

Recommendation 9: Advancing Health – The G20 should, in cooperation with the Compact countries, support measures that aim to expand access to essential healthcare services to their citizenry by applying best practices, building improved and sustainable policies, as well as incentivizing private sector involvement.

Recommendation 10: Advancing Employment and Education – The G20 should, in cooperation with the Compact countries, advance employment and education, in particular by promoting open, dynamic, and inclusive labor markets, and by harnessing technological change through education.

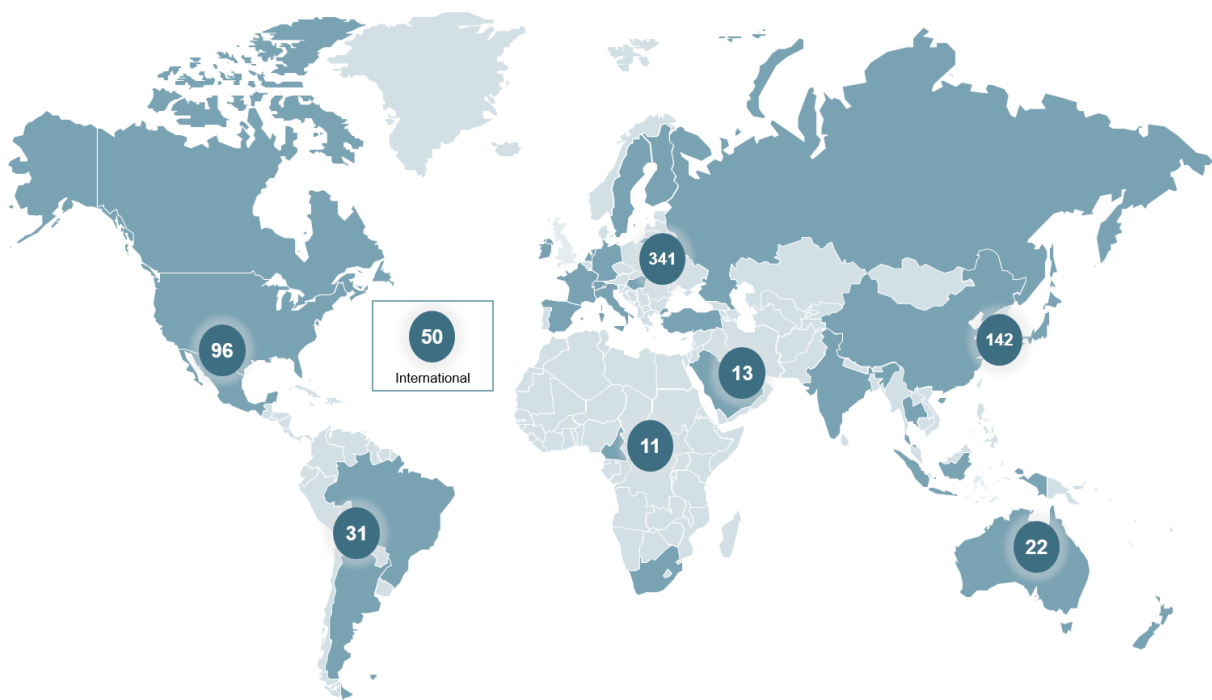
Business 20

The Business 20 (B20) is the official G20 dialogue with the global business community. On September 4, 2016, the leading German business associations BDI, BDA, and DIHK, mandated by the German Chancellery, assumed the B20 presidency. Chair of B20 Germany is Dr. Jürgen Heraeus.

Since September 2016, more than 700 representatives from companies and business association developed recommendations for the G20 on a consensual basis. B20 Germany is organized in seven working groups: Trade and Investment, Energy, Climate & Resource Efficiency, Financing Growth & Infrastructure, Digitalization and Employment & Education, Responsible Business Conduct & Anti-Corruption and SMEs. In February, the B20 Health Initiative was launched. Each group is headed by a chair and several co-chairs. The approximately 100 members of each group represent all G20 countries and sectors of the economy.

The B20 Recommendations on Africa are based on recommendations developed by the B20 Germany Taskforces, Cross-thematic Groups and Initiative.

The B20 consists of 706 members from 39 countries*



*Membership can diverge from the sum of individual Taskforces and Cross-thematic Groups due to double membership.

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