

Enroute to Cannes

**Africa**  
**and the**  
**G20**

What needs to happen

The Africa Progress Panel met with President Sarkozy and French government officials in February 2011



# Introduction

This booklet compiles the views of eight members of the Africa Progress Panel on what the G20 can do to help Africa fulfil its vast promise and contribute its share to global growth and development. An initial draft was shared as input for the meeting of the Panel with President Nicolas Sarkozy in his capacity as President of both the G8 and the G20 held in February 2011.

The Panel's key message to President Sarkozy is that he has the historic chance to develop the G20's emerging relationship with Africa into one of true and mutually beneficial partnership. By building on the momentum of the Seoul Summit, and implementing the specific action points of its multi-year development plan, the G20 can help Africa remove crucial barriers to its progress – such as its crippling infrastructure deficit – and thereby realize its enormous potential to become a new growth pole for the global economy. The Africa Progress Panel has consistently argued that such a partnership is in the interest of the G20, and Panel members are encouraged by President Sarkozy's willingness to listen to their views.

While the Panel does not purport to be speaking for Africa, it can speak with an African voice, with the continent's concerns and priorities as its guiding principles, and with the combined expertise, experience and knowledge of its members. It calls for the fulfilment of commitments to Africa, without ever forgetting that the main responsibility for progress rests with the continent's leaders and that they themselves have entered into a series of commitments that they need to fulfil. The Panel also calls for the reform of the international architecture to allow Africa to compete on a level playing field, and have its voice heard in international fora.

The Panel is delighted to have met with President Sarkozy and remains ready to support the French G20 Presidency and other members of the G20 to encourage a shared interest in and purposeful action for Africa's progress.

# Can France lead where others failed?

Six years ago, prompted by the massed global ranks of the Make Poverty History movement, the G8 signed up to a series of historic commitments to tackle poverty in Africa. In the full glare of the world's media, the eight most powerful men on the planet made a solemn pledge. The resultant debt cancellation and additional aid resources have contributed to five solid years of progress in Africa. Across the continent, we can see the living proof of this progress. Millions vaccinated, millions receiving access to life-saving AIDS treatment, millions protected from malaria and millions more in school. There has also been strong economic growth across Africa. Arguably, debt cancellation has allowed African countries some of the fiscal space needed to ride the storm of the economic crisis better than was feared. Thanks to the entrepreneurialism of African citizens and the generosity of the G8, the continent is on the move.

However, not all is rosy. It is a sad fact that the G8 is nowhere near fulfilling the majority of its commitments. Last year, its members did not even deliver one third of the promised increase in aid. Reasons range from the lack of political leadership and a credible and effective accountability mechanism, to the global economic crisis and the diminishing importance of the G8 and corresponding rise of the G20. The big question is now whether the latter will be a more effective body.

This year's G20 meeting in Cannes is President Sarkozy's opportunity to rehabilitate some of France's lost reputation on Africa, and to show the kind of leadership the UK demonstrated in 2005. Indeed, will this be when France takes the lead where others have failed? Two topics deserve particular attention, and the first of these is governance. Africa has vast mineral wealth, much of it undiscovered, but little of the revenues generated are shared with the people of the continent. Instead, as so often in the past, profits are siphoned off by discreet and illegal partnerships with foreign companies in opaque and secret deals. The G20 must move the odds in the citizen's favour by insisting on transparency in deal-making, and adopting legally binding measures at least as good as the legislation recently agreed in the US at the behest of senators Cardin and Lugar. As chair of the G20 anti-corruption working group, France can lead on this issue as well as in the fight against kleptocracy and in work to repatriate assets looted from African state banks by corrupt officials.

The second issue the G20 needs to address is the challenge of supporting sustainable and equitable growth in Africa. A package of trade support and investment can build on the continent's great potential and give some rocket fuel to its legion of skilled managers and entrepreneurs. It should focus on regional integration in Africa, and the disastrous reality that only 10 per cent of the average African country's trade is with other African countries. It should

# Bob Geldof

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also harness the continent's vast agricultural and renewable-energy potential. Africa has the means not just to lift itself out of need, but to help deal with some of the rest of the world's needs for food and fuel. The agreement on food security reached at L'Aquila must not be forgotten. Food crises have the potential to affect our world radically, by accelerating inflation and so impeding a return to growth, while increasing social unrest in developing regions. The G20 in Seoul started a decent process on this issue, but France is better placed to deliver on those plans.

The partnership most exciting for some, and threatening for others, is the evolving South-South relationship between the emerging powers of China, Brazil and India, and the developing power of Africa. Europe and America will grow only in irrelevance if we do not harness ourselves to these engines, and as we do so, we must impart values of transparency and accountability, rather than narrow interests and parochial concerns. The best way to share our values is to demonstrate them in our actions. Competition with China today should not mean that we copy their worst practices, but that we share the best of ours. We also need to improve African representation at the G20. Excluding one billion men, women, children, producers and consumers from global decision-making is ridiculous, self-defeating and wrong.

If President Sarkozy delivers on these concerns, then his G20 presidency will be judged a success.

*Bob Geldof is a musician, businessman and UN advocate for the MDGs. He is the Founder and Chair of Band Aid, Live Aid and Live8 - ten landmark worldwide concerts held in July of 2005, timed to put pressure on the G8 leaders at their annual summit. Geldof is also co-founder of DATA and advisor and advocate for ONE, a powerful lobby group focused on better policy for and within Africa. He has a number of media and technology business interests. He is currently founder and director of Ten Alps, the UK's largest independent factual television production company. He has received numerous awards for his TV work. Amongst other international honours, in 1986 he was awarded a knighthood for his work on Africa and has been nominated for a Nobel Peace Prize five times. He was also a member of the Commission for Africa.*



# Good governance is key for Africa's development

**W**e at the Africa Progress Panel consider good governance, both on the continent and across the rest of the world, as the key enabling factor for Africa's development. While we have seen great progress towards a more democratic and rules-based political culture since the early 1990s, advances have become patchier, and democratic recessions more frequent recently. We have seen the return of coups and efforts by leaders to perpetuate their rule, including by abolishing constitutional term limits or outright election rigging. Add to this the rise of China as an investor who does not ask questions about good governance, and the situation has become worrisome.

Over the last decade, the African Union has created a number of initiatives to support the democratization of the continent and build the foundation for sustainable and inclusive development. Its most famous efforts, the Charter on Democracy and the innovative African Peer Review Mechanism, may not be able to prevent rogue behaviour by individual leaders, but they can help to set standards and open the political space to the majority of citizens. Unfortunately, both initiatives are currently going through rough times, with the Review Mechanism lacking a prominent champion, and the Charter still not ratified.

But we are also seeing some very positive developments, particularly in the areas of resource governance and the role of civil society organizations. The International Conference on the Great Lakes, for example, recently agreed to create a regional transparency mechanism to address armed conflicts around minerals in the region. Twenty-one resource-rich African countries have already joined the Extractive Industries Transparency Initiative and adopted its stringent standards on the verification and publication of private-sector payments. Ghana and Liberia are already fully compliant, and seven other countries are expected to join them this year. These include the Democratic Republic of Congo, which has taken encouraging steps to address the problems of informal-sector mining in its eastern provinces.

Another encouraging sign is the growing role of civil society organizations across the continent. While still unduly limited by some governments, such organizations are becoming an increasingly vocal and essential cornerstone of democratization and anti-corruption efforts in many countries. Empowered by advances in information and communication technology, they provide a crucial complement to governments and the private sector, and keep both sides accountable to each other and to the people. Significant progress has been made to end impunity and strengthen the rule of law, often by combining national with international judicial mechanisms.

However, despite these unquestionable advances, Africa continues to be hampered by its high rates of corruption, which cost the continent hundreds of billions of dollars a year and

# Peter Eigen

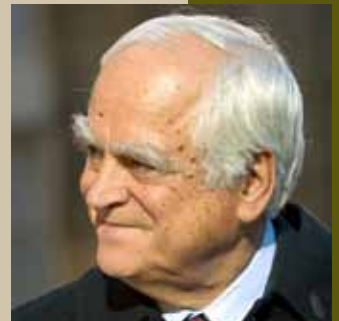
*“The G20’s recently proposed action plan against corruption seeks to tackle the international component. If its proposals are implemented and enforced by all G20 nations, the G20 will have changed the game in fighting corruption, and proved its worth as the new forum for effective global action.”*

slow economic growth and social development. This is as much a result of domestic factors, such as entrenched cronyism, nepotism and the rise of organized crime, as of the behaviour of international companies and unscrupulous middlemen. The G20’s recently proposed action plan against corruption seeks to tackle this international component of corruption in Africa. If its proposals are implemented and enforced by all G20 nations, the group will have changed the game in fighting corruption.

Amongst other things, the action plan calls for the ratification and subsequent implementation of the UN Convention against Corruption, and making it a crime in all G20 nations to bribe foreign public officials. Both actions are long overdue and go hand in hand with some of the other proposals in the plan such as making it more difficult to abuse the global financial system to launder stolen money and making it easier to recover money already laundered. The plan also addresses the modalities of tracking down and repatriating stolen assets, such as those kept by former Tunisian President Ben Ali in European bank accounts, and placing sanctions and travel bans on anyone suspected of illicit financial activities. Lastly, the plan also seeks to protect and encourage whistle-blowers and recognizes the importance of integrity, transparency and accountability in public finance management.

All of the above are highly sensible and much-needed proposals and their implementation would go a long way in curbing corruption, which remains one of the main obstacles to fighting poverty, building democracy, and accelerating economic growth in Africa. By pushing for swift action, the G20 has the chance to send an unmistakable signal of support to the continent’s people and prove its worth as effective instigator of global action.

*Professor Peter Eigen is founder and Chair of the Advisory Council of Transparency International (TI), a non-governmental organization promoting transparency and accountability in international development. In 2005, Eigen chaired the International Advisory Group of the Extractive Industries Transparency Initiative (EITI) and became Chair of EITI in 2006. He was previously the Director of the Regional Mission for Eastern Africa of the World Bank. His distinguished academic career includes teaching at the John F. Kennedy School of Government at Harvard University, Johns Hopkins University/ SAIS and the Freie Universität, Berlin. Eigen has also been a Visiting Scholar at the Carnegie Endowment for International Peace and is a member of the Board of The Centre for International Environmental Law (CIEL).*



# The G20 needs to drive reform of the international monetary system

Africa's quickly brightening economic outlook should not make us forget about the need to better integrate it into a reformed international monetary system. While Africa's resilience to the global economic upheavals of the last two years has been remarkable, we have seen several countries and sectors suffer profoundly under their effects. Jobs and incomes were lost and progress towards the Millennium Development Goals was slowed or even reversed as public social expenditure declined. It is now commonly accepted that weaknesses in international monetary arrangements contributed to the crisis and compounded the weaknesses of financial institutions and failures in regulation, supervision and policies. The G20's decision to make the reform of the international monetary system a key item on its 2011 agenda thus deserves our applause.

To build a more stable and resilient monetary system, as decided at the G20 Summit in Toronto, is, of course, a huge task which will certainly require several years of hard work and many tough decisions. But as the French presidency intends to lay down the basic components of it, we would like to call its attention to the need to improve Africa's representation, to strengthen and balance multilateral surveillance, to provide for a real management of global liquidity and to fully reform the International Monetary Fund as the central institution of the global system. All these aspects are of critical importance to Africa's progress.

Ideally, a reformed financial architecture would ensure a proper and fair representation of Africa at all operational levels. In accordance with the steps announced at last year's G20 Summit in Seoul, it is important to increase the presence of Africa at the Heads of State level and to allow it a more general representation by providing the G20 with a constituency structure. Furthermore, it seems desirable that the preparatory work of the G20 summits continues to be organized along the lines the French presidency has adopted, including inviting outstanding African leaders from the private and public sectors to take responsibility for important working groups.

To improve multilateral discipline, we need to ensure surveillance does not only bear equally on countries and their programmes, but also helps to limit the spillover effects of any economic and financial imbalances. In order to avoid instability and misalignments of exchange rates, the IMF should develop globally consistent exchange rate norms and benchmarks to help identify significant deviations and prompt action to correct them.

In the same vein, and in view of the destabilizing effects of an undisciplined provision of liquidity for small and middle income countries, it is important to join ongoing efforts of the Bank of International Settlements and the IMF to strengthen global liquidity management.

# Michel Camdessus

Finally, among the most important elements of a full reform of the IMF, we would like to emphasize the need to broaden its mandate for surveillance from monetary issues and current accounts to capital transactions. There is also a clear need to put in place a permanent crisis financing mechanisms akin to a global lender of last resort and strengthen IMF mechanisms to respond expeditiously to situations of emergency and particularly food scarcity. Lastly, the potential role of Special Drawing Rights in reducing the volatility of commodity prices and other fields, including private transactions, should be re-explored with the lessons of the allocation of 250 billion dollars during the crisis firmly in mind.

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Michel Camdessus is Honorary Governor of Banque de France. He is the Chairman of the French Financing Corporation (Société de Financement de l'Economie Française - SFEF) and a member of the UN Secretary General's Advisory Board on Water and Sanitation. He is also a member of the Pontifical Commission "Justice and Peace" in the Vatican. Michel Camdessus was Managing Director and Chairman of the Executive Board of the International Monetary Fund (IMF) in the late eighties. In 1996, the Executive Board of the IMF unanimously selected him to serve a third five-year term as Managing Director. He has served as Financial Attaché to the French delegation at the European Economic Community in Brussels, worked for the Treasury rising to Deputy Director and Director. He was also Chairman of the Paris Club, of the Monetary Committee of the European Economic Community and Governor of the Bank of France before becoming the Managing Director of the IMF.



# Can the G20 deliver on its macroeconomic promises?

The clear macroeconomic priority for 2011 is for the G20 to deliver on the promises contained in the concluding statement of last year's Seoul Summit. This will demonstrate that the commitment to enhance policy coordination and smooth reduction of global imbalances was more than just rhetoric meant to cover growing disagreement in other areas.

In 2009, the G20, which has now been elevated to heads-of-government state level, came of age. It was not perfect, of course, but the breadth of its membership facilitated a far more inclusive approach compared to that of the G8. And it got off to a promising start, with the meetings in London, and subsequently Pittsburgh, helping to avert the feared global depression. However, while 2009 appeared to signal the new age of international economic cooperation, such hopes appeared short-lived less than a year later, amid talk of 'currency wars' and barely papered-over divergences of opinion. It is imperative that this dangerous trend is reversed.

Of course, this does not mean that there is a 'one-size-fits-all' approach to macroeconomic policy. Governments must act according to their national circumstances, but they should accept that it is in their own interests not to prevent others from doing the same. The closed-economy model of textbook macroeconomics is no longer relevant, even for the largest economies: every export is matched by an import elsewhere, every trade surplus is balanced by other countries' deficits, and not all currencies can depreciate simultaneously. At times during 2010, these basic truths appeared to be in danger of being forgotten.

Many G20 members face difficult challenges in restructuring and reforming their economies. The very future of the euro zone remains in doubt. There are also serious bilateral divisions, notably the simmering tension over the exchange rate between Chinese renminbi and the US dollar. It is vital for the entire global economy that these are resolved, and for the many small economies not directly represented in the G20. As the saying goes, 'when elephants fight, it's the grass that suffers'. The Seoul Communiqué includes key commitments to avoid excessive currency volatility and to enhance the effectiveness of the Mutual Assessment Programme overseen by the International Monetary Fund, by agreeing benchmark indicators of global imbalances. It is these that must be delivered in 2011.

The Communiqué also emphasizes the commitment to helping low-income countries. Therefore, despite the internal challenges, members of the G20 should continue to engage actively with their African counterparts. African economies generally survived the recession in 2009 reasonably well. The stronger-than-expected recovery in demand for commodities has helped. But, more fundamentally, macroeconomic policies were on a much sounder footing, with more resources available for countercyclical policies without recourse to negotiating emergency assistance from the IMF. Indeed, the emergency wing of the IMF has had remarkably little to do in Africa.

*“...this does not mean that there exists a ‘one size fits all’ approach to macroeconomic policy. Governments must act according to their national circumstances.”*

Nonetheless, just because, for the most part, African economies have coped with the crisis, this does not mean that they can now be left to stand alone. Indeed, the recent challenges have exposed further weaknesses, which are likely to require additional assistance, both technical and financial. The challenges facing Africa regarding poverty, disease and hunger remain daunting. It is essential that macroeconomic policies that support growth and employment creation (the need for a jobs-based recovery was stressed in the Seoul Communiqué) can be implemented without interruption. In this regard, we hope that, where possible, developed countries will continue to adopt an expansionary bias in their macroeconomic policies.

On the trade front, the G20 needs to help conclude the Doha round of trade negotiations. Free trade is in the interests of all economies, but warding off protectionist vested interests is a recurring challenge. Africa will continue to need aid and finance for infrastructure to accelerate its development. But its long-term success will rest on expanded trade opportunities – both globally and through improved trade links within the continent.

Africa’s exports will need to broaden from natural resources to value-added products, where those resources are used in domestic manufacturing, as well as to trade in services beyond tourism. Effective technology transfer will also be required, including both legal and financial expertise to help African governments negotiate effectively with private-sector multinationals. But this will not be sufficient in the context of the underlying business environment which, as was confirmed in the last Ease of Doing Business Report of the World Bank, remains sadly deficient in many African countries. Thus, there is a crucial need to find innovative ways to break this vicious circle and take meaningful steps to boost productivity and encourage a culture of entrepreneurship. Here, too, the G20 has a key role to play.

*Linah Mohohlo is the Governor of Bank of Botswana. She is also a member of the Commission for Africa and of the Committee of Ten. She has also worked for the International Monetary Fund (IMF) and, in her capacity as Governor of the IMF for Botswana, she has been a member of the International Monetary and Financial Committee (IMFC), representing the Africa Group 1 Constituency comprising more than 20 sub-Saharan African countries. Linah Mohohlo serves in several Boards of major corporations in Botswana and abroad and is also a member of the Africa Emerging Markets Forum. She is a recipient of several awards, including The Banker Magazine’s Central Bank Governor of the Year (2001) for Africa and the Middle East, Euromoney’s Emerging Markets Central Bank Governor of the Year for Sub-Saharan Africa (2003), Presidential Order of Honour - 2004 (Botswana’s highest public service award), African Times Africa Leadership Award (2007) and African Banker’s Banking Regulator of the Year (2007).*



# The G20 needs to facilitate private sector-led growth in Africa

**A**cross the world, private-sector engagement has become the main driver of economic and social progress. Africa is no exception here. Most of the continent's economies are still heavily agricultural, and the small African farmer is a private-sector operator and an entrepreneur if there ever was one. So, too, are the various tradespeople and craftworkers in Africa's fast-growing towns and cities. It is businesses, not governments, that provide the bulk of the investment, innovation, employment and income which can bring about the growth and productivity increases that alone can lift millions of Africans out of poverty.

Many African economies have grown fast over the last decade, and not even the global economic crisis has slowed their progress for long. Despite the challenging global context, governments are more intent than ever on moving away from being mainly recipients of unpredictable and unreliable international charity flows. Instead, they aim to attract significant investments and gain proper access to capital markets in order to create jobs, livelihoods and ultimately the freedom and dignity enabled by economic success and self-sufficiency.

The private sector across Africa is still grappling with major problems, including ineffective and inefficient administrations, corruption, competition from unregulated and often illegal players, a poorly educated and inadequately trained workforce, and anti-competitive labour laws or significant trade barriers to both exports and imports. If some of these problems are the result of exogenous factors such as small market sizes and ethnic segmentation, many others are well within the powers of governments to change – for instance, poor transport and energy infrastructure or cumbersome labour regulations.

The primary responsibility for tackling these problems naturally rests with Africans. It is customary to say that it rests with governments; however, it is equally important to stress the responsibility of the private sector. The private sector must become better at organizing itself, speaking with a clear and audible voice, and defining an agenda, priorities and objectives. It must be able to lobby governments, who in turn will know exactly what to focus on in order to support their private sectors. Encouragingly, there is increasing evidence of this happening: we are seeing a more proactive private sector, and more governments working harder to address the concerns of the private sector.

For example, African governments are privatizing state-owned enterprises, reducing trade barriers, cutting corporate taxes, and remodelling education systems to meet the needs of business. As a result, African countries now feature regularly in the top ten reformers of the World Bank's Ease of Doing Business Index, with Rwanda even coming top in the 2010 report.

Clearly, there are limits to what African governments and private-sector actors can do on their own to encourage and promote growth led by the private sector. Even the most progressive and business-friendly players have to bow to the realities and imbalances of the global economic system, and depend on international decision-making bodies in which they still too

# Tidjane Thiam

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often have little say. This applies particularly to rebalancing international trade and eliminating distorting subsidies, especially in agriculture, which are so damaging to the African poor. Despite countless promises and declarations of intent, we are still waiting for a few crucial changes to a system that presently limits Africa's potential for sustainable growth based on agriculture.

Representing 85 per cent of global GDP and nearly two-thirds of world population, the G20 is uniquely positioned to take decisive action on a few specific areas such as trade and infrastructure, which can unleash business-led growth in Africa. Armed with true political will, its members have the power to conclude the Doha trade round and phase out protectionist measures, or at least reduce international tariffs and national subsidies. They could also do much to ensure that international development assistance is a spur to private-sector growth, rather than a substitute for it.

The 2010 Seoul Consensus on Shared Growth struck all the right chords. This time, incentives to implement what has been agreed may be right, too. As the CEO of a FTSE 30 company making about 60 per cent of its profits in Asia, I can attest that the fact that emerging economies have now reached a meaningful scale is the main transformation that has taken place in the world economy during the last 20 years. The G20 can impulse a step change in how issues are approached and managed in a world where global growth will increasingly come from emerging markets. And many of the most promising markets in the medium term are in Africa.

If the G20 delivers on its promises, I am confident that the private sector in Africa and around the world stands ready to do the rest to empower Africans and lift them out of poverty.

*Tidjane Thiam is the Group Chief Executive of Prudential plc where he was previously Chief Financial Officer and Head of European Operations. He was a member of the Commission for Africa and more recently appointed Chair of the G20 High Level Panel for Infrastructure Investment. Thiam was also Group Strategy and Development Director, Managing Director and CEO, Europe at Aviva. He was a partner with McKinsey & Company in France. He also spent a number of years in Africa where he was Chief Executive and then Chairman of the National Bureau for Technical Studies and Development in Cote d'Ivoire and a cabinet member as Minister of Planning and Development. He is a non-executive director of Arkema in France, a member of the Council of the Overseas Development Institute (ODI) in London and a sponsor of Opportunity International, a charity focusing on microfinance in developing countries.*



# The G20 needs to unlock investment to drive African growth

Africa's problems have long dominated its image and the view of investors, resulting in considerably less focus than was warranted by the potential rewards. However, recent success stories and an increased interest in frontier markets are changing perceptions. Both public and private investors are increasingly prepared to look beyond the continent's problems, including weak governance, instability and high risk ratings, and to focus instead on the business opportunities and high rates of return Africa has to offer. As a result, foreign direct investment (FDI) into Africa has increased to new heights, with an ever-increasing share coming from the continent's newer partners such as China.

This is (mostly) good news. Increasing FDI is a sign of growing confidence in Africa's economies and policies, encouraging national governments to continue often politically difficult macroeconomic and private-sector reforms. It also means more money for much-needed improvements in transformative sectors such as transport and energy, as well as increasing access to capital for the continent's burgeoning private sector.

Despite these positive developments, access to capital is still insufficient and investment in growth sectors is still too small for Africa to overcome some of the structural impediments that have been slowing its progress for decades. For example, the World Bank estimates the annual financing need for the construction and maintenance of crucial infrastructure in Sub-Saharan Africa to be around \$93 billion. Even though there are data showing that profits on outward investment are substantially higher in Africa than in the rest of the world, over a third of this infrastructure need remains unfunded. This is also despite several promising facilitating initiatives, including home-grown ones by the AU New Partnership for Africa's Development (NEPAD), the African Development Bank and the Investment Climate Facility. As a result, infrastructure deficits remain among the biggest obstacles to African progress.

The same is true for the access of Africa's private sector to financial capital. There are huge pools of capital sitting in hedge funds, private equity funds and more traditional investment entities that engage in some less conventional areas, and international credit markets are gradually unfreezing. However, many African businesses, particularly the all-important small and medium-sized enterprises (SMEs), still struggle to mobilize the resources they need to grow and drive job creation and economic growth.

Naturally, African businesses, governments and regional organizations must lead the way in bringing down the risks to investment, communicating a more balanced view of Africa to the investment world, and improving the investment climate. However, the members of the G20 have a major role to play in unlocking investment flows to the continent. Their recent

# Robert Rubin

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efforts to do so – including the Invest in Africa Initiative, and the Small and Medium Enterprise Challenge – are steps in the right direction but simply do not go far enough.

The G20 could extend its efforts by helping to promote private capital flows to Africa through better informing portfolio and FDI investors about the opportunities, offering guarantees to leverage additional flows, and supporting an Invest in Africa initiative. The G20 could also support the development of legally enforced regulatory frameworks with African countries which will reduce risk for foreign and domestic investors. It could expand the G20 Small and Medium Enterprise Challenge initiative into an SME Investment Fund supported by private investors, and could facilitate the expansion of mobile-phone banking and other innovative methods of increasing access to finance. Much of this involves effectively targeting foreign assistance towards promoting growth.

G20 member states, in line with the Development Consensus for Shared Growth they signed in Seoul, should work towards Africa becoming a major consumer market, a destination for investment and a new pole of global growth. Distorting exchange-rate regimes, trade impediments, and bloated agricultural subsidies are some of the barriers G20 members can, and should, tackle on the way. As the Seoul Consensus points out, promoting economic growth in Africa is very much in the self-interest of G20 members.

*Robert Rubin is the co-chair of board of directors of the Council on Foreign Relations. He is the former Secretary of the United States Treasury under President Clinton. He played a leading role in many of the most important US policy debates; balancing the federal budget; opening trade policy to further globalization; and acting to stem financial crises in Mexico, Asia and Russia. Rubin began his career in finance at Goldman, Sachs & Company in New York City in 1966. Before joining Goldman, he was an attorney at the firm of Cleary, Gottlieb, Steen & Hamilton. After leaving the public sector, Rubin joined Citigroup in 1999, where he rose to Director and Chairman of the Executive Committee of Citigroup Inc.*



# The G20 needs to address Africa's infrastructure deficit

Lack of sufficient and reliable infrastructure continues to weigh heavy among Africa's many problems. Anyone trying to do business in Africa will tell you of their daily struggles with the continent's deficient energy, transport and communication networks. The lack of dependable electricity supply hampers production, the absence of good roads slows transport, and insufficient access to modern technology limits industrialization and integration into the global market place. The resultant inefficiencies and wastage make Africa the most difficult and expensive place in which to do business; they also slow economic growth and frustrate general development.

However, the pivotal importance of infrastructure is becoming better understood in the continent. African leaders have agreed several plans and initiatives, including the AU-NEPAD African Infrastructure Action Plan 2010–2015, the Infrastructure Project Preparation Facility and the Pan-African Infrastructure Development Fund, to close Africa's infrastructure gap. The African Development Bank is now spending more on infrastructure than any other aspect of development, and there is increasing regional cooperation on cross-border projects such as the trans-Africa highway and West African power pool.

Africa's partners, too, have recognized the need to prioritize infrastructure development on the continent. As a result, they have created a vast array of policy instruments and initiatives, including the Infrastructure Consortium for Africa and the EU–Africa Partnership on Infrastructure. These initiatives are intended to coordinate and bundle assistance, and to channel private-sector investments into key projects.

However, despite the flurry of activism and proliferation of initiatives, we are still far from finding the \$93 billion a year the World Bank believes necessary to bridge Africa's infrastructure gap. Given the urgency, calls for a more comprehensive approach linking the various ongoing efforts and creating synergies between them have become louder – and rightly so.

The G20's multi-year action plan on development may just offer such an approach. Born out of the group's Seoul Consensus, it defines infrastructure as one of the group's nine development priorities and seeks to build on the momentum created by existing initiatives to develop project pipelines, improve capacities and facilitate additional investments. In practice, the plan calls for the formulation of comprehensive infrastructure action plans by the multilateral development banks. It suggests the creation of a high-level panel to look into ways to harness large-scale investments continentally in infrastructure.

*“...the pivotal importance of infrastructure is becoming better understood in the continent. African leaders have agreed several plans and initiatives [...] to close Africa’s infrastructure gap”*

The pressure is on how to translate the plan into purposeful action for November and avoid the pitfalls of past efforts – including short-term thinking, destabilizing capital surges, and carbon-heavy construction. Success will be measured by the amount of capital generated, and the number of projects realized, as well as by the extent to which G20 activities complement and synergize existing efforts without supplanting or fragmenting them.

# Olusegun Obasanjo

*Olusegun Obasanjo was President of Nigeria from 1999 until 2007. Upon leaving office, he oversaw the first civilian handover of power in Nigeria from one democratically elected leader to another. He has played a pivotal role in the regeneration and repositioning of the African Union – with the African Peer Review Mechanism (APRM), and the New Partnership for Africa’s Development (NEPAD). He has consistently supported the deepening and widening of regional cooperation through the Economic Community of West African States (ECOWAS) and the Co-prosperity Alliance Zone incorporating Benin, Ghana, Nigeria, and Togo. General Obasanjo has also been involved in a number of international mediation efforts in Namibia, Angola, South Africa, Mozambique, Burundi and more recently Côte d’Ivoire. In 2008, United Nations Secretary-General Ban Ki-moon appointed him as his Special Envoy on the Great Lakes region, and is integral in the ongoing mediation efforts in Eastern Democratic Republic of the Congo.*



# We need another Gleneagles moment

The Gleneagles Summit of 2005 reinvigorated the G8 and turned an emerging consensus on international development into concrete commitments to the poor. While G8 discussions have prominently featured development issues on other occasions, for example at Monterrey and Heiligendamm, Gleneagles was unique in the extent to which it restored relevance, direction and ambition to the group and leadership, as well as vision to the international community.

If President Sarkozy is serious about his priorities, and receives sufficient backing, the Cannes Summit of 2011 may turn out to be the G20's Gleneagles moment. It could restore a much-needed sense of purpose to the G20 when its post-crisis role and effectiveness as a global decision-making body has been called into doubt. It could also help restore a measure of trust in the goodwill of the world's richest countries, something that many in the developing world have come to doubt in light of stalled trade and climate-change negotiations, declining aid flows and a painful economic crisis.

As my fellow Panel members have pointed out in their contributions, President Sarkozy can build on the momentum generated in Seoul in November 2010 to resuscitate the consensus on development and help overcome the main blocks to Africa's progress. But the French president can, and should, go beyond that. He has the historic chance, and I would argue the responsibility, to turn the consensus from a charitable pledge from rich to poor into a mutually beneficial partnership of equals.

The need for such a mindset shift has become painfully obvious over the last three years. The global repercussions of the financial and economic crises have highlighted the world's increasing interdependence and the imperative to integrate Africa better into the international system. Despite repeated promises of reform, the continent remains heavily marginalized in world affairs, with little say in and control over how these affairs affect its countries and people. Africa's economic potential remains constrained by high tariff and non-tariff barriers to trade, distorting quotas and bloated subsidy regimes. Unless these and other structural barriers fall, Africa will not become the much-needed new growth pole for the global economy, no matter how much aid or private investment it attracts.

The G20 thus has a real interest in initiating the necessary reforms. And there is no doubt that it also has the capacity to affect structural change. As a group, it has the composition, reach and sheer economic prowess. Individually, its member states are, by definition, the countries with the greatest power, resources and influence. Many of them have only recently graduated into major economies and their developmental experiences are still fresh. These countries understand that the key to development is not charity but equitable, job-creating, and ideally green economic growth fuelled by investment in the productive sectors such as agriculture, infrastructure, renewable energy, trade, knowledge and technical skills.

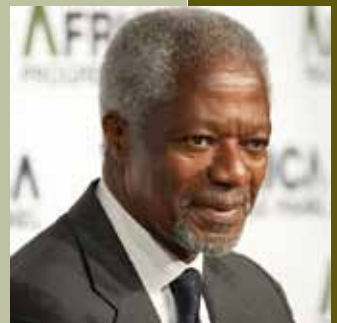
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The same countries also appreciate that the most important sources of development finance must be domestic revenues and private-sector investment. The main value of aid, other than in meeting urgent humanitarian needs, is to increase capacities, reduce dependence upon external support, and lubricate and leverage investment in the sources of growth and good governance. Most importantly, they know that they need to help Africa succeed if they are to keep succeeding themselves.

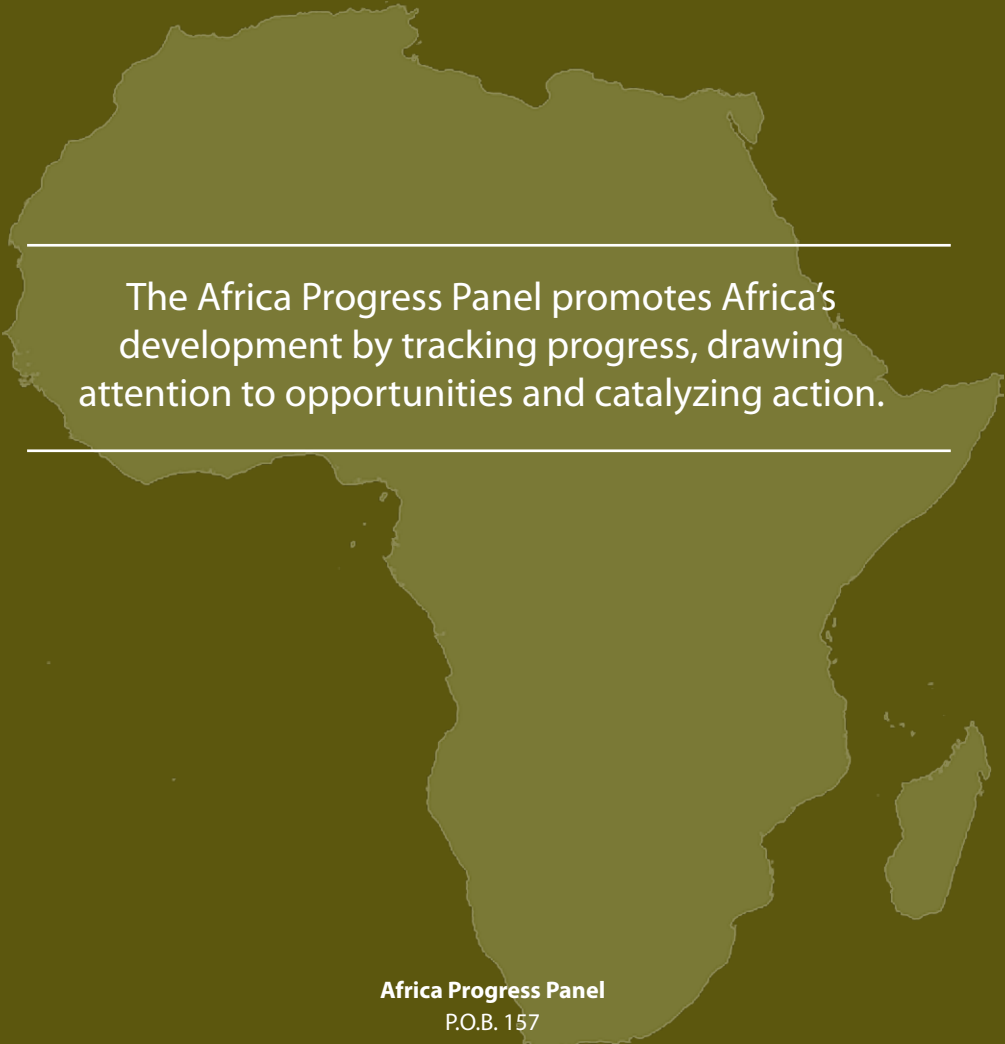
In Gleneagles, G8 leaders recognized that their national interests were aligned with their responsibility to support Africa's development and agreed on a set of concrete actions. We at the Africa Progress Panel sincerely hope that G20 leaders will do the same in Cannes – for the sake of Africa, the G20 and the world at large. My fellow Panel members and I certainly stand ready to support President Sarkozy as he faces the admittedly difficult task of pulling some of the more sceptical G20 members along. Several will resist the need to mobilize additional resources; others will prove unwilling to give up the advantages of a lop-sided system that favours those already rich and powerful. But as in 2005, the benefits of supporting Africa speak for themselves.

Having said all this, the implementation of the valuable ideas entailed in the Seoul Development Consensus on Shared Growth should not be made dependent on the G20 taking them on as a group. While the group's collective commitment would certainly be an important game-changer and political signal to developing countries, it is of course not enough on its own to overcome the immense challenges that these countries face. Nor does it necessarily invalidate some of the concerns raised regarding the G20's legitimacy and capacity. What really counts is that each member of the group lives up to its own development commitments and begins to treat Africa as a true partner, leading the way for others to follow.

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The Africa Progress Panel promotes Africa's  
development by tracking progress, drawing  
attention to opportunities and catalyzing action.

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