



EVENT REPORT

REPORT OF THE G-20 STUDY GROUP **'TURKEY AND THE G-20 PRESIDENCY: IMPLICATIONS FOR AFRICA'**

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by Christopher Wood, SAIIA

On 31 March 2015, the South African Institute of International Affairs (SAIIA), with the support of the UK Department for International Development (DFID), hosted a G-20 Study Group meeting entitled 'Turkey and the G-20 Presidency: Implications for Africa'.

SAIIA's chief executive, Elizabeth Sidiropoulos, welcomed some 47 participants to the event. The Turkish Ambassador to South Africa, His Excellency Mr Kaan Esener, reflected on what Turkey's presidency of the G-20 means to the country. Mr Ussal Şahbaz and Ms Feride İnan of the Economic Policy Research Foundation of Turkey (TEPAV) gave an overview of what would likely be Turkey's priorities during its presidency and how these resonated with African countries. TEPAV is co-chair of the Think-20 outreach initiative and chair of the Business-20 outreach.

Several South African and African G-20 stakeholders presented at the event, including Ms Vuyelwa Vumendlini, Chief Director of International and Regional Economic Policy at the South African National Treasury, Professor Lemma Senbet of the African Economic Research Consortium and Ms Eleanor Maeresera, of the African Forum and Network on Debt and Development (AFRODAD).

Session 1: Turkey's Priorities for the G-20 Presidency

The Turkish presidency inherits the G-20 in its eighth year, at a point at which the group has an ever-expanding agenda. The central challenge of the Turkish presidency will therefore be to balance the implementation of this developed agenda with Turkey's own priority issues. Key to maintaining the continuity of the group's work will be the Turkish presidency's threefold commitment to strengthening the global recovery, building greater financial resilience, and contributing to sustainable growth for all.

These G-20 priorities will be expressed and expanded through the Turkish presidency's own thematic focus on the three I's of Inclusion, Implementation, and Investment. The inclusion agenda has a domestic and international perspective. Domestically, inclusion means combatting inequality, advancing gender

and youth equality, and creating opportunities for small and medium enterprises. Internationally, the inclusion agenda aims to assure that the G-20's work takes heed of the needs of least developed countries, and consults with countries outside the group. This consultation will be promoted in Istanbul by the issuing of invitations to Spain, Azerbaijan, Singapore, and a host of international organisations that include the African Union (AU) and the New Partnership for Africa's Development (NEPAD). The implementation agenda puts the focus on the thousands of commitments made under the G-20 thus far, including those made in the Growth Action Plans drafted at the 2014 G-20 conference in Brisbane. Investment will encompass a broad range of issues, identified in co-operation with the private sector. Projects will include efforts to rebuild persistently depressed trade volumes after the crisis, reform the international tax system (through the Base Erosion and Profit Shifting (BEPS) process), improve transparency in the public and private sectors, and foster sustainability.

Calls were made for both South African and African interests to be closely considered by the G-20. The South African perspective views the G-20 as a partner in helping the country achieve the National Development Plan's 2015 target of 5% annual growth. Key G-20 policies that could assist with this include the implementation of the Brisbane Growth Plan, continued work on creating supporting institutions to facilitate infrastructure development, capacity building to assist in implementing G-20 projects, continued strengthening of the international financial system, and efforts to consider the needs of least developed countries. A call was made for the revival of the G-20's working group on international financial architecture, in an effort to move beyond stagnant IMF quota reforms, and into new issues such as debt relief and the reform of the IMF's Special Drawing Rights.

Many of these issues were reflected in the broader African agenda. Capacity building, particularly in least developed countries, was highlighted as crucial to assuring countries have the ability to properly implement other initiatives. Similarly, supporting finance is needed to drive forward reforms on issues such as green growth and the transformation of African agriculture. Turkey was praised as a potential partner in efforts to further Africa's voice at the G-20. Many felt this was crucial, given the difficulty of South Africa being the continent's sole representative on the G-20, despite the country not having a clear mandate for speak for Africa.

Session 2: Turkey and the G-20 Presidency: Implications for Africa

Turkey declared 2005 the 'Year of Africa', and since that point Turkish-African relations have been on the upswing. Turkey's recent efforts to expand their presence on the continent has seen Turkish missions to Africa increase from 12 to 34, while total aid increased from US\$73 million to US\$3.3 billion. However, bringing an Africa focus to the Turkish presidency of the G-20 would first require overcoming two barriers. The first is a legitimacy problem, given that South Africa is the only African representative in the group, and there is little continuous engagement with organisations like the AU or NEPAD outside major summits. The second is an efficiency problem, in which the Sherpa Track lags behind the Finance Track in the coherence of their agenda and their capacity to mobilise resources.

Nevertheless, this year's G-20 coincides with numerous major global processes – such as the Post-2015 Sustainable Development Goals, the Addis Ababa Financing for Development conference, and the sixth Forum on China-Africa Co-operation ministerial – that will see Africa being placed high on the agenda.



Five suggestions were made for how Turkey could assist in promoting African interests through the G-20. First, with so many major international processes underway, Turkey could work towards promoting some level of coherence, creating co-ordinated action plans for multilateral organisations. Second, legitimacy concerns could be overcome by inviting African representatives at the technocratic level, rather than at the symbolic level such as the Chair of the AU. Third, efficiency could be improved by narrowing the gap between the finance and development working groups, and bringing financiers into development discussions to assure this track has the resources to execute their plans. Fourth, core G-20 agenda items that overlap with African priorities should be given special prominence, including work on infrastructure, inclusion, and energy. Fifth, work should be done to underwrite the risks associated with investing in developing countries, to assure the additional visibility given to infrastructure projects by G-20 initiatives doesn't result in a clustering of finance in low-risk, developed countries.

Beyond these core recommendations, a number of other issues of importance to Africa were raised. The first was the importance of bringing the private sector into the G-20 process. Despite the existence of the Business-20, getting participation from African firms has been difficult, and often those that do attend are not representative of the full scope of African business, including small and medium enterprises (SMEs). Second, while infrastructure has recently received unprecedented attention, there is a need to ensure that various programs do not overlap, and that finance is properly distributed across the whole lifetime of an infrastructure project, including making funds available for project preparation and post-construction maintenance. A clear pipeline of projects needs to be established, assuring that infrastructure project concepts are brought to a bankable stage, and that the ensuing development is carefully governed, with necessary consideration paid to social and environmental concerns. Finally, reforms to global tax and finance governance structures need to take heed of African needs. Core to this is protecting the flow of remittances, the costs of which remain too high, and further advancing the BEPS projects, taking heed of the report produced by the High Level Panel on Illicit Financial Flows, chaired by H.E. Thabo Mbeki.