

**G20 GERMANY 2017**

**G20 AFRICA PARTNERSHIP  
INVESTING IN A COMMON FUTURE**

**BERLIN, 12 – 13 JUNE 2017**



**Conference Report**

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## Introduction

On 12-13 June 2017, the international conference “G20 Africa Partnership - Investing in a Common Future” hosted by the German Federal Ministry of Finance, the Federal Ministry for Economic Cooperation and Development and the Deutsche Bundesbank took place in Berlin.

The conference provided a platform for government representatives as well as experts and private sector stakeholders to initiate the G20 Africa Partnership and to strengthen this dialogue by exchanging views on joint opportunities and measures to overcome challenges.

Central to the discussions of the conference were the three pillars of the G20 Africa Partnership:

- 1** to improve inclusive economic growth and employment;
- 2** to develop quality infrastructure especially in the energy sector; and
- 3** to strengthen the framework for private finance and investment in Africa (Compact with Africa).

The G20 Africa Partnership builds on existing regional and international strategies in order to ensure alignment, coherence and ownership; it is based on the assumption that peace and stability are prerequisites for sustainable growth and development.

The conference brought together more than 800 participants from African as well as G20 and partner countries, including a total of 11 heads of state or government and 35 ministers, as well as more than 130 private sector investors from 25 countries, heads and representatives of international organisations, and civil society representatives with expertise on Africa. A total of 178 journalists covered the conference.

The conference took place at EUREF Campus, an ecologically and economically sustainable office and science location and the only urban district of its kind in Europe.

The opening and closing of the conference took place in the dome of the Gasometer. This historical listed industrial monument is more than 100 years old. The dome was designed on the occasion of the 2006 FIFA World Cup in Germany and is inspired by the dome of the German Parliament.



## Welcome and High-Level Opening Session

German Chancellor Angela Merkel opened the conference together with Alpha Condé, President of Guinea and Chair of the African Union, and Paolo Gentiloni, Prime Minister of Italy and Chair of the G7. Opening remarks were delivered by Egyptian President Abdel Fattah al-Sisi, President of Côte d'Ivoire Alassane Dramane Ouattara, Ghanaian President Nana Addo Dankwa Akufo-Addo, Malian President Ibrahim Boubacar Keita, President of Niger Mahamadou Issoufou, Rwandan President Paul Kagame, Senegalese President Macky Sall and Tunisian President Béji Caid Essebsi.

High-level participants acknowledged recent achievements in sustainable growth and development in Africa, and described the expectations and needs of the people on the African continent. Many African countries have

implemented significant reforms in recent years, improving stability and strengthening institutional frameworks, resulting in stable economic growth and improved governance. However, challenges remain: Many countries depend economically on the extraction of raw materials, and are therefore vulnerable to volatile commodity prices. At the same time, the needs of growing and young populations have to be met. Peace and security concerns, as well as continued challenges in the fields of governance and the rule of law, continue to weigh on sustainable growth.

High-level participants committed to enhance joint cooperation among African countries, G20 partners, international financial institutions and the private sector. Leaders stressed in particular the private sector's role in supporting sustainable development. While official



development assistance continues to play an important role, Africa also needs increased investment from the private sector in order to achieve broader and inclusive growth.

Participants in the conference expressed strong support for the G20 Africa Partnership and committed to actively support it. The Chair of the African Union, Guinean President Alpha Condé, welcomed the fact that the G20 Africa Partnership aims to contribute to the objectives of the African Union's Agenda 2063. The Chair of the G7, Italian Prime Minister Paolo Gentiloni, highlighted the complementarity between the G7 and G20 agendas on Africa, which aim at unlocking Africa's huge potential for economic progress and development.



## Opening Speech

**Angela Merkel**, Chancellor of the Federal Republic of Germany

## Keynote

**Alpha Condé**, President of the Republic of Guinea and Chair of the African Union

**Paolo Gentiloni**, Prime Minister of the Italian Republic and Chair of the G7

## Speeches by African Heads of State and Government

**Abdelfattah Al-Sisi**, President of the Arab Republic of Egypt

**Alassane Ouattara**, President of the Republic of Côte d'Ivoire

**Nana Addo Dankwa Akufo-Addo**, President of the Republic of Ghana

**Ibrahim Boubacar Keita**, President of the Republic of Mali

**Mahamadou Issoufou**, President of the Republic of Niger

**Paul Kagame**, President of the Republic of Rwanda

**Macky Sall**, President of the Republic of Senegal

**Béji Caïd Essebsi**, President of the Tunisian Republic

## Moderators

**Beatrice Marshall**, Global Anchor CCTV Africa

**Ali Aslan**, TV Moderator and Journalist



## High-Level Panel

# The Compact with Africa – Opportunities for Long-Term Stability and Growth

Following the high-level opening session, German Federal Minister of Finance Wolfgang Schäuble and Federal Minister for Economic Cooperation and Development Gerd Müller opened the high-level dialogue on the Compact with Africa with representatives from African countries, G20 member states, partner countries, and international financial institutions.

African countries that are participating in the G20 Compact with Africa initiative emphasised their political commitment and priorities. The finance ministers of Côte d'Ivoire, Ethiopia, Ghana, Morocco, Rwanda, Senegal and Tunisia, announced ambitious reform measures aimed at improving the framework conditions for private investment. The heads of the African Development Bank, the International Monetary Fund, and the World Bank as well as many G20 members and non-G20 partners indicated their support for the initiative and

the implementation of individual investment compacts. Several G20 members outlined the bilateral contributions envisaged for investment compacts with African partner countries. The participating international organisations committed to work closely together to ensure effective coordination of the input from all Compact partners.

The speakers highlighted the following aspects of the Compact with Africa: (1) a demand-driven and open process that emphasises African ownership; (2) closer dialogue and better coordination among stakeholders; and (3) collective action, building on strong commitments from all sides to create the right framework conditions for investment; (4) continuity of the initiative beyond the German G20 presidency. It was highlighted that the initiative remains open to more African countries, and that current Compact countries can become role models for other countries that join the initiative later.



## Participants in the High-Level Panel

### Welcome Remarks

**Wolfgang Schäuble**, Minister of Finance, Germany

**Gerd Müller**, Minister for Economic Cooperation and Development, Germany

### High-Level Panel

**Adama Koné**, Minister of Economy and Finance, Côte d'Ivoire

**Mohamed Bousaid**, Minister of Economy and Finance, Morocco

**Claver Gatete**, Minister of Finance and Economic Planning, Rwanda

**Amadou Ba**, Minister of Economy, Finance and Planning, Senegal

**Fadhel Abdelkefi**, Minister of Development, Investment and International Cooperation and Minister of Finance, Tunisia

**Akinwumi Adesina**, President of the African Development Bank

**Christine Lagarde**, Managing Director of the International Monetary Fund

**Jim Yong Kim**, President of the World Bank Group



## Contributions

**Abraham Tekeste**, Minister of Finance and Economic Development, Ethiopia

**Pierre Moscovici**, European Commissioner for Economic and Financial Affairs, Taxation and Customs

**Pier Carlo Padoan**, Minister of Economy and Finances, Italy

**Ken Ofori-Atta**, Minister of Finance, Ghana

**Lilianne Ploumen**, Minister for Foreign Trade and Development Cooperation, Netherlands

**Siv Jensen**, Minister of Finance, Norway

**Odile Renaud-Basso**, Director General, Treasury and Economic Policy Directorate, G20 Finance Deputy, Ministry of Economy and Finance, France

**Neena Malhotra**, Joint Secretary East and Southern Africa, Ministry of External Affairs, India

**Masatsugu Asakawa**, Vice Minister for Finance for International Affairs, Ministry of Finance, Japan

**Emma Navarro**, Secretary General for the Treasury and Financial Policy, G20 Finance Deputy, Ministry of Finance, Spain

**Mark Bowman**, Director General International and EU, G20 Finance Deputy, HM Treasury United Kingdom



## G20 Working Dinner on CWA

Following the opening session, a Working Dinner on the Compact with Africa brought together African Compact countries with bilateral and multilateral partners.

## Speaker

**Angel Gurría**, Secretary-General of the Organisation for Economic Cooperation and Development (OECD)

**Ibrahim Hassane Mayaki**, Chief Executive Officer (CEO) of the New Partnership for Africa's Development (NEPAD)



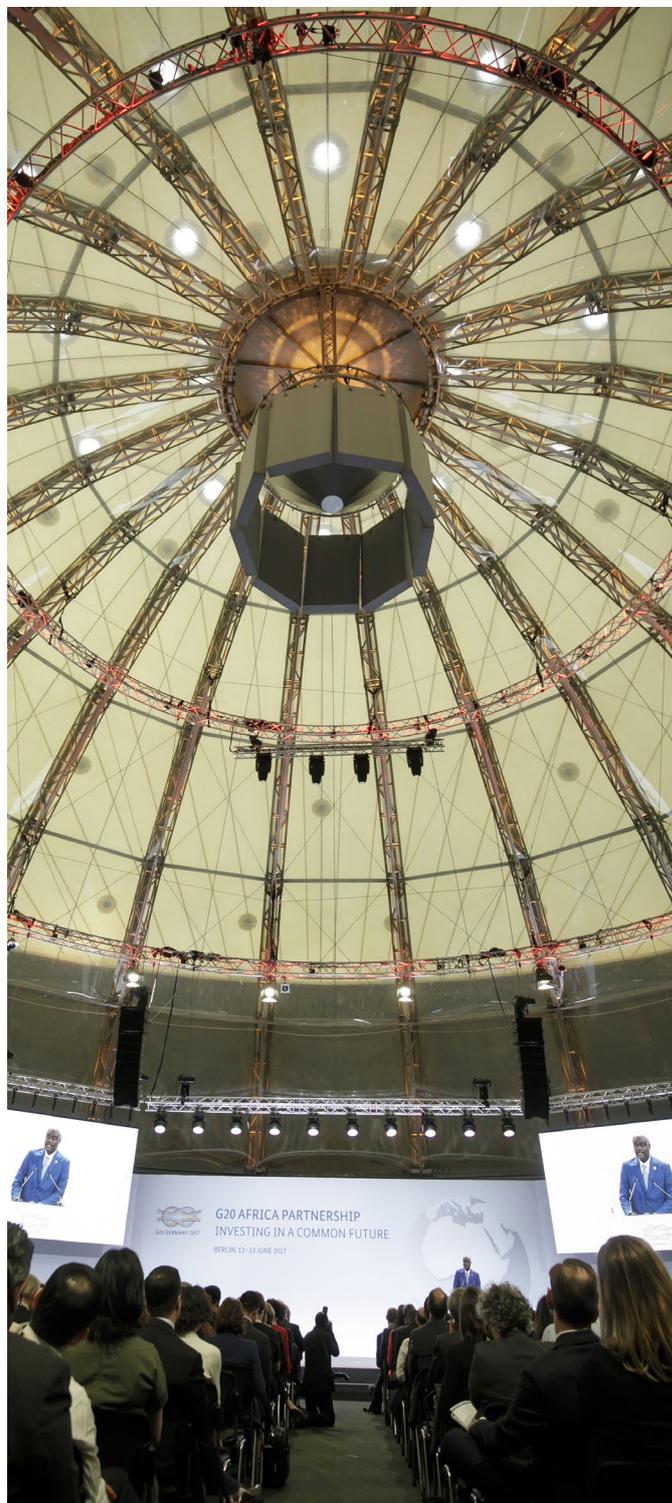
## Second Day of the Conference

Bundesbank President Jens Weidmann and Moussa Faki Mahamat, Chairperson of the African Union Commission, opened the second day of the conference.

During the whole day, different breakout sessions allowed for technical discussions on diverse topics including measures to improve the macroeconomic, business, and financing framework conditions in African countries, as well as on digitalisation and skills development, energy infrastructure, and investment in fragile states in Africa.

In addition to the breakout sessions, a high-level investor roundtable and the Africa Opportunities Forum allowed for concrete discussions related to the investment environment and sustainable development in Africa.

At the close of the second day, the plenum assembled and the rapporteurs from the breakout sessions, the investor roundtable and the Africa Opportunities Forum presented the results of the discussions.



### Opening Investment Symposium

**Jens Weidmann**, President of the Deutsche Bundesbank, Germany

**Moussa Faki Mahamat**, Chairperson of the African Union Commission

### Opening Moderators for Opening and Closing of Day 2

**Ludger Schuknecht**, G20 Deputy and Director General, Federal Ministry of Finance, Germany

**Günter Nooke**, Commissioner for Africa; German Chancellor's Personal Representative for Africa, Federal Ministry for Economic Cooperation and Development, Germany



## Breakout Session A1

# Macroeconomic Framework

## Preserving Macroeconomic Stability and Developing Strong Tax Systems

### Context

Accelerating investment in Africa requires maintaining a stable macroeconomic environment, including resilience in the face of adverse shocks, thereby providing investors with the confidence to undertake productive investments over time.

This session discussed a key element of sound macro policy, namely raising public revenue to provide adequate economic infrastructure while maintaining debt sustainability. Enhanced debt management frameworks and favourable terms for external financing of public investment are also important to safeguard debt sustainability. Additionally, implementing sound tax policies and strengthening national tax administration are key for boosting budgetary revenues. It is also of particular relevance to provide for tax certainty so as to ensure that the tax system has the clarity and stability needed to generate sufficient tax revenues and also to attract investors.

### Results

Speakers emphasised the diversity of African economies and the need for country-specific policies. Countries in the continent broadly exhibit two tracks: (1) commodity-exporting countries, with large current account and fiscal deficits; and (2) non-commodity exporting countries which are growing fast but face challenges on how to manage growth without turning to pro-cyclical policies.

To mobilise domestic resources, participants called for transparent tax systems that ensure that everyone pays their fair share, including multinational corporations. Overly generous tax exemptions should be reviewed. Speakers agreed that a strong tax system should be fair, transparent, consistent and predictable. As building a strong tax system depends on the political will to set up strong tax institutions and strengthening tax administration capacity, it is important to have strong political support for these measures. Participants highlighted that the easy availability of money can be a



curse for countries without domestic resources as they lack incentives to create a strong tax base and strengthen the tax system.

Another important aspect of a strong tax system is a strong customs collection. A well-functioning customs collection system is important both for revenue collection as well as for the ease of moving goods. Coordinating across regional customs agencies could provide connectivity at the borders and offer synergies.

Participants also stressed that better governance and lower tolerance for corruption are key to creating fiscal space for critical investments. It is therefore important to improve the efficiency and governance of expenditures, reduce leakages due to corruption, and prevent the poor selection and poor implementation of projects. Improving the transparency and control of public revenue institutions can minimize leakages and inefficiencies. This also improves the stability of the markets and would thus support the investment environment.

Overall, it was stressed that a key factor for strong macroeconomic policies is the buy-in of African countries as well as the inclusion of the voices of African citizens. Governance areas highlighted in particular were government effectiveness, regulatory quality, and voice and accountability. Focusing on improving these governance issues can achieve better outcomes.





## Moderator

**Guangyao Zhu**, Vice Minister of Finance, G20 Deputy, Ministry of Finance, China

## Rapporteur

**Siddharth Tiwari**, Director of Strategy, Policy and Review Department, International Monetary Fund

## Speaker/Input

**Elena Flores**, Director, Policy Strategy and Coordination, Directorate General for Economic and Financial Affairs, European Commission

**Kunio Mikuriya**, Secretary General, World Customs Organization

**Abebe Aemro Selassie**, Director of the African Department, International Monetary Fund

**Logan Wort**, Executive Secretary, African Tax Administration Forum

**Albert Zeufack**, Chief Economist for Africa, World Bank

## Experts

**Fanwell Bokosi**, Executive Director, African Forum and Network on Debt and Development (AFRODAD)

**Moritz Kraemer**, Sovereign Chief Ratings Officer, Standard & Poor's Corporation

**Leonard Rugwabiza**, Deputy Minister of Finance and Economic Planning, Rwanda

**Papa Amadou Sarr**, Director General for Financial Sector and Competitiveness, Ministry of Economy, Finance and Planning, Senegal



Breakout Session A2

# Macroeconomic Framework

## Managing Public Investment Effectively

### Context

Public investment efficiency is key to ensure that the growth dividend exceeds resource costs, thereby contributing to debt sustainability. Improving public investment management frameworks to ensure transparency, accountability, and efficiency are important aspects in this regard. This entails strengthening planning and project implementation capacity, improving procurement practices to obtain value for money, and making adequate provision for operations and maintenance in the future. Similarly, state-owned enterprises, which execute many investment projects, can be strengthened through a mix of governance reform, tariff and other sectoral reforms, and scaling back in areas where the private sector can deliver efficient outcomes.

### Results

Lessons from public investment management assessments conducted in Africa suggest that while many African countries have public investment management principles, they are not often adhered to. The IMF found that if you have better public investment practices, you can increase the impact of public investments on growth.

One way to achieve more transparency and thus better investments is strengthening public institutions that oversee public investments. Participants stressed the importance of strengthening public investment management institutions through a more collaborative approach between country authorities and development partners. Technical assistance provided by international financial institutions and G20 partners can support the development of local capacity building and strengthen the institutions overseeing investments.



Tools such as the Public Investment Management Assessment (PIMA) or the PPP Fiscal Risk Assessment Model (P-FRAM) developed by the IMF can serve as benchmarks for countries to evaluate their capabilities.

Another concrete tool to improve the transparency and efficiency of public investment is e-procurement. Evidence suggests that e-procurement is often not used due to lack of political will. Efficient procurement practices, including transparent and open tendering processes, are important for private sector actors.

Many African countries are also closing infrastructure gaps through public-private partnerships. Participants noted that while public-private partnerships (PPPs) can deliver substantial savings, they need to be carefully managed and the risks better assessed and allocated. Private sector participants in PPPs can also bring their expertise and international experience, increasing the quality of projects. Clear contracts and the separation of risks between public and private sectors are important for PPPs. Private sector actors further highlighted that overly complex PPP regulations can be a hindrance to investments.

Overall, broader governance issues such as political will, transparency, accountability, and the involvement of civil society were also highlighted as important for strong public investment management institutions.

### Lead Speakers

**Jamie Drummond**, Executive Director, ONE  
**Denis Le Maout**, Director of Contracting Africa and Middle East Zone, Veolia  
**Antoinette Sayeh**, Distinguished Visiting Fellow, Center for Global Development  
**Genevieve Verdier**, Deputy Division Chief, Fiscal Affairs Department, International Monetary Fund

### Experts

**Ivailo Izvorski**, Practice Manager  
Macroeconomics and Fiscal Management Global Practice, World Bank  
**Peter Wolff**, Head of Department World Economy and Development Financing, German Development Institute  
**Reinhard Palm**, Head of Africa Department, Bread for the World

### Moderator

**Odile Renaud-Basso**, Director General, Treasury and Economic Policy Directorate, G20 Deputy Ministry of Economy and Finance, France

### Rapporteur

**Siddharth Tiwari**, Director of Strategy, Policy, and Review Department, International Monetary Fund



**Breakout Session B1**

# **Business Framework**

## **Building a More Investment-Friendly Environment**



### **Context**

Perceptions of political risk are a key constraint to private investment in developing countries, second only to macroeconomic stability. The types of political risk investors care about relate to government conduct: regulatory changes, breach of contract, transfer and convertibility restrictions. This session focused on policies governments can implement to make it easy to invest and reduce the risk to private investors, including by adopting frameworks that support good governance and a favourable business climate (legal and regulatory reforms, strong and trustworthy institutions), providing access to dispute resolution mechanisms, and establishing early warning and tracking mechanisms to identify complaints and issues that arise from government conduct.

### **Results**

Participants discussed issues on investor protection and dispute resolution, stressing the need to intervene at an early stage to reduce instances of conflict. The World Bank has done considerable work on early state grievance management for investors and early stage risk prevention. The World Bank model proposes designating a lead agency within the government to collect information and resolve the potential issues, as political support for solving issues early is critical. The

International Centre for the Settlement of Investment Disputes (ICSID) at the World Bank exists for the most extreme cases of investment dispute resolution, but the goal should be to avoid cases getting that far. The four types of cases ICSID deals with are arbitrary rule changes, breach of contract, expropriation, and transfer of fund issues.

Clear and transparent rules and procedures are also key to dispute settlement. They should be made accessible, ideally online, as both investors and public sector officials need to know what the rules are. Reducing red tape was an issue raised by several participants, as efficient administration is important for investors. A one-stop shop can be helpful for investors, but sometimes such one-stop shops just add another layer of bureaucracy. Corruption was also raised as a key problem for foreign investors. In particular, participants stressed that red tape related to intra-regional trade in Africa posed a large problem to businesses. It was suggested that technological solutions could be a way to address the non-tariff barriers related to the African business environment and that Africa could use technology to leapfrog administrative barriers. One business area where several private sector participants raised the issue of red tape is in relation to mining rights in African countries – due to the long-term nature of investments in this sector, international investors require regulatory certainty for making investments.



Private sector participants also raised the issue that going through the different bureaucracies of various international organisations can be difficult for companies. Guarantees from host governments can be easier to access and have a signalling effect. Other areas where restrictions impede investments exist in regards to minority ownership and work visa requirements that constrain the transfer of expertise. Other areas related to strengthening the business environment related to the need for investments in infrastructure and skills training – both areas where governments can affect the investment environment. While the business climate can still be improved further, various examples raised highlighted the marked difference between perceptions of risks of investments in African countries and the actual riskiness of investments as measured in reality (“the perceptions gap”). It was suggested that returns available in African countries far outweighed the risks. This suggests that solid reforms and efforts to change the perceptions of riskiness of



investments in African countries should go hand-in-hand.

For Compact countries, it is important to have a strong political commitment and to develop strategies to improve the business environment.



## Lead Speakers

**Tutu Agyare**, Managing Partner and Chief Investment Officer, Nubuke Investments  
**Eckhard Franz**, Director-General for External Economic Policy, Federal Ministry for Economic Affairs and Energy, Germany  
**Alexander Knauf**, CEO, Knauf Group  
**Meg Kinnear**, Secretary-General of the International Centre for Settlement of Investment Disputes (ICSID)  
**Eric Sanchez**, Vice-President Business Development Africa, Bolloré Logistics  
**Kerfalla Yansane**, Senior Minister, Advisor to the President for the International Financial Institutions, Guinea

## Experts

**Eymen Errais**, Minister Counselor, Investment and International Cooperation, Ministry of Development, Tunisia  
**Jilali Kenzi**, Deputy Finance Minister, Morocco  
**Bright Simons**, President, mPedigree

## Moderator

**Mark Bowman**, Director General International and EU, G20 Finance Deputy, HM Treasury United Kingdom

## Rapporteur

**Kapil Kapoor**, Director Strategy and Operational Policy, African Development Bank



**Breakout Session B2**

# **Business Framework**

## **Preparing Viable Projects**

### **Context**

This session explored approaches to improve project preparation and standardization. The lack of well-prepared portfolios of bankable projects has been widely recognized as one of the key constraints to infrastructure development in Africa. It is imperative to help develop both financial and technical capacity of African countries to build strong pipelines of bankable projects that could attract private investors, including through public-private partnerships. Standardisation of contracts is also essential to reduce transactions costs.

### **Results**

The lack of bankable projects is often a bigger obstacle to investment, compared to the lack of financing. Participants discussed several reasons behind the shortage of bankable projects: (1) governments are not long-term oriented while the private sector needs greater

sense of certainty; (2) lack of expertise and coordination within the government leads to slow decision-making and weak implementation; (3) lack of dialogue between the public and private sectors, especially at the early stages of preparation, weakens the project's viability. Occasionally, solid legal and institutional frameworks are also not in place although one of the speakers noted that, given the long-term nature of strengthening such frameworks, this should not stop countries from seeking private investors. Learning-by-doing is often a good approach. In some cases, the government needs to ensure that financially sustainable sectors are available for investment—particularly there may be a need to raise tariffs in some industries to ensure sustainability.

Each stakeholder has a role to play to develop bankable projects. Many of these actions are already being done but they need to be scaled up and done consistently. Governments need to build capacity, maintain a stable environment (particularly to reduce foreign exchange



volatility), and be focused on their long-term visions, regardless of the electoral cycle. The private sector needs to refrain from pushing for projects that are not sustainable. And development finance institutions need to deploy risk mitigation instruments faster and increase their support for project preparation facilities. Others though noted the many small and independent project preparation facilities and proposed greater coordination or merging of these facilities.

There have been good examples of project preparation that Compact countries can mimic, such as the north-south corridor project that connects the port of Durban to the Democratic Republic of Congo and Zambia and the Kazakhstan ring road project. In these examples, the elements of coordination, political support, strong frameworks, country ownership, and funding were all in place.

Participants also discussed several initiatives to standardise processes in preparing projects. These include the World Bank's scaling solar initiative, which includes simple and rapid tendering using templates to create markets for grid-connected solar photovoltaic power plans in Africa; the World Bank initiative to standardise contractual provisions in PPPs, and Global Infrastructure Hub's tool to help governments allocate risk in PPP transactions.

### Lead Speakers

**Antonio Cammisecra**, Chief Executive Officer, ENEL Green Power

**Lynette Chen**, Chief Executive Officer, NEPAD Business Foundation

**Alain Ebobisse**, Chief Executive Officer, Africa 50

**Sofía Fernández de Mesa**, Head of ProFuturo, Telefónica Foundation

**Helmut Gages**, Head of Department for the Middle East and Africa, KfW

### Experts

**Janet Heckman**, Managing Director for the Southern and Eastern Mediterranean, European Bank for Reconstruction and Development

**Mark Moseley**, Senior Director, Global Infrastructure Hub

### Moderator

**Rick Stewart**, Assistant Deputy Minister, International Trade and Finance Branch, Department of Finance, Canada

### Rapporteur

**Kapil Kapoor**, Director Strategy and Operational Policy, African Development Bank



## Breakout Session C1

# Financing Framework

## Facilitating Private Funding of Investments

### Context

In difficult markets, real or perceived risks and operating costs are excessively high—making private investment unviable. The challenges are particularly acute for infrastructure projects which depend on government commitments for extended periods of time. The level of credibility of governments as key counterparties is often not sufficient to achieve project bankability. This session explores risk approaches that facilitate more pioneering investments in Africa. This includes using development institutions' balance sheets to take some risks the private sector will not take, or blending grants or concessional funds with private finance to improve risk-return ratios. Institutional investors can also be a potential new source of capital, given their growing size and the search for diversified, long-term returns which infrastructure assets can provide – but their involvement may require reviewing current regulations in advanced markets.

### Results

The session focused on the reasons behind the lack of financing for investment in Africa. The reasons will often vary from case to case. As a result, policymakers need to define carefully the specific market failure that hinders finance from flowing into the country. One participant, for example, shared the experience of the Gates Foundation when they analysed obstacles to the delivery of vaccines to deal with preventable disease. They found that the market failure was in a very small segment of the value chain: the delivery from port to village. Identifying the market failure narrows the scope for public intervention and broadens the scope for private solution.

Stakeholders have to “slice the risk” to identify better what can be insured and what must be borne by the investor or supplied by the sovereign. MIGA, for one, only insures risks related to currency and transferability, expropriation, breach of contract, and war or civil unrest.

African economic growth has also reduced private-equity fundraising for the continent. Nonetheless,



investors remain concerned with political and currency risk. There is also a mismatch between the small size of funds and the demand for large funds from institutional investors. There is a clear need for a fund of funds that merges these small funds to a size that is attractive to institutional investors.

The perceptions gap is another factor. An Ernst and Young survey found that companies in the African market rate the risk lower than those outside the market. Experts also pointed out that African infrastructure has a low default rate. Some participants noted that although African countries are very different, the market tends to view all countries as one. As a result, disturbance in one African country tends to dry up financing in others. Clearly, there is a need for outreach to pension funds and further education of consultants and managers.

Development finance institutions should also refrain from marketing Africa-only portfolios, given the need for fund managers to diversify. Blending Africa with other risks should be part of the strategy.

Other participants noted that stakeholders should also focus on small and medium projects, such as in renewable energy. Such projects are more likely to be African-led, as opposed to big infrastructure projects which will be more likely staffed by non-Africans. Fintech



has also increased opportunities of small businesses. Governments can support them further by ensuring a level playing field.

The lack of project financing can be an indication of deeper problems such as the limited supply of bankable projects or poor business environment. In these cases, the solution is to help the government in the project preparation phase, including the setting of realistic tariffs, and in improving the business environment. Experts also cautioned the government from relying on bond financing in foreign currency. A successful issuance may appear to be rewarding reform efforts but often is a reflection of investors searching for yield. Countries should aim to attract more informed money that focuses on fundamentals.



## Lead Speakers

**Mohamed El-Erian**, Member of International Executive Committee, Allianz

**Florian Grohs**, Founder and CEO, U4GOOD

**Keiko Honda**, Vice President, Multilateral Investment Guarantee Agency (MIGA), World Bank Group

**Aubrey Hruby**, Senior Fellow, Atlantic Council

**Michael Menhart**, Head of Economics, Sustainability & Public Affairs, MunichRe

## Experts

**Siaka Fanny**, Advisor to the Minister of the Economy and Finances, Côte d'Ivoire

**Lars Kroijer**, Founder and CEO of Allied Crowds

**Makaio Witte**, Expert, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

## Moderator

**Vincenzo La Via**, Director General of the Treasury, G20 Finance Deputy, Ministry of Economy and Finance, Italy

## Rapporteur

**Jan Walliser**, Vice President, Equitable Growth, Finance and Institutions, World Bank



## Breakout Session C2

# Financing Framework

## Developing Domestic Debt Markets



### Context

Deepening the African financial sector can support domestic sources of financing for investment. This entails further developing domestic debt markets, with a well-established yield curve to provide a benchmark for private issuance. This would require addressing impediments in the enabling environment for capital market development such as the macro-policy setting, local institutional investor base, investment climate, and financial soundness of the banking sector. Developing financial instruments to enhance the credit risk profile of securities issued in Africa (including to finance infrastructure) can also go a long way to substantially increase their attractiveness.

### Results

Participants highlighted the importance of developing local currency capital and debt markets and the large untapped potential for local market development in African countries. Many African countries have made significant progress over the past few years in terms of size and diversity in their local markets. However, most African countries issue local currency with very short maturity and there is little liquidity in the secondary market in African countries.

Pre-requisites for the development of domestic debt markets include an independent central bank and sound macroeconomic policies (to minimise exchange rate volatility) as there is limited attractiveness for investors for unstable currencies or in an uncertain regulatory environment. In this regard, capacity development and sound public debt management is important.

Another important element for domestic capital markets are domestic investors. If domestic savings are small, it is difficult to develop domestic capital markets if no one wants to invest in these. Measures to raise domestic savings are therefore needed to support the development of local currency capital markets.

Further pre-requisites for the development of domestic debt markets are adequate market infrastructure and regulation. The development of rating agencies in African countries was also raised as important in this regard.

Several participants highlighted examples of development finance institutions supporting the development of local currency bond markets. Partners can support the issuance of local currency bonds by providing policy advice and technical assistance. In addition, development finance institutions can also serve as anchor investors in local currency or issue bonds in the local currency of countries themselves.



### Lead Speakers

**Daniela Gressani**, Deputy Director, Middle East and Central Asia Department, International Monetary Fund

**Amadou Hott**, Vice-President, Power, Energy, Climate and Green Growth, African Development Bank

**Norbert Kloppenburg**, Member of the Executive Board, KfW

**Christoph Kuhn**, Head of Mandate Management, European Investment Bank

**Vera Songwe**, Regional Director West and Central Africa, International Finance Corporation

### Experts

**Benoît Chervalier**, Chairman and Co-founder, one2five advisory

**Symerre Grey-Johnson**, Head Partnerships, Regional Integration, Infrastructure and Trade Division, NEPAD

### Moderator

**Monale Ratsoma**, Deputy Director General, Acting Head, International and Regional Economic Policy, National Treasury, South Africa

### Rapporteur

**Jan Walliser**, Vice President for the World Bank's Global Practices for Equitable Growth, Finance, and Institutions, World Bank Group



## Breakout Session D1

# We are **HIRING: SKILLED. DIGITAL.**

## An Investment in Skills: An Investment in Growth – Promoting Economic Growth and Employment through Work- based Technical and Vocational Education and Training

### Context

In many countries, technical and vocational education and training (TVET) is not considered a desirable career path. Despite the large number of unemployed university graduates, the notion persists, that TVET is for those who have failed to enter higher education. The German TVET System demonstrates how the government and the private sector share mutual responsibility in governing and executing Germany's TVET system. An investment in an individual's skills is an investment in a country's economic and social development.

The G20 Partnership Conference provided the perfect setting and brought together relevant stakeholders to highlight the importance of TVET, particularly the aspect of work-based training.

### Results

In his opening speech, Andreas Gies, Director General at the German Federal Ministry of Cooperation and Development, noted that a particular focus of German development cooperation in this area was on strengthening the partnership between the public and private sector to enable more and better investment in skills. Dialogue should be conducted at the level of politicians, business people, academics and members of civil society. Providing a private sector perspective in her keynote, Isabella Groeger-Cechowitz from SAP noted that the focus of TVET should not just be on acquiring knowledge, but rather on building skills and competences needed to leverage the huge potential of information and communication technology (ICT). ICT solutions such as web-based learning had the potential to act as a gateway to further skills development.

In a lively discussion the panellists set out their key points stating that TVET needed to be based within the context of a coherent and integrated policy framework, which included structural reforms and a clear industrial



strategy. Such a strategy needed to identify and target the skills gaps in the labour market, resulting from consultation and dialogue not just between the public and private sectors, but also with business and other intermediary associations and with young people themselves. Due to the heterogeneity of the private sector in Africa, tailored TVET approaches were needed that took into account the needs of the formal vs. informal and rural vs. urban sectors. Furthermore, some issues could only be addressed at a regional, rather than at a national, level.

There was strong recognition of the need to improve the perception and attractiveness of TVET. Advocacy and marketing campaigns would not be sufficient. Cultural change and adaptation within the private and public sectors would also be needed. For example, the lack of women role models in senior leadership roles could potentially be addressed through locally relevant TVET interventions that took into account both employers' needs as well as their economic and social context.

Regarding cost levels of TVET, panellists stressed that the emphasis should rather be on the long-term investment and the creation of sustainable labour market conditions.

In conclusion, the clear message from the session was: "An investment in TVET is an investment in both economic growth and in a common future."





### Moderator

**Oliver Haas**, Head of Sector, Project TVET,  
Deutsche Gesellschaft für International  
Zusammenarbeit (GIZ) GmbH

### Rapporteur

**Isis Nyong'o Madison**, Chief Executive Officer  
(CEO), Mumsvillage, Kenya

### Participants

#### Lead Speakers

**Andreas Gies**, Director-General for  
Development Cooperation Worldwide, Country  
Programmes, Federal Ministry for Economic  
Cooperation and Development, Germany

**Isabella Groegor-Cechowicz**, Global General  
Manager, Public Services, SAP SE

#### Experts

**Marius Busemeyer**, Professor of Policy Analysis  
and Political Theory, University of Konstanz

**Borhene Chakroun**, Chief of Section of Youth,  
Literacy and Skills Development, UNESCO

**Marwa Keshk**, HR Manager- Employees'  
Relations and Administration Manager, Leoni  
AG, Egypt

**Ibrahim Mayaki**, Chief Executive Officer (CEO),  
NEPAD

**Afua Osei**, Co-Founder She leads Africa, Kenya



## Breakout Session D2

# Digital Development

## Realising the Potential of the Digital Economy for All

### Context

The digital economy in Africa is expanding, holding untapped growth potential that presents investment opportunities and ultimately job creation. Yet, these promises have not yet been fulfilled in all African countries, firstly because of barriers for public and private investments in the digital economy. Foreign investments as well as African entrepreneurship require an enabling environment that facilitates investments into digital innovations. This includes appropriate funding opportunities and supportive entrepreneurship ecosystems for tech entrepreneurs. Secondly, the promises of the digitalisation have not yet been fulfilled for everyone. The digital economy poses challenges in terms of skills shortages and mismatches and rising inequality for those who might be left behind because they lack skills. This is particularly the case for women and girls. There is a need to upgrade education and skills-development systems to prepare everyone for the jobs of the future.



If these barriers are overcome, digital technologies have the power to promote women's empowerment by facilitating women's access to markets, to entrepreneurship and to employment opportunities. E-commerce solutions, for example, provide vast opportunities for women to participate in international trade in goods and services. The experts of this session

discussed how strategic partnerships between the private and the public sector help to harness the potentials of the digital transformation in Africa for all.

### Results

In his introductory address, Günter Nooke, the Commissioner for Africa and Chancellor's Personal Representative for Africa, underscored digitalisation as a key element of the transformation process of Africa. He pointed out that digital trade and e-commerce platforms are growing, promising better market access for Africa, including the landlocked countries. He also raised awareness on the fact that in the past, women and girls were not able to take full advantage of the opportunities provided by digital technologies. During its G20 presidency, Germany has called on the G20 member states to join forces with African partners in order to overcome the structural challenges for digital inclusion, especially of women and girls.

During the session, experts from the private sector, government, and international organisations shared their digital experiences in Africa. It was argued that progress on the digital agenda is uneven; constellations where private sector dynamism is met with a government that is willing to provide a regulatory environment conducive to digital growth are most successful. It was suggested that to reap the benefits of digital trade, countries should consider developing e-commerce strategies – ideally together with the private sector – to address weaknesses across the spectrum of infrastructure, payment solutions, logistics, legal and regulatory framework, skills and financing for e-commerce; the gender aspect should be mainstreamed into such strategies. Digitalisation also holds a vast promise for women's empowerment; the lack of digital skills was one of the key constraints identified during the session. The G20 initiative #eSkills4Girls addresses the existing barriers by tackling the existing gender digital divide in particular in low income and developing countries. The goal is to globally increase the participation of women and girls in the digital world and to boost relevant education and employment opportunities.



One key element of the #eSkills4Girls initiative is a digital platform, initiated by the G20 members together with UNESCO, UN Women, ITU and the OECD to collect and disseminate information and knowledge as well as policy recommendations, good practices and flagship projects on digital gender equality. This platform was officially launched during the session by Kyoo-ho Lee from Korea, Chair of the G20 #eSkills4Girls Steering Committee. He underscored the important political message from the G20 who rally behind the agenda of closing the gender digital divide. #eSkills4Girls is an important element of the G20 Africa Partnership whose overall goal is to attract investment and jobs in Africa.

### Participants

#### Lead Speakers

**Günter Nooke**, Commissioner for Africa; German Chancellor's Personal Representative for Africa, Federal Ministry for Economic Cooperation and Development, Germany

**Kyoo-ho Lee**, Director, Development Policy Division, Ministry of Foreign Affairs, Chair of the DWG Steering Committee, Korea

#### Experts

**Sabine Dall'Omo**, CEO, Siemens Southern and Eastern Africa

**Ethel Cofie**, Entrepreneur and CEO, EDEL Technologies, Ghana

**Eymen Errais**, Special Counsellor to the Minister, Ministry of Development, Investment and International Cooperation, Tunisia

**Shamika Sirimanne**, Director, Division on Technology and Logistics UNCTAD

#### Moderator

**Sasha Rubel Diamanka**, Regional Advisor for Communication and Information, UNESCO Cluster Office for West Africa (Sahel)

#### Rapporteur

**Isis Nyong'o Madison**, Founder and CEO, MumsVillage, Kenya



## Breakout Session E1

# Climate and Energy

## Mobilising Energy Investments for Climate and Sustainable Development

### Context

The Paris Agreement and the 2030 Agenda have set world on a new course. Initiatives like the Africa Renewable Energy Initiative are an excellent example of how climate objectives and sustainable development goals can be addressed simultaneously via the energy sector which is a central component in Nationally Determined Contributions as well as of the Sustainable Development Goals. Africa's potential for renewable energies is tremendous. However, the investments needed to achieve a sustainable and low-carbon energy sector transformation in Africa over the coming years are considerable.



### Results

A low-carbon and sustainable energy sector development is the corner stone for development in the spirit of the 2030 Agenda and the Paris Agreement in Africa. Providing access to modern and reliable energy reduces energy poverty and leads to tremendous socio-economic benefits, such as productive use, health improvements and employment opportunities.

The panel agreed that Africa is a continent of opportunities, including great investment opportunities for renewable energy. But how to mobilise investments to accelerate the transformation of African energy

systems? Panellists identified unattractive framework conditions, real and perceived risk, lack of bankable projects, and weak local financial markets as key barriers.

The Africa Renewable Energy Initiative, the Africa Renewable Energy Cooperation Programme of the Africa EU Energy Partnership, and the Programme for Infrastructure Development were highlighted as promising regional efforts to mobilise public and private engagement.

It was acknowledged that the right investment conditions are a precondition for sustainable business activity and can only be established by national governments. Targeted policy support measures to help create these enabling environments were therefore seen as very useful.

It was highlighted that the current risk perception for renewable energy projects in Africa is oftentimes prohibitive for international as well as domestic investors. Dedicated financial instruments to mitigate these risks would therefore be needed to make projects viable. Successful examples were mentioned by representatives of the African Union and Germany.

Lastly, participants stressed that support for the project development phase plays a decisive role to increase investment flow into renewable energy in Africa. Building up technical capacities is indispensable for building up the project pipelines required to massively scale up the deployment of renewable energies in Africa.

Special attention was given to decentralised renewable energy solutions, which still provide a lot of potential for innovation. The African Development Bank and Mobisol presented their latest efforts in this regard.

The panel concluded that there is no silver bullet to address all different country circumstances but that coordination and cooperation among countries, donors, and international initiatives is of utmost importance to improve synergies and learn from each other.



## Participants

### Keynote

**Amani Abou-Zeid**, Commissioner for Infrastructure and Energy, African Union

### Panellists

**Ingrid Gabriela Hoven**, Director General, Global Issues, Sector Policies and Programmes, Federal Ministry for Economic Cooperation and Development, Germany

**Stefano Manservigi**, Director General, International Cooperation and Development, European Commission

**Thomas Gottschalk**, Founder and CEO, Mobisol Group

**Amadou Hott**, Vice-President for Power, Energy, Climate and Green Growth, African Development Bank

### Moderator

**Rachel Kyte**, CEO of SEforALL and Special Representative of the UN Secretary-General

### Rapporteur

**Safiatou Alzouma Nouhou**, Regional Programme Officer, Sub Saharan Africa, International Renewable Energy Agency (IRENA)



## Breakout Session E2

# Investing in Peace and Stability

## Crisis Prevention and Stabilisation in Africa

### Context

Crisis prevention and stabilisation are essential to break the circle of fragility and poverty and to set the ground for economic activity and development on a national as much as on a regional scale. At the same time, private sector engagement and business have in many ways a stabilising effect on countries and regions emerging from crisis. The session - organised by the Federal Foreign Office - highlighted the need for early involvement of the private sector in recovery after crisis as well as strategic institution building to advance the delivery of basic services to the population.



### Results

The session on investment in fragile states stressed the importance of building a partnership with the whole continent, based on the facts that peace and security are preconditions for economic development and prosperity, while fragility and conflict often have negative repercussions at the regional level.

Participants agreed on the significance that the G20 Partnership initiative should leave nobody behind. The session highlighted trade, investment, and business opportunities as having a stabilising effect on fragile states and that the role of business should be considered even in early stages of recovery after conflict, where it is best to support local entrepreneurs, in particular in the agricultural sector.

Business cooperation and entrepreneurs can also serve as role models to show that business is a way out of difficult situations. In addition, it was mentioned that government needs to know when to be involved and when not to, to avoid overregulation.

A number of key steps out of fragility were given as examples, such as clearance of debt, establishing key institutions, reinforcing governance, including justice systems and corruption-free zones, safeguarding key international standards, and to an extent, risk mitigation, including de-risking instruments. It was emphasised that there is no "one size fits all" approach and that a political dialogue is needed to use instruments available in the best possible way, adapted to the situation. Better inter-linkages and shared knowledge of instruments from different actors (for crisis prevention, stabilisation and investment) is necessary in order to build the basis of common efforts. The importance of differentiating between resource-rich and resource-poor countries was mentioned by both the panel as well as the audience, who stated that resources define the socio-historical and political landscape in terms of interventions and exploitation of countries.



## Participants

### Speaker

**Tanja Gönner**, Chair of the Management Board,  
Deutsche Gesellschaft für Internationale  
Zusammenarbeit (GIZ) GmbH

**Donald Kaberuka**, African Union High  
Representative for the Peace Fund and former  
Head of the African Development Bank

**Richard Kimani Rugendo**, Managing Director,  
Kevian Kenya Limited

**Chid Liberty**, CEO, Liberty & Justice

**Walter J. Lindner**, State Secretary, Federal  
Foreign Office, Germany

### Moderator

**Ute Schaeffer**, Deputy Director, Deutsche Welle  
Akademie

### Rapporteur

**Andreas Schaal**, Director, OECD Global  
Relations and OECD G20 Sous Sherpa



## High-Level Investor Roundtable

During the high-level investor roundtable as well as at the follow-up bilateral discussions on each Compact country with investors, the finance ministers of the Compact countries presented the priorities of their investment compacts to private investors and also pointed to specific sectors and projects where private-sector participation is most needed in their countries. Compact countries used the opportunity to ask the invited private sector representatives for their feedback.

The Compact countries touted the reforms that have been implemented and those that are in the pipeline. Countries also presented the sectors and projects where private sector engagement would be helpful. Economic reforms propelled Rwanda to second place in the Doing Business rankings in the continent. Senegal has followed a reform path and, going forward, put together the Emerging Senegal development plan. The size of Ethiopia's economy has doubled in the last six years. The country needs to diversify and policymakers have identified manufacturing, agro-processing, and energy, as priority sectors. Morocco's edge includes political and economic stability, the quality of infrastructure, and skilled labour. Tunisia highlighted the opportunities and challenges from the successful consolidation of democracy in the country. Ghana's government received a strong mandate, sending a signal that policies are moving in the right direction. Debt however remains high, making it difficult to give sovereign guarantees, requiring greater risk-taking by private investors. Cote d'Ivoire's stable macro environment, strong growth, and sustainable fiscal position have made the country attractive to investment. Nonetheless, further structural reforms will be pursued, including on education and training.

Investors welcomed the G20 Compact with Africa initiative aiming at improving the framework for private investment. They appreciated the opportunity to start a dialogue with the Compact countries. They highlighted

the importance of good governance and mutual trust, access to decision-makers and transparency of decision-making, transparent and reliable regulation and taxation as well as minimal red tape. Furthermore, they particularly stressed the need for good public infrastructure, skills and training as well as well-functioning domestic capital markets being crucial incentive factors for private investors. Several business representatives indicated their interest in engaging in specific countries and sectors. Others highlighted their presence in the Compact countries and the extent of their operations.

The representatives from the development finance institutions also highlighted their commitment to the initiative and specified potential contributions, ranging from technical assistance to developing innovative products that will help to crowd-in private capital. The European Investment Bank stressed the need for public infrastructure to attract the private sector, and emphasised greater efficiency in the use of available official development assistance. The institution offered to scale up activities in compact countries and do better (more innovative products). The European Commission praised the Compact with Africa for bringing development back on the agenda and promoted the new External Investment Plan. The European Bank for Reconstruction and Development advocated for foreign investment councils and the establishment of an investment ombudsman to defend businesses from the state infringing on their rights.



# Africa Opportunities Forum



Later on, five discussion groups on tax mobilisation, trade, diaspora remittances, entrepreneurship and employability gave the unique opportunity of bringing together the conference attendees and high-ranking experts and representatives of economy, business and science, as well as young African entrepreneurs. The joint discussions focused on chances and challenges for sustainable investments and employment promotion in Africa, while developing recommendations for action.

The Africa Opportunities Forum was kicked off with the launch of the Nairobi-based Africa Academy for Tax and Financial Crime Investigation.

## Opening Speech

**Andreas Gies**, Director General for Development Cooperation Worldwide, Country Programmes, Federal Ministry for Economic Cooperation and Development, Germany

## Moderator

**Nkechi Madubuko**, Moderator and Sociologist



## Africa Opportunities Forum Launch of the Africa Academy for Tax and Financial Crime Investigation

### Context

The sums lost to illicit financial flows, including tax evasion, money laundering, bribery and corruption are a major obstacle for developing countries to mobilise domestic resources and to finance development in a sustainable way. According to the 2015 Mbeki report, losses due to illicit financial flows in Africa are estimated to be over 50 billion US dollars per year. Against this background, the Africa Academy for Tax and Financial Crime Investigation was launched by the German G20 presidency together with the OECD, the Kenya Revenue Authority and the Italian G7 presidency.

### Results

The launch of the Nairobi-based Africa Academy for Tax and Financial Crime Investigation was mentioned several times during the first day of the conference by the high-level speakers, including Paolo Gentiloni, Prime Minister of Italy and Chair of the G7, and symbolised a coordinated political approach to meet the urgent need of African countries to mobilise domestic resources. The goal of the academy is to step up capacity building in African countries through targeted training programmes in order to curb illicit financial flows and fight tax evasion. The first pilot training was announced to take place at the end of June 2017. A second pilot training will take place at the beginning of 2018. The African Tax Administration Forum and the South African National



# G20 AFRICA PARTNERSHIP INVESTING IN A COMMON FUTURE

Treasury provided supporting statements with regard to the relevance and potential of the academy for Africa. It is planned that the African Tax Administration Forum will also play a major role for the Academy in the near future.



## Participants

### Speakers

**Ingrid Gabriela Hoven**, Director General, Global Issues, Sector Policies and Programmes, Federal Ministry for Economic Cooperation and Development, Germany

**Githii Mburu**, Commissioner, Kenya Revenue Authority

**Pascal Saint-Amans**, Director, Centre for Tax Policy and Administration, OECD

**Vincenzo La Via**, Director General of the Treasury, G20 Finance Deputy, Ministry of Economy and Finance, Italy

### Supporters

**Logan Wort**, Executive Secretary, African Tax Administration Forum

**Monale Ratsoma**, Deputy Director General, Acting Head, International and Regional Economic Policy, National Treasury, South Africa



## Africa Opportunities Forum Discussion Group 1

# African Entrepreneurs Reporting

## africaXchanger: Sharing experiences with young entrepreneurs

### Context

“africaXchanger” is the name of a newly founded platform which aims to strengthen Africa’s perception as a continent of diverse opportunities and potentials – especially in its growing business sector. Four African young leaders with professional backgrounds in the technology sector, energy logistics, and alternative financing presented their personal success stories and discussed opportunities and potentials of Africa’s growing business sector. The goal of this discussion group was to reflect on new opportunities for the African market, to learn from each other’s experiences and to build new transnational networks.

### Results

Africa not only has abundant resources and a growing middle class, but also an increasing number of young, well-educated people with strong entrepreneurial spirit and innovative ideas. This session began with the presentation by the African entrepreneurs on their success stories, including the founding of a private industrial free zone company in Nigeria; the founding of a luxury brand that specializes in the sale of high-class tea; the management of a renewable energy investment and project development platform focussed on Sub-Saharan Africa; as well as the founding of a hub, which networks the Ghanaian start-up scene and supports start-ups from concept to investment and beyond.

The young entrepreneurs also shared the various challenges they faced. Challenges raised include the often complicated expansion of necessary infrastructure and access to technology, for example quick and cost-effective internet access. In order to be able to successfully participate in the global market, the young entrepreneurs pointed to the urgent need to improve and harmonise the business environment across the African continent.



In addition, the difficult search for qualified specialists was mentioned as a challenge.

The discussion highlighted the great importance of private investment. With regard to the challenges of investing in the African market, it was emphasised that there is a need to obtain reliable information on the investment climate. In view of the regional differences and the rapid development of African countries, there is a need for permanent adaptation to the circumstances. Participants identified a role for governments of partner countries to support interested investors in gathering necessary information.

The role of solid networks at home and abroad was identified as a key factor for private enterprises to be successful in the long term. They provide the transfer of knowledge and support, which is particularly important for young entrepreneurs and founders. The establishment of vibrant and sustainable network of German and African entrepreneurs was highlighted as an important and promising task in the future.



**Participants**

**Speakers/Input**

**Amy Jadesimi**, Founder and Chief Executive Officer, LADOL, Nigeria

**Jasandra Nyker**, Chief Executive Officer, BioTherm Energy, South Africa

**William Edem Senyo**, Founder and Chief Executive Officer, Impact Hub Accra, Ghana

**Swaady Martin-Leke**, Founder and Chief Executive Officer, The Swaady Group, South Africa

**Moderator**

**Anke Müller**, Deutschland Land der Ideen

**Rapporteur**

**Ute Weiland**, CEO, Deutschland Land der Ideen



## Africa Opportunities Forum Discussion Group 2

# Ready to Trade

## Reducing trade costs in Africa as a trigger for increasing investment

### Context

Being able to link up with value chains/production networks is a key criterion for investment decisions in a globalised world. Trade costs are a crucial issue for investors, as they need to be able to source inputs and reach markets abroad at low cost. Fostering intra-African trade, advancing regional and continental economic integration, and fostering coherent trade agreements were seen as a priority in this regard.

With the WTO Trade Facilitation Agreement that has come into force on 22 February this year, there is a new opportunity to reduce non-tariff barriers in Africa. Trade Facilitation is also a major theme on the G20 agenda.

### Results

An active dialogue on the priorities of reducing trade costs in Africa to trigger investment was held with the participants of the discussion group. They included companies trading in Africa, government representatives from the continent, international organizations such as the OECD and the World Customs Organisation, and organisations such as Trade Mark East Africa, the Global and German Alliance for Trade Facilitation, and the NEPAD Business Foundation active in supporting trade in Africa.

There are different ways to enable trade. On the one hand, upgrading infrastructure (air, rail, road, ports) and building competitive productive capacity are important preconditions which require significant public and private investment. Trade Facilitation, on the other hand, is a key element that can achieve substantial trade cost reductions with limited amounts of public funding and thus trigger significant private investment.



The World Trade Organisation Trade Facilitation Agreement provides a new opportunity to undertake Trade Facilitation measures. This Agreement gives developing countries the right to receive support for implementing trade facilitation measures to achieve international good practice standards. African countries which make use of the Trade Facilitation Agreement, can attract more investment in two ways: (i) by reducing trade costs, and (ii) by signalling to the private sector their credible commitment to a rules-based economic policy framework.

There are good examples of public-private cooperation to promote Trade Facilitation. The Global and German Alliances for Trade Facilitation are such examples. The German government – together with leading German companies and business associations and in collaboration with other donor countries – has started to combine resources and jointly promote Trade Facilitation in developing countries. The respective platforms that have been set up are open for businesses and other stakeholders from developing countries to join. Through such platforms, companies are in a unique position to contribute their expertise and resources to reform, in turn unleashing trade and unlocking investment.



## Participants

### Speaker/Input

**Dominik Ziller**, Acting Director General,  
International Development Policy, Federal  
Ministry for Economic Cooperation and  
Development, Germany

### Experts

**Julie Mutoni**, CEO, DHL Express Rwanda  
**Steven Pope**, European Head of Customs &  
Regulatory Affairs, DHL Express Germany  
**Axel Weigl**, Consultant, Customs & Foreign  
Trade, International Customs Management,  
KRONES

### Moderator

**Andreas Schaumayer**, Deputy Head of Division,  
Trade Related Development Cooperation,  
Federal Ministry for Economic Cooperation and  
Development, Germany

### Rapporteur

**Daniela Zehentner-Capell**, Head of Division,  
Trade Related Development Cooperation,  
Federal Ministry for Economic Cooperation and  
Development, Germany



**Africa Opportunities Forum Discussion Group 3**

**Encouraging Corporate Tax Responsibility**  
**Fair play between business and tax authority**

**Context**

There is increased public awareness on ensuring that multinational enterprises pay their fair share of taxes. This holds especially for Africa as the continent suffers the highest corporate tax losses of all world regions. Multinational enterprises might be able to “optimise” corporate tax payments and use aggressive tax avoidance schemes. However, they bear reputational, legal and financial risks. Therefore, the objective of this session was to kick off an inclusive dialogue on encouraging voluntary corporate tax responsibility.

**Results**

The diverse speakers and participants from the business sector, civil society, African tax administrations and development partners enabled a very vibrant discussion on the topic. It was clear that dialogue and cooperation needs to be enhanced. In particular, tax officials dealing with large businesses should have knowledge that extends beyond a detailed knowledge of tax law (e.g. the underlying business principles, or what to use from a country-country report).

Furthermore, the participants agreed that there is momentum to encourage corporate tax responsibility and that the narrative needs to change. Therefore, positive examples and stories should be incorporated and set incentives for other firms. The main issue raised was how multinational enterprises can overcome barriers and use a socially and ethically responsible behaviour in tax matters as a unique selling point.



## Participants

### Speaker/Input

**Ingrid Gabriela Hoven**, Director General,  
Global Issues, Sector Policies and Programmes,  
Federal Ministry for Economic Cooperation and  
Development, Germany

### Experts (inter alia)

**Tommaso Faccio**, Head of Secretariat,  
Independent Commission for the Reform of  
International Corporate Taxation (ICRICT)

**Karoline Kampermann**, Deputy Head of  
Department Tax and Financial Policy, Federation  
of German Industries (BDI)

**Githii Mburu**, Commissioner, Intelligence and  
Strategic Operations, Kenya Revenue Authority

## Moderator

**Harald Küppers**, Programme Manager, Sector  
Programme Good Financial Governance,  
Deutsche Gesellschaft für Internationale  
Zusammenarbeit (GIZ) GmbH

## Rapporteur

**Marion Fleuth-Leferink**, Deputy Head of  
Division, Governance, Democracy, Rule of Law,  
Federal Ministry for Economic Cooperation and  
Development, Germany



## Africa Opportunities Forum Discussion Group 4

# Remittances for Investments

## Official Development Assistance (ODA) funds as a catalyst to leverage private diaspora investment

### Context

Members of the African diaspora often support family members in their home countries by continuously transferring money. These remittances contribute significantly to the incomes and survival of their families. They are mainly used for consumption and their volume is higher than the ODA funds for Africa.

Only a small share of diaspora remittances contribute to the establishment of value chains. Thus the key question is how private capital can be mobilised to foster regional economic structures in a sustainable way.

### Results

Participants stressed the global dimension and relevance of diaspora remittances and their use for investments. Experiences were shared on former and existing initiatives and projects in cooperation with the African diaspora. A current initiative by the German Federal

Ministry for Economic Cooperation and Development was discussed. This initiative plans to bundle and leverage diaspora remittances with ODA funds and to develop an online platform to coordinate these joint investments. During the discussion, participants expressed their view that the platform should coordinate and implement joint investments in entrepreneurial projects in Africa and be a complementary approach to existing development cooperation.

Representatives of the African diaspora community expressed their wish to play an active and decisive role in the ongoing process of developing joint investments. It was stressed that the diaspora's knowledge about the cultural background, local infrastructure, language and the people in their home country is crucial and should be integrated in the implementation process. Furthermore, many members of the diaspora have become successful entrepreneurs themselves – this entrepreneurial knowledge is important as well.



Diaspora representatives further stressed the need and potential for economic development on the ground, especially in rural and marginalised areas. Consequently, they supported the plans to bundle and leverage their remittances with ODA funds.

The discussion showed that there are many legal, administrative and organisational aspects to consider for the implementation of joint investments.

## Participants

### Speaker/Input

**Günter Nooke**, Commissioner for Africa; German Chancellor's Personal Representative for Africa, Federal Ministry for Economic Cooperation and Development, Germany

### Experts (inter alia)

**Sylvie Nantcha**, Initiator and Chairwoman, The African Network of Germany (TANG)

**Fred-Eric Essam**, Founder and Chairman, ident. africa, Germany

**Matthias Witt**, Principal Regional Advisor, Europe, Mediterranean and Central Asia Division, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

**Dominik Kneer**, Senior Policy Officer, Policy Issues of Displacement and Migration, Federal Ministry for Economic Cooperation and Development, Germany

**Michael Tecklenburg**, Senior Policy Officer; Policy Issues of Development Cooperation with Africa; African Union, Federal Ministry for Economic Cooperation and Development, Germany

### Moderator

**Hendrik Denker**, Deputy Head of Division, Policy Issues of Development Cooperation with Africa; African Union; Federal Ministry for Economic Cooperation and Development, Germany

### Rapporteur

**Anja Fischer**, Policy Officer, Policy Issues of Development Cooperation with Africa; African Union; Federal Ministry for Economic Cooperation and Development, Germany



**Africa Opportunities Forum Discussion Group 5**

# **Fostering Graduate Employability**

## **Building bridges between academia and business**



### **Context**

Addressing the high youth unemployment in African countries is an important issue for the G20 Africa Partnership. The high rate of unemployment is driven not only by underinvestment and the resulting lack of employment opportunities, but also because university graduates often lack the practical and behavioural skills required by employers. Practice-oriented education must play a key role in bridging this gap.

### **Results**

The group discussed opportunities and challenges for companies and students; participants agreed that targeting unemployment and reducing recruitment problems will be a win-win situation for all parties involved.

With regard to graduate readiness, companies located in Africa demand not only theoretical knowledge but practical experience as well as the availability of soft skills like time- and problem-management, decision-

making and communication skills. Despite the fact that companies lack qualified workers, they are hesitant to employ young people without any business experience. Even though some companies already participate in bridge programmes to foster soft skills, many companies lack the capacity to give students the opportunity of an internship or summer school. When seeking to fill open positions, companies struggle to meet diverse visa regulations on the African continent.

On the other hand, students suffer from an insufficient educational system. Universities provide them with specialist knowledge, but they still lack knowledge of how to bring their expertise into work life. In addition, there seems to be a shortage of entry-level jobs, and paid internships are only available to a limited extent. This contributes to unemployment, lack of prospects, and frustration. The participants underlined the importance of bringing together formal and non-formal education; internships, professional practicums, and summer programmes can make a difference. A record of work experiences can enable graduates to gain traction in work life. However, especially small companies can



only profit themselves, if the environment enables them to scale their capacities. Labour market regulations can be one way to solve that kind of problem. To establish a dual approach, it is crucial to focus on the job creators as they are the ones taking the less skilled, providing them with business experience and transforming them into qualified workers. Participants suggested that long-term support for such initiatives could come from the G20 member states.

Individual programmes such as the Industry Immersion Programme can help build a bridge between academia and the labour market by providing methods and clearly structured programmes for universities and employers. The Industry Immersion Programme prepares college graduates who have studied math at postgraduate level for a career in African companies and includes two academic modules to build business and workplace readiness skills, and a 12-week practical internship at an African company or at a subsidiary of a German company in Africa. The programme was developed with seed funding from the German Academic Exchange Service (DAAD), the European School of Management and Technology (ESMT) Berlin and the African Institute for Mathematical Sciences.

### Participants

#### Speaker/Input

**Nick Barniville**, Associate Dean of Degree Programs, European School of Management and Technology (ESMT), Berlin

#### Experts (inter alia)

**Katso Seeiso Letsie**, M.Sc. Management Candidate & Kofi Annan Fellow, European School of Management and Technology (ESMT), Berlin

**Arun Sharma**, Founder and Lead, Infinite Potentials Consulting, Germany

**Wulff Plinke**, Professor Emeritus and Founding Dean, European School of Management and Technology (ESMT), Berlin

#### Moderator

**Martha Ihlbrock**, Head of Corporate Communications and Marketing, European School of Management and Technology (ESMT), Berlin

#### Rapporteur

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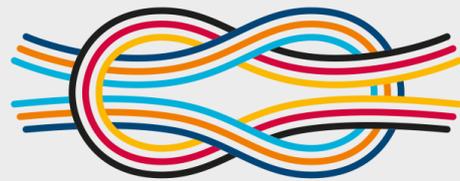


## Outlook

The G20 leaders welcomed the outcomes of the G20 Africa Partnership Conference in Berlin in the Leader's Declaration published at the Hamburg Summit on 7/8 July 2017.

The Leader's Declaration as well as supporting documents (including the Annex on the G20 Africa Partnership) can be found at <https://www.g20.org/Content/EN/StatischeSeiten/G20/Texte/g20-gipfeldokumente-en.html>





**G20 GERMANY 2017**

