

The G20 and Economic Development in Africa

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The G20 has become increasingly the most visible and, probably, the most powerful global arrangement for managing international economic cooperation. Made up of some of the largest economies in the different regions, the impacts of the policy actions of the G20 countries are felt throughout the world. Most notable of these has been the response of the G20 to the recent financial and economic crisis when, at the Pittsburgh meeting, the leaders of these nations resolved to launch a very significant fiscal expansion program of US\$5 trillion, designed and coordinated to affect positively the demand for goods and services in those economies, and thereby pull the rest of the global economy out of recession. It is currently taking a lead role in strengthening the international financial institutions and in the preparation and design of new rules and institutions for international financial/banking regulation.

While the G20 seeks to keep a relatively narrow and focused agenda, it has from time to time dabbled in the economic development concerns of poorer countries without a solid structure for engaging with these countries. The efforts have usually come in the form of announcements of new official development assistance to particular developing areas or to sets of identified activities at the end of the main meetings. There is considerable debate about whether these announced initiatives actually lead to new effective actions in terms of the delivery of assistance and whether they have any impact on development.

As the G20 prepares for its 2010 meetings in Canada (June) and Korea (November), the issue of approaches to economic development are bound to come up again and need to be handled with a more structured approach. Of particular interest here is how the development concerns of Africa can best be expressed in G20 activities without unduly burdening the G20 agenda and yet delivering effective and relevant outcomes.

Developing an Approach to the Handling of Development

Homi Kharas (2010) has already proposed that the G20 cannot be expected to take on "the whole array of development issues" and this is very appropriate. He suggests that the distinguishing feature of G20 involvement should be that whatever interventions that are employed, help "to promote strong, sustainable and balanced growth". They must be seen to be in response to situations where there is a "need for international cooperation and collective action". He suggests further that in addition it must be obvious that the G20 can deliver concrete results and that the actions assure the world of the legitimacy and relevance of the group.

The G20 has a choice to make in terms of whether it wants to be global or not. But that choice is constrained by the fact that the actions of G20 countries as a group transcend

the borders of those countries and impact non-members, whose actions in turn affect the effectiveness of the G20. What this means is that in considering development issues, the G20 needs to pay attention to the expressed ambitions of non-member developing nations in order to be relevant and legitimate.

Making the G20 Relevant to African Development

It will be useful if the G20 showed clearly that it takes on issues that it is capable of doing something about, either financially or technically or both. In this regard, it is important for the G20 to be able to demonstrate clear differences between its approach to development and that of the G8. Homi Kharas (2010) has already provided indications of how this might be done- giving the G20 a sharper, more defined approach that focuses on growth and global structural transformation as opposed to the earlier focus on welfare and poverty.

The significance of this new approach for the G20 is that it responds clearly to the growing ambitions of African countries. The last decade has seen significant improvements in the management of these economies, which has contributed to much better growth figures lately for many of them (World Bank 2010). These countries are also fully aware of the fact that they are very much vulnerable to a still risky global environment by virtue of the poor structures of their economies. It is for this reason that almost every country in the region is engaged in the preparation of longer-term development frameworks in which they emphasize growth and structural transformation, with an eye on significant diversification of output and exports. The question is whether the G20 is interested in assisting in this endeavor.

The relevance of the G20 to Africa can best be expressed in the extent to which African voices are perceived to have been heard, and this is taken up again in the discussion of representation below.

African Development Priorities

For most African countries, while poverty reduction has been a priority for over a decade, and most public programs have been designed in pursuit of that, it has also become obvious lately that without *significant employment creation*, sustained poverty reduction would be extremely difficult in the coming years. The countries currently place emphasis on how to mobilize significant private sector support for job creation. Is there any way in which the G20 can help with this in a very structured and well-thought out manner?

Many countries in the region put a lot of emphasis on *agriculture modernization* as part of the effort to diversify their economies and create employment, both on and off-farms. Can the G20 provide adequate technical and financial support for a new Green Revolution in Africa that takes advantage of Africa's rich natural resources? The ensuing growth will be a more sustainable way to reduce poverty.

As African countries consider diversification, the production of manufactures and processed material will be crucial, but this is where the current *global trading system* reflects considerable weakness in dealing with the implied development issues, as evidenced by Doha. Is the G20 willing to take on the challenge of helping make trade and development a major global issue once again?

In pursuing these priorities, it is obvious that there will be issues that require engagement with individual countries and others that demand more regionalized approaches. It is important for the G20 to consider both, but with increasing attention to the regional issues that inhibit individual small-country effort. *Infrastructure* development is one such example.

Making African Countries Responsive to the G20

It is important that African countries see the G20 as supportive of their development goals. This calls for a relationship in which the countries take the outcomes of G20 deliberations as good indicators of where their own efforts should be directed in view of the convergence of objectives. The countries must feel a strong need to respond to global commitments with local and regional actions, including the mobilization of local resources and the reform of regional institutions.

African Voices at the G20

The G20 currently has only one African member, South Africa. It is recognized that the group was not originally designed to be composed by representation for particular blocs of countries. But the situation has changed considerably in practice, and representation is perceived in a number of cases. South Africa has been mentioned as representing Africa and it generally sees itself as playing that role.

While it is crucial to understand that South Africa should be eligible to be in the G20 in its own right, it can hardly be argued that it can adequately represent Africa. The main reason is that the structure of South African economy and society is significantly different from that of the average African economy. The development issues that confront most African nations are different from those of South Africa.

While many have mentioned other countries and bodies, including Nigeria, Egypt and the African Union as possible alternatives, it is important to develop an arrangement for representation in the case of developing countries that provides opportunity for the countries to select their representative. It would be reasonable to have African governments select one country to represent them for defined periods, in addition to South Africa. Through selection, the chosen country is empowered to present the African voice, as presented and debated at different forums that bring together the views of African governments, African civil society, African private sector, etc. The approach requires African nations to work out for themselves functional organizational arrangements that express broad consensus on development issues.