

Annex to G20 Leaders Declaration

G20 Africa Partnership

To renew efforts for sustainable economic development in Africa the G20 launches the G20 Africa Partnership. The Partnership intends to support related initiatives of the G20 and facilitate investment Compacts between interested African countries, International Organisations and interested Partners to support private investment, sustainable infrastructure and employment in African countries.

The G20 Africa Partnership builds on existing regional and international strategies in order to ensure alignment, coherence and ownership, including the efforts of the G20 Initiative on Supporting Industrialisation in Africa and LDCs launched in 2016. The 2030 Agenda for Sustainable Development, the African Union's Agenda 2063, the Addis Tax Initiative, the Program for Infrastructure Development in Africa (PIDA) and the initiative "Sustainability, Security and Stability in Africa" are of particular importance in this regard. The African Union and the NEPAD Agency have expressed their interest in assuming a leading role in the process of further shaping and implementing the Partnership. The initiative is based on the assumption that peace and stability are prerequisites for sustainable growth and development.

Continued follow-up and support of the G20 Africa Partnership including agreement and implementation of compacts with African countries will furthermore be ensured by enhanced cooperation between the Sherpa- and the Finance Tracks.

The Pillars of the Partnership

1. Improving inclusive economic growth and employment

Recognizing that employment for young women and men in rural areas is a major challenge for sustainable economic development and food security the G20 launches the **G20 Initiative for Rural Youth Employment**. It comprises the G20's common vision for a conducive enabling environment and aims at advancing the prospects for quality livelihoods and a sustainable future with a particular focus on Africa. A core element is the G20 commitment to contribute to creating up to 1.1 million new jobs benefitting young people by 2022 including through strengthening support to the Global Agriculture and Food Security Program (GAFSP) and to increase its support to providing innovative, employment-

oriented skills development programs for at least 5 million young people over the next five years, with particular attention to rural areas. The six areas for concrete action encompass: aligning with international and developing countries strategies and policies; closing data and knowledge gaps; promoting rural youth employment in the context of conflict, disaster, fragility and violence; improving equitable and sustainable access to land; and increasing responsible investment and financing for rural youth employment.

In order to contribute to the empowerment of women in general and to closing the digital gender divide, the G20 launched the **#eSkills4Girls Initiative** in particular for low income and developing countries, including a focus on Africa. With this initiative, the G20 promotes opportunities and equitable participation for women and girls in the digital economy. Moreover, an online knowledge and exchange platform for sharing good practices on education and employment policies and projects, as well as entrepreneurship prospects for women and girls has been developed in cooperation with a consortium comprising UN Women, OECD and ITU.

For women entrepreneurs, the G20 welcomes the launch of the **Women Entrepreneurs Finance Initiative** (We-Fi), which will reach out and support related activities inter alia on the African continent.

2. Developing quality infrastructure, especially in the energy sector

By means of knowledge sharing on quality infrastructure investment and the sustainable management of natural resources, the G20 is making a considerable contribution to foster sustainable infrastructure on the African continent. The G20 will continue to implement the **Energy Access Action Plan** for Sub-Saharan Africa including reporting on progress at the Energy Sustainability Working Group Meeting. In particular, the G20 recognises the opportunity for voluntary support for the objectives of the African Renewable Energy Initiative (AREI) and NEPAD Renewable Energy Access Project (REAP). This initiative aims at accelerating access to renewable energy and reducing energy poverty in Africa and thereby enabling a transition to sustainable energy systems. To help poor and vulnerable people to cope with climate-related disaster risks the G20 welcomes the creation of a global partnership aiming at closing the protection gap and expanding the coverage of risk finance and insurance solutions inter alia in Africa.

3. Compact with Africa - strengthening the framework for private finance

As a core element of the G20 Africa Partnership, the G20 launches the initiative “**Compact with Africa**” in the finance track. The initiative aims at creating a favorable business envi-

ronment and supporting private investment, including in infrastructure, through investment Compacts with interested African countries. The country-specific investment Compacts combine individually agreed commitments by the bilateral and multilateral partners, forming a comprehensive and effective package to improve the framework for sustainable private investment.

A: Partners and the role of G20

Compact partners comprise individual African countries, the involved International Organisations (African Development Bank, International Monetary Fund, World Bank Group), as well as interested G20 members and other partner countries and institutions. The initiative is demand-driven and focuses on country-specific circumstances and priorities. Cote d'Ivoire, Ethiopia, Ghana, Morocco, Ruanda, Senegal and Tunisia have presented their commitments and visions for investment Compacts at recent G20 meetings. Further countries have already indicated their interest in joining the initiative.

The G20 expressed its strong commitment to provide a political platform for the initiative and to ensure continuity. Individual G20 members and other countries and institutions announced voluntary contributions to country-specific Compacts. The AU and NEPAD as well as partner institutions like the OECD are welcome to support the implementation and monitoring process of the initiative. All partners are committed to striving for high-quality and sustainable measures to support the Compacts in an effective way. The goal is to provide credibility, visibility, and scale to the initiative, further strengthen the G20 Compact with Africa and attract African and international private investors and entrepreneurs. We welcome complementary measures by the forthcoming EU External Investment Plan, the Forum of China Africa Cooperation, the Tokyo International Conference on African Development as well as others.

B: The substance

The Compacts aim at improving the macroeconomic, business and financing frameworks for private investment (both domestic and foreign) through national and concerted action of all stakeholders on the priorities of the African countries, including in the form of capacity building measures. Possible measures and instruments, which could become part of the investment Compacts, have been presented jointly by the International Organisations in a report "The G20 Compact with Africa: A Joint AfDB, IMF, and WBG Report". This includes:

- To enhance the macroeconomic policy framework by sustainable public debt management, increasing domestic revenue mobilization via an investment-friendly tax system, combining domestic tax reforms, containing profit-shifting and tax evasion, ensuring sound public investment management, and improving the performance of public utilities.
- To improve the business framework by implementing reliable regulation and institutions, improving investor protection and dispute resolution mechanisms, provid-

ing political risk insurance, improving project preparation facilities and standardizing contracts.

- To support the financing framework by developing incentive-compatible risk mitigation instruments, domestic banking sectors and debt markets including in local currency, and mobilizing private finance from institutional investors.

A reporting structure will be set up in the finance track in close coordination with the stakeholders involved and in line with existing reporting structures to allow the G20 to monitor the progress jointly.

C: The Process

- **In a first step**, African countries interested in joining the initiative and willing to commit to an investment Compact are invited to engage with the International Organisations involved to discuss the initiative's objectives and possible national priorities and contributions. The respective country should state the commitment to working on a Compact to the G20 Presidency in the finance track.
- **In a second step**, the countries in collaboration with the International Organisations specify their Compact priority areas in individual Investment Prospectuses for reforms and measures to better mobilize private investment. The prospectuses give guidance to involved stakeholders and interested investors.
- Based on these priority areas the Compact countries in collaboration with the International Organisations focus in a **third step** on concrete reform measures for implementation. Interested G20 members and other partner countries or institutions are invited to support the compact with their own instruments and measures.

The reform measures and contributions will be coordinated by "Country Teams" set up in each Compact country. The country teams comprise representatives of the respective African government, the International Organisations, interested G20 members and other partner countries or institutions. The G20 finance track will coordinate and monitor the initiative as well as report on progress, future ambitions and measurable targets in each Compact country.

4. G20 Africa Partnership Conference

The G20 Africa Partnership Conference on June 12-13 in Berlin provided a platform for Government representatives as well as experts and private sector stakeholders to emphasize their commitment and exchange views on possible measures to support private investment. The conference brought together a wide variety of high-level stakeholders including the Heads of State and Government of Côte d'Ivoire, Egypt, Ghana, Guinea, Italy, Mali, Niger, Rwanda, Senegal and Tunisia. Participants emphasized that the G20 Africa Partnership and its related initiatives can be of importance in supporting African leadership and responsibility in national development efforts to achieve sustainable economic

development and inclusive growth. Much attention was given in particular to the “Compact with Africa” initiative as finance ministers from all Compact countries, Côte d’Ivoire, Ethiopia, Ghana, Morocco, Rwanda, Senegal and Tunisia attended the meeting. We welcome the announcement of additional bilateral contributions in support of the reform programs by several G20 countries and other partners, as well as strong interest shown by investors in particular countries and sectors.