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## THE G20 COMPACT WITH AFRICA AND THE GERMANY PROPOSED MARSHALL PLAN FOR AFRICA: WELCOMING THE INITIATIVES WITH CAUTION

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### WHAT AFRICAN CITIZENS WANT

As a result of a week-long consultation in which 60 representatives of African Civil Society Organizations, from 40 African countries, and all the sub-regions of the Continent, participated to examine the “Compact with Africa” and the Germany proposed “Marshall Plan”, the following key issues and priority expectations were identified for African Citizens:

- 1- Full alignment of investments with national development strategies and the African Union’s Agenda 2063, and not just a mere literal cross-referencing in the documents;**
- 2- Rationalized and balanced combination of private and public investment, supported by a more substantial and effective Official Development Assistance (ODA) and effective debt management solutions, looking forward to exit the ODA trap;**
- 3- Involvement of African citizens and consideration of their expectations, through direct institutionalized dialogue with the civil society while designing the compact;**
- 4- Clear mechanisms to groom an African domestic, effective and competitive private sector that operates alongside or with foreign investors, to add value to African natural resources before exporting;**
- 5- Harmonization of all the various partnership initiatives that target Africa, if not in terms of priority (because of natural differences of interest), at least in terms of investment schedule;**
- 6- Transparency, accountability and social as well as environmental responsibility, to avoid tax avoidance and illicit financial flows, to make sure that Domestic Resource Mobilization is strengthened, as a result of the new partnership initiatives.**

This synthesis paper elaborates on the answers that a sample of the African people gave to five key questions, in relation to the G20 initiatives on: (1) their opinion about „Compact with Africa“; (2) the instruments proposed in the Compact; (3) the impact of the G20-proposals with regard to Human Rights in Africa; (4) information of the people in Africa about the G20 initiatives; and (5) what is missing in the “Compact with Africa” and possible alternative proposals.

#### **I- African citizens’ opinion about the “Compact with Africa”**

The initiative could be beneficial if it takes into account the expectations and needs of African citizens. But a big question arises: what kind of private investment is it about? It is therefore legitimate for African citizens from the grassroots to fear that the “Compact with Africa” is merely a replica of the Millennium Challenge Corporation, implemented by the USA in Africa, the Japanese TICAD or the Chinese FOCAC. In search of space for their expansionism, Americans, Japanese, Chinese and Europeans above all, beyond the pursuit of their own interests, legitimately cannot have the development of Africa as their major concern.

At the worst, one might even suspect the spectre of a strengthening of the Yalta conference, in a 21<sup>st</sup> century version, with a political as well as an economic and social occupation. The “Compact with Africa” would thus be just a complement to the Economic Partnership Agreements (EPAs) imposed upon Africa, despite a rejection by the majority of African citizens. It would thus be the consecration of imperialism and injustice at the international level, a factor of excessive re-indebtedness.

The "Compact with Africa" would therefore be only one more initiative, designed by Western Consultants. The privatizations imposed by the IMF and the World Bank's Structural Adjustment Programs (SAPs) are still fresh in African memories, as interventions that did not alleviate poverty but seemed to have nourished it. Conceptually, the initiative could well simply be the “Old Wine in New Wineskins”, with the same approach and very neo-liberal in their tone, when one recalls the Blair “Commission for Africa” and the related lie.

The outlook could possibly be mainly how to integrate Africa into the global division of labour, at the terms of German/European outlook, with Africa playing the same old role of raw materials provider. “Compact with Africa” and the “Marshall Plan for Africa” could be good, only provided that they fully respects the African Union's Agenda 2063. Africa may benefit substantially from the use of standard clauses in these new initiatives. But this must be clearly stated for all and subsequently properly used by the selected countries. The private investment in these initiatives must be accompanied by a strong political will to pave a true path for Africa's development.

Encouraging private initiatives could be an appropriate way to development, but this has to go with African governments providing enabling environment in terms of harmonized economic policies (monetary and fiscal). Such private sector encouragement will allow investment inflows from abroad, but that necessarily has to be complementary to domestic entrepreneurship. African governments will have to support domestic investment, through the promotion of domestic Development Banks which not only provide credits for domestic industrial and agri-businesses initiatives at concessional rate, but also use their expertise and government support to attract foreign financing for domestic Small and Medium size Enterprises (SME).

## **II- Usefulness of the instruments proposed in the Compact**

Experiences in the northern countries and in the United States in particular, after the 2008 crisis, should lead to greater caution. We have seen that public funds have been used to save the private sector (banks especially) without any benefit for the taxpayer at grassroots level. These instruments will most likely only work for the happiness of foreign investors, not for African citizens. At a time when Europe is barricading itself against illegal immigration, a logical consequence of neo-liberal policies and wars, it is easy to believe that the real motivation remains the exploitation of African natural resources, without the guarantee of getting the local populations out of poverty. In short, there is reason to fear that slavery and colonization may strongly come back.

In any case, to use public money to protect private investment would equal to taunting the African populations. This can easily be understood only from the perspective of colonization or neo-liberal exploitation. This is quite serious when we know that some African leaders hold fortunes outside their countries, to the benefit of Western banks. The approach might encourage the emergence of already rampant corruption, with Private Public Partnerships (PPPs).

Insurance for private investment should normally be provided by private insurance institutions. The public sector though could come in by establishing an insurance umbrella for these private insurance institutions, especially at the sub-regional level through the Regional Economic Communities (RECs). This becomes even imperative when, because of low income, a number of countries may not be able to establish a national insurance umbrella.

## **III- Impact of the G20 initiative on Human Rights in Africa**

The problem is whether the involvement and strengthening of the private sector, whose main objective is profit, is in line with the fundamental principles of human rights. It should be about making it a pre-condition for support to the private sector, otherwise there is a risk that unemployment and impoverishment will increase. Social upheavals could be amplified, with the emergence of a wild libertinage, contrary to African traditions and culture. The ambit on “Human Rights” and Governance in the initiative is weak, since it seems to serve checking China foray into, Africa rather than deepening or developing sustainable institutions.

In any case, the G20 proposal cannot help guarantee human rights without a deep reform of the partnership, tackling negative factors such as corruption and impunity, all of which are antipodes to the improvement of human rights. The G20 Proposal will thus improve Human Rights only if part of the condition for assistance has to do with Human Rights supports as emphasized in point 7 of the “Marshall Plan for Africa”.

#### **IV- Information of the people in Africa about the G20-Initiative**

Unfortunately the communication deficit is a failure. African people cannot be mobilized if they have not taken ownership of the initiative. Apart from a few resolutions and positions taken by civil society, the African people are not informed or are under-informed of the G20 initiatives. The media seems to regard these as mere miscellaneous. It is to be feared that African populations are intentionally not informed, because no one wants to get them involved through the civil society, which unfortunately is often not taken seriously as deserved.

The publicity is really limited and the G20 initiatives are known only by a small number of African citizens. In Nigeria for instance, there has never been extensive national discussion on these new initiatives. Only few articles in the newspaper have been published and these did not generate wider debate. So, there is great need for more information and publicity.

#### **V- The missing aspects in the “Compact with Africa” and alternatives**

A number of key areas should be considered to make the G20 initiatives targeting Africa really effective, useful and acceptable by African citizens.

##### *V.1 Alignment with national development strategies and Agenda 2063*

It is important for the G20 initiatives to be in line with the 2030 Agenda for sustainable development and the African Union Agenda 2063 to reflect the realities of the different African states. An in-depth consideration of these documents is necessary, not their mere cross-referencing. The investment focus in particular should be on consolidating a national private sector more inclined to social responsibility, so that profit-seeking is not the only objective. This in some extent would, for instance, mean the promotion of education, in order to improve the literacy level on the African continent.

Presently, more than half of the African population is illiterate. This is a major problem for development that could even hinder appreciation of efforts to accelerate adoption of programmes initiated by Africa’s partners like Germany or other G20 countries. Education at the tertiary level, where research ideas are incubated and innovation/inventions promoted for the development of the economy in a home grown fashion, needs to be promoted.

##### *V.2 Inclusion of African Citizens and consideration of their expectations*

Consideration of the views of African citizens, through the civil society, is lacking in the proposed initiatives, whereas this is of outmost importance, same as is consultation with parliaments upstream, even though they are at the mercy of the executive in many cases. One cannot make the happiness of someone without the person being aware of it, reason why one should associate the people, the civil society and all public good management stakeholders in Africa (traditional chiefs, opinion leaders ...).

CSOs must serve as a barometer with regard to respecting commitments between the various parties. The proposal must be more inclusive and find a good way to engage with African CSOs. The African CSOs must be involved for better accountability and transparency in achieving the “Africa we want”.

##### *V.3 Regional integration*

To hope for a good result of the “Compact with Africa” and the “Marshall Plan for Africa”, Africa must open its borders to Africa, before hoping for any development, so as to avoid for example that the a rich and dynamic investor like DAN GOTE from Nigeria is not obliged to apply for a visa to travel to 35 countries out of 54 in the

Continent, to invest or monitor his business. This should give an indication of the type of infrastructure investment to be made in the framework of the G20 initiatives.

There is need for sub-regional support for development, through the Regional Economic Communities (RECs), in addition to the whole continental, one through the African Union (AU), which is a bigger umbrella and at which level specific problems, initiatives and programmes may sometimes not be clearly captured. Germany as an important member of the European Union understands the prospects and problems of regional integration and should be able to assist in sharing experiences through workshops, collaboration and project supports at the sub-regional level.

#### *V.4 Good governance and social responsibility*

Public Private Partnerships (PPP), privatization and business relocation will not be enough to develop Africa. It requires a frank sharing willingness to leave no one behind. There must be strict respect for Human Rights and development. Governments in Africa must exercise a kind of governance that takes into account inclusion, transparency, and fight against corruption and impunity. The G20-Africa partnership must watch out for this within a framework ensuring the legitimacy of republican institutions and democratic alternation. There is also a need to ensure that technical and environmental standards are respected, through investments impact analysis by African experts in the short, medium and long term.

#### *V.5 Coordination with all existing initiatives and consideration of global agreements*

The UN Global Compact (UNGC) pillars should be considered by the new initiatives (Human rights, Peace building, transparency and accountability, Environment and Sustainable Development) and the related actions coordinated with existing initiatives. The G20-Africa Partnership must therefore take into account the fragile states (African countries members of the G7+), in particular the Least Developed Countries (LDCs), many of which are part of the fragile states and consider the “New Deal” as a lever for the achievement of the SDGs by 2030. It must integrate the 4 Principles contained in the Nairobi Outcome Document on Development Effectiveness: ownership of development priorities by the beneficiary partner countries; Results focus; Partnerships open to all; Transparency and Accountability.

The Addis Ababa Action Agenda (AAAA) should be implemented for the SDGs achievement in Africa. In this respect, the Kigali SDGs Centre is a tool to seriously consider if the new partnership must succeed. It will, in fact, ensure a good connection between African governments, CSOs, the private sector, researchers and the academia, science and technology sectors in and out of Africa, and thus follow-up with the AU Agenda 2063, while the SDGs are implemented at regional, sub-regional, national and local level.

#### *V.6 Debt Sustainability*

Debt sustainability is almost totally missing in the “Compact with Africa”, it only shortly appears in relation to a better IMF monitoring of potential debt distress risks. While a more thorough monitoring makes sense, this does not mean that an eventual crisis can be better resolved. In the past, even when the IMF criticized individual investments or pointed to broader debt sustainability risks, this usually neither had substantial influence on the respective borrowing or lending decision, nor did the IMF manage to create a more timely and efficient debt crisis resolution framework.