

Argentina's G20 Presidency: Implications for the G20–Africa Partnership

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Argentina's hosting of the G20 summit in 2018 presents a significant opportunity for it to represent the needs and expectations of Latin America and the Caribbean (LAC) as a whole, as well as to advance a cohesive regional strategy for the Latin American bloc within the G20 (Argentina, Brazil and Mexico).

Historically, Latin American regional priorities have often been marginalised in G20 debates as a result of the failure of the Latin American bloc to place a well-articulated, cohesive position on key issues on the G20 agenda. A focus on the social and environmental dimensions is reflective of a shared Latin American agenda, which extends more broadly to the needs and expectations of the Global South. For instance, in the aftermath of the 2008 global financial crisis, Brazil and Argentina have used the G20 platform to push for the enhancement of basic financial regulations, an emphasis on public policies of inclusion in light of growing inequality globally, employment policies, fair commercialisation of raw materials and investment in housing, education and health.¹

This policy brief seeks to situate Argentina's G20 presidency in the context of the LAC, and specifically its relations with the African continent. How will Argentina's presidency frame Latin American and Caribbean–African relations in the context of the G20 partnership with Africa? How can African stakeholders utilise Argentinian priorities to achieve their own development priorities?

Building on its own domestic reform agenda under the Macri administration since 2015, Argentina sees the G20 as an opportunity to advance its foreign policy goals, emphasising the importance of the Latin American region and signalling a break from the era of isolationism in its history by embracing dialogue, openness and multilateral cooperation.

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Priorities of Argentina's G20 presidency

Under the theme of *Building Consensus for Fair and Sustainable Development*, Argentina seeks to prioritise the needs of the developing LAC region, which is open for new opportunities.² At the centre of Argentina's G20 presidency will be a focus on the future of work, infrastructure for development and a sustainable food future. Argentina seeks to position its presidency as a 'southern point of view' with a focus on inclusive, people-centred growth and sustainable development in close alignment with the 2030 Sustainable Development Agenda. In his address to the 2018 World Economic Forum, President Mauricio Macri reiterated Argentina's commitment to 'place a development agenda in the center of the G20'³ and to convey the voice of the South American region. The emphasis on advancing the interests of the Global South is also relevant for South-South cooperation, as Buenos Aires prepares to host the UN High-Level Conference on South-South Cooperation in 2019, marking 40 years since the adoption of the 1978 Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries (BAPA).

As a member of the South American trade bloc, Mercosur, Argentina is also pushing for the finalisation of a trade agreement with the EU, seen as a key market for agricultural exports from the region with crucial opportunities for trade liberalisation, increased investments and public procurement.⁴ This speaks to Argentina's commitment to the traditional core G20 issues of global financial and macroeconomic governance that are relevant across the Global North-South divide. At a time when discontent with globalisation has peaked, coupled with a resurgence of protectionism and political populism across the world, Argentina has the daunting task of delivering consensual outcomes in support of multilateralism and openness. In addition to prioritising the Latin American perspective in the G20, President Macri has also indicated Argentina's interest in aligning the G7 and G20 agendas underpinned by deeper convergence of interests and the interconnectedness of both solutions and problems in the context of global governance.⁵

Argentina's G20 presidency will emphasise continuity in process and policy substance with previous presidencies, while turning to innovation in reining in the broadening G20 agenda to focus on practical, everyday issues like employment, education and health. Transformative technology, including the digitisation of work, is fundamentally shaping the nature of work and production processes worldwide, presenting both opportunities for economic growth on the one hand, and challenges in the form of a digital divide

underpinned by exclusion, lack of access and inequalities on the other. An inclusive digital economy necessitates policy responses aimed at increasing access to digital technologies and digital skilling in both the public and the private sectors. Similarly, education in fundamental and adjustment skills is central to preparing people for the digital age.⁶

The second priority for Argentina's presidency is infrastructure development, seen as a key element of sustainable development and a catalyst for economic growth and productivity. In spite of its importance for connectivity in the global economy, a persistent infrastructure financing gap exists in many developed and developing countries that can be addressed by mobilising private capital for infrastructure investment. Accordingly, Argentina plans to develop infrastructure as an asset class by improving project preparation and infrastructure funding instruments. As a key priority of the domestic reform under the Macri administration, Argentina has undertaken the most ambitious infrastructure plan in its history, instituting critical changes in regulation and risk mitigation, including new laws on public-private partnerships.⁷ Following the first G20 meeting of finance ministers and central bank governors held in Buenos Aires in March 2018, the focused discussion on infrastructure financing yielded the Roadmap to Infrastructure as an Asset Class, which is aimed at promoting the necessary conditions for developing infrastructure as an asset class.⁸

The third priority theme of the Argentine presidency, a sustainable food future, also builds on previous G20 summits that have addressed food security and nutrition frameworks, good practices in family farming and increasing agricultural productivity. To this evolving G20 approach to food security, Argentina has added its focus on sustainable soil management and soil health and its linkages to the broader discourse on climate action and clean energy. Noting the links between food security, trade and climate change, Argentina will promote international coordination in fostering public-private collaboration in investing in sustainable food systems and soil management.⁹ In this vein, Argentina was the first country to submit a revised national climate action plan in October 2015, introducing policies such as the Biofuels Law and the new Renewable Energy Law in efforts to revise its nationally determined contribution (NDC) since ratifying the Paris Agreement.¹⁰

Overall, the priorities identified illustrate Argentina's intention to utilise its presidency as a conduit for LAC and Global South perspectives in the G20, and to enhance the voices and agency of the

region in the G20 and beyond. The outreach strategy conducted by Argentina's G20 Sherpa, Pedro Villagra Delgado, has seen consultations with a wide range of stakeholders including civil society, think tanks and regional organisations.¹¹ Argentina's transformational agenda also reflects its quest to abandon ideological policies in favour of practical, everyday issues that resonate with citizens in both developed and developing countries. Argentina plans to rein in the broadening G20 agenda, and to produce a concise, comprehensible communiqué that the ordinary citizen will find relatable.¹²

G20 partnership with Africa

An analysis of the G20 agenda with reference to Africa reveals that the region has been a priority across presidencies, although partnership with Africa has been the subject of individual initiatives such as the G20 Energy Access Action Plan in Sub-Saharan Africa (Antalya Summit), Support for Industrialisation (Hangzhou Summit), and the G20 Africa Partnership (Hamburg Summit).¹³ The rotating chair of the African Union (AU) and a representative of the New Partnership for Africa's Development (NEPAD) participate in G20 summits as observers; in addition to the involvement of the AU Commission and the NEPAD agency in consultations on the G20 work streams. The African Development Bank (AfDB) and the United Nations Economic Commission for Africa (UNECA) have also contributed to G20 initiatives by adding to the research and recommendations on the various initiatives bearing on African priorities.

The G20 core agenda and its development agenda contain several issues that dovetail with African interests and priorities such as infrastructure, food security, financial inclusion and knowledge sharing. As the sole African member of the G20 and a pivotal participant in the G20 Africa Advisory Group and the Development Working Group (DWG), South Africa's priorities reflect relevant issues for Africa. These include tax and domestic resource mobilisation, sustainable development financing, reform of international financial institutions and anti-microbial resistance. South Africa has been at the forefront of efforts to curb illicit financial flows (IFFs), calling for the study of trade mispricing and under-invoicing by the World Customs Organisation.¹⁴ Through the work of the DWG, the G20 has incorporated the sustainable development goals (SDGs) into its work programme, adopting the Action Plan on the 2030 Agenda for Sustainable Development during the 2016 Hangzhou summit and renewing its commitment to the Addis Ababa Action Agenda on Financing for Development at the 2017 Hamburg summit.¹⁵

It will remain to be seen whether Argentina will broaden the Compact with Africa (CwA) to encompass Latin America. Building on macroeconomic, business and financing frameworks, the CwA entails a focused approach to country-specific compacts aimed at coordinating investment programmes, promoting investor-friendly domestic resource mobilisation, providing risk insurance and fostering long-term public-private partnerships. The CwA, which operates on a voluntary basis, currently includes ten African countries, which have committed to improving their framework conditions for private investment, including infrastructure.¹⁶

The focus of the CwA on infrastructure financing also aligns with the AU Agenda 2063 and its Programme for Infrastructure Development in Africa (PIDA). NEPAD has launched its 5% Agenda aimed at increasing investment allocations by African asset owners in African infrastructure from a low base of 1.5% of assets under management to an impactful 5%. NEPAD views the 5% Agenda as a 'game changer' in addressing the infrastructure financing gap and in unlocking additional flows from institutional investors. Drawing on the prioritisation of infrastructure development under the Argentine presidency, NEPAD will introduce the 5% Agenda to the G20, urging members to view Africa's infrastructure as an asset class, as well as campaigning for the establishment of an African Guarantee Facility for investors of PIDA.¹⁷

Going forward, the sustainability of the G20-Africa partnership means not only incorporating African voices and perspectives in G20 work streams but also matching G20 initiatives with the realities and needs of African citizens. For instance, evidence-based policy research shows that African priorities include the generation of employment, improved education and public health and increased attention to food security,¹⁸ broadly reflective of the priorities of the Argentine's presidency. This presidency further provides the opportunity for Argentina to sustain the momentum of the G20-Africa Partnership, particularly as it relates to the implementation of the CwA and the potential to further the Latin American-Africa partnership in interregional forums beyond the G20 such as the Africa-South America summit. In spite of the challenging geopolitical context, Argentina's optimism lies in its economic recovery path and the incentive and political will to dedicate itself to brokering a nuanced outcome for the G20 cycle in 2018. The focus on infrastructure, the future of work and food security as key priorities of its presidency resonate with the exigencies of citizens in the Global South, in addition to the core

policies of the G20 that are relevant for both the Global North and South.

Policy recommendations

1. In line with the momentum underway for the institutional reform of the AU, including the Global Review on Africa's Strategic Partnerships, the G20-Africa Partnership should be restructured along the lines of the defunct Africa Partnership Forum (APF).¹⁹ The African side would follow the Banjul format²⁰ whereas the G20 side would include G20 member states. The re-established AFP would allow for a broad strategic approach, linking African and global agendas, and spanning issues relevant for both global governance and economic cooperation.
2. African stakeholders should aim to maximise the attendance of NEPAD and the AU as observers at G20 summits. Ideally, the core engagement in the G20-Africa Partnership should be premised on the AU Commission, which is leading the processes for advancing continental development priorities and policy frameworks.²¹
3. As NEPAD transforms into the AU Development Agency,²² the focus should be on strengthening implementation capacity, specifically the monitoring and evaluation of the Agenda 2063 First Ten-Year Implementation Plan. Working with the UNECA, the AfDB and other strategic partners, the Agency would be able to enhance vertical and horizontal coherence in aligning Africa's development priorities with the priorities of external partners such as the G20.
4. Building on initiatives from other presidencies, Argentina should ensure rationalisation and alignment with policy areas that dovetail with its priorities. For instance, with reference to the CwA, the Argentine presidency should add value to already existing initiatives on infrastructure financing and look to bolster the CwA by incorporating Latin American perspectives in presenting infrastructure as an asset class and unlocking additional flows from long-term institutional investors including insurers, pension funds and sovereign wealth funds.

The shared historical and political experiences, as well as development priorities, between Africa and Latin America highlight the need for constructive dialogue beyond the G20. As a champion for Latin America and the Global South, Argentina could also utilise its G20 presidency to push for rejuvenated interregional cooperation

in forums such as the Africa-South America Summit and MERCOSUR-SADC. Such interaction has significant implications for South-South cooperation and the potential of interregional relations in tackling common challenges.

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Argentina's G20 Presidency: A Political Perspective from the Global South

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Introduction

Argentina's assumption of the Group of 20 (G20) rotating presidency in December 2017 has created a meaningful window of opportunity to enhance its prestige in the global arena. Furthermore, the Argentine presidency is a significant opportunity to project a Southern and developing country perspective within the G20, a forum tasked with addressing key issues of global economic governance. Argentina has sought to build bridges and enhance the spirit of multilateralism, focusing on three priority themes: the future of work, infrastructure for development, and a sustainable food future; all of them fully shared by the Global South and African countries particularly.

Moreover, the G20 presidency implies a test case to promote Argentina's leadership in the upcoming BAPA+40 (the Second United Nations Conference on South-South Cooperation) which will take place in Buenos Aires in 2019, 41 years after the first Conference on Technical Cooperation among Developing Countries (CTCDC) inaugurated in 1978 in Buenos Aires. Both events will constitute landmarks to enforce Argentina's compromise with the Global South and its ability to negotiate with the developed world.

Argentina's G20 presidency: definition of the priorities and the agenda

Holding the presidency of the G20 is a massive liability, especially for a developing country like Argentina, which is aiming to simultaneously advance its foreign policy goals as well as the interests of the Latin American and the Caribbean region and the Global South.¹ As such, the articulation of priorities has proven to be a daunting task, given the need to balance the interests of the developing world with those of the developed members of the G20,

an essential quest for equilibrium in light of the setbacks during the German presidency.

In order to avoid inter-bureaucratic tensions among the different actors within the government, President Macri has entrusted the definition of priorities and the coordination of the Argentine G20 presidency to a very small group of officials. Specifically, these responsibilities have fallen to a special Cabinet team under Fulvio Pompeo and Argentina's G20 Sherpa, Ambassador Pedro Villagra Delgado.

In earlier deliberations about the key issues that would frame its presidency, Argentina should have considered inequality, which is an overarching problem for the country, Latin America and the Global South. Similarly, drawing on its own domestic political reform agenda, Argentina should have proposed new institutional arrangements to cope with the problem of sovereign debt crises. However, none of these issues was formulated as a priority, either because they were considered too controversial to be accepted by developed countries, or to avoid a departure from the pro-market reputation sought by the Macri administration from the start.

With regard to the future of work, the Argentine presidency has pointed out that '[t]he emergence of new technologies has led to the development of new forms of work that are rapidly changing production processes worldwide. This offers huge opportunities to accomplish fair and sustainable development, yet it also presents challenges that are putting pressure on the employment, welfare and education agendas'. Consequently, there is a need to create the conditions for more and better jobs in order to provide tools and skills to job seekers and workers whose jobs are being replaced by automation.²

With reference to infrastructure for development, Argentina has underlined the projected global infrastructure gap which could amount to USD5.5 trillion between 2018 and 2035.

Argentina seeks to promote and develop infrastructure as an asset class by improving project preparation, addressing data gaps in regard to its financial performance, improving the instruments designed to fund infrastructure projects, and seeking greater homogeneity among them'.³

Concerning the third key issue, a sustainable food future, Argentina seeks to promote discourse on how the G20 can provide the international coordination necessary to foster public-private collaboration between industries, governments, international agencies, farmers' associations and civil society. Consequently, Argentina has stated that '[f]ood security is an important link in the process of achieving stability and peace. In no other case are security and development more evidently interlinked and mutually reinforced as in food'.⁴

According to the premises of the team responsible for the coordination of Argentina's presidency, these issues would overcome the odds of the previous year. Since they were less controversial topics, it would become much easier - or less problematic - to reach a consensus. In short, issues that would allow the opening of a proactive dialogue intended to '[build] consensus for fair and sustainable development'.⁵

Argentina's presidency of the G20: diplomatic actions in pursuit of consensus

In order to earn political support and legitimacy, the Argentine government has aligned its presidency to the needs and interests of the Global South. Therefore, Argentina has developed a discourse that reinforces the idea that Buenos Aires is representing not only the country but also Latin America and the Caribbean, Africa and Asia, voicing concerns of the Global South that call for coordinated international approaches.

Apart from the definition of priorities, the member that assumes the presidency of the Group has may invite ad hoc actors to participate in the working themed groups and the high-level summit. In the case of the Argentine G20 presidency, the invitations have been mainly addressed to developing countries. According to Argentine Sherpa, Ambassador Villagra Delgado, the host has no restrictions when select its guests.⁵ When making the choice, the criterion is that those invited should be pivotal in their respective regions so as to ensure the legitimacy of the decisions to be taken. Moreover, the Argentine G20 team values closeness and similarity to the host country in order to gain political support, given the premise to reach consensus.

Bearing this in mind, Argentina invited Chile, the Netherlands, Singapore, Rwanda, Senegal and Jamaica. While the participation of Chile and the Netherlands was based on their intensive political, economic and social relationships with Argentina, the invitations addressed to Rwanda, Senegal and Singapore were justified by the fact that these countries were the pro tempore chairs of important regional organisations, such as the African Union (AU), the New Partnership for Africa's Development (NEPAD) and the Association of Southeast Asian Nations (ASEAN), respectively. It is relevant to point out here that these regional groups are regular guests of the forum. Additionally, Argentina made the gesture of including the Caribbean Community (CARICOM) represented by Jamaica, an important but frequently neglected actor in the Global South.

As part of the outreach strategy and broad consultation, during 2018, Ambassador Villagra Delgado held meetings with UN leaders, Canadian Sherpa to both the G7 and the G20 and senior officials of the AU and the United Nations Economic Commission for Africa (UNECA). In a roundtable on the G20's development priorities in Africa held in Pretoria, the Sherpa engaged with his South African counterpart, Anil Sooklal, the ambassadors of Rwanda (AU) and Senegal (NEPAD) and representatives of the Think 20, Business 20 and Civil 20 in discussing the G20's Africa partnership and possible areas of overlap and collaboration on the 2018 agenda.

As it was remarked, Argentina's G20 presidency is a unique opportunity to set an agenda suitable for itself, for Africa and for the Global South. To a certain extent South Africa is in a similar position, as the only African member of the G20 and the BRICS. Both are relatively small but active players trying to shape the rules of the game in favour of a greater space for developing countries to pursue their economic goals. In this sense, the legacy of their participation will be measured by the influence they are able to exert in this area. As relatively minor economic players, the challenge is to seek partnerships and coalitions with developing and developed countries to promote the interests of the South as well as their own interests.

Policy remarks

1. In an age of global uncertainty and power reconfiguration, in what has been characterised as 'interdependent hegemony',⁶ Argentina and the countries of the Global South, especially Africa and South Africa, have a big responsibility to generate responses and solutions from within. Argentina and South

Africa are pressed to participate meaningfully in global governance forums with a sophisticated understanding of the strategic opportunities they offer, their limitations, and their institutional practices.

2. In the context of the G20, Argentina should back up its call to the countries of the Global South with concrete and concerted actions, in order to advance in the (re)construction of the international order from a multilateral, democratic and autonomous perspective. In this sense, all these countries should insist on linking their development with the stability and growth of the global economy. In line with this, financing for infrastructure facilities, adaptation to new labour technologies and safeguards against famine should be sought. Governments, international financial institutions (IFIs) and private actors should be firmly engaged.
3. Argentina should also take advantage of the experience gained representing 'the South' throughout 2018, in dealing and interacting with 'the North', to deliver a 'Buenos Aires Plan of Action II' at the BAPA+40 Conference, which will realign the original objectives with the challenges of the 21st century new realities. Similarly, South Africa, Africa and the rest of the Global South should accept the challenge of a shared leadership, in terms of a win-win situation where Argentina could, for example, cooperate in the Africa Green Revolution and in transforming the Global South agricultural agenda.

Conclusion

To sit at the 'global table' offers a crucial opportunity to affirm the general commitment to multilateralism and to a rules-based international order. But it also needs a delicate balance when specific issues are at stake. It requires the enactment of a strategic road map to tackle common problems concerning 'peripheral conditions' and find appropriate common solutions in a balanced and integrated manner.

This means aligning priorities with the 2030 Agenda for Sustainable Development, in its economic, social and environmental dimensions: the initiatives to tackle climate change, directly linked to a sustainable food future, as well as to be proactive in the face of the opportunities presented by the Fourth Industrial Revolution and the measures required to mitigate its disruptive effect on industry and labour.

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Aligning G20 Initiative with Africa's Development Priorities

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Introduction

The role of the G20 and its impact on African policies has always been up for debate. Despite significant overlaps between the G20's agenda and the African Union's (AU) Development Agenda for 2063, there is still space for more policies with an African agenda focus. As such, aligning African interests with the G20 agenda remains a priority, particularly for the African continent which is affected by G20 policies. One of the underlying objectives of Africa's Development Agenda is trade. Trade remains central to Africa's economic development objectives, having an impact on investment, employment, infrastructure and regional integration. Thus, it is important for the G20 as a global forum to support and include G20 priorities that further promote Africa's trade agenda.

This policy brief aims to explore how the G20 can support Africa's Development Agenda, particularly trade, and cooperate in increasing intra-African trade and investment. The policy brief will also make recommendations for future G20 actions to improve engagement with the African continent. The 2018 G20 summit is being hosted by Argentina and is characterised by three main priorities – the future of work, infrastructure for development and a sustainable food future. These priorities touch on issues relevant to Africa's agenda but do not include all of Africa's development objectives. Thus, aligning the G20's objectives to those of Africa is essential because G20 policies have a direct impact on Africa and the world in general. Despite this, Africa's representation at the G20 remains minimal and so, by extension, does its policies.

Since the G20 agenda broadened from a financial focus to incorporate issues such as sustainable development, climate change and equality, efforts have been made by the G20 to incorporate policies geared to the African agenda.¹ However, a stocktake of G20 Africa initiatives indicates that there is still room for more policies that will have a meaningful impact and intensify the cooperation between the G20 and Africa. To date, African cooperation remains

limited to a few specific initiatives – which lack consistency. Considering this and Argentina's priorities, policies that could be included on the list of priorities include trade and investment and regional integration.

The G20 and Africa's trade agenda

The G20 continues to strive to synchronise its policies with those of the AU Agenda. The 2018 G20 host is no different. Argentina's policy priorities have a direct impact on sustainable development in Africa and they constitute a key feature of its presidency. Priorities in 2018 touch on education, skills development, employment, food security and technological advancement, all directly linked to Africa's priorities, envisaged in Agenda 2063, of creating a sustainable future. However, these objectives cannot be fully achieved for Africa without the benefits that come from trade and investment.

Trade and investment promote job creation by introducing foreign direct investment (FDI). FDI yields substantial benefits including employment creation and technology transfer through human resource development.² Despite trade and investment not being on the Argentine's G20 priorities, it remains a crucial element, particularly for Africa in the wake of just having concluded the AfCFTA – a key policy driving Africa's trade and economic development. The absence of trade and investment in Argentina's list of priorities falls short of relating to urgent trade matters, particularly escalating trade tensions in the West, the Doha deadlock and the need for World Trade Organisation (WTO) reforms. Africa stands to lose more in the Doha impasse and thus it is important for Africa to reach a consensus on Doha issues (especially agricultural subsidies, special and differential treatment) before moving to the new issues. In the wake of calls to reform the WTO, a reaffirmed commitment by Africa to the rules-based trading mechanism is important as trade and investment remain a key pillar for Africa's

economic development and should be at the core of the G20's objectives. South Africa has affirmed its support for the multilateral system.

Reformed engagement by the G20 could support the AfCFTA through full recognition of the agreement as a measure designed to increase intra-African trade, remove barriers to intra-African trade and promote regional economic integration. In the midst of geopolitical tensions in the trading world, support for Africa's trade objectives should become central to the G20's policies to increase the involvement of Africa in the global economy.

Infrastructure has always been at the core of African policies and remains a big challenge today, particularly trade-related infrastructure, which is needed to fully realise the benefits of trade and investment. It plays a key role in facilitating trade and enhances overall trade flows. Poor information and communication technology (ICT) and transportation infrastructure, particularly at ports of entry, affect trade-level performance and, hence, putting in place the necessary infrastructure would result in improved market access, increased production capacity, enhanced regional connectivity and increased intra-African trade. Boosting intra-Africa trade through infrastructure development would create opportunities that lead to the establishment of regional value chains and promote industrial development, resulting in job creation and other factors.

In light of this, Argentina's G20 presidency has introduced a new initiative on infrastructure, the Roadmap to Infrastructure as an Asset Class, which aims at identifying data gaps that hinder investment in infrastructure, and improve performance reporting and benchmarking for infrastructure projects.³ The level of implementation and support for this initiative will be critical for achieving the envisaged goals. In addition to this initiative, the G20 could support infrastructure development by eliminating inefficiencies in the financing of infrastructure projects to free up significant resources that would reduce the need for additional funding in the short term.⁴ The G20 could support and strengthen initiatives such as the Programme for Infrastructure Development in Africa (PIDA) and the African Financing Partnership; with this support, infrastructure development could gain some traction.

Regional integration as a priority policy has not appeared on the G20 agenda in previous years and neither has it been included in Argentina's agenda, even though it is crucial for sustainable development and trade. In addition, regional integration is an important area for Africa as a key pillar of the AU's Development Agenda 2063. This has also been demonstrated by recent efforts at

integration in the form of the Tripartite Free Trade Agreement (TFTA) and the AfCFTA. Regional integration is a tool that promotes trade. As a global forum, the G20 can support these efforts and introduce policies that speak to regional integration in Africa.

Policy recommendations

1. The G20 should always include the African Development Agenda at the heart of its policies and priorities. Moreover, the G20 should support intra-African trade initiatives in Africa. This is embedded in Agenda 2063, which states 'an integrated continent, politically united and based on the ideals of Pan-Africanism and the vision of Africa's Renaissance'.⁵ Some of these ideals have manifested in the form of the AfCFTA and the TFTA. The AfCFTA framework embodies the trade agenda and includes objectives ranging from creating a single continental market for goods and services with the free movement of business persons and investment, promoting market access, improving competitiveness and expanding intra-African trade.
2. The G20 has no agenda for regional integration that is important for Africa. The G20 has the power to promote these objectives and support regional integration initiatives on the continent.
3. In the midst of rising trade tensions between the US and China, G20 participants could prompt each other to dedicate more time to engage in G20 discussions to resolve and mitigate escalating tariffs. Despite trade not being part of Argentina's priority, the present climate demands that trade be given adequate attention to avert a full-blown trade war. The effects of not resolving ongoing trade tensions on the African continent include higher trade costs in imports and an overall decrease in trade flows.
4. Support infrastructure development by encouraging investment in Africa to upgrade and maintain infrastructure. Poor infrastructure affects the flows of trade across borders especially on a continent where a great deal of trade is conducted by road, sea and air. Thus, investments in infrastructure should be targeted at upgrading and maintaining border posts, main roads and rail infrastructure. Investment could also be injected into ICT infrastructure to access infrastructure services.

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The Future of Work: The G20 Policy Context and Leveraging Technological and Industrial Innovations for Africa's Development

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Introduction

The 2018 G20 presidency held by Argentina is unfolding in a precarious international context in light of the major trade wars currently being waged among the world's largest economies (USA vs China-EU), as well as the high-level financial and currency instability that has plagued the 'emerging markets' of Turkey, Argentina and South Africa, with devastating effects for economic growth and potential social instability. It also marks an increase in International Monetary Fund (IMF) lending to protect developing world currencies, but with the usual concomitant 'conditionalities' that will accompany these in the future. It seems there is a follow up by G20 from the annual World Economic Forum's (WEF) mainstream promotion of the so-called Fourth Industrial Revolution (4IR) or Industry 4.0. Numerous studies have shown that this 4IR will result in 'major disruptions to labour markets in terms of the growth in wholly new occupations, new ways of organizing and coordinating work, and new skills requirements in all jobs and new tools to augment workers' capabilities'.¹

One of the policy questions confronting African policy makers is the extent to which investments made in education and vocational training are preparing citizens for the digital economy, and how governments and other stakeholders can assist citizens to manage the transition. At the G20 event on Education and Innovation in Buenos Aires on 12 April 2018, Marcos Peña, Chief of the Cabinet of Ministers of Argentina, observed: 'We are living in exciting times of technological transformation, with new challenges facing governments, civil societies, and the academic sector on how we educate our children. This group can help our leaders, giving them ideas on how to advance and work together to adapt our education and training systems to this new reality.'²

Argentine Education Minister Finocchiaro further highlighted that 2018 was the first time that a joint meeting of G20 education and employment ministers had been convened, underscoring its importance for the G20. He emphasised: 'Our focus is on what our young people merit, so they can be the promoters of change, progress, and production that our countries need. We are aware that technology is advancing in leaps and bounds, suggesting great opportunities but also great challenges. Moreover, we know that the demands of today's job market are not the same as those of tomorrow. This is where education and the workplace take centre stage of the debate, and it is what will allow young people to adapt to the changes and reap the benefits'.³

Overview of economic and industrialisation pathways in Sub Saharan Africa

With the advent of 4IR discourse going mainstream, the tech-centric economic, social and workplace organisation changes and disrupts. The rapid rise of micro-workers (professional workers without formal employment) is morphing into a new 'precariat class'; and together with the concomitant mass offlays in the manufacturing industry this has created a dual vulnerable industrial proletariat and a precariat. New Schumpeterian modes of technology disruption have again created new waves of opportunity – instability.⁴ The rise of Uber aptly symbolises this new wave of disruptive business models, monetisation of new apps, micro-grids and new technological waves. These have major implications for economies, with the potential for mega wealth creation but also disrupting standard, every-day modes of life and work as we know them.⁵ Leading MIT economists, Brynjolfsson and McAfee,⁶ posit that the

4IR could 'yield greater inequality, particularly in its potential to disrupt labor markets'. As automation substitutes for labour across the entire economy, 'the net displacement of workers by machines might exacerbate the gap between returns to capital and returns to labour'. On the other hand, it is also possible that the displacement of workers by technology will, in aggregate, result in a net increase in safe jobs. We cannot foresee at this point which scenario is likely to emerge, and history suggests that the outcome is likely to be some combination of the two. It is in this milieu that carefully planned industrial and human resource development skills policies should be crafted and calibrated to ensure a just transition to the 4IR economy.

Technology is therefore one of the main reasons why incomes have stagnated, or even decreased, for a majority of the population in high-income countries: the demand for highly skilled workers has increased while the demand for workers with less education and lower skills has decreased. Around 2031, Africa's working-age population (aged 15-64) will pass the one-billion threshold. This growing workforce will require decent productive employment. So far, the regional economy has largely failed to deliver such jobs. A study on Sub-Saharan Africa (SSA) estimates that 84% of the region's workforce is in informal occupations that are not properly registered and are typically associated with instability, extremely low productivity and precarious working conditions. Only 8% work in formally registered firms and another 8% in the public sector.⁷

Thus, for any one person working in the formal private sector, ten work in the informal economy. Put differently (and assuming that public employment is constrained by the scarcity of fiscal resources), the currently miniscule formal private sector would need to expand tenfold to absorb the entire workforce currently 'parked' in the informal economy! On top of that, the African working-age population is growing by about 20 million persons every year, further adding to the employment challenge. Failure to generate sufficient formal sector jobs for young people will worsen migration and global security challenges. The bad news is that structural transformation in Africa is extremely slow, and the share of industrialisation has already stalled before it has really taken off. In most countries of the region, the share of manufacturing in GDP has started to decline before it has even reached 10, 15 or 20%.⁸

The links between *skills, economic productivity* and *social well-being* are long-standing. As societies continue to grow in diversity and volume, the skills landscape will continue to evolve as well. The implications of this association are amplified in lower- and

middle-income countries where a sizeable share of the population chronically straddles the base of the poverty line.

Evidence of the link between education, skills and employment comes in different forms. For example, Arora and Ricci⁹ have shown that a 1% decline in the number of people with no schooling in the labour force is usually accompanied by a decline of 1% in the unemployment rate. Further, Giuliano and Tsibouris¹⁰ have shown that unemployment rates tend to decrease with increasing levels of education in a society. Kingdon and Knight,¹¹ using data from 1995 to 2005, have shown that those with tertiary level qualifications are least affected by unemployment compared to those in other categories of qualifications.

Rodrik has called this 'premature deindustrialization'.¹² This is a worrisome trend because it prevents countries from accumulating the diversified capabilities so important for economic development. Premature deindustrialisation is driven by two forces. First, global competition: In a globalising world economy, latecomer countries are disadvantaged vis-à-vis competitors who have been able to accumulate capabilities and create economies of scale as well as network externalities decades before; and second, labour-saving technologies that are hollowing out the comparative advantages countries with low labour costs enjoyed in the past. New studies suggest that the automation of routine activities will accelerate over the next one or two decades, thereby further eroding the opportunities for using labour-intensive light manufacturing for export as a springboard for development.¹³

Changing conditions for Africa's economic development and job creation

For these reasons, Africa is not the only region experiencing premature deindustrialisation; but it is the region where deindustrialisation kicks in at extremely early stages of development and its consequences are most severe given the demographic challenge. First and foremost, inequality in most sub-regions in SSA is rife. Given the downturn in commodity prices and resultant liquidity crisis this means more borrowing from IFIs/IMF, resulting in a further debt spiral and negative growth, which is further exacerbated by the high-tech/ICT sector where quality jobs are available in the upper spectrum of job grades. Social policies need to find new avenues to cushion the effects of austerity plans and inflation through social protection, such as large public employment programmes in areas such as infrastructure, social housing and agriculture/food security, thus stimulating local demand. Furthermore, a sustained and expanded effort at youth employment,

employability and internship programmes is required. For example, South Africa is experimenting with its national YES4 Youth programme.¹⁴

Relevant skills development for the 21st century knowledge economy

For skills development to serve as an effective poverty reduction strategy, an environment must be created that facilitates access to training, followed by the transfer of knowledge and skills gained, and by application that stimulates development at the individual, community and national levels of society. By 2022, the skills required to perform most jobs will have shifted significantly. Global average ‘skills stability’ – the proportion of core skills required to perform a job that will remain the same – is expected to be about 58%. That means workers will see an average shift of 42% in required workplace skills in the period leading up to 2022.

Skills growing in prominence include analytical thinking and active learning, as well as skills such as technology design, highlighting the growing demand for various forms of technology competency. However, proficiency in new technologies is only one part of the 2022 skills equation. ‘Human’ skills such as creativity, originality and initiative, critical thinking, persuasion and negotiation will likewise retain or increase their value, as will attention to detail, resilience, flexibility and complex problem-solving. Emotional intelligence, leadership and social influence as well as service orientation are also set to see a particular increase in demand relative to their current prominence today.¹⁵

What, then, are the prospects for Africa’s economic future? Where should the millions of decent jobs come from that the region urgently needs? What can be expected from industrialisation, and what other opportunities exist? New opportunities for *agro-industries* arise as resources for agricultural production are being depleted globally (loss of fertile soils, water scarcity, loss of biodiversity) at the same time as the world population increases, becomes more affluent and demands more high-value food products and fossil fuel-based products are replaced by the bioeconomy.

New digital technologies greatly increase connectivity, breed new business models such as electronic trading platforms, automate routine tasks and impact on supply chains in multiple ways.¹⁶ The imperative of reducing the world economy’s material footprint is leading to new opportunities in environmental technologies, new standards and new entry conditions to global value chains and is creating the risk of enormous capital losses in high carbon and other unsustainable technologies. Urbanisation and the expansion of the middle classes have profoundly changed

patterns of consumer demand; at the same time, trends towards sustainable smart cities have triggered all sorts of innovations from transport and electronics to the building industry.

In addition, there are tectonic shifts in the global distribution of economic power, with East Asia strengthening its position as a thriving centre of the world economy and China moving from low-cost manufacturing to a knowledge-based economy, among other changes.¹⁷ The move towards the digitisation of economies in both manufacturing, mining and the service industries will have far-reaching consequences for the region and it would therefore not be wise to base national policies for productive transformation on the extrapolation of past trends.¹⁸

Policy recommendations for the G20

1. What is needed, first and foremost, is a better understanding of these global trends in order to be able to translate them into competitive advantages for the future. Africa has solid natural resource endowments (minerals, agriculture and tourism) and it needs to convert these into value-added beneficiation and processes. Given the enormous differences within the region in terms of resource endowments, country and population size, geography, technological and institutional development and so on, these opportunities are of course country-specific.
2. Developing nations and Africa should advocate for additional ‘policy developmental space’ in multilateral fora such as WTO, the EU-ACP trade forum and WIPO.
3. Developing nations and Africa/AU should advocate for sustainable industrialisation policy support that provides a solid system of support in crucial areas such as technology transfer, tech capacity building, infant industry protection and the like that have been articulated by UN bodies such as UNCTAD, UNIDO and UNECA. Particular attention should be given to agriculture and climate change technologies as sustainable development drivers.
4. The notion of a skills/labour market ‘mismatch’ and the assumptions behind it, including notions of work, the nature of jobs that are available no longer being available and growing, and the industry conditions that contribute to the structuring of jobs and therefore have an impact on how companies interact with the reserve army of job seekers.
5. The need for support for national social dialogue process forums that bring together employers/industries, organised labour and government and community/youth in a new skills and employability compact, the purposes and nature of education, and models for forecasting skills and economy

growth in the future; as well as new skills development framework and standards; skills development systems and in particular new curriculum, accreditation of courses and technical colleges, are essential in preparation for the 4IR/Industry 4.0.

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Upgrading Africa's Agricultural Value Chains to Achieve Food Security

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Introduction

Agriculture plays a crucial role in Africa as the base of many economies and a significant employer. However, the agricultural sector underperforms and the result is that Africa is food insecure and economies that are largely powered by agriculture remain weak. Indeed, a huge and growing food import bill coupled with continuing food insecurity in Africa¹ is testimony to the underperformance of Africa's agriculture.

The need to transform agriculture to guarantee food security and provide opportunities for job creation has been prioritised in the development agenda for Africa. The Comprehensive Africa Agriculture Development Programme (CAADP), which has been adopted by the Africa Union (AU), is Africa's policy framework for agricultural transformation, wealth creation, food security and nutrition, economic growth and prosperity for all. The CAADP has championed reform in the agricultural sector, setting broad targets: (i) 6% annual growth in agricultural GDP, and (ii) an allocation of at least 10% of public expenditures on the agricultural sector.²

Food security is also one of the key concerns for the G20 countries as they seek to engage more closely with Africa. In particular, one of the priorities of the Argentine G20 presidency is putting in place public policies for ending hunger and promoting sustainable agriculture to achieve a sustainable food future.³

For Africa, a sustainable food future is more than merely increasing productivity in a sustainable way;⁴ it is also about upgrading agricultural value chains so that they can deliver nutritious food to the fast-growing urban food markets.⁵ Food security is also about increasing people's incomes so that they can afford the food. This requires that not only agriculture itself is transformed but more crucially that agriculture drives the transformation of entire economies by creating jobs, upgrading

value chains, reducing imports and thus fiscal strain, stimulating aggregate demand through increased incomes and creating a base for industrialisation.⁶ Indeed, there exists a significant opportunity for an agriculture-driven African industrial strategy, which has yet to be exploited, even though urbanisation has created a demand for processed and convenient foods and thus a ready market for food processing sectors.

Developing a dynamic agro-processing sector will require the development of well-functioning agricultural value chains. However, such value chains are plagued by many challenges that make it hard for them to deliver this.

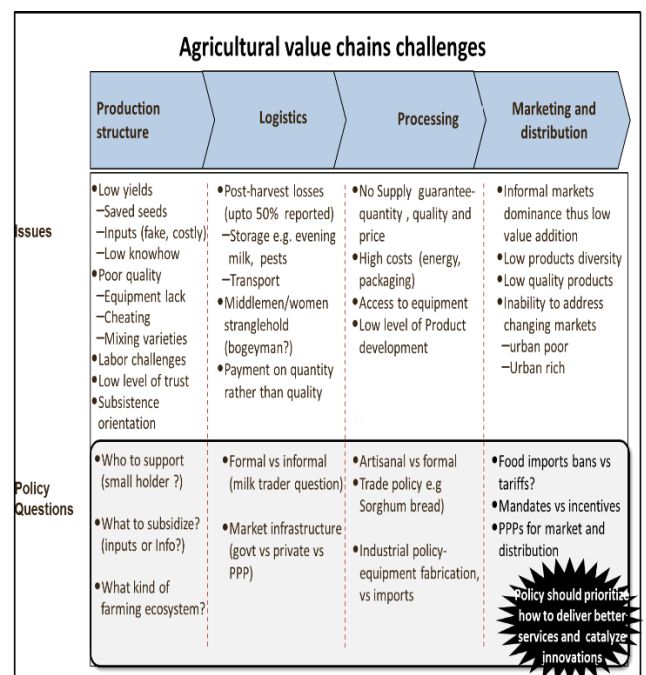


Fig 1: Africa's agricultural value chain challenges

Source: Author's construction

New technologies are key to addressing these challenges. So high-yielding seed varieties, fertilisers, machinery, storage solutions, new food products and the like are key to equipping agricultural value chains with the capacity to respond to markets in a competitive way. However, this is not enough. Today, many farmers do not use high-yielding seed varieties even though the many research stations have produced numerous new varieties. Farmers continue to rely on the hoe and manual methods while there are mechanised means of farming. The problem is that the focus has been on solving the technical problems and not enough on solving the business side of the challenge. Innovations in technologies must go hand in hand with innovations in business models so that technologies can be commercialised. Technology must be profitable within the context for which it is to be adopted. Thus, a tractor may make business sense to a medium- and large-scale commercial farmer but this is not case for a small-scale farmer. Indeed, many technologies are unaffordable to smallholder farmers who make up the majority of farmers in Africa. Accordingly, G20 policy action to support agricultural innovations should seek to catalyse both technology innovations and support business model innovations.

Market failure, linked to information asymmetry, is also a big problem. For instance, while there are fertilisers and high-yielding seeds, the biggest challenge for many farmers is the preponderance of fake inputs. At the same time, there is insufficient capacity to regulate the inputs markets effectively. Policy focus should be on how innovations in both technologies and related business models can be catalysed and scaled.

Business model innovations

Research points to innovations that are happening across all parts of the value chains which, if replicated and scaled, can drive the upgrading of agriculture. Some promising business models include:

a) Inputs

- *Franchise business model:* One of the challenges of getting farmers to use better seeds and other recommended inputs is the fear of poor quality and counterfeit products, from seeds to feeds, a factor enabled and compounded by weak regulatory capacity. For instance, Kenya's input supply business is largely run through its 10 000 agrovets shops, most of which are run like informal street kiosks by powerful, often poorly educated, informal middlemen. Owing to difficulties in regulating them, some dealers sell fake/counterfeit inputs, discouraging many farmers from adopting modern inputs. A business model innovation that could overcome this is

the use of a franchising model to bring the small dealers under one brand. This is the model being employed in Kenya by Farm Shop. Dealers are attracted because they can get credit and also lower prices, as the franchise handles the supply side and negotiates with banks. The franchise owner can guarantee quality as they can train and effectively supervise their franchisees.⁷

- *Inputs as a service business model:* A variation of the franchise business model that could be employed to overcome market failure and make technology more accessible is the selling of farm services rather than selling the inputs. In this way, a farmer could buy a weeding services whereby weed killer teams visit the farm and kill weeds. This saves farmers the cost of buying weedicide spraying equipment, ensures proper application, as the weed killers are better trained and reduces the cost of inputs, as farmers buy just the weedicide he or she needs. More importantly, a licensed service provider is easier to police, especially under a franchise model, so the quality of inputs is more guaranteed.⁸

b) Farm-level innovation

At farm level, the key innovations lie in organising farmers differently from traditional models and also in contracting farmers. By focusing on building an ecosystem of smallholder farmers, medium-scale farmers and large-scale farmers working together in a symbiotic relationship, the farm system is able to work better as each farmer has different capabilities. This also allows for specialisation, which is key. So large-scale dairy farmers could, for instance, focus on breeding and medium-scale farmers could focus on raising dairy cows for sale to smallholder farmers who could specialise in milk production.⁹

Another business model innovation is the contracting of smallholder farmers by processors. Smallholder farmers tend to side sell to spot markets if there are big price differentials, while processors have been accused of refusing to honour contracts on flimsy grounds of quality while the reality is that they have marketing challenges. So the contracting system is rife with mistrust. One approach that could overcome the trust challenge is to have the processor buy and sell to farmers, thus creating a two-way relationship. For instance, processors could buy grain and use the by-products from grain processing to make animal feed that they could then sell to the farmer. This interdependence could build trust.¹⁰

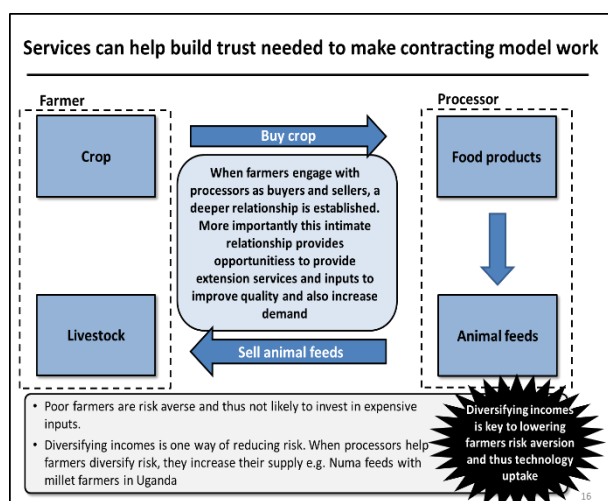


Fig 2: Symbiotic contracting model

Source: Author's construction, see also ACET (2017)

c) Logistics – rethinking the role of the middleman

Middlemen are crucial to the functioning of all the value chains studied. The middleman coordinates, finances and finds markets. He or she is the most entrepreneurial person in the chain and is key to making it work. Therefore, concerted efforts to strengthen and upgrade the much-demonised middleman may improve the functioning of the value chain and create value for all players. Notably, the success obtained in using sorghum to brew beer in Kenya and Uganda has been tied to the development of strong, well-resourced logistics providers that handle bulking, quality control and the provision of storage facilities, among other services. These are essentially the upgraded version of middlemen.

In Ghana, rice value chain middlemen were the main source of financing for rice production,¹¹ while the success of Nerica rice in Benin was due solely to the efforts of a middleman who propagated the seeds and convinced farmers to take the new seeds. Middlemen are likely to convince farmers to take new technologies as farmers believe they have critical knowledge of what the market wants.¹²

There is a need to rethink policy and target middlemen as actors who can play a crucial role in upgrading value chains. There should be a deliberate policy to develop middlemen so that they can be bigger and provide more services and eventually grow into significant commodity traders and processors.

d) Processing – towards hybrid processing models

Processing is probably one of the most challenging parts of the value chains studied. It suffers from unreliable and low-quality supplies and lacks the resources to develop new products and acquire the requisite equipment to bring these products to market. This tends to

confine food manufacturing largely to artisanal and the small and medium enterprise (SME) sectors and thus to a narrow product range. New approaches to addressing some of the challenges of processing sectors include:

- *Linking artisanal processors to urban-based small and medium-scale food manufacturers:* A model that is proving versatile in resolving the challenge is tighter integration between rural artisanal processors and urban SME processors. Rural processors have solved the problem of supply (as they are also farmers) but lack skills in product development and navigating food-marketing regulations. SME food manufacturers on the other hand have the skills in market and product development and in managing regulations, but have difficulties in sourcing a consistent supply. A model where an artisanal processor is able to supply a product in bulk to an SME, which then packages and markets, is mutually beneficial.¹³
- *Medium commercial farmers and the rise of rural cottage industries:* Medium-scale commercial farmers are also bringing new dynamism into the rural areas by integrating forward through cottage industries, which have the capacity to create both demand for products and off-farm employment in rural areas. They require less investment and demand much less of the high-level infrastructure needed to support the more formal industry. Perhaps their biggest advantage is that they tend to grow organically as more successful farmers integrate forward to processing. An example of this trend is the rise of home-based cheese production in Kenya.¹⁴

There is a need to rethink policy on industrialisation and provide incentives to strengthen these types of linkage. Tax breaks and subsidies on equipment should be extended to firms that have developed contracting models with rural processors. Going hand in hand with this should be support for marketing and branding, directing part of the agriculture budget to advertising firms to help promote products from the more innovative companies.¹⁵

Policy recommendations

The G20 under the Argentine presidency aims to enhance global food security and improve nutrition by increasing agricultural productivity and incomes, while fostering the sustainable management of natural resources. In particular, the Agriculture ministerial declaration¹⁶

- underlines the importance of innovation. It encourages 'the use of innovative agricultural practices and

technologies that improve the productivity and sustainability of agriculture’.

- underscores the importance of healthy soils to strengthen the role of agriculture in human development and encourages the promotion of good soil governance. This can be achieved by limiting urban growth, creating strategies to adapt to climate change, and monitoring soil to evaluate soil restoration programmes using science as a starting point.

In light of the G20 emphasis on the importance of innovations in promoting sustainable food futures, some policy recommendations towards this include:

1. Rather than focus on smallholder farmers, which is the thrust of much of the support given to Africa, the G20 should seek to support the development of strong agricultural production ecosystems that comprise a mix of smallholder, medium-scale and large-scale farmers working symbiotically. Large-scale farmers are key to Africa as they can bring frontier technologies, for example superior cow breeds, to the farming system. Of particular importance is developing a strong medium-scale farming sector which is the glue in this ecosystem. Medium-scale farmers can contract smallholder farmers, thus transferring expertise, providing credit and guaranteeing markets for the contracted smallholder. Medium-scale farmers have the capacity to interact with large-scale farmers and can thus be a conduit for adapting the frontier technologies that large-scale farmers can bring in. Establishing a technology transfer fund that large- and medium-scale farmers could tap into on condition that they have a subcontracting relationship with smallholder farmers can be a very effective way of transferring superior technologies.
2. Supporting the franchising business model is another avenue that could transform the agricultural sector. The G20 could identify promising input providers in Africa and target them for upgrading to franchises. This could include linking them to business schools to upgrade their business acumen and matching them with big franchise operators from G20 countries for hands-on training and mentoring. The G20 could also help in establishing a fund that processors seeking to develop sub-contractors from the ranks of artisanal processors could tap into. Standard bodies and other regulators from the G20 could also work with local standards authorities to develop appropriate and sensible regulations to make these hybrid models work better.

3. Policy on upgrading middlemen to stringer commodity houses that can provide a range of services including logistics, quality control, storage, financing and extension is key. Promising middlemen could be targeted for training and linked to commodity trading houses in G20 to understand the business operations.

Conclusion

Technologies are crucial in upgrading agriculture and thus unlocking their potential as a driver of transformation. However, technology is a necessary but not sufficient condition; it is innovations in business models that will allow technology innovations to see the light of the day. If there is no underlying business model innovation to commercialise the innovation its adoption will not happen. Thus, true transformation of agriculture will come from rethinking and enhancing the role of various actors in the value chains so that they can govern and guide the chains’ growth using business models that are profitable. G20 support for Africa should therefore focus more on ways to catalyse and foster the growth of promising business models.

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