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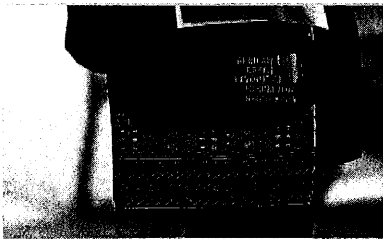
Africa: Observers - Africa's Moment of Truth at G-20 Fell Short of Expectations

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Forum sur la Révolution verte en Afrique 2016

Africa through voluntary policy options, which include supporting sustainable agriculture and agro-industry development, deepening the local production base and promoting investment in renewable energy while promoting science, technology and innovation as critical means for its industrialization.

In spite of G-20's endorsement on paper, it's quite another story to implement the group's sustainable development agenda for Africa, said Barry Sautman, a political scientist at the Hong Kong University of Science and Technology.

Sautman said that while Africa may be rich in natural resources and energy, which presents plenty of opportunities for developed countries to tap into, divergent interests and levels of competition have kept the group's member nations from joining hands to unlock the continent's growth potential.

The low-profit margin business model in Africa is not for every business either, he added. For example, Chinese low-end manufacturers may be content with a 5-10 percent thin profit margin if they migrate into Africa. But that will present less of a lure to high-end businesses from many Western countries, which often enjoy a margin level of up to 30 percent, Sautman said.

Overall, Caroline Kende-Robb, executive director of African Progress Panel, found the progress at this year's G-20 meetings to address Africa's urgent needs "disappointing."

Concrete action

Kende-Robb lauded the trade bloc's continued support for the continent's industrialization and agreed that each Africa-bound investment should be mulled on a "case-by-case and project-by-project basis."

But what's more important, she said, is for G-20 nations to follow through on their past commitments with concrete action.

For example, she said, many G-20 countries are still subsidizing efforts to tap new coal, oil and gas reserves.

This despite the fact that during the G-20 summit in Pittsburgh in 2009, member countries agreed to phase out inefficient fossil-fuel subsidies that encouraged wasteful consumption.

Her panel expects the G-20 to follow through on that commitment and "set a clear timetable for ending such subsidies including full transparency of such spending from 2017 onward and a ban on exploration and production subsidies by 2018."

Moment of truth

"Rather than using taxpayer's money to fuel climate change, these governments should be pricing carbon out of the market," she said, citing opinions by a panel member Olusegun Obasanjo, a former president of Nigeria. Obasanjo made the comments in an article titled "Africa and the G20's Moment of Truth" that was published on the website Project Syndicate.

She noted that while Africa has unparalleled resources to generate low-carbon energy – solar, wind, hydro and geothermal power – two thirds of its population still has no access to grid electricity.

By working with Africa, the world stands to avoid a carbon-intensive growth model while gaining from a boost to African economies by initiating an energy revolution to increase its energy output.

In his article, Obasanjo, called on G-20 nations to help close Africa's energy-financing gap – estimated at \$55 billion per year through 2030 – in support of the continent's renewable-energy production.

Financing gap

He also urged the trade bloc to fight tax evasion and the system of tax havens or shell companies used to pump money out of Africa, which is estimated to be losing some \$50 billion in illicit financial outflows annually.

Among those G-20 nations, China has become Africa's largest trading partner, exchanging some \$200 billion-worth of goods annually. China has also been aggressive in tapping the continent's natural resources and taking part in its infrastructure building.

During his visit to South Africa in December, Chinese President Xi Jinping pledged another round of funding support to Africa, at \$60 billion. The new package, which is almost twice as large as the \$30 billion worth of funding announced in 2012, will cover 10 major areas including agriculture, renewable energy and infrastructure development.

The Chinese Academy of Social Science's institute of West-Asian and African studies, however, released a yellow book last month that highlighted how Chinese businesses in Africa are confronted with an array of challenges there including the continent's stagnating economy and its less than ideal investment environment, on top of Chinese enterprises' own structural weakness.