

May 2023



Why the G20 Needs the African Union

**What Does an
Influential African
Union in the G20
Look Like?**

Released on the 60th Anniversary Celebration of the OAU-AU

Background

Back in 2008, the Committee of Ten African Ministers of Finance and Central Bank Governors (The C-10) was created, by the then-AfDB President, Dr Donald Kaberuka.

The C-10 was formed to monitor developments and formulate proposals to contribute to international deliberations after the 2007/8 financial crisis.

In the following years, the C-10 worked on developing an African strategy for the G20, including advising the group on priority issues for the African continent.

The following are a few demands by the C-10 in a 2009 report presented to the G20:

Demonstrate political will and take action now

- Delivering quickly on existing commitments is key to donors' credibility as committed development partners for the continent.
- Protect the poor and the vulnerable by ensuring essential public investment programmes in health, education, nutrition, and sanitation can be maintained.
- Support social safety nets to protect the poor, the unemployed and the socially marginalized.

Provide additional resources

- Augmenting the concessional resources available to the IMF and easing access.
- Increase investment in infrastructure at the national and regional levels, targeting infrastructure projects.
- Increase the resource envelope for regional development banks; agree on an early review of capital adequacy of the African Development Bank.
- Increase trade financing by injecting new resources for specialized facilities.

Increase policy space and flexibility, and reduce conditionality

- Let countries respond as needed, instead of imposing rigid policies.
- Expand access to credit: Review debt sustainability criteria.
- Speed up aid delivery: Reform procedures, reducing conditions.

Increase transparency, accountability, and equitable representation

- Provide African countries with adequate voices and voting rights in International Financial Institutions (IFIs) and global forums.
- Tackle the issue of tax havens and assist in the recovery of Africa's stolen wealth.

What is shocking is that most of these demands are still relevant today – 14 years later.

This highlights that although African leaders and institutions have coordinated on pressing issues, other key players have largely ignored their priorities. This is the tangible failing of the lack of African representation in multilateralism.

Action Call

The G20, a collection of the world's top economies comprising of 19 countries and the European Union, represents over 80% of global GDP and 75% of global trade. The G20's role in discussing economies and developing solutions to economic crises cannot be underestimated.

On the other hand, as of 2023, Africa's GDP was estimated to be US\$ 3.1 trillion, with a population of 1.3 billion. Further, the continent is expected to experience significant economic growth, with the World Bank forecasting the continent's GDP growth at 3.6% and 3.9% for 2023 and 2024, respectively, and with 91% of African economies projected to grow above the global forecast of 1.7% growth in 2023.

Given that a significant proportion of global growth will be driven by the continent in the forthcoming years, Africa's economic weight cannot – and should not – be overlooked.

The expansion of the G20 to G21 with the AU Presidency and Commission as permanent full members.

The African Union (AU) is the primary institution in Africa's international governance. With the African Continental Free Trade Area (AfCFTA) forging Africa's 55 economies into a single market, the AU now represents an economic bloc ranked as the 8th largest in the world.

Further, the AU's development masterplan, Agenda 2063, lays out six strategic continental frameworks with 15 flagship projects covering agriculture, infrastructure, mining, and more, which will radically transform the continent's sustainable development.

Enhancing African representation in multilateralism is key to the continent having a seat at the table.

As such, there has been a growing call to make the AU a permanent, full member.

Membership in the G20 would give the AU a platform to advocate for the interests of its member states in global governance, enabling the continent to shape the agenda on global issues such as climate change, trade, and security. Discussions at the G20's annual meeting deeply relate to the challenges the continent faces, yet currently, South Africa is the only African country included in the grouping.

The G20 does provide a customary invite to the ASEAN Chair, the African Union (AU) Chair, and the New Partnership for Africa's Development (NEPAD) representative; however, whilst this reflects the G20's awareness of the importance of representation, there is an urgent need to include the AU as a permanent, full member.

As such, two seats for the African Union are necessary, as called for in the recent African Union summit decision in 2023 (Annex ii). The AU joining the G20 has precedent given that the European Union (EU) is represented by the European Commission and European Council. Europe and Africa are two of the most integrated regions in the world, with the EU and the AU bodies fundamentally serving the same purpose of integration and governance.

If African representation is to mirror European representation, two seats will be available – one for the AU Chairperson on a rotating basis and one for the Chairperson of the AU Commission.

There has been growing momentum to get Africa a permanent seat.

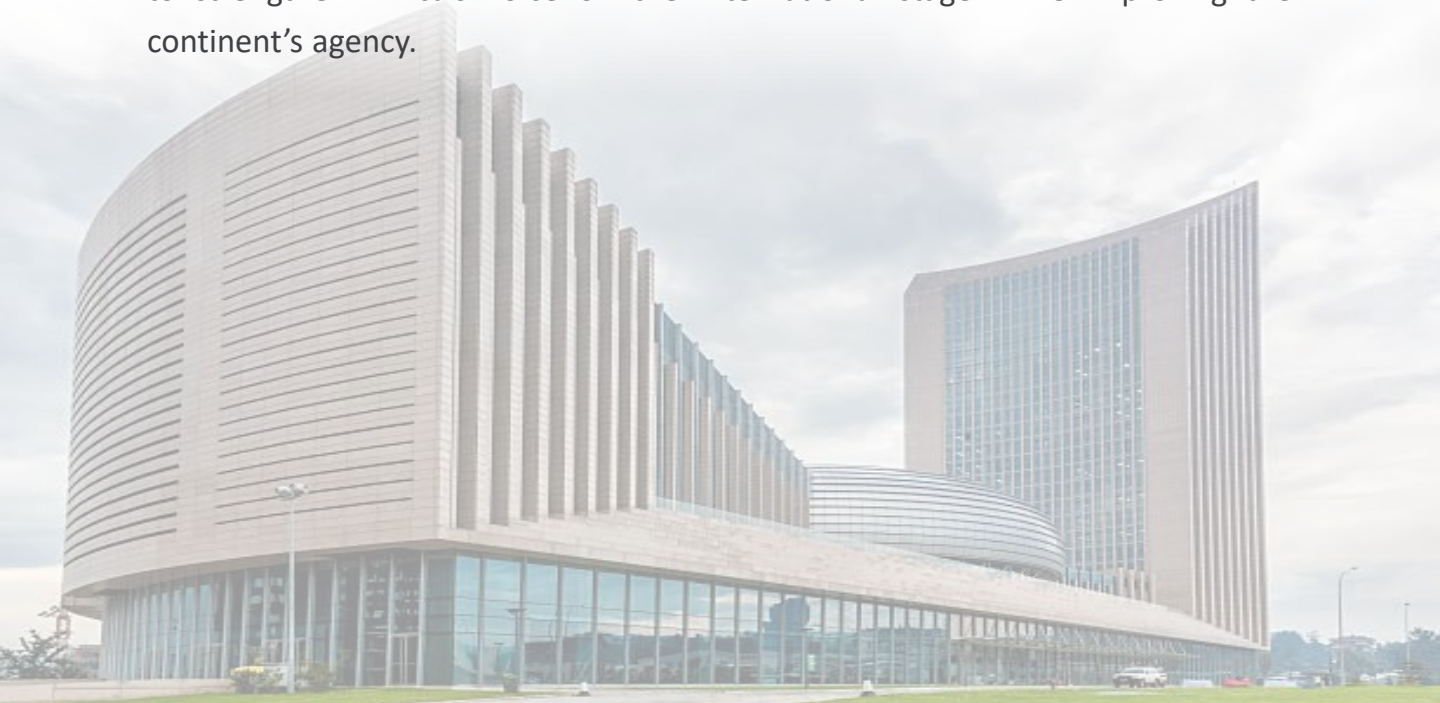
For example, in 2021 Professor Jeffery Sachs publicly called for the G21, and throughout 2022, both the then-AU Chairperson and President of Senegal, H.E Macky Sall and the President of Ghana, H.E Akufo-Addo have called for this on several occasions.

Most recently, a group of African Finance Ministers at the 2023 IMF and World Bank Spring Meetings included AU G20 admission as one of five priority areas for global financial architecture reform.

The reason for this policy brief.

This policy brief is intended to act as a guide for African and G20 member country governments, policymakers and development practitioners on the reasons the AU should join the G20 as a permanent member.

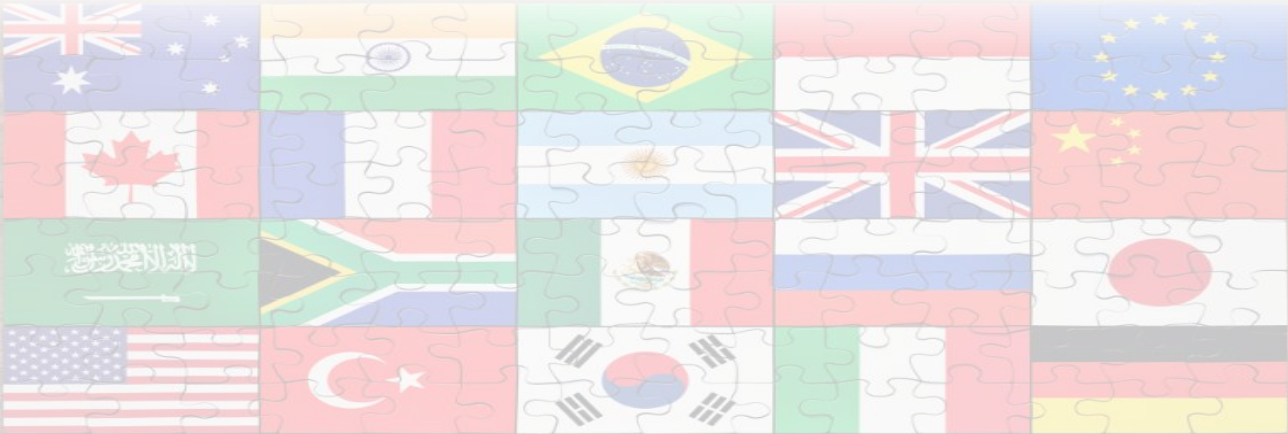
Using this brief, African leaders can be well-equipped to have a unified position on this matter, leading to improved multilateralism. Lastly, this brief is intended to strengthen Africa's voice on the international stage while improving the continent's agency.



List of G20 countries that currently support AU inclusion in G20

Statement of Support 13 Countries	No Explicit Support 7 Countries
Brazil	Argentina
China	Australia
France	Canada
Germany	Italy
India	Mexico
Indonesia	Russia
Japan	Turkey
Korea	
Saudi Arabia	
South Africa	
United Kingdom	
United States	
European Union	

(as of July 2023)



Why the G20 Needs the African Union Opportunities and Challenges

Over the past three years, momentum has been building for the AU to join the G20. Naturally, several questions and concerns have been raised by stakeholders on the possible implications of this. This policy brief outlines key questions raised by both G20 member states and non-members ask.

Why does the G20 need the African Union?

The G20 needs the AU for two key reasons: enhanced African representation and Africa's contribution to economic growth.

African Representation. Membership in the G20 will give the AU a platform to advocate for the interests of its member states in global governance. For example, having the AU as a permanent G20 member would allow African perspectives to be better represented in discussions such as debt restructuring. With African countries making up a significant portion of low-and middle-income countries, their voices must be heard in economic decisions. The G20 Common Framework's response to debt restructuring requests has been heavily criticized for its slow, ambiguous processes.

By becoming a G20 member, the AU could shape the Framework's rules and procedures, ensuring they are fair for all parties, rather than the agenda being set by primarily creditor countries.

Moreover, Africa bears the brunt of many challenges such as climate change – a core topic of discussion for the G20. Studies have shown that Africa emits roughly 4% of the total greenhouse gas emissions compared to China and the EU at 23% and 13%, respectively.

African leaders such as Kenya's President, H.E William Ruto, have been calling for the inclusion of Africa in climate-related discussions, stressing that Africa has its own solutions that will help tackle the matter, which the AU can feed into the G20.

Why does the G20 need the African Union? Continued.

Contribution to Global Economic Growth. Africa is ranked as the eighth largest economy in the world after the advent of the AfCFTA. Africa is also home to more than 1 billion people and its population is expected to surpass that of China and India by 2050.

This demographic shift has the potential to significantly contribute to the economy by:

- a) Enhanced economic productivity as a larger population provides more manpower for sectors such as agriculture, technology and innovation.
- b) Increasing local consumption as the consumer market and middle class grows.

Second, Africa is rich in natural resources such as gold, diamonds, and oil. Membership in the G20 could offer opportunities for Africa to expand its trade and investment prospects globally, as noted by OECD.

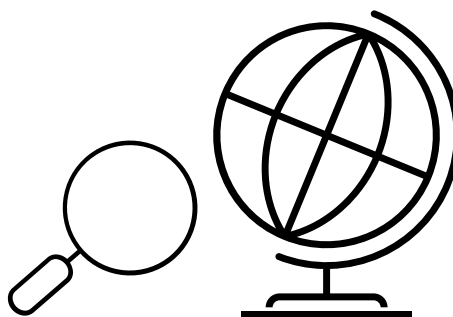
By partnering with leading economies like Germany or Japan within the G20 framework, Africa can explore new markets while attracting foreign investors. In addition, partnerships between African countries and high-income economies within the G20 can benefit all parties by sharing knowledge about technology transfer and innovation and enhancing regional stability projects.

Ultimately this partnership will help build more resilient economies across Africa, helping countries better prepare for future economic shocks caused by pandemics or climate change events.

What impact will the AU joining the G20 have on multilateralism?

The advantages of multilateralism, such as stability and trade in goods and individuals, are often overlooked. However, the current multilateral system has been challenged by the rise of populism and protectionist policies, which suggests that it is necessary to revamp it.

The need for inclusion in multilateralism is not new. The BRICS countries realised the importance of inclusivity during the financial crisis of 2007/8, leading to their increased involvement in global financial affairs. Moreover, the COVID-19 pandemic has also highlighted the need for greater representation in the multilateral system.



As such LMICs faced obstacles in manufacturing vaccines due to protectionism embedded in international treaties such as TRIPS. It is for these reasons that Africa cannot be excluded from multilateralism. The continent is at the forefront of global challenges and solutions, including development finance, climate change, peace, and security. It needs to be part of the solutions conversation that it and the rest of the world faces.

Most importantly, African countries have expressed their readiness for the AU to voice African interests in global fora such as the G20, and the admission of the AU to the G20 would greatly strengthen multilateralism and enhance solutions' inclusiveness.



Who should represent the AU at the G20?

African heads of state have chosen two representatives for this purpose - the AU Chairperson (currently led by Comoros but would be on a rotating basis) and another for the Chairperson of the AU Commission.

This would mimic the EU representation with two seats – one for the President of the European Commission and another for the President of the European Council. The EU and AU representation should therefore be equal.

The Statutes of the Commission of the African Union call for the commission to draft common positions of the AU member states, and coordinate these positions while acting on behalf of the member states in international affairs matters.

The common position of the heads of state is that the AU should have a permanent seat at the G20. All the 55 member states therefore must cede all their power to the AU Commission since they cannot individually represent themselves.

The commission is also responsible for taking charge of matters such as trade, debt, migration and other common positions established by the member states – matters affecting Africa and that the G20 discusses.

The Assembly elects the AU Chairperson – that is the heads of state of the African Union – and has the function of making important decisions of the AU.

The term important decision is not defined by treaty and could therefore mean representation in international fora - such as the G20 - allowing the Chairperson to make decisions on behalf of the AU.

Who would support the preparation work to support AU reps at the G20?

In terms of processes, there are a number of options the AU could consider to support their preparation with G20 engagement. For example, they could utilise a group similar to the C-10 format (annex i), or form a similar committee of ministers to come together for this. Alternatively, the AU could consider an independent group of experts to feed into the agenda.

The EU processes in the G20 can offer a helpful example for the AU, as outlined by a study for the [European Parliament](#) (box 2).

Box 2: EU processes in G20 engagement

- Since 2010, the EU has created mechanisms to integrate the perspectives of EU member states beyond the G20's EU-4 (UK, Germany, France and Italy) - though the UK is no longer a member state of the EU.
- Mirroring the G20's coordination of state positions under the two "Finance" and "Sherpas" tracks, the EU has also organised policy coordination under these two thematic tracks.
- The "Finance" track: covers macroeconomic issues, IFI reforms and financial regulation, which allows member states to have more involvement in the process.
 - Under the directions provided by the documents drafted by the European Commission in coordination with the rotating Council presidency, the Economic and Financial Committee (EFC) of the Council for Economic and Financial Affairs (ECOFIN) will start to align the EU's position with its two subcommittees – the Subcommittee on IMF-related issues (SCIMF) and the Financial Services Committee (FSC).
 - With the final approval of the ECOFIN – which is constituted of the Finance Ministers of the EU member states, this negotiation process leads to the release of the "terms of reference", which serve as the nonbinding policy references for EU representatives and EU member states participating in the G20.

Box 2: EU processes in G20 engagement continued

- The “Sherpas” track: covers non-financial issues like development, energy, and employment, with member states having less structural involvement.
 - Under the broader directions of the guidelines for the EU participation” and the documents drafted by the rotating Council presidency and the European Commission, the relevant Council committees are delegated to coordinate policies for the G20’s sectorial “ministerial” - thematic G20 working meetings.
- The European Commission’s Secretariat-General will supervise coordinating policies within the “Finance” and “Sherpas” tracks and other EU bodies for the G20.
- Under situations of strong disagreements from other G20 member states, ad hoc coordination may take place alongside G20 meetings, with the negotiations conducted without the non-G20 member states’ participation.

The African Union can easily borrow this idea:

- Finance Track. The AU Commissioner will best head this as the statute grants the office the power to draft common positions within the continent and take charge of financial matters while acting as Africa’s diplomatic representative. Borrowing from the C10 (annex 1), the Commissioner’s office will identify economic priorities in the content while developing a concrete engagement strategy with the G20.
- Sherpa Track. Given that this is a non-financial track, it will be headed by the AU Chairperson including the AU Assembly comprising heads of state. The Assembly has the mandate to set policies it will set out policies of engagement with the G20.

How does the AU joining the G20 benefit other G20 countries?

Supporting the AU to join the G20 will politically benefit countries in their bilateral engagement with African countries and with the AU.

Further, the AU is the key regional integration body in Africa, so a more established relationship between countries and the AU will enable easier communication and cooperation between the continent and other G20 countries.

Additionally, the strong coordination efforts by African governments with the AU and its bodies during the COVID-19 pandemic response reflects the utility of African coordination.

This creates an incentive and driver for African countries to coordinate around external economic and financial policy, which will be particularly important over the next few years given the continent's debt and financing challenges.

Will the AU cause overcrowding and increase membership requests?

Having the AU as a permanent member will not risk overcrowding, as the AU joining the G20 is no different to the EU joining.

Both regions are extremely integrated compared to other regions worldwide, and these bodies play a key role within this integration. As such, AU representation will greatly impact the continent's ability to react and share their perspectives on global issues – as the EU does. Both the AU and EU are long-established regional bodies, having been around 60 and 66 years, respectively, with each having a proven capacity to coordinate global challenges.

Overall, admitting the AU does not open the floodgates for regional memberships, but it establishes consistent treatment for the AU rather than it being a constant 'invitee' as it has been in the past.

Is the AU joining a threat to a country's status in the G20?

The AU will not threaten the country's status in the G20. Supporting the AU to join the G20 will bring G20 member countries closer to the AU and enable them to reimagine their engagement with the AU at multilateral and bilateral levels.

Further, it is important to highlight that EU membership creates a precedent. The AU and EU have different policy and decision-making powers within their regions but fundamentally serve the same purpose of integration and governance.

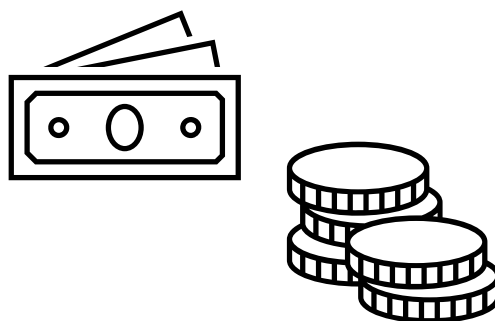


Why should the AU join the G20 when it is mostly funded by non-member state donors?

The idea that the AU must be self-funded to justify G20 entry is erroneous for two key reasons.

First, the AU should not be penalized because of its funding structure.

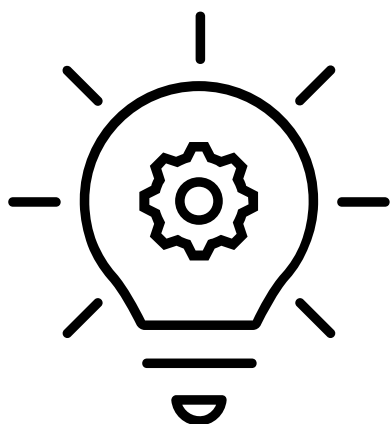
Allowing African voices and demands to be heard in a forum with the world's biggest economies will support the continent's growth and therefore its ability to fund itself in the long run.



Second, some countries may be concerned that the AU is donor-funded and cannot offer an “independent” voice. However, this is not true.

As the AU has shown agency and independence, as demonstrated by its position in highly contentious issues like the Ukraine war and through its proactiveness with COVID-19.

Becoming part of the G20 would only accelerate the independence of the AU. Moreover, the AU's position on any issue will be a product of consultation with member states and consensus, as was done during the C-10 period (annex I).



Why should the AU join the G20 when it is mostly funded by non-member state donors?

Continued

Lastly, it is critical to note that not all AU funding comes from donors, as a significant proportion is self-funded by member states.

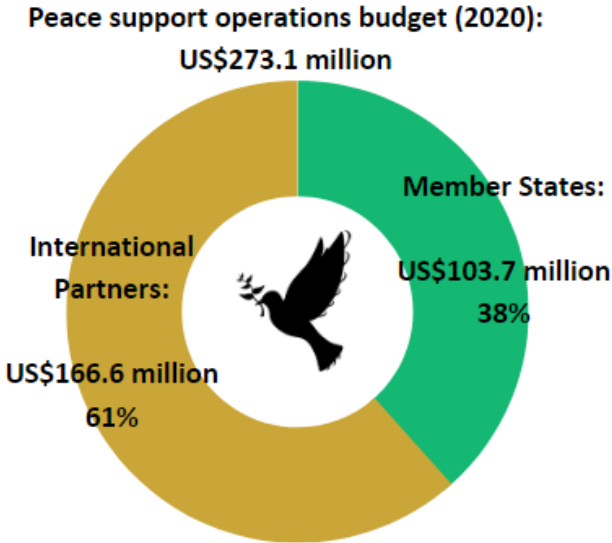
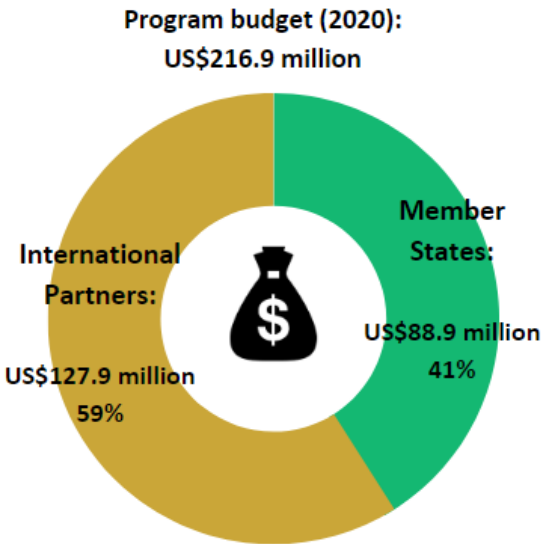
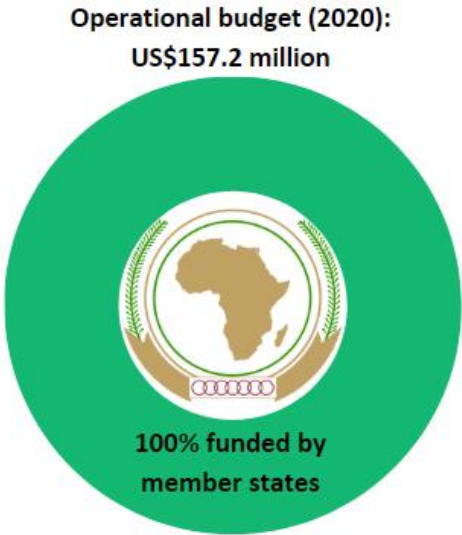
A breakdown of the AU's 2020 budget can be found on the next page, with the total AU budget is made up of the operational, program, and peace support operations dimensions.

AU member states fully fund the operational budget of US\$157.2 million. Under the program budget of US\$216.9 million, AU member states contribute 41% of the budget, while international partners finance 59%.

Under the peace support operations budget, AU member states contribute only 38% of the budget, while international partners finance 61% of the budget.

AU Budget Funding

There is room to advance the AU’s financial independence, which the AU is committed to, as since the 2015 AU summit in Johannesburg, the AU commits its member states to finance 100% of its operations, 75% of its programs, and 25% of peacekeeping.



*Note: 2020 is the latest official data available from the African Union website.

Annex I: Past Coordination Efforts by African Countries and Institutions into the G20: The C-10

Background: The C-10 was created during a meeting of Ministers and Governors in Tunis in November 2008. The meeting was convened to assess the potential impacts of the 2007/8 global financial crisis on Africa, and to deliberate on effective responses. At the meeting, the AfDB President, Dr. Donald Kaberuka, advised participants that he had set up a Financial Crisis Monitoring Group within the AfDB at the outset of the crisis. The African finance ministers and central bank governors agreed to establish a committee, which was charged with the following objectives:

1. Monitoring the impact of the 2008 financial crisis on Africa and discuss policy responses;
2. Advocating enhanced African participation in international financial institutions (IFIs);
3. Identifying economic priorities for Africa and developing an African G20 engagement strategy.

The C-10 members are Algeria, Botswana, Cameroon, Egypt, Kenya, Nigeria, South Africa, Tanzania, the Central Bank of West African States (CBWAS), and the Central Bank of Central African States (CBCAS).

At the invitation of the South African Finance Minister, Trevor Manuel, the Committee first met in Cape Town in January 2009.

South Africa briefed the members on the work programme of the G20 and stressed the importance of mobilizing G20 members to support a strong African participation in the London Summit.

The C-10's contributions to African representation in the G20:

The AfDB, NEPAD, and the AU have been the main organizations that have represented Africa at the various G20 summits, and the C-10 has been working to bridge the African countries to form a continental strategy on G20. The recommendations that the C-10 put forward in past communiqués for the G20 have included the following aspects:

- Increase African representation and voice in IFIs.
- Scale up infrastructure and agricultural investment in Africa.
- Develop a follow-up tracking mechanism for action plans.
- Enhance transparency and sustainability in project implementation.
- An official African seat at the G20.
- Need for IMF reform to reduce conditionalities and to strengthen African agency.

An example of the C-10's contribution to the G20 agenda is found in their [report](#) following their meeting in Dar Es Salaam, Tanzania in March 2009. The NEPAD delegation presented the report and attended the G20 Summit in London in April. Several report recommendations, including the sale of IMF gold and issuing Special Drawing Rights to support emerging and low-income economies, were incorporated in the Communiqué of London G20.

Limitations and Challenges:

The C-10 emerged as a response to the existing problems in international economic governance, but there was no indication that the C-10 was to extend its mandates beyond this.

Further, compared to more institutionalized bodies like the AfDB, the NEPAD, or the AU, it may have been difficult for the C-10 to take a leadership role in discussing the continent's economic issues on a global stage. In 2010, the C-10 Governors and Ministers agreed to meet formally twice yearly.

They also agreed that Deputies of the C-10 Ministers and Governors would meet in the margins of other events or before the C-10 meetings.

However, they only met once in 2011, 2012, 2013, and 2014. There was supposed to be a meeting at the end of 2012 chaired by Algeria, which did not happen in the end.

In the last (8th) meeting was held it was announced that the next meeting will be held in Yaoundé at the end of September 2014, with Cameroon as the Chair, but no more meetings had been held since then.



Annex II

DECISION ON THE REPORT ON GRANTING A SEAT TO AFRICAN UNION WITHIN G20 BY H.E. MACKY SALL, PRESIDENT OF THE REPUBLIC OF SENEGAL The Assembly,

- 1. WELCOMES** the leadership of His Excellency Mr. Macky SALL, President of the Republic of Senegal and the outgoing Chairperson of the African Union, for his excellent initiative in requesting that the African Union be granted a seat in the G20;
- 2. COMMENDS** him for his commitment, strong advocacy and tireless efforts towards ensuring Africa's full membership of the G20, defending its interests and contributing to a fairer and more inclusive political, economic, financial and global governance;
- 3. APPRECIATES** the invitations extended over the years by the G20 to the African Union to participate in its sessions and **COMMENDS** the regular and valuable participation of the countries chairing the African Union in those sessions;
- 4. RECOGNISES** the importance of the G20 as the main forum for global economic, trade and financial dialogue for growth and sustainable development;
- 5. REAFFIRMS** the need for Africa to be more fully involved in the decision-making processes on global political, economic, financial, security, environmental and health governance;
- 6. EXPRESSES** its deep appreciation to those G20 partners who have already expressed their support for the African bid for an African Union seat in the G20 and **CALLS ON** all other G20 members to support such a bid;
- 7. CALLS UPON** all Member States to mobilise for the success of such an initiative;
- 8. DECIDES** that the current Chairperson of the African Union assisted by the Chairperson of the Commission shall represent the African Union in the G20;
- 9. REQUESTS** H.E. Mr. Macky SALL, in close collaboration with the current Chairperson of the African Union, to continue, with the support of the Commission, the advocacy for the effective granting of a seat to the African Union in the G20 at the next G20 Summit.

36th Ordinary Session of the Assembly of the Union, 18-19 February 2023, Addis Ababa, Ethiopia



**DEVELOPMENT
REIMAGINED**