

STATEMENT OF THE WOMEN LEADERS NETWORK OF THE AFRICA-EUROPE FOUNDATION.



30 APRIL 2023.

The Women Leaders Network of the Africa-Europe Foundation (AEF), co-chaired by Presidents Ellen Johnson Sirleaf and Mary Robinson, met in Nairobi during the Ibrahim Governance Weekend 2023. The in-person discussion was aptly focused on international governance and finance, critical challenges for Africa, Europe and the global community at large.

Greater representation of Africa in global leadership is instrumental to these challenges and is a lynchpin to delivering both global and African development goals. The Women Leaders Network (WLN) argued that today's multiple, overlapping crises should force us to make major changes to the global architecture, many of which are long overdue. For the good of our shared planet, and on grounds of justice and equity, these changes must include better representation of Africa in global decision-making bodies.

The year 2023 offers a series of major events for AEF and WLN advocacy work, from the Summit for a 'New Global Financial Pact' in Paris in June, the UN Food Systems Summit Stocktake in Rome July, the Africa Climate Action Summit in Nairobi September, G20 Summit in India mid-September, UNGA New York late September, World Bank Autumn meetings in Marrakech October, to COP28 in UAE December. These landmarks for the year will take stock of progress with the SDGs, and implementation of the 2015 Paris Agreement. If countries were offtrack in delivering commitments before 2020, COVID-19, climate change, and accelerating conflict – such as in the Sudan and the invasion of Ukraine - have served to push them ever further from achieving their goals. There are even conversations about abandoning the Paris Climate Agreement target of 1.5°C, which is non-negotiable and completely unacceptable especially from an African perspective.

Using this roadmap of strategic milestones in 2023, the WLN will amplify the call for greater African representation, and increased voice in decision-making across global structures.

The WLN provides a platform for eminent and strong-minded women to debate some of the world's greatest challenges and to advocate for joint actions by Africa and Europe, strengthening their co-operation, building on existing initiatives, and creating momentum for positive change. We focus on tasks which require international co-operation, where WLN can offer a frank assessment of what needs to be done, and avenues for pushing progressive change. Our discussions draw from the diverse roles played by WLN members, and build on remarkable work done by the membership, such as President Johnson Sirleaf's work for the UNSG on effective multilateralism. We recognise there are no simple solutions to the problems we face, but rather a mix of actions, both short and longer term.

In Nairobi, the WLN took as its starting point the very serious problems faced by African countries in accessing finance and investment funds, to deal with rising debt distress, huge increases in interest rates and the impossible burden of debt servicing. Massive increases in funding are also urgently needed from both public and private sectors to deliver infrastructure and energy access, including clean cooking, across Africa, and address an acceleration of climate impacts. There is a huge difference in borrowing costs faced by African countries in comparison with their European peers, with up to 10-fold differences in interest rates, while access to capital is also drying up as investors seek safe havens. African countries themselves need to increase domestic resource mobilisation by broadening fiscal measures, and curbing illicit financial flows.

Recognising the need to make major progress in the short-term on tangible improvements to global governance, to rebuild trust between Africa and Europe, the AEF Women Leaders Network calls for:

1. **A rapid decision in favour of an African Union seat at the G20.** This proposal is supported already by the US, China, Japan, France and UK. Wider European support is needed to make it happen. Pushing for the African Union as 21st member of the G20 would provide a mechanism for African priorities to remain high on the multilateral agenda. As the premier forum for international economic cooperation, the G20 plays a central role in shaping and strengthening global architecture and governance on all major international economic issues. Together G20 members account for 85% of global economic activity, two-thirds of the world's population, and 80% of greenhouse gas emissions. While South Africa is a G20 member, the voice of Africa the continent needs to be taken into account at the G20.
2. **Ambitious increases in scale, speed, and simplicity for accessing funds.** As the World Bank undergoes a series of reforms, Africa and Europe need to combine their voices for a transformation in mandate, ambition, lending policies, and institutional process. New World Bank leadership provides a critical opening for recognising climate at the heart of its activities. Africa and Europe working together should push for ambitious changes in lending policy. This needs to free up much larger volumes of finance to start delivering what is needed to address both development and climate challenges. African Finance Ministers have proposed a tripling of World Bank loans and grants to low and middle-income countries, that would yield more than a trillion dollars over the next decade. And much more investment could be delivered if World Bank funds were used to de-risk private capital. A strong replenishment of the World Bank's International Development Association will be an important first step.
3. **Focus and speed to provide debt relief for debt stressed countries.** The slow pace of progress to date is leaving many countries in limbo for years, with debt service eroding fiscal resources urgently needed for health, education and other social spending. We need a collective approach, facilitating a multilateral dialogue which brings all creditors round the table, and committed to rapid resolution. This means accelerating engagement with key multilateral and bilateral donors, such as China and GCC, to build constructive dialogue, advance this agenda and provide a credible and transparent debt resolution framework.
4. **Deliver on the promise to reallocate \$100bn Special Drawing Rights.** This would help increase access for African countries to money at low rates of interest, and demonstrate Europe's willingness to meet the promises they made in 2021. Currently, political decisions need to be taken in both US and Europe to get major shareholders to agree to reallocate SDRs to Africa. If allocated through the Multilateral Development Banks – specifically the African Development Bank, this could leverage funding at a ratio of 4:1. Pressure is needed in Congress and Parliaments to get legislators agreeing such reallocations and at the European Central Bank to help unlock this finance.
5. **Bring down the cost of capital which African countries face, by challenging the power of Credit Rating Agencies.** Currently, lending to Africa demands a large risk premium, in part due to the huge power of the major Credit Rating Agencies which assess the "risk" of every country. Such assessments are frequently opaque and idiosyncratic, with no accountability by the CRA for the consequences of their judgement. UNDP's recent report shows the full cost to African countries of CRA assessments, and estimates that African countries have paid more than \$70bn in higher interest payments and suffered very substantial forgone funding as a consequence. Alongside the need to de-risk individual investments, we need to engage with the Credit Rating Agencies to address this deeply unfair system, which makes impossible many of the much-needed investments in renewable energy, for example.

The Women Leaders Network will strive to make maximum use of the key convenings and summits over the next few months to argue these five points through close Africa-Europe collaboration at milestone events.