



# Turkey and the G-20 Presidency: Implications for LIDCs and Africa

USSAL SAHBAZ & FERIDE INAN

## EXECUTIVE SUMMARY

Turkey started its G-20 presidency in 2015 with three priorities – inclusiveness, investment and implementation – and the cross-cutting themes of small- and medium-sized enterprises (SMEs) and low-income developing countries (LIDCs).<sup>1</sup> Of these, inclusiveness and LIDCs are directly relevant to Africa. Now that the first quarter of Turkey's G-20 presidency is over, it is a good time to assess its implications for Africa, and make recommendations for the next three-quarters ahead of the Antalya Summit.

Turkey has recently instituted a foreign policy of opening up to Africa, which has been carried out in a flexible and bottom-up fashion. This opening was then-foreign minister Ahmet Davutoglu's personal initiative. As prime minister, he has stated that inclusiveness is one of the three priorities of the Turkish G-20 presidency. Turkey's focus on LIDCs coincides with two long-term UN development initiatives that come into effect in 2015 – the new financing for development (FFD) agenda and sustainable development goals (SDGs). Turkey also plays a lead role in the UN's 'Programme of Action for the Least Developed Countries for the Decade 2011–2020' (IPoA).

## ABOUT THE AUTHORS

USSAL SAHBAZ is the Director of the G-20 Studies Centre at the Economic Policy Research Foundation of Turkey (TEPAV).

FERIDE INAN is a researcher at TEPAV. The authors are grateful to Barry Carin (Center for International Governance Innovation), Tristram Sainsbury (Lowy Institute) and participants at SAIIA's G-20 Study Group 'Turkey and the G20 Presidency: Implications for Africa' on 31 March 2015 in Johannesburg for their valuable contributions.

The G-20's relationship with Africa is problematic on two counts. First, Africa is underrepresented in the G-20. Second, the G-20's development agenda – under the Sherpa's Track – lacks focus and, more significantly, is delinked from the G-20's finance track.

Turkey's LIDCs and Africa agenda is currently not based on a coherent narrative. Ahead of the Antalya Summit, Turkey can bring coherence to the G-20's development agenda by establishing stronger links between the G-20 development agenda and the UN's development agenda in 2015. Moreover, core G-20 agenda items such as infrastructure and trade can also be linked to the Africa agenda. Additionally, Turkey can advocate for the integration of African governments in the G-20 process.

### TURKEY'S AFRICA POLICY

Africa is a new focal point in Turkey's foreign policy. A member of NATO since 1952, Turkey's foreign policy was largely shaped by its alliance with Western powers during the Cold War. While keeping its primary Western orientation through the EU membership process, once the Cold War ended Turkey spent most of its human and political capital reaching out to Turkic countries in the Caucasus and Central Asia.

Turkey's first real opening to Africa was under the Justice and Development Party (AKP) under then-prime minister Tayyip Erdogan. The AKP government declared 2005 the 'Year of Africa' and pushed for a comprehensive and multi-channel outreach to the continent.

First, Turkey significantly enlarged its diplomatic representation in Africa. Between 2002 and 2013 the number of Turkish diplomatic missions on the continent increased from 12 to 34.

Second, Turkey adopted a new foreign aid strategy whereby the Turkish International Cooperation and Development Agency expanded its focus to include Africa. In addition, Turkey's official development assistance increased from \$73 million in 2002 to \$3.3 billion in 2013.<sup>2</sup> Among its aid recipients Africa now ranks first (33.7%), followed by South and Central Asia (21.83%), the Middle East (21.74%) and the Balkans and East Europe (21.4%).<sup>3</sup>

Third, the absence of a colonial legacy in Africa enabled Turkey to follow an agenda based on mediation, which was driven by Davutoglu. He engaged in conflict resolution activities in Mali and Somalia, as well as between Sudan and South Sudan, and Eritrea and Ethiopia, among others.

Fourth, Turkish non-governmental organisations (NGOs) have also become active on the continent. The Foundation for Human Rights and Freedom and Humanitarian Aid (IHH) and the Confederation of Businessmen and Industrialists of Turkey (TUSKON) are among the most active of these.

---

Between 2002 and 2013  
the number of Turkish  
diplomatic missions on the  
continent increased from  
12 to 34

---

The IHH carries out developmental work in 43 African countries, and TUSKON has brought African businesspeople to Turkey and encouraged Turkish businesses to expand to Africa.<sup>4</sup>

Fifth, the owners of SMEs in the newly emerging industrial centres of Turkey (the so-called ‘Anatolian tigers’) have expanded their activities to Africa – at first to take advantage of the African consumer market and, more recently, to invest in the continent.<sup>5</sup> As a result, Turkey’s share in the total exports to sub-Saharan Africa increased from 0.4% in 2002 to 1.3% in 2013.<sup>6</sup>

However, Turkey did not have a coherent strategy and followed a trial-and-error approach in its relationship with the continent. In terms of institutional capacity the government was unprepared for the eventual extent of its involvement in Africa – most of its diplomatic missions in Africa are still understaffed. These factors contributed to the Turkish government’s facilitating the activities undertaken by Turkish NGOs and conservative business networks in the region. Only after these non-governmental networks were established did Turkey begin to give official development aid to the region.

As a result, the way in which Turkey has developed its relationship with Africa is unique and can be described as bottom-up. While this relationship benefits from the fact that Turkey does not have a colonial past in the region, it lacks a strong institutional framework. Turkey has prided itself on having a ‘do good’ approach, but the lack of a coherent framework and its limited institutional capacity have inhibited it from making concrete strategic gains from this relationship.

## THE G-20 AND AFRICA

In 2008, the G-20 declared itself the ‘premier forum for international economic co-operation’, bringing together political leaders from advanced and emerging economies representing over 80% of the world’s economic output. The G-20 had initially been established as a policy platform for G-20 finance ministers after the Asian crisis in 1999. The platform was elevated to leaders’ level after the 2008 global financial crisis with the aim to tackle the complexities of an increasingly interconnected global economy. As the global economy continues to recover from the crisis, the G-20 hopes to transform from a ‘crisis management committee’ into one that can steer the global economy. With the 2.1% additional growth target set by the Australian presidency in 2014, the G-20 is trying to bring focus to its relatively spread-out agenda and steer the global economy onto a high-growth trajectory.

However, the representative power of the G-20 as a ‘global steering committee’ has long been questioned. This problem is particularly serious when it comes to African countries. Of the 54 countries on the continent, only South Africa is a member.

African governments are excluded from the policy formulation processes that take place before the G-20 leaders' summits

The G-20's response to the African representation issue thus far has been inadequate. While the AU and, more recently, the New Partnership for African Development (NEPAD) have been invited to the leaders' summits, their participation lacks continuity, as each year a different African country leads these organisations. In addition to inviting the leaders of these organisations, inviting the AU Commission's chairperson and NEPAD's chief executive officer would help ensure institutional continuity. It is equally important to develop human capacity at these organisations in terms of global governance issues.

Moreover, it is debatable whether these continent-wide organisations guarantee effective African representation. The G-20 should also invite representatives of regional organisations such as the Common Market for Eastern and Southern Africa and ECOWAS. These regional organisations are generally more engaged with their member countries.

The most serious problem, however, is that African policymakers are not invited to G-20 working groups (including the development working group) and ministerial meetings. Hence, African governments are excluded from the policy formulation processes that take place before the G-20 leaders' summits. In 2014, Paul Martin, the former prime minister of Canada and a founding member of the G-20, emphasised the urgency of including African policymakers in working groups to contribute to decisions concerning Africa.<sup>7</sup>

The African representation problem can also be seen in the G-20 outreach groups that incorporate policy contributions from non-state actors. In the Turkey cycle, only 10 of the 636 task force members of Business 20 (B20), the oldest of the G-20 outreach groups, are from Africa. Companies from African countries, or developing countries in general, often do not have the resources to participate in G-20 outreach processes. B20 Turkey is organising regional consultation meetings (including in South Africa) in order to get business perspectives from all regions – developed and developing.

Another major problem is the limited success of the G-20 development agenda, which is the most crucial global economic issue for Africa (home to 34 of the 48 least-developed countries in the world). The 'Seoul Development Consensus' in 2010 and the establishment of the G-20 development working group as a permanent part of the G-20 Sherpa's Track have been important attempts to address African issues. However, the G-20 development track has been criticised by policy experts for being 'too broad'<sup>8</sup> and being unable to capture the attention of the G-20 finance ministers and leaders.

Moreover, the separation of the finance and Sherpa's tracks, which started with the Mexican G-20 presidency in 2012, has reinforced the inefficacy of the development agenda. For instance, development working group issues in the Sherpa's Track, such as food security, energy, financial inclusion, data collection and infrastructure, require financial tools to be implemented. Without including decision-makers in the finance track, developmental issues discussed in the

G-20 remain a passive intellectual exercise that cannot be translated into concrete policies.

## THE 2015 UN GLOBAL DEVELOPMENT AGENDA FOR AFRICA

In 2015 and 2016, key initiatives for three tracks of the UN development agenda will be implemented. All are of significance to Africa.

- The FFD track will result in a leaders' summit in Addis Ababa in June 2015, and directly relates to the G-20 agenda items of illicit flows, the base erosion profit shifting (BEPS) tax agenda and infrastructure financing, particularly the mobilisation of private sector resources. The FFD agenda also relates to the new entrepreneurial forms of finance and hence the SME focus of Turkey's G-20 presidency.
- The SDG track will result in a summit of global leaders in New York in September 2015 and covers a wide range of issues, including environmental sustainability, inclusive growth, equality and a people-centred agenda for sustainable development that relates to issues covered by the G-20 agenda.
- The fifth-year review of the IPoA, accepted by the UN's Fourth Conference on Least Developed Countries in Istanbul, is to be implemented by Turkey in 2016. Also referenced in the G-20's 2013 St Petersburg Summit, the IPoA's five principal objectives and eight priority areas cover various issues related to the G-20 agenda. Among them are food security, global trade, infrastructure, remittances, foreign direct investment, domestic resource mobilisation and data collection.

The intersection of the UN's global agenda for sustainable development with Turkey's G-20 presidency, along with Turkey's focus on LIDCs, provides Turkey with a unique opportunity to take a key role in leading the global agenda on Africa this year. Turkey can use this opportunity to have leaders of the world's largest advanced and emerging market economies explain the nature, importance and relevance of the G-20 development agenda. Engaging the wider public in critical discussions on global development policy will strengthen the G-20's public accountability and legitimacy.<sup>9</sup>

## TURKEY'S PRIORITIES FOR AFRICA

As stated previously, Turkey started its G-20 presidency in 2015 with three priorities, namely inclusiveness, investment and implementation, along with a focus on SMEs and LIDCs.

One can also gain a better understanding of Turkey's priorities by reviewing the communiqué of the first finance ministers' meeting held in Istanbul on 9–10 February 2015. Although the document has been criticised for having a 'clear

---

Turkey has a unique opportunity to take a key role in leading the global agenda on Africa this year

---

disconnect [with] a vision that will allow the G-20 to achieve all of the Turkish presidency's three I's',<sup>10</sup> there has been an attempt to shift the focus to LIDCs. For the first time in the history of the G-20, a G-20 finance communiqué includes three references to LIDCs in relation to infrastructure investment and BEPS issues. Finance ministers have also announced their support for the FFD process ahead of the Addis Ababa Summit.

Moreover, in 2015, Turkey intends to support its LIDC focus through two ministerial meetings.

- The G-20 food and agriculture ministers meet on 7–8 May to discuss food waste. The work will largely be supported by the Food and Agriculture Organization.
- The G-20 energy ministers meet on 18 September to discuss the 'Energy Access for All' agenda. On 17 September a special meeting will be held on sub-Saharan Africa. The G-20 energy and sustainability working group is working towards this meeting in collaboration with the UN Department for Sustainable Energy for All.

The Turkish presidency is also emphasising inclusive business in the G-20 development working group (DWG). The DWG organised a comprehensive workshop on this issue on 8 April 2015 that focused on developing standards for inclusive business practices and investments, as well as sharing best policy practices to encourage companies to do business in low-income markets. The DWG agenda also directly relates to private sector development in Africa.

### WHAT CAN TURKEY DO IN THE NEXT NINE MONTHS?

First, the Turkish G-20 presidency can take an active role in the UN's FFD and SDG agendas and make use of its leading role in the IPoA of 2011. While there is limited potential for intervening in terms of the specifics of the UN tracks, Turkey can help integrate the FFD and SDG tracks into the G-20 agenda, thereby establishing a comprehensive global vision on development issues. Moreover, Turkey can help international organisations to adopt their own FFD/SDG agendas, and push G-20 countries towards adopting domestic strategies and country-specific targets for SDGs. Turkey can also use the Antalya Summit to have leaders instruct their respective finance ministers to prepare individual country sustainable investment plans to complement G-20 growth plans and SDGs.

Second, Turkey can work towards the resolution of the G-20's institutional problems with regard to Africa and the development agenda.

- Turkey can invite officials from various African countries to the next working group meetings, starting with the development working group.
- While the Turkish presidency has thus far not attempted to link the G-20 development working group in the Sherpa's Track and the G-20 finance track, it can invite G-20 finance officials to the upcoming development

working group meetings in order to address the disconnect between these two tracks.

Third, there is a lack of coherence between the different agenda items related to LIDCs and Africa. For instance, while both food waste and energy access are infrastructure-related issues, these are not effectively linked to the core G-20 agenda. Turkey can work towards making these links. Infrastructure investments and trade facilitation are the most relevant G-20 core issues here.

The G-20 infrastructure and investment agenda cuts across the food waste and energy access issues that Turkey has brought into focus in 2015. The Turkish G-20 presidency can emphasise the obstacles to infrastructure investments in LIDCs and Africa, in particular those faced by the private sector. There is an emerging literature on investment bottlenecks, including by the Organization for Economic Cooperation and Development and the African Development Bank (AfDB).<sup>11</sup>

However, it is important to focus on feasible high-impact interventions within the larger G-20 infrastructure agenda. One issue is political risk. The G-20 can design a political risk insurance mechanism to catalyse private investment in African countries. Instead of establishing a new insurance vehicle, the mechanism can work towards enhancing co-ordination between existing national and multilateral vehicles, and new initiatives such as Power Africa (US) and Power 50 (AfDB), and focus on a limited number of cross-border infrastructure projects to tackle connectivity bottlenecks in LIDCs.

The mechanism can also catalyse the private investments that are critical to the implementation of bankable projects. Turkey has already taken an important step during its G-20 presidency towards facilitating private infrastructure investments by setting the foundation for the establishment of infrastructure as an asset class. If successful, the securitisation of infrastructure assets can facilitate the channelling of global private finance to projects in Africa with high returns. Remittances from the African diaspora, which reached \$32 billion in 2013,<sup>12</sup> for instance, can be channelled to this new asset class.

Furthermore, Turkey can work towards curbing the unintended negative consequences of some G-20 initiatives. For instance, the new financial regulations, including the know-your-customer and anti-money-laundering regulations, may have a negative impact on trade financing in developing countries, particularly in Africa. Since companies in African countries have relatively low trade volumes and it is costly to collect information on customers, the due diligence requirements imposed on banks by the new regulations may serve as a disincentive to trade financing. Turkey can propose studies to measure the impact of regulations on investment and fine-tune these regulations.

African countries can only benefit from trade facilitation if their technical capacities are enhanced. The G-20 can form expert groups to actively work with African countries that ask for assistance.

---

Turkey has taken an important step during its G-20 presidency towards facilitating private infrastructure investments by setting the foundation for the establishment of infrastructure as an asset class

---

Fourth, during its G-20 presidency Turkey can draw attention to humanitarian crises that demand an immediate global response. For instance, the recent Ebola outbreak in Africa demonstrated the need for a collective response to global health emergencies.<sup>13</sup> During its G-20 presidency Australia brought attention to the Ebola outbreak at both the finance ministers' meeting in Cairns and the leaders' summit in Brisbane. Turkey can push for a G-20 initiative to contain future outbreaks. A study group consisting of G-20 health ministries, international organisations and private companies can explore mechanisms to promote the not-for-profit development of vaccines and medicines for diseases in LIDCs.

## ENDNOTES

- 1 Ali Babacan, speech at first Sherpa's meeting, 15 December 2014, <https://g20.org/deputy-prime-minister-ali-babacans-speech-g20-sherpa-meeting/>.
- 2 Part of the increase is due to accounting changes such as the inclusion of technical training exchange programmes between public agencies into the aid budget.
- 3 TIKA (Turkish International Cooperation and Development Agency), *Turkish International Cooperation and Development Agency Annual Report 2013*, Department of Strategy Development Reporting and Coordination Unit, 2013.
- 4 Ozkan M, 'Turkey's religious and socio-political depth in Africa', *Emerging Powers in Africa*, LSE IDEAS Special Report, 016, 2013, pp. 45–50.
- 5 Aras B, 'Turkey's Africa Policy', GMF (German Marshall Fund of the US), GMF On Turkey Analysis, 7 October 2013.
- 6 UN COMTRADE database.
- 7 Remarks at TEPAV, 21 October 2014.
- 8 Kharas H & D Lombardi, *The Group of Twenty: Origins, Prospects and Challenges for Global Governance*. Washington, DC: Brookings Institution, 2013.
- 9 Bradford C, *Shifting the Political Dynamics in 2015–16*. Washington, DC: Brookings Institution, 2015.
- 10 Sainsbury T, 'The G20 is drifting', T20 Turkey blog post, 25 February 2015, <http://www.t20turkey.org/eng/pages/blog/b8.html#sthash.oli5K1Zg.dpuf>.
- 11 OECD and African Development Bank, 'Encouraging sustainable private finance for infrastructure in emerging and frontier markets, such as sub-Saharan Africa', summary of discussions at the OECD-AfDB Seminar of 15 July 2014 and related policy proposals, 2014.
- 12 *The Economist*, 'Do the middlemen deserve their cut?', 17 April 2014, <http://www.economist.com/blogs/baobab/2014/04/remittances-africa>.
- 13 Sainsbury T & H Wurf, 'Can the G20 help prepare the world for future health pandemics?', *G20 Monitor*, April 2015.

© SAIIA 2015  
All rights reserved.

Opinions expressed are the responsibility of the individual authors and not of the South African Institute of International Affairs.

Jan Smuts House, East Campus,  
University of the Witwatersrand  
PO Box 31596, Braamfontein  
2017, Johannesburg, South Africa  
Tel +27 (0)11 339-202  
Fax +27 (0)11 339-2154  
[www.saiia.org.za](http://www.saiia.org.za)  
[info@saiia.org.za](mailto:info@saiia.org.za)

## ACKNOWLEDGEMENT

This policy insights paper is funded by the Department for International Development (DFID). SAIIA gratefully acknowledges this support.