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G20 Debt Negotiations: What Can the African Union Achieve?

Karoline Eickhoff

The African Union's membership in the G20 is widely seen as a milestone on Africa's path to greater agency in international relations. Many African leaders feel that the global debt crisis should be at the top of the AU agenda in this forum, as debt sustainability has deteriorated for many countries in recent years. However, during its first year of membership, the AU exercised limited agency in the debt negotiations, reflecting structural constraints on its bargaining power in multilateral fora. In addition, growing tensions among G20 members cast a shadow over the prospects for multilateral agreements, and thus over what the AU can achieve in this forum. To make the most of the window of opportunity to advance African interests offered by the South African G20 Presidency, the AU should seek short-term gains, such as concrete steps to better accommodate borrowers' interests in debt restructuring. To this end, it should pursue an agenda-setting role for the debtor side and seek alliances with other G20 members from the Global South.

At the G20 Summit in New Delhi in September 2023, Indian Prime Minister Narendra Modi invited the African Union (AU) to become a permanent member of the G20. While African actors have had dealings with the G20 in the past,[1] critics have pointed out that the G20's engagement with Africa has largely been limited to its development agenda, rather than treating Africa as a peer in deliberations on the future of the global economic and financial order.[2] The AU's seat at the table has therefore been hailed as an opportunity for greater African agency in international relations and for African actors "to move from being rule takers to rule makers".[3]

The G20 is a forum where political leaders seek multilateral solutions to major economic and financial crises. Unsustainable debt has become such a crisis, particularly in Africa, where public debt is growing faster than GDP and governments are spending heavily on interest (see below).

Since most of the other G20 members tend to represent the donor/creditor side, an expectation has arisen that the AU will use its membership to advance the interests of the

[1] Faith Mabera, "Africa and the G20: A Relational View of African Agency in Global Governance," *South African Journal of International Affairs* 26, no. 4 (2019): 587.
[2] Cobus van Staden, "The G20's Africa Problem," *Project Syndicate*, 1 December 2018 (accessed 15 November 2024).
[3] Hanan Morsy, Deputy Executive Secretary and Chief Economist at the United Nations Economic Commission for Africa, quoted from ACET, "Africa Strengthens Its Agenda for Global Financial Architecture Reform with Commitment on AU Financial Institutions and Launch of Africa Club," *ACET*, 19 February 2024 (accessed 4 February 2025).

borrowers.[4] However, membership of the G20 is no guarantee that the AU will be able to influence its decision-making. And the AU's own track record is not all positive: excessive bureaucracy, lack of resources and incoherent policy positions among its member states.[5] It is also the newcomer, while other G20 members are more experienced in pursuing their interests in this forum.

This paper asks what the AU can achieve in the G20 debt negotiations. To this end, it examines the AU's performance in the G20 process during the Brazilian presidency, with a focus on negotiations on multilateral debt treatments under the G20 Common Framework. It draws on interviews and background discussions with observers, AU staff and representatives of AU member states conducted in Addis Ababa in November 2024, as well as policy documents and media reports discussing the outcomes of the G20 Leaders' Summit in Rio.

The paper finds that the AU faced many challenges, in particular its difficulty identifying common positions to promote at short notice, the comparatively small size of its delegation, and its reliance on external support. Similar constraints have been experienced by African negotiators in other multilateral fora, such as international climate negotiations. The paper ends with recommendations on how the AU can improve its bargaining position on the debt issue, in order to make the most of the brief window of opportunity to advance African interests offered by the South African G20 Presidency.

Global Debt Crisis: The Situation in Africa

Public debt is rising globally, while debt sustainability has deteriorated for many countries in recent years. Several low- and middle-income countries, including Ghana, Ethiopia and Zambia, are now in debt crisis, although high levels of public debt are neither a problem per se nor unique to the region. In 2023, Africa had an average debt-to-GDP ratio of 67 percent, while the average debt-to-GDP in G7 countries stood at 111 percent (Germany: 64%; United States: 122%; Japan: 252%).[6]

The question of the reasons why sovereign borrowing has turned into debt distress are specific to each country and often controversial. However, many would agree that both domestic and external factors ultimately contribute to situations in which sovereign borrowing practices become unsustainable.

Creditor behaviour and certain features of the international financial architecture have often contributed to the situation. The cost of borrowing has received particular attention. African countries are currently borrowing at interest rates averaging 9.8 percent (Germany: 0.8%; United States: 2.5%).[7] Consequently, debt servicing absorbs an increasing share of government revenues, with interest payments having almost tripled during the past decade.[8] In Egypt and Ghana, for example, interest payments consumed an average of 42 percent of government revenues between 2017 and 2022, followed by Zambia (28%), Nigeria

[4] For example, Bogolo Kenewendo, Patrick Njoroge and Alexander Dryden, "Giving Voice to the Silent Debt Crisis," *Heinrich Böll Foundation*, October 2024, 4 (accessed 15 November 2024).

[5] Bankole Adeoye, "Common African Positions on Global Issues: Achievements and Realities: Africa Report 30," *ISS Africa*, December 2020 (accessed January 28, 2024), 2; Hung Tran, "How the African Union Can Amplify Its Influence in the G20," *Policy Center for the New South*, August 13, 2024 (accessed August 21, 2024); Ueli Staeger and Babatunde Fagbayibo, "The African Union is weak because its members want it that way", *The Conversation*, March 5, 2024 (accessed January 28, 2025).

[6] Geert Beekhuis, Justin To, Nzioka Waita and Robel Mekonnen, "A New Debt Deal for Africa: Breaking the Vicious Cycle," *Tony Blair Institute for Global Governance*, February 3,2025 (accessed March 15, 2025), 13.

[7] United Nations Conference on Trade and Investment, "A World of Debt: Report 2024", *UNCTAD*, 2024, 14 (accessed December 18, 2024).

[8] Lars Jensen, "UNDP Debt Update: Development Gives Way to Debt", *UNDP Global Policy Network Brief*, February 2025 (accessed 20 March 2025).

(27%) and Angola (24%). Interest payments of more than 20 percent of total revenue are strongly associated with default risk. Whether the high interest rates reflect real credit risks or methodological bias and negative media stereotypes, or simply inaccurate ratings, is a matter of much debate.[9] What is more, the debt-carrying capacity of many African countries is constrained by their limited ability to mobilize revenues (i.e., taxes) and vulnerability to external shocks such as climate disasters and changes in the global economy.[10]

As a result, many African countries have entered a vicious cycle of borrowing more and more to maintain government spending and meet debt service obligations. Of the eleven low-income countries that the International Monetary Fund (IMF) considers to be in acute debt distress, nine are in Africa.

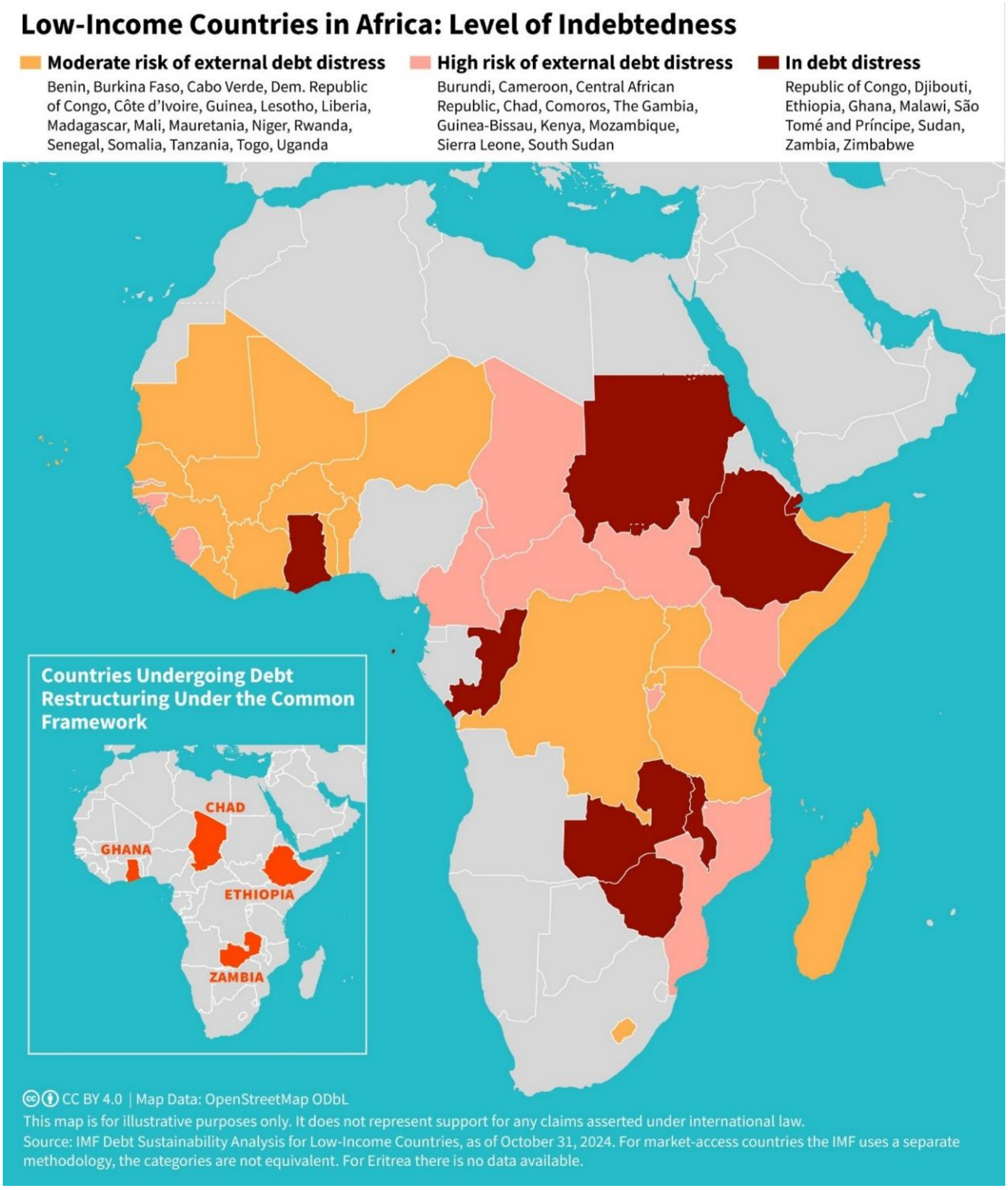

Figure 1: Low-Income Countries in Africa: Level of Indebtedness.

[9] Bright Simons, "'Give Credit Where It Is Due' – Africa's Fight with the Big Three Rating Agencies Is Overblown", *ODI Global*, 13 November 2024 (accessed 10 February 2025).
[10] Kevin P. Gallagher et al., "Africa's Inconvenient Truth: Debt Distress and Climate-Resilient Development in Sub-Saharan Africa," *Boston University*, 2023 (accessed 15 January 2025).

If countries are unable to meet their payment obligations – that is, to pay back the principal and interest within the agreed timeframe – an important part of finding a solution is to renegotiate the repayment terms with their creditors. This is another aspect of the international financial architecture where borrowing countries are often seen to be at a disadvantage. When they enter debt distress, they are largely left to their own devices to negotiate with their creditors. Regional institutions such as the African Development Bank (AfDB) play a minor role, if any, at the negotiating table.

However, over the past decade, the composition of creditors has become increasingly complex, comprising international capital markets, multilateral development banks (MDBs) and local asset managers. In Africa, for example, multilateral creditors such as the IMF and the World Bank still hold a significant 32 percent of external debt, while the share of bilateral creditors has declined (23%) and private creditors have become more important (44%, figures from 2021), reflecting wider lending trends.[11] As a result, resolving acute debt distress through restructuring agreements has become more difficult due to mistrust and information gaps between creditors.

Finding Debt Solutions: The Role of the G20

The G20 is an important forum for discussing multilateral solutions to unsustainable debt. In November 2020, it launched the "Common Framework for Debt Treatments", which is the main mechanism for coordinating and implementing sovereign debt restructuring. The mechanism offers coordination between the various external bilateral creditors, including the "traditional" creditors of the Paris Club and "new" creditors including China and Saudi Arabia, as well as private creditors on a voluntary basis. A Comparability of Treatment principle is supposed to ensure that no creditor claims are treated preferentially or subordinately. Negotiations are conducted on a case-by-case basis. So far, four countries have requested debt restructuring under the mechanism, namely Chad, Ethiopia, Ghana and Zambia. Agreements typically include an IMF macroeconomic stabilization programme designed to improve the country's debt sustainability prospects. They may also include debt relief or temporary suspension of debt servicing, although cancellations and write-offs are not the creditors' preferred options.[12]

In addition, other G20 initiatives have been launched to improve low-income countries' access to affordable capital, for example by increasing MDB lending and stimulating private investment (i.e., the G20 Compact with Africa). During India's G20 Presidency, the Global Sovereign Debt Roundtable was established to facilitate discussions on improving debt restructuring under the Common Framework. Recently, South Africa announced the launch of a Cost of Capital Commission during its G20 Presidency, where a group of experts will work on options for low-income countries to pay less for their borrowing.[13]

Nevertheless, when it comes to finding solutions to unsustainable accumulated debt, the Common Framework remains the key G20 mechanism around which negotiations are developing. Although it is a relatively new mechanism, proposals for its reform abound, ranging from incremental changes to a complete overhaul. For example, criticism has been

[11] United Nations Trade and Development, "Regional Stories: Africa", *UNCTAD*, 2024 (accessed 14 February 2025).
[12] Matola, "The Quest to Solve the Global Debt Crisis,", 3; Abel Gwaindepi and Amin Karimu, "Reform of the Global Financial Architecture in Response to Global Challenges: How to Restore Debt Sustainability and Achieve SDGs?" European Parliament, June 2024, 20 (accessed 15 November 2024).
[13] David McNair, "How South Africa Can Use Its G20 Presidency to Reduce the Cost of Developing Countries' Debt", *Carnegie Endowment*, 13 December 2024 (accessed 12 February 2025).

levelled at its limitations (i.e., not being open to many middle-income countries)[14] and for failing to hold private creditors sufficiently accountable. Overall, the criticism shows that the G20 debt treatment process has been designed from the creditors' perspective, focusing on better coordination, comparability of treatment and information sharing. While these measures also benefit debtor countries by raising the prospect of quicker resolution, they reflect a process designed to ensure that creditors can recover their money.[15] While the debt restructuring process is supposed to enable debtor countries to maintain essential public expenditure, the modus operandi of debt restructuring often fails to put the interests of the borrowing side first.

The G20: Which club is the AU joining?

Originally established in 1999, the G20 gained wider recognition for its robust response to the 2008/2009 financial crisis. Membership reflects the geopolitical hierarchy, rather than ideology. Although criticized for its club character, the G20 is seen as more representative than the G7. It brings together the world's largest developed and emerging economies including the United States, China, Russia, India, Brazil, South Africa, Germany and the EU – and now the AU. Together, they account for about 85 percent of global economic output. Over time, the agenda has broadened from acute crisis management to include issues such as development, climate change, healthcare and digitalization.

The G20 convene at least once a year at the level of heads of state and government (Leaders' Summit). The summits are prepared by personal representatives of the G20 leaders (sherpas). Alongside the sherpa track, the finance track brings together finance ministers, central bank governors and other high-ranking officials. Both tracks hold working-level meetings throughout the year. As the G20 has no permanent secretariat, summits are prepared by the group's rotating presidency, in consultation with the previous and following one (the "troika"). Permanent guests at the summits include the United Nations, the Organisation for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF) and the World Bank. Furthermore, various non-state engagement groups (i.e., business, youth, think tanks, women) have been established to discuss proposals that are then fed into the formal G20 process. G20 decisions are not legally binding on its members, so the effectiveness of initiatives depends on political will.

In recent years, the forum has struggled in the face of global crises, such as the Covid-19 pandemic. Conflicts such as the war in Ukraine and differences over appropriate responses to global challenges such as climate change have created and exacerbated divisions among the members. Still, at a time when other institutions of global governance are largely incapacitated, the G20 seeks to remain relevant as a crisis manager. While it has not proven to be a forum for addressing structural inequalities or redistributing power in the global system (and there have been discussions about the BRICS+ as a possible alternative forum), political leaders still meet regularly at the G20 to discuss policy responses to global challenges.

[14] Currently, the 73 low-income countries that were eligible for the G20's Debt Service Suspension Initiative set up by in 2020 in response to the Covid-9 pandemic can apply for treatment under the Common Framework.
[15] Hannah Ryder, "Forget Moral Hazard – Africa Needs a Reformed Framework for Debt Relief", *African Business*, 12 October 2023 (accessed 12 February 2025).

African Positions: A "Real" Solution to Debt Crises

There are growing calls in African political circles for a more collective African approach and stronger representation in multilateral negotiations on dealing with accumulated debt. African leaders – including Ghana's former President Nana Akufo-Addo, Kenya's President William Samoei Ruto and Zambia's President Hakainde Hichilema – have stressed that finding solutions to the debt crisis is a shared African interest that must be prioritized in multilateral fora such as the G20.[16] From their point of view, tackling debt is closely intertwined with addressing structural inequalities in the global financial architecture. As Akufo-Addo, who is also the Champion for AU Financial Institutions, argued at the AU Assembly in early 2024: "We are all in agreement that the way the global financial architecture works at the moment does not work in our favour. There is a need to make some fundamental systemic reforms."[17]

Against this background, the AU has embarked on a process to solidify Africa's Agenda for Global Financial Architecture Reform. Some steps have been taken in this direction. For example, the AU launched the Alliance of African Multilateral Financial Institutions (the "Africa Club") to coordinate solutions to African sovereign debt distress. It also endorsed the creation of an African credit rating agency to provide rating services to African governments that have not been rated by the dominant international credit rating agencies and to complement their coverage of other African countries (although there are doubts as to whether such agency could withstand the strong market dynamics and competition in the credit rating industry).

Overall, however, the process of developing common African positions on reforms of the global financial architecture is at an early stage, especially when it comes to the question of which concrete policy demands to pursue in the short, medium and longer term. Efforts to formulate policy positions have been fragmented.[18] On the one hand, this is because the process for negotiating common African positions is "convoluted, politically stressful and difficult"[19] and African countries have different interests. On the other hand, the complexity and fragmentation of the institutional landscape itself complicates the formulation of consensus positions, as multiple institutions are involved in global financial regulation and debt issues (including G20, IMF, World Bank, UN, OECD).

Nevertheless, there is a broad consensus among African leaders and within the AU on the need to craft "a real solution to the debt crisis",[20] whatever form it may take, and to advance it in the context of the G20.

[16] Nana Akufo-Addo, William Samoei Ruto and Hakainde Hichilema, "Three Presidents on How to Make Global Finance Work for Africa", *The Economist*, 6 March 2024 (accessed 4 February 2025).
[17] ACET, "Africa Strengthens Its Agenda for Global Financial Architecture Reform with Commitment on AU Financial Institutions and Launch of Africa Club," *ACET*, 19 February 2024 (accessed 4 February 2025).
[18] Ueli Staeger, "Representation and Reform: Inside Africa's Pursuit of a Stronger Global Voice", *Konrad Adenauer Foundation*, March 2023, 12 (accessed 20 February 2025). Note that the Organization of African Unity (OAU), the predecessor of the AU, adopted a Common Position on Africa's External Debt in 1987. Today, however, it can be considered outdated.
[19] Bankole Adeoye, "Common African Positions on Global Issues", ISS Africa, December 2020, 2 (accessed 19 February 2024).
[20] African Union, "Presidential Dialogue on African Union Financial Institutions: Reforms of the Global Financial Architecture and the Launch of the Africa Club," *AfDB*, February 17, 2024 (accessed January 24, 2025).

AU terms of participation

The basic modalities of the AU's participation in the G20 during its first year of membership were agreed during the AU Assembly in February 2024. The then AU Chairperson Mohamed Ould Cheikh Al-Ghazouani was selected to represent the AU at the Leaders' Summit, assisted by the then Chairperson of the Commission, Moussa Faki Mahamat. Albert M. Muchanga, Commissioner for Economic Development, Trade, Tourism, Industry, and Minerals (ETTIM), was appointed as the AU sherpa to prepare the negotiations and to coordinate with other AU departments and the member states on common positions to be advanced in the G20. In addition, the AU identified "knowledge partners" – mainly African institutions like the AfDB Group, the African Export-Import Bank and the African Business Council – to provide policy input that could be adopted by AU organs and tabled by AU representatives during the G20 meetings.[21] Various actors provided technical proposals on African interests and priorities for the G20 during the course of the year, either in response to the AU's call or on their own initiative.[22] Moreover, the Assembly announced its intention to self-finance its participation through member state contributions, with complementary support from African financial institutions, in order to "ensure its collective sovereignty".[23]

G20 Brazil: How Did the AU Fare in the Debt Negotiations?

Brazil held the Presidency of the G20 from December 2023 to December 2024. In this role, Brazil set the agenda and hosted the various G20 meetings throughout the year leading up to the Leaders' Summit in Rio. The following section takes stock of the AU's performance in the process, focussing on the debt issue.

The AU did not enter the debt negotiations with clear positions on what it sought to achieve

During its first year of membership, the AU has struggled to develop common policy positions to be presented by its representatives in the G20 process, including on the debt issue. Preparing the negotiations as a newcomer in a short period of time and coordinating among AU departments and units and 55 member states (irrespective of current suspensions) proved to be a tall order.

[21] Assembly of the African Union, "Decisions on Modalities for Participation of the African Union in the G20 and Preliminary Priorities to Be Pursued: Assembly/AU/Dec.873(XXXVII," *African Union*, February 2024 (accessed 27 January 2025).
[22] For example, Nara Monkam, "African Strategies to Combat Illicit Financial Flows," *Carnegie Endowment*, 12, November 2024 (accessed 14 November 2024); Amani Africa, "Africa and the Reform of the Multilateral System: The Summit of the Future and Beyond," *Amani Africa*, August 2024 (accessed 30 October 2024); Development Reimagined, "African Priorities for the G21," *Development Reimagined*, February 2024 (accessed 30 October 2024).
[23] Executive Council, "EX.CL/Dec.1265 – 1278(XLV) Decisions: 45th Ordinary Session," *African Union*, July 2024, 35 (accessed 27 January 2025).

The working group on the AU's participation in the G20 already highlighted in early 2024 "the importance of identifying critical areas of prioritization for the AU, as the issues discussed in the G20 are extensive and non-exhaustive".[24] A retreat bringing together representatives of the AU Commission, member states and knowledge partners was convened in July 2024 to come up with issues the African Union can take to the G20. The AU Task Force on the G20 identified the reform of debt restructuring under the G20 Common Framework as a priority for AU representatives to pursue during the Rio process. However, the extraordinary sessions of the Permanent Representatives Committee (PRC) and the Executive Committee that were meant to endorse AU positions were not held in time. Accordingly, the AU Commission expressed concern about the "slow integration and haphazard process towards the G20".[25]

Prior to the Rio summit in November, the question of what concrete decisions on the debt issue at the G20 would be considered a success for the AU still remained largely unanswered. Observers noted that it had been easier for the AU to rally support for G20 membership and for abstract goals such as "finding multilateral solutions that are more responsive to African countries' needs" than to identify specific policy positions that could be promoted on behalf of the member states. In the absence of formally agreed positions, observers questioned whether the AU representatives possessed the authority to speak for their organization in the working sessions. Opinions on how much room for diplomatic manoeuvre AU representatives had in the negotiations ranged from "some" to "none".

As a result, AU representatives generally spoke in favour of initiatives that were seen to be in line with the AU's development blueprint – the Agenda 2063 – and the Sustainable Development Goals. The host's priorities were also felt to be generally in line with African interests. Overall, however, the AU handled its first year as a listening year, during which it would learn the ropes but not pursue specific policy initiatives of its own.

The AU was spread thin in the working sessions leading up to the Leaders' Summit

Participating in the G20 process is time-consuming and requires considerable human resources. In order to influence the negotiations, parties must not only prepare and coordinate their own positions but also keep abreast of the positions of other parties. They also need to familiarize themselves with legal procedures and learn how agenda items have been discussed in the past. During the Brazilian G20 Presidency, more than one hundred meetings were held in the course of the year (sherpa track: 15 working groups; finance track: 7 technical groups, 3 task forces). Questions of representation, coordination and working methods were thus key to early AU deliberations on the G20, with advisors pointing out their critical importance for effective participation.[26]

Compared to other G20 teams, the AU delegation was small. The sherpa team under Commissioner Muchanga was responsible for organizing the AU's participation throughout the year, in coordination with the Chairpersons of the AU Technical Committees. His core team reportedly consisted of less than ten people who were not exclusively involved in the G20 process. In addition, the AU Chairperson and the Chairperson of the Commission attended

[24] African Union, "Working Group on the African Union Participation in the G20," *African Union*, 12 January 2024, 2 (accessed 24 February 2025).
[25] AU Executive Council, "First Report of the Commission on the Participation of the AU in the G20", 16.
[26] Faten Aggad and Solomon Ayele Dersso, "How Africa Organizes Itself Will Make or Break AU's G20 Membership", *Amani Africa*, 2 February 2024 (accessed 4 April 2025).

the Leaders' Summit and several AU departments and units were involved in different G20 working group meetings.

The AU team prioritized meetings related to finance (in both the finance and sherpa tracks) but its representatives were not able to attend all relevant sessions on the debt issue throughout the year. As a result, representatives of other G20 members participating in the working sessions noted the AU's absence in many meetings and did not see them actively engaging in the negotiations. As AU representatives' reports to the sherpas' office were often delayed, it was difficult for the coordination unit to stay abreast of what was going on in the working groups and ensure the flow of information.[27] AU representatives described their experience in Rio as a steep learning curve, where internal guidance and coordination was sometimes lacking and capacities were spread thin in comparison to other G20 delegations.

The AU benefitted from external support, which also attracted criticism

Despite the AU's decision to demonstrate collective sovereignty in the G20 process by relying on its own resources, it received various forms of support from African and international partners. For participation in the G20, partners sponsored events and provided comments on draft proposals that were discussed in the working groups.[28]

On the one hand, AU representatives felt that the financial and specialized technical support had significantly strengthened their ability to engage in the G20 process. As well as support from non-governmental and international organizations, they benefitted particularly from coordination with their South African counterparts, who were well versed in the G20's procedures and routines and shared their experience with their AU counterparts. On the other hand, criticism of the AU's reliance on external support has been growing within the AU and among some member states, as it "often results in collaborations driven more by partners' priorities than Africa's".[29]

Research suggests that external support is generally helpful in addressing the delegation resource problem, especially when external actors primarily provide negotiation support rather than pursuing their own institutional objectives (as would be the case for advocacy and interest groups). These positive effects have so far been documented best for small and low-income countries in international climate negotiations, where African collective agency is also considered to be greatest.[30] However, concerns have also been raised regarding external actors' accountability and representation, and potential sovereignty costs for the negotiating party receiving the support. Research on the African Group of Negotiators (AGN), for example, has shown that financial dependence on external powers "presents major challenges to the sovereignty of AGN member states and this situation has led to major compromises by the AGN in the climate change negotiations".[31]

It appeared that the AU's reliance on externally provided resources (or, depending on one's point of view, the AU's difficulty in employing these resources to advance its own

[27] AU Executive Council, "First Report of the Commission on the Participation of the AU in the G20", 14.
[28] Expert interview, 11 November 2024, Addis Ababa.
[29] PSC Report, "Financial Independence Is Key to Stronger AU Partnerships", *ISS Africa*, 13 February 2023, accessed 20 February 2025).
[30] Nicholas Chan, Beyond Delegation Size: Developing Country Negotiation Capacity and NGO 'Support' in International Climate Change Negotiations", *International Environmental Agreements* 21 (2021): 201–217; Brendan Vickers, "Africa and the Rising Powers: Bargaining for the 'Marginalized Many'", *International Affairs* 89, no. 3 (2013): 687.
[31] Brian Mantlana and Basanda Nondlazi, "Understanding the African Group of Negotiators in the Multilateral Negotiations on Climate Change," *South African Journal of International Affairs* 31, no. 1 (2024).

objectives) has come at some cost to its ability to credibly promote its own policy positions in the G20. In its July 2024 report, the AU Commission called on the Executive Council to reaffirm its commitment to self-finance its G20 participation, which "should be communicated to non-African cooperating partners as and when they pledge to finance the participation of the African Union in the G20".[32]

Take away: During its first year of membership, the AU exercised limited agency in the debt negotiations

Pinpointing influence on the G20 decision-making is difficult. Agreements may be reflected in the final declaration of the Leaders' Summit but they can also be reached in the working groups during the year. Respondents who were involved in the process on behalf of the AU noted that it could also be considered a success if an issue made it into the final declaration at all (for example, a commitment to work together on effective taxation of the ultra-high-net-worth individuals) or if a phrasing was adjusted (for example, whether the UN and OECD tax regimes are complementary or not).[33] Moreover, the results of the AU's preparatory efforts during the first year may yet be seen in the coming years.

Overall, however, the AU was rarely perceived as a strong negotiator with a noticeable impact on the debt negotiations.[34] While the Rio Declaration encouraged steps to improve the operational efficiency of the G20 Common Framework, it largely endorsed the existing debt architecture.[35] In more general terms, the AU's participation was described as a "shy debut",[36] with the AU lacking real power to speak for Africa. These difficulties reflect more structural constraints in the AU's bargaining power on the global stage.[37]

The AU's first year in the G20 is likely to inform internal discussions on its capacity-building plans, as well as on its working structure and decision-making framework for the G20 process. However, these are longer-term institutional processes where change cannot be expected overnight.

G20 South Africa: Suggestions for the AU's Negotiation Strategy

South Africa's current Presidency of the G20 provides a window for the AU to advance African interests on the debt issue. However, seizing this opportunity requires a focus on short-term objectives, as tensions between South Africa and the United States, the next scheduled host, are already overshadowing the G20 process. Tensions between other G20 members are also growing, making the prospects for multilaterally coordinated policy responses to global challenges increasingly uncertain. Against this backdrop, the following section suggests ways to articulate negotiating positions with the prospect of short-term gains.

[32] AU Executive Council, "First Report of the Commission on the Participation of the AU in the G20", 17.
[33] Expert interview, 14 November 2024, Addis Ababa.
[34] Peter Fabricius, "G20 Summit Ticks Most of the African Union's Boxes," *ISS Africa*, 22 November 2024 (accessed 24 November 2024).
[35] G20 Brasil, "G20 Rio De Janeiro Leaders' Declaration," November 2024, 19 (accessed 21 January 2025).
[36] China in Africa Podcast, "Xi Took Center Stage at G20 While African Union Kept a Low Profile", *China Global South Project,* 21 November 2024.
[37] See, for example: Ueli Staeger, "Representation and Reform: Inside Africa's Pursuit of a Stronger Global Voice".

Defining short-term objectives: Prioritizing success where it counts most

The AU should make an informed choice about where its involvement and resources can make a difference during the South African G20 Presidency. Overarching objectives like "compatibility with the Agenda 2063" are not specific enough to serve as negotiation positions in this forum, especially not when seeking short-term gains. Negotiators with specific, high ambitions and a certain degree of flexibility (as opposed to inflexible maximalist positions) tend to achieve better results than those with lower or vague goals.

Multilateral debt restructuring remains an agenda item where observers see some potential for progress within the year.[38] Notwithstanding longer-term demands for reforms that address structural inequalities in the global financial system (and perhaps think beyond the Common Framework), the AU can make a difference if it manages to raise awareness of the needs of borrowers in debt restructuring and to take concrete steps to address them on the agenda in a forum that has so far largely reflected the creditors' perspective. The best debt relief deals that borrowers have secured in the past can provide guidance.[39]

When it comes to choosing and lobbying for specific steps that would help improve the debt treatment process for borrowers, the AU is spoilt for choice, as various organizations, NGOs and think tanks have submitted proposals for the AU's consideration. There have been calls for real suspensions of debt servicing while negotiations on debt restructuring are underway, to provide immediate relief and incentivize creditors to seek rapid agreement.[40] Moreover, the AU could advocate for extending the eligibility for treatment under the G20 Common Framework to middle-income countries.[41] The AU could also focus on at least partial debt cancellations along the lines of the Heavily Indebted Poor Countries (HIPC) Initiative launched by the IMF and the World Bank in 1996. Debt cancellations are also being discussed in the context of the current AU theme of "Justice for Africans and People of African Descent Through Reparations", as well as in international climate negotiations (i.e., debt-for-climate swaps). Debt cancellations are feasible, if the creditor side can be persuaded. Whatever concrete steps the AU chooses to advocate, it can seek to benefit from a certain degree of global momentum for reforms of the institutions that deal with debt issues.

Capitalizing on global momentum: Use moral leverage on behalf of the Global South

The AU should pursue an agenda-setting role for the debtor side in the G20. The global debt crisis is a major concern for many low- and middle-income countries worldwide, not just in Africa. While the AU has no formal mandate to speak for anyone other than its member states, it could capitalize on the fact that others are also in favour of reforming the international architecture that deals with debt issues in ways that are more in line with borrowers' interests, and the AU can credibly speak for the debtor side.

[38] Sven Grimm et al., "Financing Solutions for Developing Countries: Quick Wins: Task Force 3: Reforming the International Financial Architecture," *T20*, 2024 (accessed January 27, 2025), 11; Bradlow, "IMF and Sovereign Debt Reform Initiatives".
[39] Hannah Ryder, "Forget Moral Hazard – Africa Needs a Reformed Framework for Debt Relief".
[40] UNECA, "The IMF and the Future of the Global Financial Architecture, 30.
[41] European Think Tank Group, "The Fourth International Conference on Financing for Development: Exploring the Key Priorities for the African Region," 2025 (accessed 12 February 2025).

International organizations, NGOs and alliances like the Bridgetown Initiative[42] are campaigning for reforms of the global financial architecture, with which the AU could engage to explore synergies. And while the IMF and the World Bank have been reluctant to accept calls for change, there is a growing consensus even there that some degree of institutional reform is needed to deal effectively with the growing debt crisis.[43] Recently, the United Nations Development Programme called on the participants in the Fourth International Conference on Financing for Development in June to focus on effective mechanisms to restructure loans, large-scale debt forgiveness initiatives for the poorest countries and lowering the cost of borrowing.

In the G20, achieving a “real” solution to the debt issue in line with African interests will remain challenging. The forum has enabled only minor changes to boost funding capacity and improve access and operational efficiency. The United States, for example, has used its veto in the World Bank in the past to resist major changes. China, while generally expressing support for some reforms of the global financial architecture (i.e., quota redistribution) and participating in multilateral debt treatment and the Global Sovereign Debt Roundtable, has been less clear about its perspective on solutions for the debt issue. It has not expressed support for debt relief or cancellations.[44]

Still, some G20 members are likely to be sympathetic to AU initiatives on the debt issue. India, Brazil and South Africa have used their G20 presidencies with some success to focus on Global South priorities, such as the Global Alliance Against Hunger and Poverty initiated under the Brazilian presidency. It is particularly important for the AU to align itself with South Africa and other invited African states. As this year’s agenda setter, South Africa has made the debt issue a G20 leadership priority, including a review of the Common Framework.[45] South Africa also co-chairs the Global Sovereign Debt Roundtable, where the technical side of debt restructuring is discussed.

Overall, the AU has an opportunity to make a principled case to an international audience, as the G20 Leaders’ Summit (this time in Africa) and its outcomes receive widespread media coverage. In multilateral negotiations on climate change, small states have had some success in advancing value-based goals and exerting normative pressure on seemingly more powerful parties – an experience that could be partly transferable to the AU’s case on the debt issue in the G20.[46]

Borrowing capacity from others: Vetting external proposals with regard to own priorities

The AU should underpin its policy positions with technically robust proposals on how to achieve them, specifically tailored to that forum. During the short period of the South African G20 Presidency, this can be achieved more effectively with external support from the

[42] Originally proposed by Barbados in 2022, the Initiative advocates for reforms of the global financial architecture, in particular the MDBs, to better respond to global challenges such as climate change. The Initiative has received support from French President Emmanuel Macron, amongst others.
[43] United Nations Economic Commission for Africa, “The IMF and the Future of the Global Financial Architecture: A Report of the Africa High-Level Working Group on the Global Financial Architecture,” October 2024 (accessed 4 February 2025).
[44] Hans Jørgen Gåsemyr, “Reforming the International Financial Architecture: Chinese Perspectives and Broader Developeing Country Interests”, *NUPI*, November 2024, 16 (accessed 21 March 2025).
[45] Ntando Thukwana, “G-20 Negotiators Back South Africa’s Push to Tackle Continent’s Debt”, Bloomberg, 10 December 2024 (accessed 13 March 2025).
[46] Richard Benwell, “The Canaries in the Coalmine: Small States as Climate Change Champions”, *The Round Table* 100, no. 413 (2011): 199–211.

AU's partners. This support should be organized in a way that does not contradict the ambition to mobilize Africa's own financial and human resources in the longer term.

Therefore, the AU should carefully screen external offers of negotiation support and technical proposals to ensure that they genuinely support AU priorities (provided these have been identified, see above). Many external partners are seeking to support the AU in the G20 process and not everyone is on the same page as to what the AU should focus on. While participation in many workstreams is desirable, pursuing a large number of initiatives comes with risks of fragmentation and spreading capacity thin. What is more, some partners may find themselves in the difficult position of having to deal directly or indirectly with diverging interests in global financial governance. For example, frictions have emerged between Africa and Europe over whether international tax cooperation should take place under the auspices of the UN or the OECD.[47] Similarly, the interests of borrowers and creditors in debt restructuring are not congruent.

Faced with this dilemma, external partners may opt to present proposals that have been pre-mediated, i.e., they have already resolved possible conflicts between the borrower and creditor sides. It is useful to envisage that kind of common ground, which takes everyone's interests into account, as part of the preparations, but it should not be the starting point with which the AU enters the negotiations.

Instead, AU representatives should pursue negotiation strategies that fully support AU priorities and retain room for concessions. In that, partners which are familiar with the G20 process can lend negotiation support and thereby improve the AU's negotiating effectiveness in the short term. In the longer term, however, the AU still needs to increase its own negotiation capacity, if it wishes to leverage the G20 effectively in line with African interests.

G20 debt negotiations: The way forward

The prospects for multilateral agreements are increasingly uncertain, including in the G20. However, while debt distress is primarily the immediate problem of borrowers, it becomes a shared problem at the latest when borrowers declare default. Sustainable financial relations are therefore in the interest of all G20 members, borrowers and creditors alike.

Other G20 members representing the creditor side have reason to demonstrate their willingness to make concessions to low- and middle-income countries that have accumulated unsustainable levels of debt. Many international organizations and alliances see some degree of reform of the global debt governance system as the right thing to do (although the current global political situation places a question mark over the feasibility). Given the AU's current flexibility on what concrete initiatives it considers a success in advancing African interests, other G20 members still have a choice as to which proposals to put forward and support in order to improve debt restructuring in line with borrower interests, and thus influence the extent to which their stance is perceived as constructive by the international audience.

Finally, the G20 could explore ways to make the process more accessible to newcomers. Research on UN climate negotiations has shown that the "ideal" delegation for such fora is large, English-speaking, with Western scientific and legal expertise, and able to send the same negotiators every year.[48] Accordingly, resource asymmetries between parties tend to come to the fore and influence negotiation outcomes. Engaging with the AU's experience

[47] Tax Justice Network Africa, "Why African Countries Seek UN Tax Convention", *Tax Justice Network Africa*, 30 April 2024 (accessed 20 February 2025).

during its first year of participation would be an opportunity for the forum to discuss matters of access and inclusivity. Procedural adjustments like the expansion of virtual meeting formats pursued during the Brazilian presidency, for example, can be steps in this direction.

Dr Karoline Eickhoff is a researcher at Megatrends Afrika and an Associate with the Africa and Middle East Research Division at SWP.

[48] Danielle Falzon, "The Ideal Delegation: How Institutional Privilege Silences 'Developing' Nations in UN Climate Negotiations", Social Problems 70 (2023): 185–202.

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www.megatrends-afrika.de
megatrends-afrika@swp-berlin.org

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