

# Paris Summit, New Global Financing Pact: Expected Impact on Africa's Growth and Development

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*The Paris Summit on new global financing pact offers some hope for Africa's development within the context of the geopolitical changes and competition on the continent because extensive investments are needed across various sectors, especially in modernizing its agricultural sector to increase production and value chain.*

Increasing agricultural production will help ensure food security and supply necessary raw materials for the industry. The regular collection of raw materials also adds the required value to commodities, thus making them ready for distribution across the continent. This will effectively support establishing a single continental market and promote intra-African trade.

With the rapid changes in the world today, global players are seriously turning their focus on Africa. The central issue is to gain economic influence and further control of the continent's politics. As already known, the African Continental Free Trade Area (AfCFTA) spans all the states over the following years, and it has the potential to unite more than 1.3 billion people in a \$2.5 trillion economic bloc.

It has the potential to generate a range of benefits through supporting trade creation, structural transformation, productive employment and poverty reduction. The AfCFTA opens up more opportunities for both local African and foreign investors from around the world. This is the latest core element or component in post-colonial Africa. It has become the most significant landmark in the history of Africa. We are indeed talking about the official start of this intra-African trading which, of course, signals the commencement of Africa's journey to market integration.

Those of us in the academia monitoring, researching and analyzing Africa's development, it beholds again to closely examine the two-day Paris summit, June 22 to 23, and determine the level of its significance and interconnection with this new global financing pact that will benefit Africa. There will be winners and losers; it is both sides of the same coin. African leaders with strategic eyes and brains will become the first and most brilliant beneficiaries;

others with the old mindset will only sustain their status as observers and consequently gain nothing for their countries and citizens.

At this point, the summit primarily seeks to rally political leaders and representatives of global financial institutions. The new financing system will address inequality, debt crisis, climate change, international taxes, and special drawing rights. It will be more inclusive and fairer. Therefore, at least, there are solid grounds to rethink the contract between the countries in the Global North and the Global South.

Given geopolitical contradictions and complexities, one more critical point of focus is formulating new pacts and financial modalities to address the current global economic crisis and climate change.

I can only remind you of the global financial institutions. These include the IMF and the World Bank, civil society and the private sector. It will lay the foundation for creating a new global financing system. The new financing system will address inequality, debt crisis, climate change, international taxes, and special drawing rights. It will be more inclusive and fairer.

Most of their conditions are usually unfavourable to many creditors; however, much again depends on the crediting countries' implementable policies, approaches and economic goals. At this point, we must ponder a few questions: How does the summit fit into a global context defined by the sweeping consequences of persistent economic, climate, health and energy crises, mainly in the most vulnerable countries? What do we expect from the summit, and what next after all these?

Objectives for the Paris Summit: Catherine Colonna, the French Minister of Europe and Foreign Affairs, in a statement on January 6, 2023, noted that the Paris Summit would focus on building a new pact with a Global North and a Global South. According to her, the new arrangement would facilitate vulnerable countries' access to the necessary finance to address the effects of the current and future crises.

On the same day, the Secretary of State for Development, Francophonie and International Partnerships, Chrysoula Zacharopoulou, and the Permanent Representative of France to the OECD, Amélie de Montchalin, took part in a webinar arranged by the Finance for Development Lab on the issues at stake at the Paris Summit 2023.

In November 2022, on the sidelines G20 Summit and the conclusion of a COP27 Summit with mixed results, French President Emmanuel Macron called for a global conference in Paris in June 2023. Macron announced that the Paris Summit would take stock "of all means and ways of increasing financial solidarity with the Global South."

Emmanuel Macron's announcement happened in a particular global context. The climate change crisis particularly threatens the Global South countries, including island states. Thus, the Barbados Prime Minister, Mia Mottley, has led an initiative to finance climate action since COP26. The "Bridge Initiative" focuses on facilitating access to global financing for the countries most vulnerable to climate change. The funding allows them to respond better to climate challenges.

Macron's announcement aligns with the Bridgetown Initiative. However, the Paris Summit will deliberate on financing issues beyond the climate question, including the fight against

poverty. The Covid-19 pandemic, the Ukrainian conflict, and the accompanying consequences have massively shrunk the budgetary and fiscal space for many countries, including Africa. This has affected their ability to finance citizens' access to basic social needs and services. Consequently, the UNDP observed a human development decline in nine out of ten countries globally in 2022. The fall has mainly come from increased poverty levels and a drop in life expectancy.

AfDB president Dr Akinwumi Adesina will moderate a roundtable discussion about the Alliance for Green Infrastructure in Africa at the Summit for New Global Financing Pact. Seven heads of state will join Akinwumi Adesina. Islamic Development Bank Chairman Muhammad Al Jasser and the European Investment Bank President, Werner Hoyer, will also attend.

The Alliance represents a program by the African Union Commission, the AfDB, and Africa50 with other partners. The platform allows African nations to partner with the private sector to raise \$500 million in early-stage combined finance capital. This will catalyze up to \$10 billion in green and climate-resilient programs and projects. Its eventual goal is to hasten a transition to net-zero emissions by Africa and for Africa.

The event will promote AGIA as an influential platform. AGIA could accelerate and scale funding Africa's transformational climate-resilient and greener infrastructure projects to attract new financiers and partners. It will also provide a progress update on the Alliance's activities since its launch at COP27. The June 22-23 Summit for a New Global Financing Pact is one to anticipate. Many of the deliberations and expected outcomes will no doubt benefit the majority of African nations.

With six round tables, 30 branded events and 50 parallel events and deliberations, there will be a final declaration and communique. Leaders have registered their participation, including the President of Mozambique, Filipe Nyusi, Prime Minister of Barbados, Olaf Scholz, Luis Inacio, the President of Brazil, Lula Da Silva, Germany Chancellor Mia Mottley, Chinese Premier Li Qiang, and US Treasury Secretary Janet Yellen.

Several representatives of international organizations, activists, and philanthropists will also attend. They include AfDB President Akinwumi Adesina, World Bank President Ajay Banga, UN Secretary-General Antonio Guterres, the European Commission President Ursula Von der Leyen, UN Goodwill Ambassador and activist Vanessa Nakate, co-founder of the Bill & Melinda Gates Foundation and philanthropist Melinda French Gates, among others.

A high-level international steering committee composed of states and international organizations oversees the Paris Summit preparations. It includes France, South Africa, Senegal, the United Arab Emirates, the United Kingdom, the United States, Germany, Barbados, Brazil, Japan, China, India, the United Nations Secretariat, the European Commission, the OECD, the World Bank and the International Monetary Fund.

Civil society campaigns: Ahead of the Summit for a New Global Financing Pact in Paris and the confines of multilateral development bank reforms, the Pandemic Action Network and 19 institutions from around the globe have issued a rallying call for the inclusion of pandemic debt relief clauses in new country lending agreements.

In summary, we expect the summit formulates proposals for innovative financing sources, particularly those from the multilateral development banks. This will ultimately benefit

developing countries, including those in Africa. Further, the international institution's interventions will effectively address and reduce or minimize the vulnerability of economic shocks due to global instability from the pandemic and Russia-Ukraine crisis. We equally expect some reforms in the global financial infrastructure to create a just, sustainable and equitable world.

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