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Governing aid coordination in regional platforms: the G20 Compact with Africa case

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Abstract

The diversity and increasing number of development actors is a factor of complexity for recipient countries that puts at risk the efficiency of assistance delivery and undermines country ownership. The G20 Leaders have called on the international community to promote country platforms, owned by governments, to foster coordination among development partners and mobilize private investments. The objective of this study is to analyse the coordination exercise of the G20 Compact with Africa, a regional platform initiated under the Germany G20 Presidency in 2017, in line with its mandate to leverage private financing. In particular, we will investigate how the international community pursues common goals in the sectors of operations under the Compact with Africa and how Compact's countries structure their national development and sectoral strategies in synergy with development partners. The analysis will be triangulated through a documentary analysis and semi-structured interviews to assess how country platforms can contribute to promoting a coordinated approach among development partners in the definition of government priorities and attract private sector investments.

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Points for practitioners

The implications of this work emphasize that country platforms can act as a vehicle to harmonize, monitor, and narrow the number of development priorities in a country. For this mechanism to be effective, country leadership and ownership should be inclusive of all development partners and in line with governments' needs and targets.

Keywords
aid architecture, country ownership, country platforms, development finance, multilevel governance, public financial management

Introduction

Over recent years country ownership has become a central priority in the international development agenda and aid governance has been reshaped to better exploit synergies among partner countries and achieve development effectiveness. Starting from the Paris Aid Declaration on Aid-Effectiveness in 2005, leadership of partner countries over their national development strategies has been recognized as a key element to accomplish the Sustainable Development Goals (SDGs). Even if the literature recognizes the lack of a universal definition of country ownership (Buffardi, 2013), there are four main aspects characterizing this concept which encompass power and legitimacy, commitment and responsibility, capacity and accountability (Watson-Grant et al., 2016). The Paris Declaration and Busan Partnership also included specific indicators on the alignment of donors with recipient countries' priorities and the use of public financial management and procurement systems (OECD, 2012).

Country platform is a concept coming from past experiences of donor coordination, with different definitions and configurations. It can be described as a governance mechanism aimed at fostering coordination between donor partners and catalysing private sector investments by placing the development priorities of the country at the centre (Berglof and Peters, 2019). There exist multiple areas and sectors where this instrument can be deployed to help coordinate donors' interventions, including infrastructure (IsDB, 2020a), health, climate change, migration (African Development Bank et al., 2019), post-reconstruction in fragile and conflict-affected states (IsDB, 2020b; Papoulidis, 2020a; Schreiber and Loudon, 2020). Even if a systematic categorization and classification of country platforms is not documented in the literature, they are usually referred to as 'country systems' (OECD, 2010), 'partnership platforms' or 'donor partnerships' (Bassler and Smit, 1997; Heinrich, 2013), a 'coalition model' (Shannon et al., 2012) and 'innovation platforms' (Pali and Swaans, 2013). If on the one hand the governance may differ among countries and development agencies, on the other side this is usually led by a local high-level steering committee directed by presidents or prime-ministers and composed of various development partners, sectoral working groups and a secretariat controlled by the Ministry of Finance or the Ministry of Planning (Papoulidis, 2020a).

For country platforms to be effective in mobilizing resources, they should be country-owned and country-led, and build on existing structures rather than attempting to create new ones (Pali and Swaans, 2013). The G20 Compact with Africa (CwA), initiated by the Germany Presidency in 2017, is an example of a platform that builds on established structures to sustain private investments. The rationale behind this initiative was that attracting private investments is necessary to break a coordination problem. According to Collier (2013), isolated and poor markets tend to have small economies, which cannot lead to scale economies and spur competition. In this context, the input prices may become very expensive if transport costs are also very high. Pioneering investments through development assistance and complementary commitments at the country level can lower the risk and cost of investments and generate a virtuous cycle. The CwA has therefore the potential to play a key role in African economies, helping them to catalyse resources, strengthen investor confidence and increase visibility on investment needs and opportunities. Evidence shows that the economic growth in Compact's countries has been higher than the regional average over the period 2014–2019, with increasing contributions of foreign direct investments (FDI) to the Gross Domestic Product (GDP) (G20 Africa Advisory Group, 2021a). However, it is hard to establish a relation of causality between the reforms set out by the Compact countries and the level of FDI. In parallel, studies on international development emphasize the lack of coordination among donors at the country level (Davies and Klasen, 2013; Delputte and Orbie, 2014; Nunnenkamp et al., 2013), while little is known on the functioning and governance mechanisms of country platforms (Papoulidis, 2020a) as there is not a clear view on how to structure and operationalize them. In fact, governance started to be incorporated into development programmes only in recent years (Chhotray and Hulme, 2009). While acknowledging that country platforms should be clearly adapted to governments' capacities and country-specific needs and priorities, it is important to consider a systemic approach in development finance. By adopting a qualitative approach, this article aims to address these gaps to explore the coordination exercise of the CwA, in line with its mandate to leverage private financing. From an external perspective, we will seek to understand how development partners coordinate among themselves in the countries of operation, while from an internal perspective we will analyse how the initiative is structured in line with national and sectoral development priorities pursued by the countries themselves. To answer these research questions, we will undertake a documentary analysis and semi-structured interviews with multilateral institutions, national government officials and civil society organizations.

The article is structured as follows. "Pursuing aid coordination" presents the literature review on aid coordination, explaining how the governance in the international development agenda has evolved in the last two decades. "The G20 Compact with Africa" illustrates the main features of the CwA. "Methodology" explains the research techniques considered for this study, followed by the analysis of the main findings in "Results". "Discussion" will provide further comments of the results. Final remarks are provided in "Conclusions".

Pursuing aid coordination

Development assistance is conceived to foster economic growth and improve the performance of beneficiary countries. Since 1990, the increasing number of development actors has raised the issue of coordination at both regional and national levels, undermining the effectiveness and quality of aid assistance. There exists a rich literature analysing aid proliferation by donors. Roodman (2006) presented a theoretical model to demonstrate the administrative costs of aid proliferation. Easterly and Pfuze (2008) show that aid is fragmented into numerous sectors and countries, deteriorating the coordination and burdening higher costs for both donors and recipients. Acharya et al. (2006) argue that fragmentation and proliferation translate into higher costs, especially in the poorest recipient countries.

In 2005, the Paris Aid Declaration on Aid-Effectiveness (OECD, 2005) marked an important step in placing the ownership of recipient countries at the centre while aligning the intervention of multilateral and bilateral actors with countries' priorities. Country ownership was meant to achieve development effectiveness, and the five Paris principles provided a strong foundation to agree on commitments to improve aid management and delivery practices.[1] In 2008, the Accra Agenda for Action strengthened the concept of 'country systems', making both international donors and partner countries commit to a more systematic deployment of such coordination and financing arrangements (OECD, 2010). Although not explicitly mentioned in the Paris Declaration and the Accra Agenda, joint country strategies emerged as a powerful instrument to improve the coordination among donors at the country level. Afterwards, in 2011, the New Deal for Engagement in Fragile States was endorsed by 44 countries and international organizations to seek country-led mechanisms and guarantee mutual accountability among all parties (International Dialogue on Peacebuilding and Statebuilding, 2011). Following the Busan Partnership Agreement, the Global Partnership for Effective Development Co-operation was also created in 2012 as a multistakeholder platform to sustain the implementation of cooperation principles, including mutual accountability, transparency, country ownership and a focus on results. Some years later, the Addis Ababa Action Agenda provided a worldwide foundation to align development finance with social, economic and environmental policies (UN, 2015). Such an agenda set out the Integrated National Financing Frameworks that helps countries consider the full range of financial means to achieve the SDGs at the national level. In 2017, the New Way of Working called on humanitarian and development partners to work collaboratively together, in line with their respective comparative advantages, to achieve collective outcomes over a longer time horizon, from 3 to 5 years, and in support of the SDGs (OCHA, 2017).

On the other side, starting from the 1990s, the World Bank (WB) and the International Monetary Fund started to set the path for Poverty Reduction Strategy Papers (PRSPs) to channel lending to the poorest recipient countries. As core elements of these frameworks, the notions of 'country ownership' and 'broad based participatory processes' were meant to foster inclusiveness of multiple stakeholders in the definition of the development strategy, including for example by engaging the civil society organizations and 'the poor', and in which the governments were directly leading the process (Levinson, 2002). Lazarus (2008), by synthetizing the view of different authors, stressed the limited ownership of reforms and narrow participation of PRSPs with final outcomes depending on the internal strength of recipient countries' political system. In fact, PRSPs have tended to be more successful in countries with high participation of citizens in the political process and defined national development plans by governments. Differently from PRSPs, whose focus is on the strategic plans the country intends to implement, joint country strategies highlight how each donor will be contributing to the country-level national development strategy (Linn, 2009).

Other authors (Allen et al., 2013) looked at the relevance of strengthening aid management, particularly in fragile countries, in order to improve the public financial management (PFM) of country systems. PFM has assumed a central role in development assistance, and in line with this trend, the adoption of international standards in anti-corruption, debt management and procurement, for example, could enhance the architecture and efficiency of country systems while improving credit ratings (NYU, 2021). Likewise, it is important to differentiate between aid effectiveness (e.g. the Paris Declaration Principles), aid management (e.g. the design, monitoring, and evaluation of projects) and aid governance, that integrates good governance principles into aid management processes (Brassard, 2009).

In recent years, the G20 Leaders have called on the international community to promote country platforms, owned by governments, to enhance contributions from all development partners and unlock private investments (G20 Eminent Persons Group, 2018). Such arrangements can be deployed at the country, regional and global levels, with the aim of avoiding duplication among donors and strengthen coordination in channelling development finance. A *Reference Framework for Effective Country Platform* has been endorsed by G20 Leaders in 2020. In particular, the leadership of country platforms should lie with the recipient countries and be tailored to their specific context and needs. It should also mobilize the private sector and all development partners on a voluntary basis, while favouring the sharing of information, lessons learned and implementation of key standards (G20 Saudi Arabia, 2020).

As argued by Schreiber and Loudon (2020), efficient country platforms require active collaboration between all parties, particularly in fragile states and low-income countries, with different layers of coordination. The first layer is the political one, aimed at ensuring consistency between national short-term and long-term strategies and the policies of other major stakeholders in order to align objectives into a common framework, with mutual accountability and resource mobilization. The second layer involves competent line ministries and technical experts from the development community which are critical for planning, budgeting, monitoring and implementing activities. Such an architecture for country platforms would allow national governments to operationalize an effective sustainable development strategy while enhancing cost and time efficiency, reducing bureaucratic burdens, maximizing the effectiveness of partner support, eliminating duplications and guaranteeing the transparency of the process.

Both multilateral and bilateral agencies are increasingly using country platforms in fragile and conflict-affected situations, which can act as an instrument for more collaborative, adaptative and scalable approaches (Papoulidis, 2020a). This framework can be replicated across multiple sectors and geographies, harness complementarities among various stakeholders and contribute to the achievement of the SDGs, but country ownership and leadership are crucial to shape reform priorities at all stages. Different configurations and arrangements have been tried by the international community over the last two decades, especially in fragile states, although these have not been sufficiently assessed in development policy and practice (Papoulidis, 2020b). By analysing the CwA frameworks, we will shed some light on the functioning of this governance mechanism and help to assess how the international community can pursue shared objectives and goals in synergy with local governments and other development partners.

The G20 Compact with Africa

The G20 Compact with Africa[2] was initiated in 2017 by the German G20 Presidency within the Finance Track to promote private investments through improvements in the macroeconomic, business and financing frameworks. In particular, the first pillar aims to ensure macroeconomic stability and an adequate provision of infrastructure; the second pillar seeks to improve the business climate for companies, including sectoral policies, regulatory certainty and strengthening of the state capacity for public–private partnerships; the third pillar aims to develop local capital markets and support from long-term institutional investors in major financial systems.

The initiative brings together, on a voluntary basis, 12 Africa countries,[3] international organizations and bilateral partners. The Africa Advisory Group, co-chaired by Germany and South Africa, steers the initiative, meets twice a year to discuss the progress of the CwA and reports back to G20 Finance Ministers and Central Bank Governors. The African Development Bank, the WB and the International Monetary Fund help monitor the CwA, while the African Center for Economic Transformation, a T20[4] African Standing Group member, supports the monitoring of the initiative through independent reviews. In parallel, the international community continues to confirm its commitment to the initiative in different fora, including for example through the G20 Communiqués. When joining the initiative, that is demand-driven, Compact countries produced a matrix of reforms to be pursued in synergy with development partners. Compact Teams have been established in each country to gather local government officials, representatives from international organizations and the private sector, and discuss twice a year the progress in the reforms in line with the agreed commitments. In 2018, reforms were proposed around 101 commitments, of which 23 were already accomplished, while 74 were reported as being on track (G20 African Advisory Group, 2018).

Differently from other platforms connecting neighbouring countries (e.g. the Western Balkans Investment Framework), the CwA reunites African countries spread across the continent and with diverse characteristics. Table 1 illustrates some descriptive statistics. On the demographic side, for instance, the population of Ethiopia is over 10 times bigger than that of Benin. In terms of GDP, Togo has a small economy compared with Morocco or Egypt. In addition, the central government debt to GDP is comparably high in Egypt, Tunisia and Togo. When looking at the private participation in infrastructure (PPI), we can argue that some countries, such as for example Ivory Coast, Egypt, Ghana and Morocco, committed significant resources to this type of investment during the period 2017–2020. Likewise, the Ease of Doing Business index of Rwanda, Morocco and Tunisia indicates that these countries present a favourable environment for enterprises, in contrast to Benin, Ethiopia and Guinea. Overall, it can be argued that participating countries present heterogeneous demographic and economic characteristics.

Despite the outbreak of Covid-19, the CwA's monitoring reports show that the economic growth and level of investments in Compact countries are higher compared with the regional average during the period 2014–2019 (G20 African Advisory Group, 2021a). Figure 1 replicates the inflows of FDI, but only considering the period 2017–2019 when the CwA began.

Table 1. Descriptive statistics of Compact countries.

Country	*Population (2020)*	*GDP Current US$ (2020)*	*Central Government Debt, % of GDP (2019)*	*PPI Total Investment US $ (2017-2020)*	*Ease of Doing Business Index (2021)*
Benin	12,123,198	15,651,545	41.23	-	149
Burkina Faso	20,903,278	17,369,059	42.67	582.820M	151
Ivory Coast	26,378,275	61,348,579	37.89	1.690B	110
Egypt	102,334,403	363,069,245	83.80	3.383B	114
Ethiopia	114,963,583	107,645,054	57.60	-	159
Ghana	31,072,945	72,354,428	62.76	2.125B	118
Guinea	13,132,792	15,681,050	34.50	330.500M	156
Morocco	36,910,558	112,870,591	65.78	1.891B	53
Rwanda	12,952,209	10,333,991	51.36	4220.00M	38
Senegal	16,743,930	24,910,904	64.05	661.400M	123
Togo	8,278,737	7,574,635	70.85	139.900M	97
Tunisia	11,818,618	39,235,672	72.33	50.000M	78

Source: World Bank (2021); Global Debt Database, IMF (2020); PPI Database (2021); Doing Business – World Bank (2021).

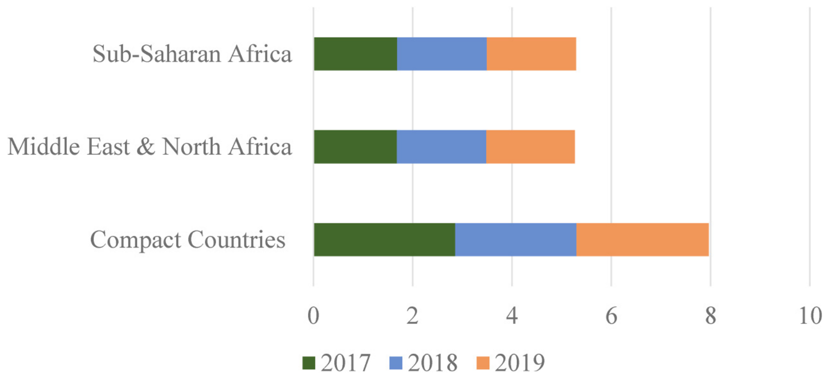

Figure 1. Foreign direct investments, net inflows (% of GDP).
Source: World Bank Data (2021).

It is true that Compact countries received higher levels of investments compared with the average of Sub-Saharan Africa and Middle East and North Africa, but it is hard to assess whether such a positive performance can be directly attributed to the CwA. It may also be that Compact countries have grown faster and received higher amounts of FDI prior to the implementation of the initiative. In general, it would be possible to overcome these issues by using proxies connected to three pillars; for instance, an improvement in the business climate for companies could be measured by changes in the ease of doing business. Nevertheless, this study adopts a qualitative perspective to assess the role of country and regional platforms in aid architecture for development finance.

Methodology

The qualitative analysis of this case study was triangulated through a documentary analysis and semi-structured interviews. Semi-structured interviews are deemed a flexible tool to develop a conversation around the area of interest (Robson, 2002) and gather information on views, attitudes and experiences (Bogner and Menz, 2009).

Using the contact list available from the Compact with Africa website, 24 country managers, representatives and economists from multilateral and bilateral agencies, national government officials and civil society organizations across Compact countries were interviewed.

The respondents were identified based on their role and recent experience in the countries of interest and the initiative itself. For example, as the CwA is an ongoing initiative with continuous progress and developments, experts who had worked for it in the previous two or three years were not considered for an interview. In addition, interviews were scheduled only with individuals who responded positively with a desire to be part of the study. By means of an interview guide, respondents were encouraged to express their opinions and perceptions on the coordination exercise of the CwA and its associated features. As Table 2 shows, more than 70% of the interviewees in our sample were managers or country economists in a multilateral institution, while 8% were from bilateral institutions. In addition, 17% of the respondents were employed as local government officials and 4% were civil society representatives. Appendix I provides further details on the countries of reference for each interview while maintaining the anonymity of the respondents.

It should be noted that representatives from the private sector were also approached, but no responses were obtained for this category.[5] Interviews were carried out between

Table 2. Typology and number of interviews.

Stakeholder	Number of interviews (%)
Multilateral institutions	71%
Bilateral institutions	8%
Government officials	17%
Civil society representatives	4%

Source: Our elaboration.

March and June 2021 and conducted remotely owing to Covid-19 restrictions to international travel.

Results

The CwA initiative embraces various countries with diverse economic, political and social conditions. In order to answer the research questions, this section will assess the common elements regarding the countries that joined the CwA and draw specific conclusions on the basis of the key informant interviews.

In general, a governance structure for policy dialogue between the government and development partners exists in all Compact's countries, which is usually built on previous existing arrangements, representing a fundamental element in setting country platforms. A Compact Team is established in all countries and is normally led by the Ministry of Finance or the Ministry of Planning and Development. In addition, multilateral donors and bilateral partners contribute to the development of the Compact matrix to set the priorities and strategies in line with the national development plans of each country. From a technical perspective, sectoral groups and subgroups, led by one main donor, ensure coordination in the implementation of reforms inside the Compact matrix, advance the preparation of the half-year progress report and bring forward the technical strategic plan.

From an external perspective, there exists a coordination framework that finds its root in a well-established development strategy, which encompasses the CwA as well. In particular, 'this framework does not replace the existing collaboration between bilateral and multilateral partners, and national parties, but it helped enhance the commitment on specific reforms' (Interview 24). In some circumstances, such as for example in Tunisia, 'the technical assistance around the three main pillars of the CwA is being delivered through the Multi-Donor Trust Fund (MDTF)' (Interview 16). In fact, the engagement of international financial institutions in Tunisia, Morocco and Egypt has seen an increased engagement after the Arab Spring. For instance, the Country Partnership Framework of the WB in Tunisia put a greater emphasis on improving the business climate and fostering competition (Hanieh, 2015). The MDTF[6] in this country represents a distinctive tool, compared with other Compact countries, which supports the implementation of critical reforms in Tunisia. Here, the coordination among development partners is structured at three levels, including 'a technical committee where the government discusses priorities with bilateral and multilateral donors, a steering committee for the CwA-MDTF and a country team focusing on the CwA itself' (Interview 16).

The coordination at the sectoral level differs among Compact countries, as 'technical meetings take place quarterly' (Interview 9, Interview 10) or 'monthly' (Interview 11); in some instances, 'the sectoral coordination is not well established as the high-level one' (Interview 21). If on the one hand the regularity of meetings depends on the single country and the specific areas of interventions, on the other side there is a constant dialogue between the government and development partners.[7] The outbreak of Covid-19 has also expanded the scope of the initiative, as Compact countries are seeking to attract private investment in healthcare and vaccine distribution, while digitalization and green investments have assumed a higher relevance (G20 Africa Advisory Group, 2021b).

Table 3 shows the optimal division of labour among the different counterparts, including their composition, responsibilities and frequency of meetings. In line with the governance envisaged for country platform, this arrangement should encompass a steering committee, a technical committee and a secretariat. As it will be discussed in the next section, the private sector is part of the committees at the country level only in certain cases. In addition, from an operational perspective, country teams formed of experts from different donors and organizations could strengthen the management of day-to-day interventions (Interview 1) and therefore the role of the focal points. Regarding the shared actions among multilateral institutions, capacity building is implemented in the areas related to the three pillars, comprising governance, PFM, anti-corruption and domestic revenue mobilization (Interview 2), but the degree of such intervention varies among countries. Peer learning workshops have also been organized by the African Center for Economic Transformation in selected countries to share lessons learned and experiences to increase the economic diversification and attractiveness of FDI.

All stakeholders should have clarity on the goals, shared objectives, consultation processes and political buy-in. To better establish country ownership, donors should not bypass the recipient government through donor-driven projects and impose conditionality where the state has no ownership that could lead to non-compliance (Molenaers and Nijs, 2009). From an internal perspective, most Compact countries are building national development strategies that aim to mobilize private investments, and 'the reforms agreed under this framework are well aligned with those development priorities' (Interview 12). However, the evidence is mixed as governments present different incentives to promote the reforms under this framework. In some cases, 'the political buy-in is not strong because the participating countries do not always perceive the value added of the initiative' (Interview 2), while in other instances, 'it is clear that countries are benefitting from the CwA as they have chosen the policy areas where to leverage the support of the international community' (Interview 22). In Tunisia, for example, 'the country ownership results to be strong, because if the government plans to progress on specific reforms, it can ask for support through the MDTF' (Interview 16). This country is particularly interesting because the CwA reform matrix will be updated at three levels, showing the progress since 2018, adding the reforms engaged by the government from 2018 to date and consolidating the CwA reform matrix with other matrices, such as for example the budget support one. In fact, 'a digital platform will further help coordinate and monitor the results around the three pillars of the CwA that encompass the macroeconomic, business and financing frameworks' (Interview 16). Participating countries are looking at their national development plans to understand 'how the initiative could bring together partners, investors and multilateral stakeholders to help implement the reforms, adapting the CwA to reinforce the macroeconomic framework, improve the business environment and attract more private financing' (Interview 11). The overall narrative explaining the higher amount of FDI in Compact countries compared with the rest of Africa is that 'they are implementing good policies because they have the support of the G20 and the international community, then they are getting more investments'

Table 3. Governance scheme of the Compact with Africa.

Group	Composition	Responsibilities	Frequency
Steering committee	• Ministry of Economy and Finance (or Ministry of Planning and Development) and members of the government • Development partners, including the IMF, WB, African Development Bank, bilateral partners and Germany • One representative from the private sector (rotating)	• Set the policy actions in line with the matrix of reforms • Approve the half-year progress report • Monitor the activities and accomplishment of the objectives	Twice a year
Technical committee	• Ministry of Economy and Finance (or Ministry of Planning and Development) and members of the government • One representative from IMF, WB and African Development Bank (rotating) • One representative from the private sector (rotating)	• Ensure technical coordinated action • Validate progress of the progress report	Monthly or quarterly
Focal points	• One representative from the government • One representative from international financial institutions	• Collate information for the preparation of the progress report • Convene meetings and transmit requests to the technical and steering committees • Provide secretariat functions	

IMF, International Monetary Fund; WB, World Bank.
Source: Our elaboration from World Bank (2022).

(Interview 7). Nevertheless, in some specific sectors, such as for example in telecommunication or energy, 'the timeline and the scope of reforms is too extended and it would take time to capture the progress in some areas' (Interview 19).

Discussion

This section will follow with a discussion of the results presented previously. As a first point, it should be noted that the private sector is not always engaged in the policy discussion at the country level and its outreach has been limited.[8] By definition, the initiative is demand driven and with a long-term focus, two elements that are fundamental to establish country ownership.

To make country platforms effective in mobilizing financing from all sources, the private sector should be involved in the policy dialogue, especially in those countries where its presence is not well established. In the monitoring of the initiative, this should also consider its constraints and perceptions, for instance through surveys (T20 Argentina, 2018). On the other hand, some countries have been working actively to increase their ease of doing business index: Rwanda ranked second in Africa, and it has continued to improve its performance over recent years. Thereby, there was a limited intention here to be more active under the framework of the CwA (Interview 6). A deeper analysis could also look at the degree of alignment of the private sector with overarching development plans including the African Union Agenda 2063 and the 2030 Agenda for Sustainable Development. One of the underlying principles of country platforms is that they constitute voluntary frameworks at the country level (G20 Saudi Arabia, 2020). The CwA brings together the partner members on a voluntary basis, and the matrix of reforms put in place under this mechanism comes from the commitment of the countries involved. Consequently, the incentives to implement the intended reforms will depend on the willingness and capacity of governments to pursue specific priorities under this initiative. Differently from budget support operations, where recipient governments receive direct financing from international donors and commit themselves to achieve agreed targets, the CwA was built on the ambition that participating countries that were realizing their reforms commitments would have received higher investments from the private sector. For this reason, 'this design may affect the incentives of a government to implement the reforms' (Interview 9, Interview 13). There has been a call to further incentivize stakeholders from G20 countries to invest in those Compact countries which have successfully achieved their reforms commitments, but there is still a question regarding its limited traction and possible scepticism regarding debt vulnerabilities and the long-term implications for other African countries. A clearer picture of its value added may induce new countries to join and pursue reforms under this framework. Higher visibility at both regional and international level could also help to expand its scope, including further engagement of embassies and chambers of commerce from G20 countries and other bilateral partners on the ground.

The use of an electronic platform, as for example in Tunisia, demonstrates that it would be possible to monitor closely the implementation of targeted reforms and bridge them with budget support operations in Compact countries. Conditionality is often used in such operations to promote policies that would not be pursued otherwise and having a comprehensive understanding of the reforms set out under the CwA could provide a better indication of the engagement of governments in priority areas and track its progress over time. There are also ongoing reforms that go beyond the commitments made in 2018, such as for example in the digital and green economy, and most Compact countries are working to formalize these initiatives in the CwA Reform Matrices 2.0 (G20 African Advisory Group, 2021a). This will add value to existing programmes, broaden the scope of the CwA and bring out synergies with new stakeholders. As argued by Jann (2017), the CwA itself could be transformative if combined with other initiatives by international donors. Another relevant point valid for all Compact countries is that 'local governments should build human capacity and have the right tools to plan, monitor and implement their public policies' (Interview 10). Accordingly, the Compact teams have a crucial role to update the matrices, foster the dialogue with all development partners and continue providing technical assistance to make this regional platform a means to mobilize private financing and promote regional integration.

Conclusions

The coordination of development assistance at the country level is essential to foster synergies among all stakeholders and catalyse private sector investments. The instrument of country platform is well suited for this purpose. In fact, it can act as a vehicle to align national and sectoral priorities in a country and better direct development finance, while contributing to the achievement of the SDGs. For this mechanism to be effective, country leadership and ownership should not be imposed by external actors and should be inclusive of all development partners. Dialogue and consultations with the civil society is equally relevant to securing inclusive participative processes and stronger profiling of the CwA in the eyes of the African citizenry.

The analysis of the CwA has illustrated that there are good degrees of coordination among multilateral and bilateral partners and local governments, which were built on previous existing arrangements in each country. Nevertheless, as the ultimate goal of the CwA is to improve the business environment, the private sector should be involved at all stages, particularly in the definition of strategic priorities at the country level, and have a balanced participation with the public sector. Understanding its challenges and impediments to spur economic growth is indeed critical to set a development strategy nurturing competitive domestic markets and effective industrialization strategies, increase the attractiveness for foreign investors and leverage financing from all actors. The architecture envisaged by country platforms could lead to convergence in core standards among international financial institutions in various sectors, for example through the adoption of common procedures in the procurement of projects, debt sustainability, ESG safeguards and increased transparency of processes, thus strengthening PFM systems at the country level. The implications of this work for policy-makers show that the community of all development banks, including multilateral, regional, national and subnational can generate a greater impact when organized, in line with the guidance of the governments and by mobilizing private financing. The investments under the CwA involve a long-term component, but consolidating the reform matrices of different programmes could help to harmonize, monitor and narrow the number of development priorities, aiming to adopt a systemic approach and adapt each plan to the specific governments' needs and targets. Finally, on-the-ground impact analysis could provide more clarity on the contribution of the CwA to the development strategies of each country and its population, while its visibility in the international community can represent an incentive for other African countries to join and expand its reach.

Author's note

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Notes

1. These principles have been monitored and strengthened in the subsequent years in Accra (2008) and Busan (2011).
2. Available at: https://www.compactwithafrica.org/content/compactwithafrica/home.html.
3. Benin, Burkina Faso, Ivory Coast, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Senegal, Tunisia and Togo.
4. The Think Tanks (T20) is an engagement group independent from government and composed by various actors of the international community that contribute to the discussions of the G20.
5. This may be explained by a lack of interest in participating in the study, or a limited traction of the initiative among private stakeholders.
6. The CwA MDTF was created in 2019 to help the country implementing reforms committed in 2018 and meet the CwA objectives.
7. Nevertheless, the outbreak of the Covid-19 has slowed down the frequency of meetings (Interviews 3 and 10).
8. International donors are working to unlock private investments in Compact countries. For example, the International Finance Corporation produces Country Private Sector Diagnostics that inform the policy matrix for the CwA.

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Appendix I – Interviews

Interview 1 with multilateral donor representative in Ethiopia, March 2021
Interview 2 with multilateral donor representative in Guinea, March 2021
Interview 3 with multilateral donor representative in Ethiopia, April 2021
Interview 4 with multilateral donor representative in Rwanda, April 2021
Interview 5 with multilateral donor representative in Egypt, April 2021
Interview 6 with bilateral donor representative in Rwanda, April 2021

Interview 7 with civil society organization, April 2021
Interview 8 with multilateral donor representative in Egypt, April 2021
Interview 9 with multilateral donor representative in Guinea, April 2021
Interview 10 with multilateral donor representative in Burkina Faso, April 2021
Interview 11 with government official in Ivory Coast, April 2021
Interview 12 with multilateral donor representative in Senegal, April 2021
Interview 13 with multilateral donor representative in Benin, April 2021
Interview 14 with multilateral donor representative in Burkina Faso, May 2021
Interview 15 with multilateral donor representatives in Ivory Coast and Rwanda, May 2021
Interview 16 with multilateral donor representative in Tunisia, May 2021
Interview 17 with government official in Ghana, May 2021
Interview 18 with bilateral donor representative, May 2021
Interview 19 with multilateral donor representative in East Africa, May 2021
Interview 20 with government official in Tunisia, June 2021
Interview 21 with multilateral donor representative in Togo, June 2021
Interview 22 with multilateral donor representative in Morocco, June 2021
Interview 23 with multilateral donor representative in Ghana, June 2021
Interview 24 with government official in Morocco, June 2021