

Conference Report

Inequality. A Challenge for African-European Cooperation

Dialogue Conference within the framework of the Austrian Presidency of
the European Union

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The views expressed in this publication are those of the authors, and not
necessarily those of the editors/VIDC.

Introduction



Marc Fähndrich, the head of the Economic Team of the House of the European Union in Vienna, welcomed the 120 participants to the conference and stressed the need to strengthen the relationship beyond traditional development aid. The President of the European Commission Jean Claude Juncker proposed the new Africa–Europe Alliance for Sustainable Investment and Jobs which will help to create up to 10 million jobs in Africa in the next five years. By 2020, the EU will have supported 35,000 African researchers and students with the Erasmus program and 105,000 by 2027. The EU is still Africa’s biggest trading partner at 35%, compared to China at 16% and the US at 6%.



Sybille Straubinger, Director of the VIDC, welcomed the international panellists and thanked the House of the European Union and the Austrian development agency for their cooperation. In her view inequality is one of our biggest challenges today. It leads to social exclusion, tensions, insecurity and is one of the root causes for migration. It is on the rise within European and African countries and between the two continents. To reduce it, we need to include social issues in EU policy and EU–Africa relations. The VIDC has dialogue between equals as a principle. She thanks the VIDC team and curators of the conference, Franz Schmidjell and Walter Sauer (SADOCC).



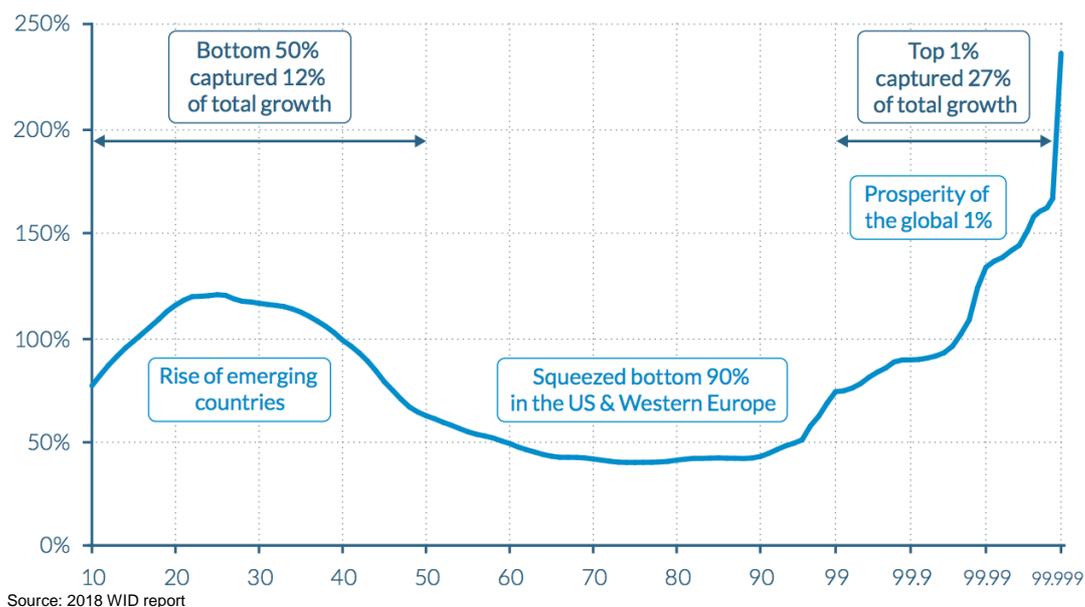
Bernhard Bouzek is board member of SADOCC which is the successor of the anti-apartheid movement in Austria and continues solidarity work with Southern Africa, a region which is still suffering from the legacy of colonialism and apartheid as well as from an unjust global order. Mr. Bouzek mentioned the importance of political debate in cooperation with local partners instead of a charity approach. He linked today’s event to the ‘European Southern-African Cooperation in a Globalising World’ conference in October 1998 in Vienna, which was also co-organised by the SADOCC and VIDC and hosted by the Austrian Parliament.

Panel 1: The State of Inequality

The **moderator Marie Roger Biloa** presented the panellists and referred in her introduction to inequalities everyone is confronted with on a daily basis in their private lives, business and public sphere. She mentioned a prominent case in the news: Renault CEO Carlos Ghosn is earning 8,000 times more than the average worker at Renault.



The first speaker, **Léo Czajka**, worked previously at the World Inequality Lab – which was initiated by Thomas Piketty – on African inequality. He gave an overview of global and regional inequality trends. Since 1980, global income inequality has been on the rise. While the GDP has tripled, the surplus is unequally distributed globally.



The top 1% captured 27% of total growth. The income of the bottom 90% in the US and Western Europe grew much slower while the bottom 50% got 12%. The rise of emerging countries reduces inequalities between countries. But inequalities rose within countries, also in Europe, but not at the same pace in every country. The picture in emerging countries is not that different: the share of the top 10% has increased, like in China from 1978. In India, inequality increased dramatically from the early 90s.

The rise of average income in Asia was higher than in Europe, reducing inequalities between the two regions while in Africa the rise has been slower than in Europe. The absolute difference in purchasing power parity (ppp 2011) between Europe and Africa has increased from \$6,500 to

\$28,000. Today, 80% of Europeans earn 10 times more than 90% of Africans. More than half of the world's poorest live in Africa, a third of the global richest 1% live in Europe.

When it comes to inequality within African countries Czajka emphasised the poor data available. Tax data is rarely accessible: one of the few observation points is consumer spending. But surveys show, in Ivory Coast for example, that consumer spending inequality is lower than the true levels of income inequality.

Another shortcoming is the lack of reliable data on wealth. Another factor to consider is unequal access to infrastructure and public services.

According to Léo Czajka, the trickle-down theory that growth necessarily leads to poverty reduction is incorrect. It needs a public policy for redistribution because growth won't do it alone.

He proposes a policy toolkit which includes

- identifying the most needy (e.g. household member, region),
- reducing inequality of opportunities like to health or education,
- taxing income, wealth and inheritance and
- fostering labour-intense economic activity and democratising corporate governance.

On the international and regional level

- regulating tax havens and preventing transfer pricing,
- harmonising legislation and firm taxation to avoid a race to the bottom,
- producing and protecting common goods and
- promoting social norms reducing inequality and protecting natural resources.



Video of Skype Interview with Pravin Gordhan, Minister Public Economy | South Africa:

Because of his duties in South Africa, the Minister for Public Economy, **Pravin Gordhan** could not participate. Marie Roger Biloa interviewed him on Skype: Pravin Gordhan emphasised that inequality is also a legacy of colonialism and stressed the need for European–African relations to be reconceptualised.

Minister Gordhan: 'Our relations should be based on a different set of principles like solidarity, social justice and human development'.

The fact that the top 1% earn 30, 40, 50% of income is an ingredient for instability and inequality between the regions of the world and is a major source of migration. Gordhan showed understanding for the European concerns when it comes to migration but the key is to address the root causes through investments and inclusive development. It means we should not only look after the needs of the elites but also the needs of ordinary African citizens.

According to the African Development Bank, 130 billion dollars a year are required for infrastructure investment in Africa. Europe is making a contribution, but Eastern countries are doing more. But it does not match the level of requirements. There have been discussions on a Compact with Africa and even a 'Marshall Plan' for Africa at the G20 level and by the Germany presidency. But much of that remains on paper.

In the context of climate change technology needs to be shared. International companies want to sell their products but they need to be subsidised. On the African side we need to put our governance in order like has happened in many countries. We have to build the right institutions and deliver services, make use of technology and develop human capital.



Neeshan Balton, the Executive Director of the Ahmed of Kathrada Foundation in South Africa, added that Pravin Gordhan was the former commissioner for revenue services and later on a well-respected finance minister. As finance minister he put the treasury, which is the key to pursuing development goals through allocations, at the heart of government to ensure that.

After his criticism of, among others, an unaffordable nuclear deal with Russia worth three trillion Rand when the national budget was one trillion Rand, Minister Gordhan and others were dismissed. A whole patronage network that was running the state was discovered. Five hundred billion state dollars were diverted out of the country. This destroyed business confidence in continued private investment in the country, which widened the inequality gaps inside it.

The legacy of apartheid will take a long time to eradicate: the effects are still there in the educational differences between children from apartheid as intergenerational effects which will need decades more of hard work. In 1994, the legacy of apartheid and colonialism through economic division were enormous wealth gaps. The state needed to intervene, from free education to basic feeding schemes.

Marie Roger Biloa asked Antonio Teixeira from the European Commission Development Department if Europe is really interested to tackle inequalities between Europe and Africa. Europe has benefitted from cheap raw material from commodity-based African economies.



Antonio Teixeira praised the EU for the most generous trade policy in the world. Within the trade initiative 'Everything but Arms' policy (EBA) all products are charged a zero tariff except for weapons. The EU has the best Official Development Aid, from grants to development. The External Investment Plan is ambitious in its aim to create a

strong partnership with the private sector through a guarantee mechanism, where market mechanisms would not be enough to push investment.

He referred to the common responsibility to reach the SDGs and that the struggle against inequalities is a collective fight but has a huge domestic component. For him, the reduction of inequality has a moral dimension but is also a question of economic efficiency. Countries with very high inequality tend to grow less. Inequality is harmful for economic and sustainable development as well as for the environment coping worse with natural disasters.

Concerning the responsibility of African governments to find solutions, **Ms. Adote Killmyer-Oleche, a senior UNIDO expert** from Kenya, mentioned the discontinuity of economic policies after a regime change and the lack of domestic accountability. New solutions need new technologies and skills but they demand an institutional and infrastructural support that is unmanageable for countries like Chad. There is a huge technological divide. UNIDO focuses on making institutions function well. There is no single solution for all countries. Gender inequality is an issue across country borders.

She asked whether the EU is the best actor. The lack of African countries' bargaining power implies unequal trade relations. Selling unprocessed cotton won't buy computers or efficient traffic management systems. The trade negotiation dialogue should focus more on social justice. The conditions for equality are getting worse right now. The idea of UNIDO is that you help a country to add value to resources that it owns and to trade it first in the region. UNIDO is working on trade policies and helping with quality management to improve productivity in the region.

When prompted by the moderator that many African products do not meet European standards **Mr. Teixeira** answered that the EU can't have exceptions for some countries in the global trade system of the WTO. Products need to have high human rights and -development standards to enter the EU.



Adote Killmeyer-Oleche added that it is a one-sided story to say standards are only met in the EU. One of the tasks inside UNIDO is to share these standard creation skills. Once you have a standard for acceptable quality then you have a common system for trade and pricing. Just because the standards are set in Europe doesn't mean you don't need standards in Africa. We build capability rather than transferring things, setting up the power for the community to do things for themselves, working towards social justice.

Marie Roger Biloa asked what role transnational solidarity can play in an effort to close the Africa–EU inequality gap like at the time of apartheid and the Jubilee 2000 campaign for African debt cancellation when African and international groups were working together.

Léo Czajka cited the example of Glencore, a worldwide mining company operating in DRC and other African countries. Like other extractive companies it makes use of tax havens to reduce their taxes, like the Panama Papers have shown. The EU could assist Sub-Saharan African countries by regulating tax havens without intervening directly in African countries. It would enable them to raise more domestic revenue and use it for pro-poor policies. Harmonising corporate tax rates would be another important reform. Mr Czajka also proposed a global financial register and a regional minimum wage.

Questions and comments from the audience



Walter Sauer, co-organiser of the conference, referred to Minister Gordhan suggesting that EU–Africa relations need to be rethought, which implies that past cooperation did not produce the expected results. The data seemed to confirm this view. Industrialisation, public services, bargaining power in trade negotiations and prices for raw materials were

part of the debate more than 50 years ago and enshrined in the Lomé and Cotonou agreements. Does stepping up EU engagement in Africa mean more of the same or taking up Gordhan’s suggestions for reconceptualising existing relations and focusing more on social justice?

Teixeira answered by saying that with the 2030 Agenda all countries agreed to the Sustainable Development Goals (SDGs), from inequality to climate change. It’s no longer the North telling the South what to do. We are already in the new paradigm. We are all in the same boat. This means the EU will continue its traditional cooperation aid and should be proud that it is largest donor in the world. The second pillar is economic cooperation. The European Investment Plan (EIP) is revolutionary. There was market failure because investment didn’t happen because risk was too high. Now there’s a major guarantee mechanism for private investors to invest in Africa in quality jobs.

Marie Roger Biloa added that democracy is another pillar because it is important to tackle inequality. She said that, ‘the EU praises itself on democracy but doesn’t have any specific programmes anymore to promote it vigorously.’ **Mr. Teixeira** replied by saying, ‘It’s definitely one of our objectives, democracy is not perfect but [it is] the best of systems.’ Is this context, civil society is a very important partner to the European Union. EU institutions are acting with diplomatic power and supporting civil society organisations.

One participant from the audience said that there is evidence of human rights violations in Africa by transnational enterprises based in the EU. He said that there should be tools at the EU level to control and respect human rights standards for companies.

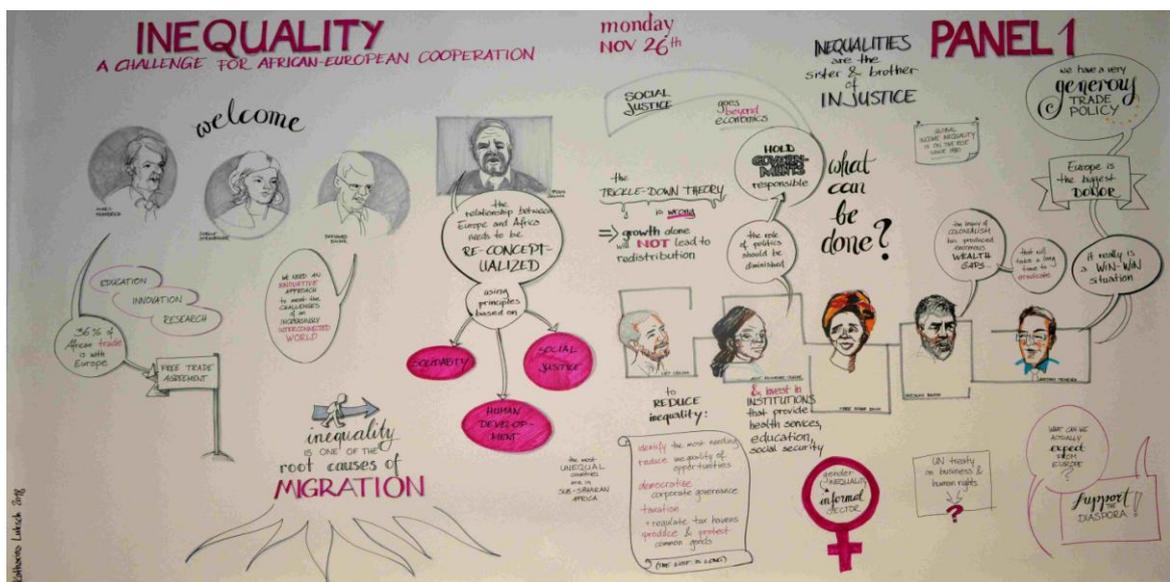
A representative from the **European Centre for Development Policy Management** referred to the responsibility of African governments. According to the Ibrahim Index of African Governance African governments have failed to translate economic growth into improved sustainable economic opportunities for their citizens and have failed to diversify their economies when it was possible to do so.



One participant in the audience referred to the xenophobic attacks in South Africa and asked how the state and society is reacting. Marie Roger Biloa added that many Africans are committed to fighting apartheid. Now South Africa is ungrateful to many countries like Mozambique which is taking a heavy toll on the

struggle. **Neeshan Balton** said that all social studies in Southern Africa show that one issue common across race and class is a xenophobic attitude towards black Africans. In poorer parts of the countries there is tough competition for jobs. Somali traders organised themselves very well in some areas, offering the same goods as local traders but at a lower price. It's easy to make scapegoats of foreign traders and mobilise against them. It's difficult for people to distinguish right and wrong especially in a difficult environment when they are fighting for every job. A xenophobic party registered itself, although many of us have challenged its constitutionality.

The moderator concluded with reference to the 'African rising myth'. Biloa: 'The international community portraying Africa as a new frontier or the land of the future which made people think they were the best. The growth in Africa cited by the World Bank might lead us to think that there was a structural change, but there wasn't.' She opted for a more realistic and moderate debate including important issues like governance, economic diversification and the political system.



Panel 2: Solidarity matters



Franz Schmidjell, in charge of the Africa Policy Desk at VIDC, opened the second day of the conference by sharing two figures: one estimate from UNICEF that every day around 15.000 children die mainly because of poverty; and two, according to OXFAM, in 2017, 82% of the wealth created globally went to the top 1%, while the poorest half saw no increase.

He recalled the three goals of the conference: 1. to raise this issue for a better understanding of the global and national drivers of inequality; 2. to discuss how to strengthen solidarity; and 3. to debate how to explore better strategies for a dialogue. On the first day the focus lay more on the economic analysis; today's panel will look at political answers, and also those from civil society. Questions that will accompany the morning panel are: What are the reference points today for transnational solidarity? Who are the activists? What are the methods of mobilization and building of alliances? The issue of solidarity will be the focus of the morning panel.

The conclusions will be presented to the Austrian EU Presidency and the European Commission before the „High Level Forum Africa-Europe 2018“ on December in Vienna. This forum will focus on the digital economy, looking for business opportunities especially for Austrian and for European companies. There will be less discussion about the risks of digitalization, like the digital gap, inequalities, etc.



The discussion chair, **Alexis Nshimyimana Neuberg** from Radio Afrika TV in Vienna, opened the panel by saying that the conference is an important opportunity to find out how to establish a real dialogue, not just a monologue from EU. The panel should be about solidarity today and not only evaluating former solidarity movements: about thinking forward, what can

be done, like setting up new diaspora initiatives.

Angela Dziedzom Akorsu, from the School for Development Studies at the University of Cape Coast in Ghana, firstly underlined the crucial role of research. She understands 'solidarity building' as the way to bridge the gap between unequal parties. Trade unions have been very good at building solidarity, but they are also struggling with membership and because of the nature of jobs that have been created by globalisation. She also stressed the different levels of inequality: between continents, interregional and within countries. Research about the nature of exclusion shows that people are not just victims; they are active agents and take charge of their own lives. Agricultural workers, for instance, are organising

in groups to gain access to land and resources. Women in market places are organising, coming together and fighting taxes that are taken from them, fighting for spaces and claiming their rights. We should support these existing groups to make their voice stronger.

For **Akhator Joel Odigie** from the African International Trade Union Congress, Lomé, Togo, the main question is how to get people out of poverty. One side of it is the ongoing struggle against illicit financial flows. The EU is falling short of its commitment to contribute 0.7% of its GDP to development. Fair taxation is also very important. Poverty will continue if there is no social safety net. Europeans need to speak out about European businesses in Africa. The African Trade Union has the capacity to mobilise. Eighteen million people pay membership fees, but we have so many more who cannot pay fees. Our legitimacy is decreasing. We build alliances with groups to also tackle the challenges of migration within and outside of Africa. There are ideas within these larger networks to make things better together.



Nonhle Mbuthuma is a human rights activist and founder of the Amadiba Crisis Committee. This is a social movement from the Eastern Cape Region in South Africa. The small organization was formed in 2007 and is fighting for human rights and as the voice of the voiceless against the mining industry. Mbuthuma pointed out that her case is an example that human rights are violated left and right in the name of development. Let's put the lives of people before profits! Africa is rich! Why is it still begging? That's what we should ask ourselves! It's time to wake up. We should know what is good for us and for the next generation. Development without considering human rights is a problem.

Eyachew Tefera from Slovenia represents the African Diaspora Platform (ADEPT) and has been working for five-six years to establish it as a European-wide platform. ADEPT aims to facilitate better policies, to empower the diaspora and to have better access to information and resources. Empowering the diaspora means communicating with stakeholders and making policies effective by enriching ideas.

For example, a subsidized chicken from France is sold in Togo for 30 cents. Local farmers can't compete with that. The labour movement was dismantled and issues of inequality, migration and land grabbing are on the rise. When you hear that the 'number of jobs increased', nobody tells you how many people have been displaced because the area became a monoculture field. It's important to keep in mind that Africa is not a village! We are still different. In many countries the commission has been cooperating with dictators. It's good to engage the diaspora for effectiveness.



Neuberg: What should solidarity look like for a better future?

Akorsu: We should target grassroots movements. They know what they need and are already organising themselves. It's about strengthening the local groups and their structures and researching what their needs

are.

When international entities come in, people often ignore them, because they can't speak English. Translation services are a way to reach the people, instead of the elites claiming to represent them.

Odigie: Politics matter! We don't need redemption from Europe, we need support for social democratic and progressive political parties in Africa to be able to contribute to power. Businesses do not want concessions, they want infrastructure, which should not be provided by the private sector. Do not encourage tax avoiders.

Neuberg: There was a big issue last year: slaves from Africa in Libya. There were demonstrations against it in Vienna but there was little reaction from Austria. What would you like to see in solidarity when it comes to diaspora engagement?

Tefera: I don't like the term 'solidarity' when there is always somebody 'hopeless' and somebody who wants to whitewash his conscious, but international solidarity based on sharing burdens is ok. A corrupt country has to be dismantled by its own citizens. The diaspora can share their network and ideas. There is a wealth of knowledge and experience in Europe that the diaspora can use. The existing stakeholders should seek input from the diaspora.

Akorsu: Solidarity building is about collective action, coming together, forming alliances and not about asking anybody for their pity. It's able to change people's situations. The majority of working people in the informal sector are powerless and don't have protection, health or safety. They can only engage with the powerful when they come together.

Tefera: Poverty is the reason for the system. We cannot treat poverty as solidarity. One euro in Austria as a donation, that's not solidarity. Things should not be divided into rich and poor, us and them.

Odigie: Developmental assistance contributions are not solidarity – they're a commitment. Solidarity means together we can change things! Solidarity should make this space available, for people to be able to think through change, about how to make it happen.

Neuberg: Questions for the audience: Solidarity or dependence, what will solidarity in the future look like in the context of transnational cooperation?

Audience: The diaspora has a meaningful role to play in raising awareness about issues. The diaspora was the first to speak out on the Libyan issue and African governments were forced to react. The diaspora should organise to be present in a variety of policy bodies; that should be one of its missions.

Audience: Why would Europe be interested in joint solidarity with Africa? Africa's dependence is the source of wealth for European countries. Africa is one of the wealthiest continents and still the poorest.

Audience: Slavery is within us. The only option is to emancipate. What is the best policy option to emancipate us? Most multinational companies seek regions where the labour law is lax. How can we strike a balance between economic development and human rights if multinational companies are not willing to invest in regions with better human rights track records and want to relocate their companies to other places?

Audience: Big companies are causing inequalities in Europe too. We should both work against big companies. EU is not even equal amongst its member states.

Mbuthuma: Why should the EU be interested in solidarity? Solidarity is about the collective. Who is going to whom? Africa to the EU – the EU to Africa? The EU is going to Africa for development. And about xenophobia: that's a very painful part. There was a recent story: Somali shops are selling expired food, but big mobs just go there to take the food to eat. Why do we take and eat expired food? Whose agenda is that? In Africa now we're fighting against each other.

Neuberg: All of the questions came from African descendants. Anyone else?



Tefera: I don't want to be a Messiah. Humans are born with morality, with humanity. If my parents didn't raise me with humanity, nobody could teach those values. Africans are humiliating Africans in Libya. Human being can be belittled. I don't know how low a human being should go.

Inequality is created by globalisation, but we can decide what the next globalisation will be. We can strive to be better. In Europe there are a lot of government problems but people there have a network of solidarity, working together. We need to challenge the fact that developing countries and low income people are laboratories for the EC's new policies.

The diaspora wants to be seen as a developing actor. Senegal engaged diaspora representatives in the parliament by law: 15 members out of 100 are diaspora representatives. Diaspora platforms should be supported financially and seen as a player.

Akorsu: What motivates Europe to solidarity? Utilitarianism, ethics and morality. We should stop overemphasising efficiency, and instead focus on social justice. We also have issues of governance, corruption, etc. which heighten the issue of inequality. We also have some level of responsibility. Solidarity building is driven by ethics and making sacrifices without making financial gains. Today's world is not about making sacrifices anymore. The capitalist globalisation is caught up in efficiency (without demonising capitalism). Now there are studies, which are criticizing CSOs, about how they make use of their money and the kinds of vehicles they use. Elements to actually enrich people are dying. The element of sacrifice is disappearing.



Odigie: What is the ideology that drives dependency? The capitalist mode drives it, it's not about demonising capitalism. There has to be a different way of thinking! It's not just one Europe! The French approach to Africa is far different from others and one of the worst. There is a sense of remorse in Germany and Austria when it comes to colonialism and to try to make things right.

Neuberg: Who are the actors of the alliances that are needed? What kind of mobilisation techniques do we need? Who has to implement an alternative to neoliberalism?

Audience / Walter Sauer: In the last 20 years an entire generation was brainwashed by neoliberal forces, that the market would solve everything. We need to claim space for solidarity! Donation is not a general recipe to solve inequalities. We need a political solution that differs from current ideology.

What are the alliances? They could emerge when actors involved in violating human rights are in more countries. Regarding the chicken imports in Togo: the problem lies in France, or more likely in Brussels. The problem has to be solved in all places with a new trade policy.

Lessons from previous solidarity movements and partnerships should be taken into account! It's about burden sharing.

Audience / Jakob Krameritsch: The Amadiba Crisis Committee has been fighting for 20 years for the right to say 'No'. What is the root cause, why do they have to fight the opening of titanium mines? The problem lays in a resource- and emission-intensive mode of living in the Global North, based on cheap labour, cheap raw materials and externalising social and environmental costs to other regions. Fighting this mode of living is a form of solidarity. In the other direction, solidarity can also come from Africa and go to Europe, to implement another type of development that's more sustainable, so Europe can learn from Africa.



Audience: The European labour unions are dying out too since conservative governments are taking over in Europe. To Eyachew: I heard Diaspora is trying to implement a neoliberal economy in Africa. They can open a business there. That's rubbish! They don't engage in the politics there.

Audience / Geert Laporte: There has been dependency on the aid business for many decades. Europe is eager to provide aid that creates dependency and the loyalty of African elites, who are interested in that aid. We're stuck with post-colonial systems. The Cotonou Agreement has divided Africa. Africa, at least leaders, is not willing to change this and wants to continue these dependency relations. How can Africa become a real global player if it wants to continue this? You need to invest much more in civil society action, but the space is shrinking.

Audience: It's not helping anyone if we continue to blame the victim. The actual beneficiary of inequality can't be touched by an ordinary person, that's why we have 'xenophobia'. It's not actual xenophobia; it's two victims hating each other, because the true oppressor can't be reached. There is a new generation of young African leaders. Six hundred years of unequal relationships have traumatised Africans. Different countries in Africa want different things. We should also think in psychological terms, not only economic ones. China and Southeast Asian countries don't have this complex relationship with Europe. Africa needs some space to redefine itself and then come to a relationship that can become equal. Can Europe respect that space?

Audience: Trade cannot be a solidarity matter because the person who is making the trade is looking for profit. Why should Togo accept importing chickens? The problem in Libya came from Europe too. Europe is facing a big immigration problem and they want African to manage the problem but Africans are not free to manage their own money.

Audience / Leo Czajka: In Europe solidarity within a state is made possible through tax collection and redistribution. How is solidarity done within African states? We heard that in Africa state leaders cannot share resources and that there are other strategies.

Neuberg: Let's keep the open questions for the workshops.

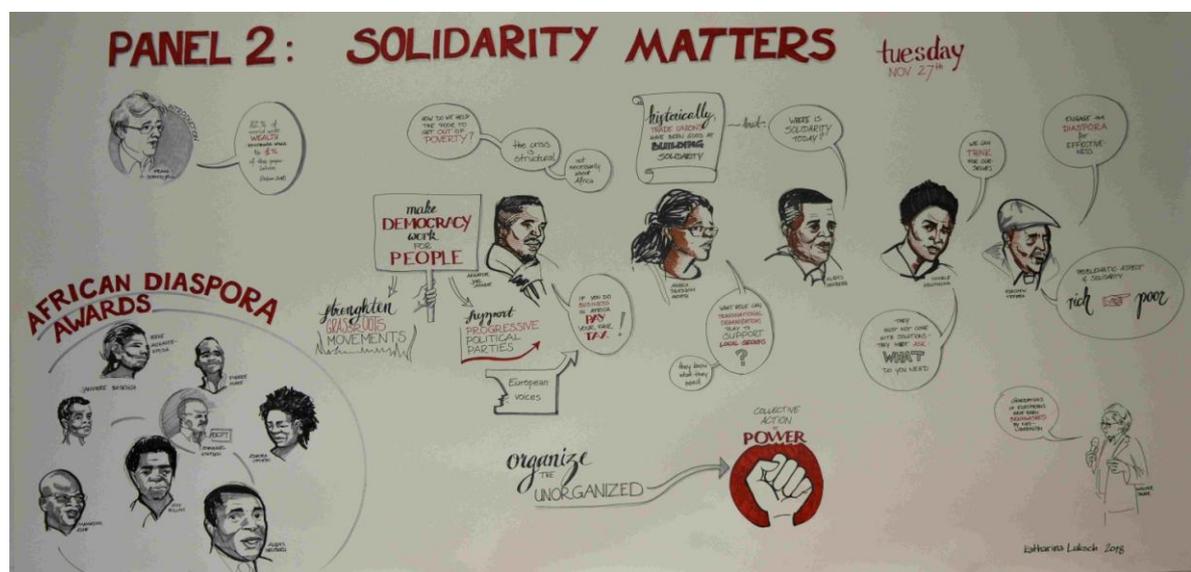
Tefera: Elites support capital flight because they gain from it.

Mbuthuma: Development as it is defined now is about extractivism. We are trying to change ideas so that development is not only about extractivism, because this is violating human rights. Development is not just one way.

Akorsu: 90% of the workforce is going to the informal economy, and women are 70% of the informal economy. They are suffering without social protection or health facilities. Nevertheless they are working on social change, claiming rights and risking their own capital, regardless of their education level or political power. They need support from trade unions, consumer organisations and even from the diaspora movement as civil society groups to alter the power structures.

Odigie: We need to keep hope alive to see things can change. Politics is at the heart of everything. As long as we allow certain people to be players and think they will do anything in our interest, we're in a huge crisis. The diaspora escaped and can see now what can work better. The question is how can you bring this back as a sense of consciousness to grow a sense of mobilisation about what can be better. Perhaps this kind of discussion could also take place on the African continent to be able to engage with Europe. I see oppressors and oppressed, not Europeans and Africans.

Schmidjell: There are now more open questions than at the beginning. Some points have been cleared up a bit. Solidarity is different from charity and profit-making. Secondly, solidarity starts here, and by here I mean in Vienna, in Austria. We also have to fight xenophobia and racism in Austria to be credible. We have to work from both ends, e.g. the supply chain, in Europe and in Africa. Most issues, like tax havens, are also within our jurisdiction, meaning within the EU and the OECD. African elites have a responsibility but we also have a responsibility.



Workshop I: Post Cotonou

Addressing inequality and civil society participation in times of shrinking political spaces

Chair: **Franz Schmidjell, VIDC**

Speakers: **Geert Laporte** from the European Centre for Development Policy Management and **Eyachew Tefera**, board member of ADEPT – African Diaspora Platform in Europe



Geert Laporte started his presentation about the post-Cotonou negotiations and combined it with question about inequality and the shrinking space of civil society. For him 2018–2020 will be crucial for European–African relations. He referred to following important events: the election of the European parliament and the renewal of the European Commission, the post-Cotonou negotiations, the negotiations on the EU budget 2021–2027 and the implications of Brexit (Great Britain accounts for 15% of the European Development Fund (EDF)).

Economic growth ('Rising Africa') was mainly based on natural resources. In many African countries growth did not contribute to the diversification of the economy or to better education, health and housing. Few quality jobs have been created. A total of 42% of young working people in Africa lives with less than 2 USD a day. Africa needs 18 m new jobs a year but Africa is not a homogenous continent: Ethiopia, Rwanda, Botswana, Ghana, Namibia, Mauritius have shown positive performance.

How do we make growth more inclusive?

- Inclusive governance: a key factor in reducing inequalities.
- Pro-poor fiscal and social policies are needed
- Major inequality continues to cause political instability
- Inclusive policies contribute to more equality, social justice, peace

Another aspect is the shrinking space for civil society. According to CIVICUS in some 100 countries there is pushback against democracy, freedom of expressions and assembly. Beside repressive measures, restrictive CSO laws have been introduced like new approval and licensing procedures for CSOs, restrictions on foreign funding or taxes on social media.

The EU has made a number of policy declarations and legal frameworks like the Human Rights Defenders Guidelines (2004 and 2008) or the Communication on Europe's Engagement with Civil Society (2012). There are a number of foreign policy tools which are or could be used like formal and informal political dialogues with government officials on human rights, human rights focal points in EU delegations and human rights defenders liaison officers or inter-parliamentary delegations, hearings, workshops and reports.



In order to react to the shrinking spaces the EU should act more strategically and proactively. For example, by engaging with CSOs before they become victims of restrictive measures, better combining short-term emergency measures with long-term CSO resilience and including in addition to the traditional 'registered' NGOs other relevant parts of civil society like social movements, academia or the diaspora. It needs a better understanding of country realities beyond formal structures and institutions, stretching to include networks, informal systems and 'what is really going on'.

Eyachew Tefera referred to problems of the Cotonou agreement because of the segregation of Africa. North Africa is not included in the current ACP agreement; the African Union did not manage to cooperate efficiently with the African regional organisation. Another issue is the lack of transparency of the European Development Fund that was meant to support the budgets of African governments. But there is no discussion in many African countries about how the money is used. The parliaments have limited access to data, the participation of civil society is very limited and the media is excluded. Governments don't report how the money is being spent. He asked how to include civil society in the ongoing the post-Cotonou process because it is a government-to-government negotiation.

The following debate focused first on the value agenda. Critics argued that there is a power asymmetry in the discourse (prioritisation, selection and definition) and Europe is imposing its value system on Africa. Second the EU is following their own values (is not coherent) when they do not obey their security or economic interests (double standard). Others argued with the universality of human rights: many declarations or compacts have also been signed by African governments and defended by human rights activists on both continents. The pace of the implementation of human rights standard should consider the country's reality. It should be compatible with Africa's speed of development, lifestyle and priorities. There must be a dialogue between equals which also includes the African human rights agenda, e.g. the African Charter on Human and Peoples' Rights.

Another aspect debated was the question about the trade agreements: Do African products not get access to European markets because of the lack of standardisation? An institution to standardise African products should be set up. The controversial EPAs (Economic Partnership Agreement) were, according to an EU diplomat, a 'well intended diplomatic disaster'. The EPAs divided Africa. They should be connected to the Continental Free Trade Area.

Other issues discussed were the strengthening of domestic accountability, the role of the central state and its excessive power over resources, illicit capital flows depleting funds for public services and the Global Compact on Migration (no agreement about the compact).

Recommendations and Conclusions

Value Agenda

- Universally agreed upon, but stakeholders need to focus more on its implementation → implement according to local context
- African leaders should make use of existing legal frameworks and remind/correct the European leaders when they are acting incoherently or using double standards
- End patronisation and Eurocentric approach to Africa
- EU-Africa Partnership is not an equal power partnership → develop new awareness of interdependence
- Be aware that value agendas are also interest agendas!

Economic Partnership

- Aid, loans and foreign direct investments need to be more transparent
- Africa's collective bargaining power should be strengthened by addressing competing interests and lack of capacities
- Asymmetry of standardisation of products and services exchanged
- Trade Agreements (EPAs) should respect African needs more and be more inclusive (trade unions, civil society, parliaments)
- EU should question its own neoliberal ideologies which have brought about inequalities
- Reduction of illicit flows and tax evasion should be a priority issue in a new agreement → many tax havens are within EU jurisdictions
- Arms trade should be stopped

Role of Central State in African Countries

- Move beyond bilateral State-State relations and agreements
- Authoritarian state diminishes the role of central state
- Parliamentary oversight/scrutiny should be strengthened
- Open Government Partnership to strengthen domestic accountability
- Integration of youth into political system

EU-AU Relations

- Continent-to-continent relationships and agreements instead of one EU agreement with three different regions → Africa should unite and increase collective bargaining power
- Include human rights in the political dialogues and informal consultations with government officials and civil society

Move beyond the state-to-state cooperation and include the African diaspora, civil society and academia in the post-Cotonou process and strengthen their capacities



Workshop II: Inequality

National policies and global governance to tackle economic inequality and wealth accumulation

Chair: **Walter Sauer**, SADOCC

Speakers: **Léo Czajka** | World Inequality Lab; **Wilfried Altzinger** | Research Institute Economics of Inequality; **Angela Dziedzom Akorsu** | University of Cape Coast



Wilfried Altzinger from the Economic University of Vienna stressed the undesirable effects of ownership inequality. In Austria, one third comes from capital income; the bottom half of the population only has income from their labour. The transfer function shows that through

inheritance, etc. the concentration of wealth remains strong. Wealth also has a power function. The power in the bargaining process with labour as well as public authorities is higher. Altzinger: 'Income inequality depends to a high degree on wealth inequality. We should focus on the distribution of wealth to tackle inequality.' Better data on wealth concentration and income generated by wealth are necessary.

Discussion about inequality issues needs to focus on the increased power of transnational cooperation. More efforts should be made to regulate the financial sector, especially capital flows, and to tackle tax evasion and tax avoidance. Policy recommendations have been made by the World Bank and the International Monetary Fund. He recommended the book ['Inequality. What Can Be Done?'](#) by Anthony B. Atkinson (Harvard Press 2015).

The inequality **researcher Leo Czajka** mentioned that wealth inequality became a debate after Piketty's book with historic data on inequality. In Africa, little is known about wealth and income inequality. Some data are available about consumption inequality, but they do not take into account savings. Survey data doesn't capture the top of the distribution! We need fiscal data to measure the top of the distribution.

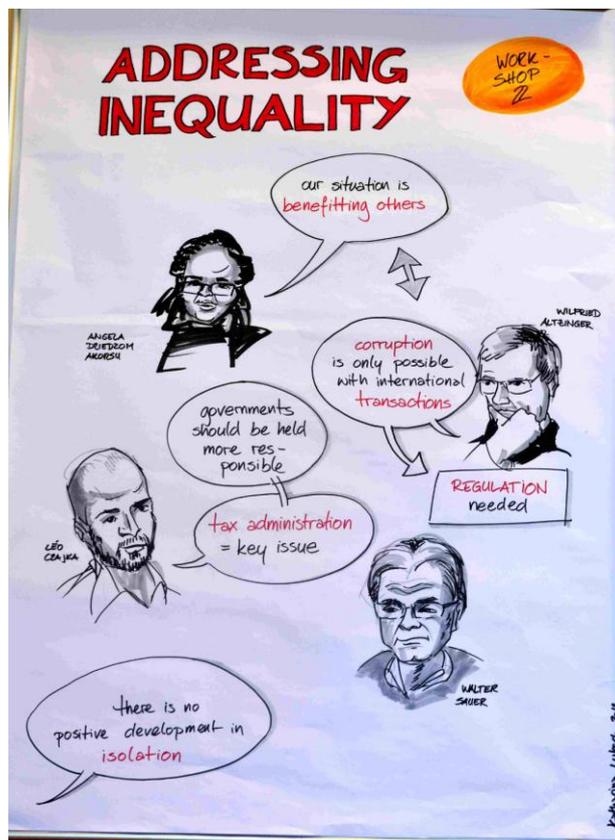
The economic and social structures in Africa are very different from in Europe. The formal sector, feeding taxes, represents less than 10% of adult employees. The informal sector is dominant. There is extreme inequality between firms. Less than 1,000 firms in Senegal are responsible for 80% of turnover and net profits. While that's not 80% of the economy, there's still a lack of middle-sized firms. There is inequality in terms of access to water, transport and power supply, especially in land-locked regions. The economic model of

several African economies depends on short-term rent-seeking activities. Industry investments are neglected.

What should be done? Tax progressivity should be enforced, the inequality of opportunities should be reduced through government services, all complemented by international cooperation. The wealth share of the top 1% is much higher than their income share. Taxes on inheritance and capital should be increased, including the off-shore wealth of the top 0.01%.

Dziedzom Akorsu emphasised gender inequality. In agrarian economies female workers have limited access to land and productive factors. Agricultural inputs for cash crops and marketing are dominated by patriarchal structures. Women are often restricted to cultivating food crops e.g. legumes, vegetables. Women are expected to work alongside their husbands. Economic inequality also leads to other forms of inequality like in education.

What should be done? Empower women! When we speak of empowerment, people mostly think about economic empowerment. But a person must have the ability to question patriarchal power structures excluding her from economic participation. Information is important. Many women in Ghana don't know about the inheritance law and are not benefitting from it, only the upper classes do. Pooling power together with other women is important, like in cooperatives. There should be more research around gender-based inequality to confront the issue better. State intervention is needed to claim land for women.



The following discussion focused on the colonial heritage of unequal relations like French monopolies of natural resources in some former colonies, the regulation of the financial sector to tackle illicit capital flows and fair trade relations. In particular, participants called for strengthened bargaining capacity of African countries vis-a-vis the European Union. On the national level the challenges are unequal access to public services like education, gender inequality and patriarchal structures,

tax incentives for investors (race to the bottom) and weak tax authorities. In some cases, dictators were supported by the EU. Participants referred to Minister Gordhan's initial statement re inclusive development, meaning that governments had to put their house in order, institutions had to be developed, and productive capacities to be increased. Participants called for equal trade relationships as well as an end to illicit financial flows.

Recommendations and conclusions

Internationally

- Financial sector transparency and regulations: close loopholes and eliminate tax havens, tackle illicit financial flows including internal transfer mispricing (above/under the market price)
- Strengthen the UN Tax Committee to regulate on the international level
- Foster regional continental integration in Africa
- Fairer trade agreements through increased bargaining power and capacities on the African side
- Decent jobs by harmonising labour (ILO) standards and regional minimum wages
- Strengthen trade union collaboration (within Africa/Europe and between Africa and Europe)
- Compensation for impact of climate change and environmental damage caused by extractive industries and waste exports
- Stop arms sales to dictators and parties to conflict

Nationally

- Build up tax authorities' capacities to tackle tax evasion and tax avoidance; end tax incentive system (race to the bottom)
- Strengthen social protection and functional public services/institutions, public finances, especially equal access to high quality education
- Include civil society, including academia, trade unions, women's organisations and diaspora, in policy-making dialogues
- Empower women, especially with respect to access to land, productive resources and information and by organising them (e.g. in cooperatives)
- Foster industrialisation and strengthen productive capacities
- Monitor inequality caused by technological changes and urbanisation
- Strengthen trade unions' voice
- Improve data about wealth and income inequality

Workshop III: Solidarity Matters

Local struggles and international alliance-building to push policy changes for social justice

Chairs: **Hottensiah Muchai**, Radio Africa TV; **Michael Fanzideh**: VIDC, Migration and Development

Speakers: **Nonhle Mbuthuma**, Human rights activist, Amadiba Crisis Committee, South Africa; **Neeshan Balton**, Executive Director Ahmed Kathrada Foundation, South Africa; **Akhator Joel Odigie**, Int. Trade Union Congress, Nigeria



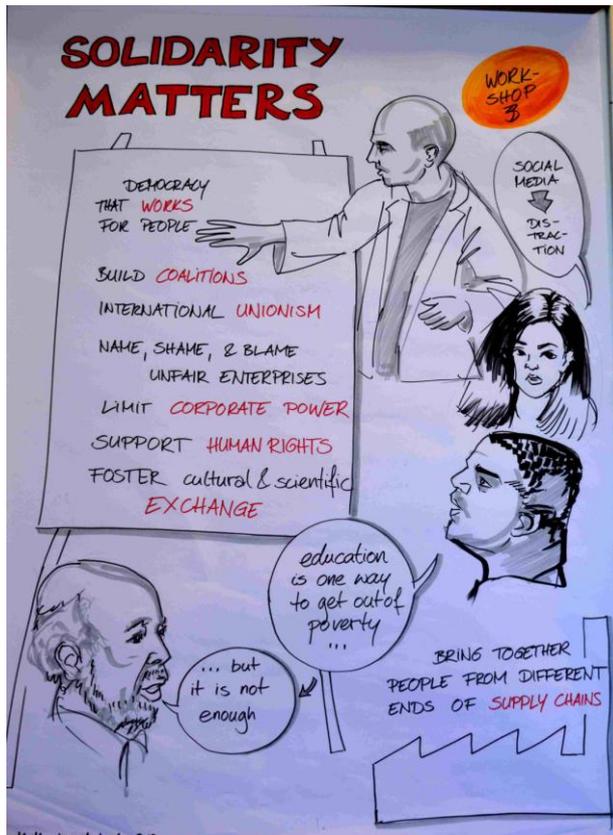
The questions raised at the beginning by **Hottensiah Muchai** were focused on different elements, challenges and notions of 'international solidarity'. On a political level there were questions like: How do we make democracy work for people globally, instead of profits for a small elite? How do we face corruption? How do we address the African issue within the EU?

At the level of the agents of international solidarity the role of the diaspora was highlighted, amongst other questions about the challenges of representation: Who has the right and mandate to speak for the others? Who has the right to define what solidarity should be focused on? And how do we get people organised in their struggle? For the latter, the globally connected Anti-Apartheid Movement is a positive example, although the campaign based on boycotts was more a strategy to unify the different Anti-Apartheid movements than a tool to overcome Apartheid itself.

Nonhle Mbuthuma insists that local people and communities on the ground can define what 'development' should look like. With the example of her work at the Amadiba Crisis Committee (ACC) in South Africa, she showed that extractivism is not the only shape development can take. Minerals (in her case titanium) are a quick way to turn a profit but destroy the environment and in the long run human life as well. That is why the Amadiba Crisis Committee was formed to avoid mining operation in their region, in the Eastern Cape in South Africa. For over 15 years the AAC 'has been fighting a fight for the next generation', like Mbuthuma said, 'for a more sustainable future, based not on a carbon- and extractivist-based model, but on a regional and circular mode of the economy.'

Solidarity therefore begins by raising awareness that resource- and emission-intensive production and consumption patterns in industrialised countries are not only the core reason for the climate crisis but are built mainly at the expense of the Global South. The environmental and social costs of a Western 'imperial mode of living' are externalised to regions of the planet where cheap labour and cheap resources are being exploited. A huge challenge is the fact that elites in the Global South are profiting from

this 'imperial mode of living' themselves, so they have no reason to throw out the model, so solidarity has also to do with class.



One way to support this is to work together, as civil society, supporting UN-binding treaties on business and human rights currently under consideration in many European countries.

In this context the need for education was stressed again, an education which builds up critical knowledge about our recent economic modes of living, to identify more and more concrete mechanisms that an abstract 'capitalism' or neoliberalism we have to tackle has. That is also one of the differences from the former Anti-Apartheid movement: the 'enemy' was very clear at the time, but now it is diversified and more abstract.

There was consent in the discussion that improved and appropriate international solidarity was needed to limit corporate power and to put human rights before profit.

Recommendations and conclusions

- Long term: Support building social justice (international unionism).
- Fair taxes! Control of and stopping tax avoidance gaps and mechanisms
- Investment plans yes, but monitoring social conditions, environmental questions.
- Use EU-Africa Trust fund for capacity building in Africa, not repatriation of migrants. Africa and diaspora should work together to finance practical projects on the ground.
- More scientific/cultural exchanges/network needed in the form of study/university exchange (besides upcoming visa restrictions). So migration and solidarity were also a topic of discussion in this workshop, starting with the fact that migration is a human phenomena, a historical fact. Often it is not seen that Africa itself, not Europe, has had to cope with most of the migrants. The majority of Africans are moving inside Africa. Within Europe, migration is being demonised by dominant political forces.
- We need to build an awareness of solidarity against that demonization (one that is visible in the fact that Austria for instance did not sign the Global Compact on Migration). On this level, we also see a crisis of solidarity. Migration should not be seen negatively but as one of the pre-conditions of human kind.
- Emphasis on free movement for 'global learning'.
- We need to put spotlight on concrete examples of so-called 'role model' enterprises and name, shame and blame their unfair business models and demand transparent and binding legal rules for their investments and businesses. One option to support progressive forces in Africa is to bring agents of the beginning (often Africa) and the end (Europe) of the value chain together, like within shareholder meetings of multinational enterprises.
- See for example the campaign which compares the appalling living- and working conditions in the platinum mine of Marikana (South Africa) with the clean and so-called 'sustainable' image and brand of the Germany-based chemical company BASF, the biggest customer of this platinum mine (see Becker, Britta; Grimm, Maren; Krameritsch, Jakob (Hg.) 2018: Zum Beispiel BASF. Über Konzernmacht und Menschenrechte. Wien: Mandelbaum).