

Financing for Development in Africa

Messages from Young African Feminists on the Road to the Third Conference on Financing for Development

During 13-16 July 2015, high-level political representatives, including Heads of State and Government, and Ministers of Finance, Foreign Affairs and Development Cooperation, will gather in Addis Ababa, Ethiopia at the Third International Conference on Financing for Development (FfD 3) to agree on how to overcome global systemic inequalities and how to finance the full implementation of agreed international development agendas. To ensure that the deliberations on Financing for Development are meaningful in Africa, there is an urgent need for civil society to shape the terms of the conversation.

Financing what kind of development in Africa? For whom? With whom? At what cost?

While the first two decades of post-colonial development were state-driven, economic development policies since the late 1970s have been shaped by the thinking of the “international community” embodied in narratives constructed to legitimize their Africa strategies. Neoliberal hegemony reflected by structural adjustment policies took hold in a context of energy and financial crises, commodity price volatilities and a series of droughts. More recently, a new narrative of “Africa Rising”, first promoted by *The Economist* in 2011, has been coupled with the revival of concepts such as “structural transformation” which seek to define African development debates today.

This new narrative is informed by the current afro-optimism driven by high economic growth rates (4.5-5% during 2010-2015¹), inspired in part by improved economic governance, increased domestic demand and purchasing power by a growing middle class, and high commodity prices, appearing to be game changers challenging the traditional perception of Africa as poorly integrated in the global economy. The African Union’s Vision Agenda 2063 can also be considered as part of an increasing awareness about the necessity to project the future of the continent for the next 50 years.

Our concern is that this optimism rests on shaky foundations. By way of illustration, realizing the ‘demographic dividend’ is one of the new strategies advocated to spur economic growth in an attempt to take advantage of the current youth bulge in the population. But in order for this strategy to succeed, the birth rate must fall sufficiently to reduce the dependency ratio of non-working children to working age adults, reducing thereby the need for social investment for younger age groups while ensuring the existence of a cheap labour market. The contestation over this strategy has to do with the methods used to reduce birth rates – will they be coercive or will they promote women’s sexual and reproductive health and rights? The challenge of vertical funding of family planning programs in the absence of sufficient investment in guaranteeing universal and quality health and education arises from the ever-present danger of coercion and human rights violations.

¹ UN ECA (2015) Economic Report on Africa. Available [here](#)

The grand narrative of “Africa Rising” is also challenged by increasing illegal immigration, conflict escalation, inequalities and poverty levels, de-industrialisation, lack of economic diversification, consumption patterns that do not promote local entrepreneurship, growing unemployment especially among women and the youth who are the target of current “demographic dividend” initiatives, unmet Millennium Development Goals (MDGs), and inability to mobilize sustainable funding.

All these factors lead us to question the ‘Africa Rising development narrative’ that continues to rely on structures of subordination based on gender, age and race.

To ensure that FfD 3 reaches an accord that enables African countries to move towards sustainable and equitable development, African governments’ positions must be anchored in and informed by African realities, promote a human rights-based approach to development, and tackle systemic inequalities.

On the road to Third International Conference on Financing for Development, African governments need to:

- Ensure that FfD 3 addresses structural obstacles to the realization of the right to development in the continent. The global financial architecture has increased global volatility, financialization and systemic risks, and has facilitated the draining of resources from Africa at the expense of wages and investments promoting social and economic rights. According to the report of the High Level Panel on Illicit Financial Flows from Africa, the continent is estimated to be losing more than \$50 billion annually through such illicit flows. Additionally, trade and investment agreements enable companies to protect and repatriate their profits, further limiting attempts to regulate capital flight. This draining of Africa’s resources must stop.
- Ensure respect for national policy space and the right of States to implement regulations that protect public interest including women’s human rights. African countries are involved in multiple trade negotiations: at the World Trade Organization, with the European Union, with the Economic partnership agreements (EPA’s), while the African Growth Opportunity Act (AGOA) was recently extended for 10 more years. “Africa can’t rise” if the continent is involved in multiple agreements and trade policies that limit their policy space and do not always benefit populations including women in general and women in the informal sector in particular who form the majority of the economically active population. Moreover, Africa has launched the African Continental Free Trade Area (CFTA) to build a regional market. However, women’s cross-border trade has always existed and while the extension of markets is welcome, there is a need to question for whom the market is being extended. A regional market should not be built in order to strengthen transnational companies and promote trade liberalization which would destroy all the efforts that have been made so far to build an African industry by Africans. In this context, measures to protect women’s businesses and share of markets, as well as protection of infant-industries, female-job intensive sectors and small women’s producers and women’s traditional knowledge

are crucial. There is also a need to agree on public disclosure as well as ex ante and periodic human rights impact assessments of trade and investment policies. The Ebola outbreak has shown how trade is a transversal topic which covers issues such as migration, public health, peace and security.

- Clearly state that FDI should complement and be aligned with sustainable and equitable development strategies and identified governments priority areas rather than high profit projects. Export-oriented 'extractivism', in particular mining, has led to increased conflict and continued to devastate the environment and livelihoods by displacing small holder producers, including women farmers and small scale miners who are in the most affected. FDI should support the creation of decent work by eliminating the gender pay gap, providing technology transfer, promoting links with small and medium enterprises and fostering territorial decentralization and productive diversification in order to be accounted as a financing for development flow.
- Establish binding norms to safeguard human rights, labor, environmental standards and natural resources including ex ante and periodic assessments, and clear mechanisms and platforms to enforce these regulations. African states have made progress in formulating continental policies to promote investor accountability on issues such as land acquisition; however we note that they are voluntary guidelines. Additional measures such as better, transparent and accountable contract negotiation, the elimination of the secrecy of beneficial ownership and public registration should be agreed.
- Prevent public finance from being used to leverage the private sector especially through financing modalities like Public-Private Partnerships (PPPs), which favor isolated activities/projects, can increase debt burdens, are subjected to frequent renegotiation and can threaten the availability, accessibility, adaptability, acceptability, and quality of infrastructure and services. It is important to keep in mind that past and present large-infrastructure and energy projects have had serious negative environmental and social impacts in Africa that have largely been borne by already poor and vulnerable communities and plunged countries into heavy debt. States need to follow a different development trajectory that privileges the welfare of people and eco-systems over profit.
- Commit to mobilize sufficient official resources including by broadening the tax base in a progressive way and by tackling tax evasion and avoidance. These resources should be allocated to fulfill the needs of people, including women and girls human rights. Proposals to the formalisation of informal workers as a source of tax, raise critical questions. This comes to a head with taxation where informal sector workers, where women are overrepresented- are being drawn into the tax net while Multinational Corporations (MNCs) are benefiting from tax breaks or even use tactics such as mispricing, mis-invoicing, tax havens which worsen capital flight on the continent.

- Overcome the current narrow focus of women's financial inclusion by supporting women's grassroots financing mechanisms and fulfilling women's economic rights. Micro-credit programs for women can lead to excessive indebtedness and worsening of poverty conditions, especially if they are not accompanied by financial education and access to other productive resources that would promote women's autonomy. From a grassroots level, women traders, have developed very innovative ways to fund their activities, through "tontines", family and social networks, within markets with the only purpose to improve the families' or communities' lives. So governments should strengthen those initiatives to make sure that economic and financial resources are available and accessible to women and young traders and entrepreneurs. Several initiatives are implemented in different African countries. However, the question is how to make sure funds are accessible to women and youth and under which conditions. Challenges around access to credit are in fact issues of political economy and power distribution. Urgent reforms are needed to allow women to better organise and claim their economic rights including for better financial inclusion. Therefore, there is a need to build on existing local initiatives to make sure that resources are available and accessible in fair conditions to oppressed communities and entrepreneurs, especially those in the informal sector. Moreover, governments should fully commit to tackle the structural development challenges such as gender occupational segregation, lack of women access to and control over resources, and the unequal organization of care. Priority should be given to guarantee universal access to social services and provisions including social protection, care services and infrastructure, sexual and reproductive health and rights services, education, employment, access to and control over resources. Fulfilling the human rights of pastoralists, small-scale women farmers, indigenous peoples, fisher folk, informal and petty traders among others is at the center of equitable and sustainable development policies.
- Insist on additionality and predictability of Official Development Assistance (ODA) flows. Policy conditionalities and changes in ODA definitions that privilege the rechanneling of the funds to developed countries business interests and donor countries' private sector should be removed. In addition, the ODA priorities and the priority areas should speak to the multiple and intersecting operations faced by African countries and specifically women. Finally, South-South cooperation cannot replace ODA commitments by developed countries. South-South cooperation should be based on the principle of solidarity and should not replicate unequal power relations and traditional rules of subjugation that Africa has suffered from in the last century.

Statement prepared by a group of Young African Feminists at the DAWN workshop "Africa Rising: Promise or Challenge for Gender Equality?" Addis Ababa, 30 & 31st of May 2015.