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Dear ministers,

### **An open letter to the government on the UK-Africa Investment Summit**

As representatives of civil society and the international development sector in the UK, we would like to raise our concerns about the upcoming UK Africa Investment Summit on 20 January 2020.

While the idea of more investment in Africa is welcome to many, we are concerned that this summit has been designed with the primary objective of promoting the City of London as a development finance hub and to position the UK as the largest G7 investor in Africa. Despite the fact that the Summit appears to be primarily funded through official development assistance (ODA), it seems to be less about effective development and more about promoting British business interests whilst expanding the UK's economic and political power over the African continent.

This Summit reflects a growing trend in UK aid policy in which promoting market ideology and laying the groundwork for post-Brexit free trade deals appear to be taking precedence over tackling social and economic inequalities worldwide. Whilst recent months have seen the acceleration of this strategy, with the proposed merger of the Department for International Development (DfID) with the Foreign and Commonwealth Office (FCO), it is not new.

Whilst recent months have seen the acceleration of this strategy, it is not new. Since 2010 we have increasingly witnessed a highly financialised, market-based approach to development that puts the private sector first. Instead of reaching the most marginalised communities in the world, we have seen a large number of dubious investments. This includes hundreds of millions of pounds of UK aid invested in private school chains since 2016<sup>i</sup>, significant investments in fossil fuel-related projects by CDC<sup>ii</sup>, £22.5m invested in an upmarket private hospital which treats international patients<sup>iii</sup>, and £150m of ODA being used to "facilitate free trade" and increase market access for UK businesses through the Prosperity Fund.<sup>iv</sup>

The private sector focus of this strategy is promoted on the grounds that public money is insufficient to beat global poverty, but the case for this doesn't stand up. Financial markets are helping to drive unsustainable and unacceptable levels of inequality in most countries, creating political disaffection, extreme poverty, increased carbon emissions and widening inequalities. Not only do these investments have questionable development impact; they undermine efforts to tackle climate change, reduce inequalities and build strong public services in the global south.

Under the current strategy, there is a great risk that the Summit will lock in carbon emissions and socioeconomic inequalities for generations to come. With less than a decade to take

sufficient action to limit global warming to 1.5oC, ODA must be spent on what is good for people and planet, not what's profitable for financial institutions and fossil fuel corporations.

Pushing this financialised mode of development onto African countries will not plug the finance gaps of less developed economies, or make the world a fairer place. Instead, it will function to extract wealth from the bottom and channel it to the top. Through deregulation, massive and aggressive tax avoidance, unfair trade deals, the erosion of workers' rights, unsustainable levels of debt, and profit repatriation, the rich continue to get richer while the majority get poorer. This approach will significantly exacerbate inequality, conflict and climate change across the global south and the planet as a whole.

For these reasons, an alternative strategy is needed based on the principles of co-operation, solidarity, protecting human and workers' rights, tax justice, ending gender inequality, and facilitating a just transition to a zero-carbon economy. We are therefore recommending that any UK approach to trade and investment with African countries, should:

1. Align all ODA investments with the Paris Agreement to limit global warming to 1.5oC, including a ban on the use of ODA to invest in fossil fuels and high investment in a just transition to quality, publicly-controlled renewable energy systems;
2. Recognise the historic responsibility of Anglo-European nations for carbon emissions by facilitating financial and technological transfers to the global south in support of a just transition to a zero carbon world;
3. Support the creation of good quality green jobs and decent work;
4. Be measured against a rigorous development impact framework that demonstrates how the investment is tackling poverty, inequality, climate crisis and gender inequality, whilst protecting human and workers' rights;
5. Support the development of strong public service systems across the world;
6. Pass rigorous tests on accountability and transparency, with a genuine right to redress for governments and people in recipient countries when things go wrong;
7. Ensure genuine tax justice for countries in the global south;
8. Ensure transparency of lending by requiring all loans to governments to be publicly disclosed for them to be enforceable in UK Courts.
9. Exclude Investor State Dispute Settlement mechanisms from trade and investment deals.
10. Support the UN negotiation process for a Binding Treaty on transnational corporations.

Signed: Global Justice Now, UNISON, CAFOD, Health Poverty Action, Terre des hommes UK, War on Want, Traidcraft Exchange, Jubilee Debt Campaign, Church Action for Tax Justice, Gaia Foundation, London Mining Network, Stamp Out Poverty, Tipping Point North South, Firoze Manji (Adjunct Professor, Carleton University).

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<sup>i</sup> Global Justice Now, [In Whose Interest? The UK's role in privatising education around the world](#) (2019), p.6.

<sup>ii</sup> Global Justice Now, ['Making CDC work for people and planet'](#) (2019), p.6.

<sup>iii</sup> New Zimbabwe, ['Harare's elite Avenues Clinic gets \\$10 million facelift'](#), 9 October 2018.

<sup>iv</sup> Gov.UK, ['Cross-Government Prosperity Fund'](#) (2019).