

Can Private Finance undo Africa's Colonial Structures?

We can't decarbonize a system that hasn't been decolonized yet

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Can private finance save the planet?

Exploring the role of private finance in green transitions in Africa

Vienna Institute for International Dialogue and Cooperation

Vienna, Austria

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Can private finance change Africa's position in the global economy?

- **Africa cannot continue to play the role of:**
 - Source of cheap raw materials,
 - Damping ground for Global North industrial output,
 - Low-cost tourism destinations, and
 - Damping ground for obsolete assembly-line manufacturing.

JUST TRANSITION

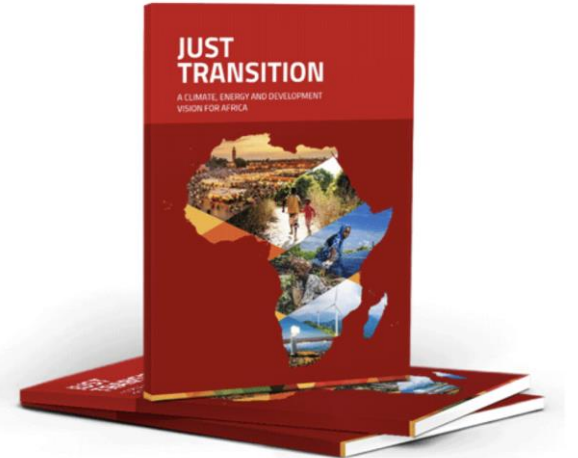
A CLIMATE, ENERGY AND DEVELOPMENT VISION FOR AFRICA

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JustTransitionAfrica.org

*The independent expert group on
Just Transition and Development*





Main message

- We can't ***decarbonize*** a system that hasn't been decolonized yet.
- We can't ***democratize*** a system that hasn't been decolonized yet.
- We can't ***dedollarize*** a system that hasn't been decolonized yet.

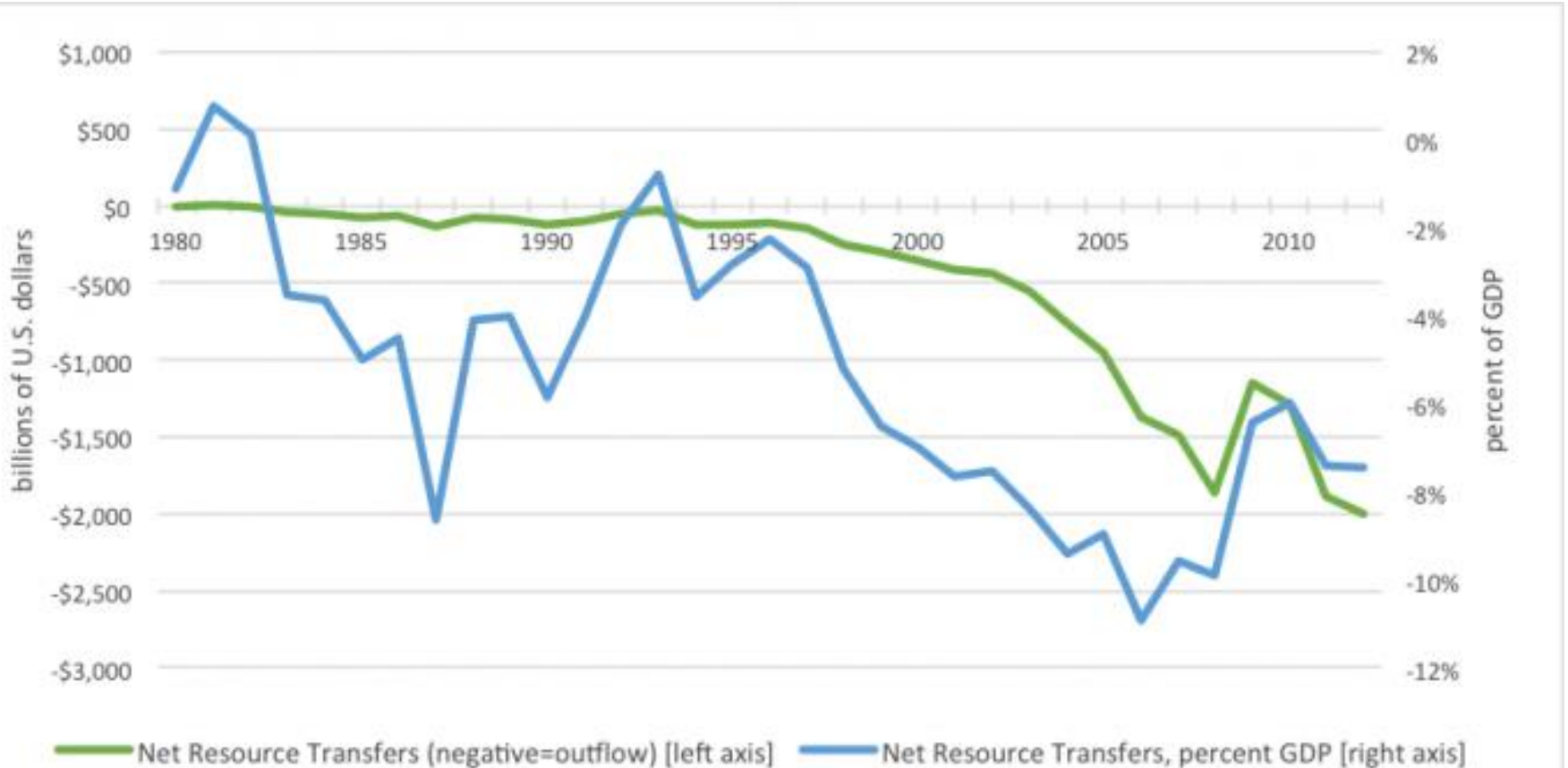


Our Structural Economic Deficiencies:

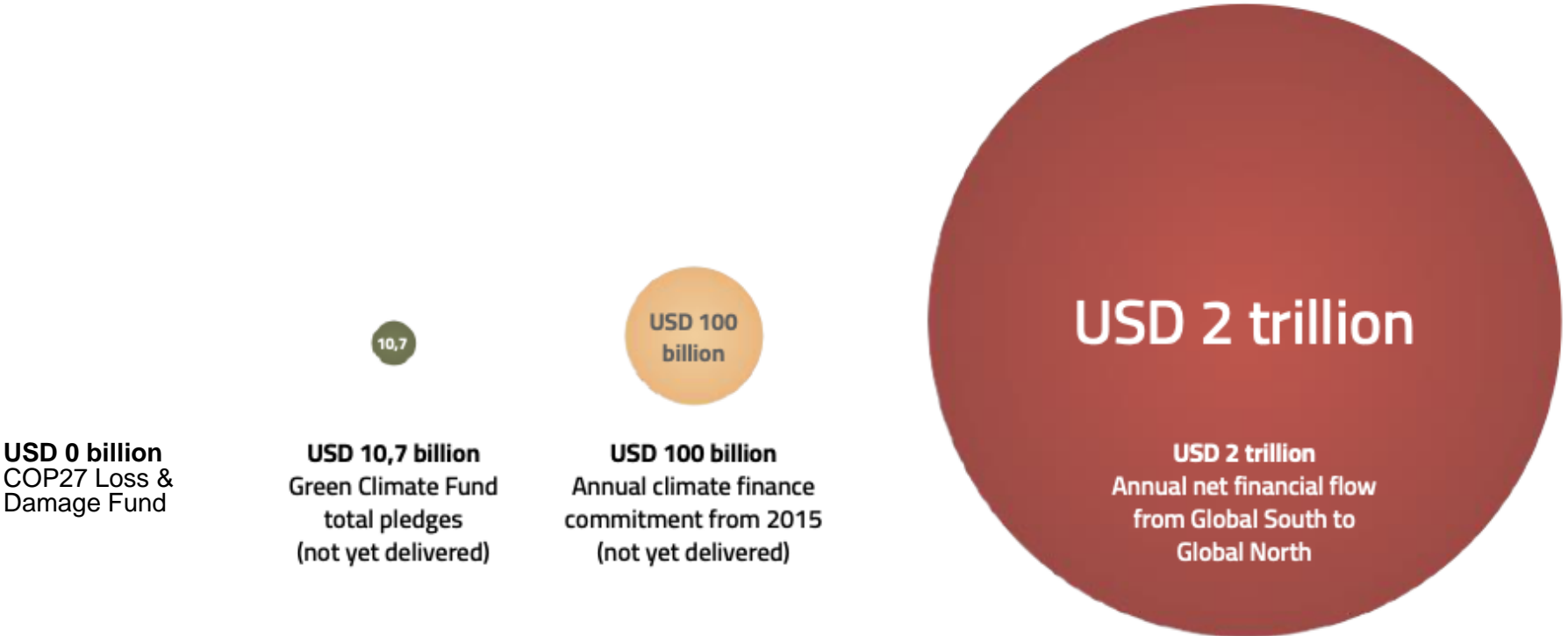
- **High external debt**
- **Major root causes:**
 - Energy deficits
 - Food deficits
 - Low value-added industrialization
- **Trade deficits**
 - → Currency depreciation
 - → Food & Fuel price inflation
 - → Social Unrest unless Food/Fuel subsidies are maintained (forces the country to continue to borrow from foreign lenders: bandaid solution)



Neocolonial Net Wealth Extraction



The result is net neocolonial wealth extraction of over \$2 trillion from the Global South to Global North every year



Source: Global Financial Integrity



Africa's Imports

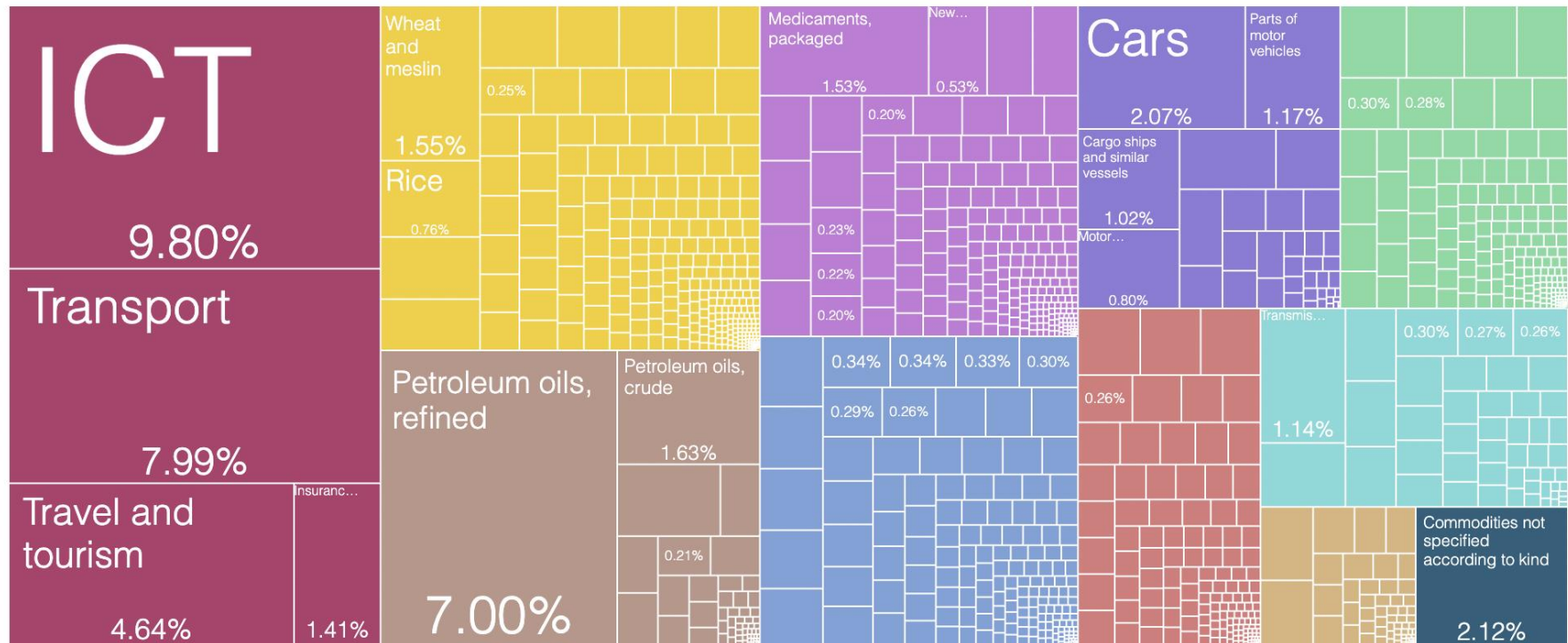
EXPORTER
All countries

IMPORTER
Africa

PRODUCT
All products

YEAR
2019

Shown: \$737B | Total: \$737B i

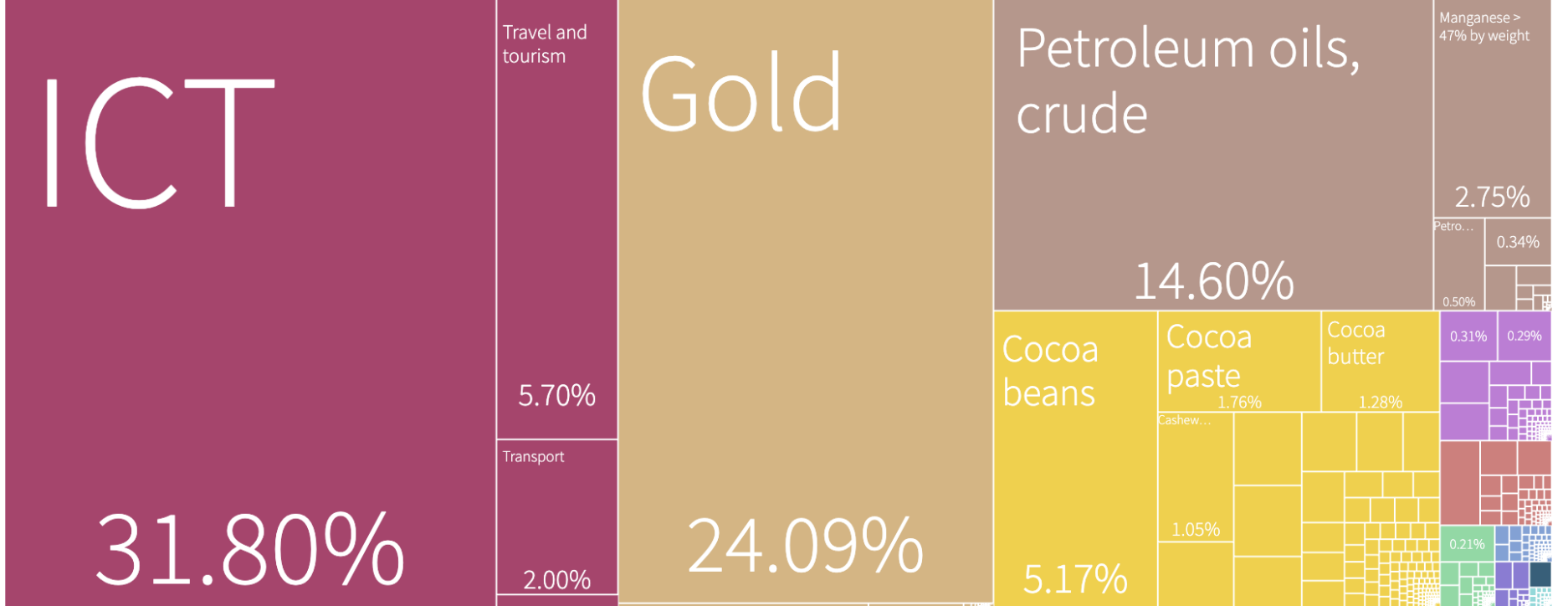




Ghana's Exports

What did Ghana export in 2019?

Shown: \$25.0B | Total: \$25.0B





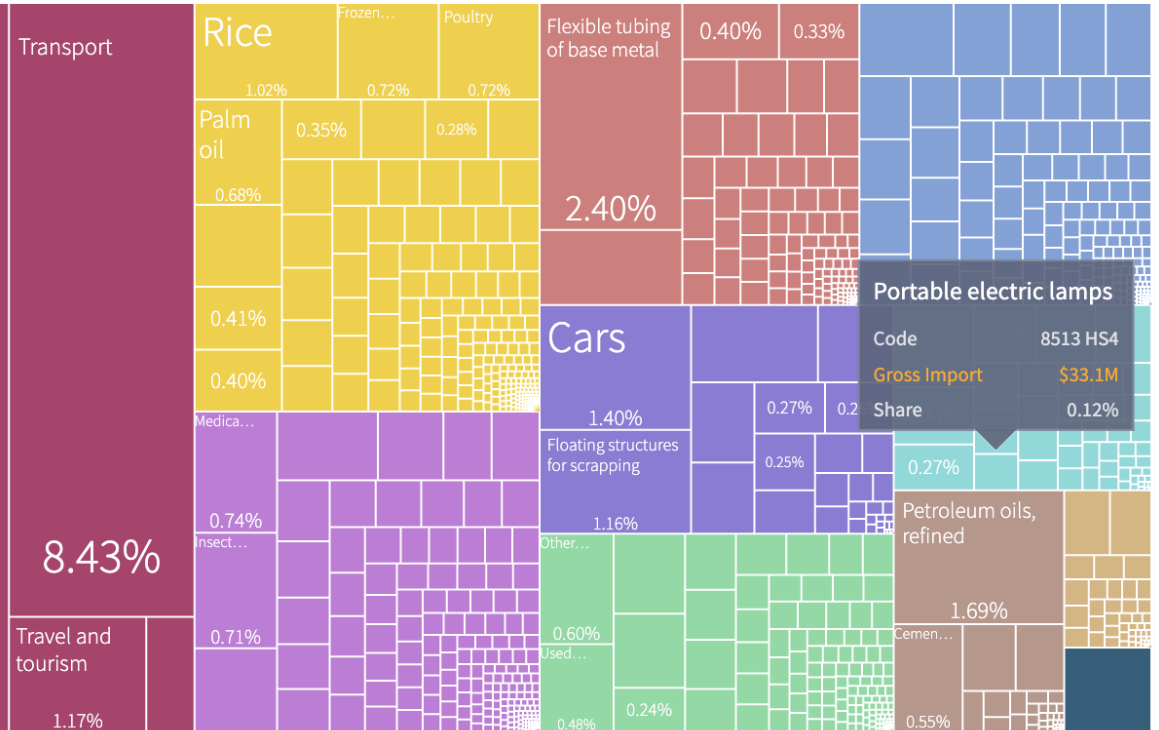
Ghana's Imports

What did Ghana import in 2019?

Shown: \$27.9B | Total: \$27.9B 

ICT

38.34%

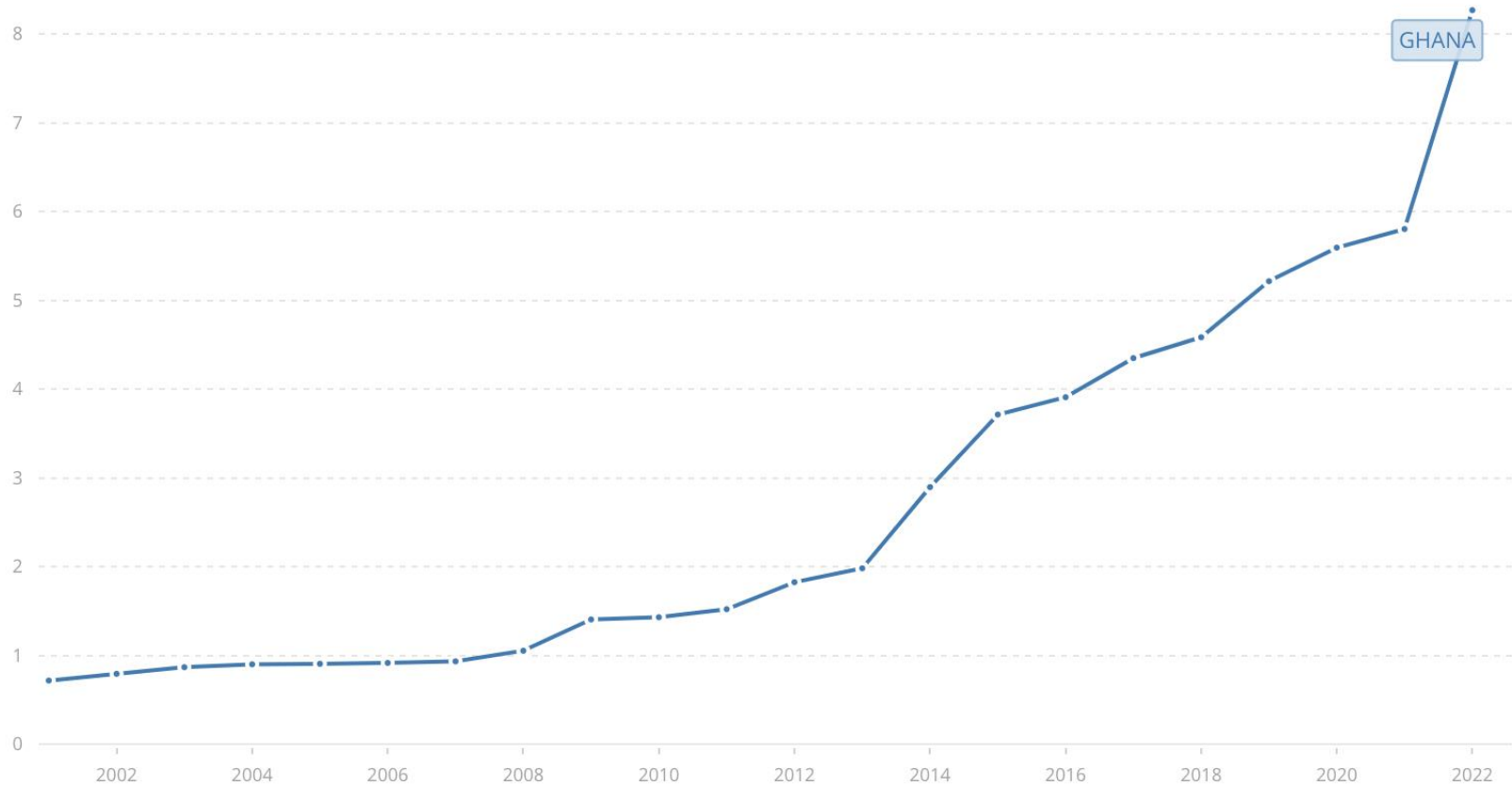


Portable electric lamps

Code	8513 HS4
Gross Import	\$33.1M
Share	0.12%

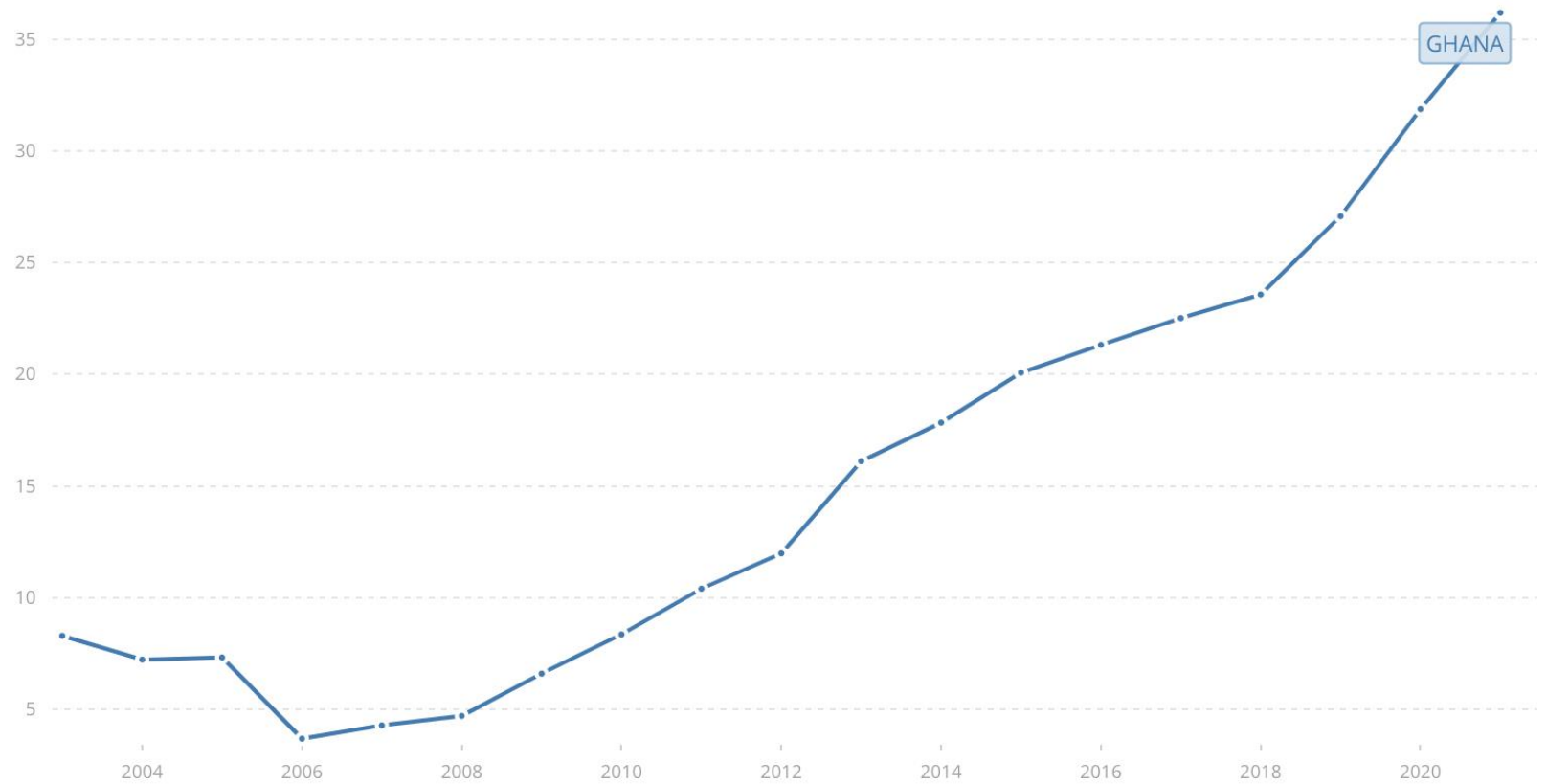


Ghana's exchange rate





Ghana's external debt



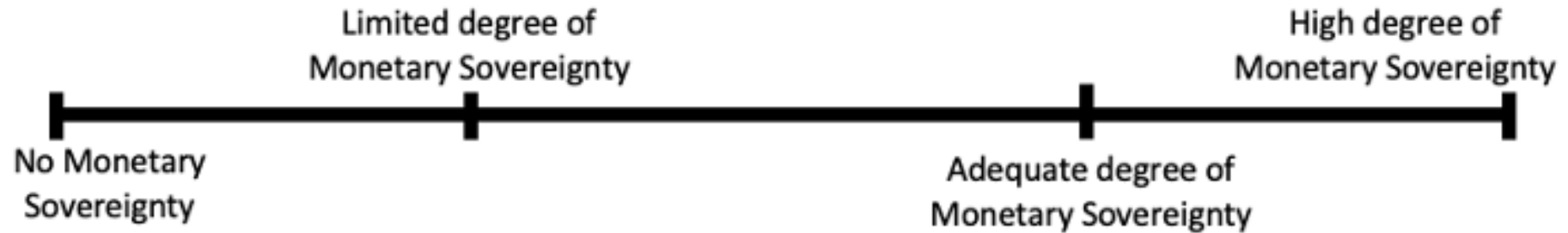


Structural Solutions:

- **Pan-African Cooperation for strategic investments in:**
 - Food Sovereignty and agroecology
 - Renewable Energy Sovereignty
 - High value-added industrial policies
- **Structural transformation of the Global Financial Architecture and International Trade & Investment System.**



The Spectrum of Monetary Sovereignty





Increase Government Spending on Strategic Priorities?

- **Scenario 1 (the mainstream approach):**

- If Tunisia spends 2 billion Dinars on Health/Edu
- More imports of food/energy/med
- Larger trade deficit
- Weaker exchange rate
- Passthrough inflation effect
- More external debt
- IMF/foreign lenders mandate sp
- Less investment in Health/Edu
- More unemployment, brain drain, social, ...



- **There Is No Alternative**



Increase Government Spending on Strategic Priorities?

- Scenario 2 (**The alternative approach**):
- If Tunisia spends 1 billion Dinars on Health/Edu
1 billion Dinars on increasing domestic productive capacity of food, renewable energy, energy efficiency
crackdown on corruption, abusive price setters,
importers of luxury goods via taxation/regulation:
 - Fewer imports of food and energy
 - Lower trade deficit
 - Stable (or stronger) exchange rate
 - No passthrough inflation effect
 - lower external debt, and higher credit ratings
 - Increase in foreign currency reserves
 - More resilience to external shocks (food/energy security)
 - Lower carbon footprint
 - More employment, less brain drain, improved quality of life



Thank you!
Questions & Comments

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