CHALLENGING SYTEMS OF ECONOMIC POWER THAT DENY HUMAN DIGNITY AND COMPROMISE SUSTAINABILITY: AN AFRICA PERSPECTIVE

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EXECUTIVE SUMMARY

Globalisation and Foreign Direct Investments (FDI) have been reshaping systems of economic governance and power in Africa. Despite FDI inflows, the continent continues to experience poverty, inequality, environmental degradation, underdevelopment and debt traps. Further, the high level of corruption by some African leaders, some of whom cited in the Panama and Pandora papers, remain a cause of concern. Resultantly, conflicts and violence have become a means for seeking economic justice. As such, examining the systems of economic governance becomes paramount. In 2021, a Global Convening of Civil Society Organisations (CSOs) in the Global South examined how FDI was impacting peace, development and conflict dynamics culminating in the need to generate evidence for constructive interventions in Africa.

Methodology

The study was based on a hypothesis that there is a relationship between the systems of economic governance or power, human dignity and sustainability. The study evaluated the existence of investment protocols and policies at the African Union (AU), Economic Community of West African States (ECOWAS), East African Community (EAC), Southern Africa Development Community (SADC) and a sample of 12 African countries (South Africa, Kenya, Nigeria, Rwanda, Uganda, Zimbabwe, Mauritius, Namibia, Togo, Ethiopia, Ghana and Tanzania) . The study applied an Economic, Environmental, Social and Governance (ESG) model to evaluate whether investment protocols and policies incorporate these issues for responsible investment practices.

Key Findings

The study established that the AU does not have an Investment Protocol, a situation that exposes the continent to exploitation by some foreign investors, mostly from beyond the continent. The 3 regional economic bodies assessed had some investment mechanisms focusing mostly on environmental protection and addressing colonial legacy issues. The investment policies of the regional economic blocs lacked critical ESG requirements compared to minimal standards guiding responsible investing and sustainable business practices. From the sample of 12 countries, only 17% (2 countries) had full investment policies while the rest relied on piecemeal as well as unconsolidated regulatory and legal frameworks. The adoption of global sustainability frameworks was lagging behind with Africa accounting for less than 3% of global signatories to the Principles on Responsible Investing (PRI) which require investments to integrate ESG issues. Paradoxically, most case studies assessed provided indications of negative impacts of some FDI in Africa.

Conclusion

The study concludes that Africa's investment practices were fragile hence subjecting the continent to exploitation by some foreign investments. The lack of a continent-wide framework across regional economic bodies and countries creates opportunities for unethical competition in attracting investors. For example, some African countries may be tempted to lower their standards to attract FDI which creates room for corruption as evidenced in many opaque investment deals. As such, it is vital that urgent action is taken to establish investment protocols and policies in Africa. The study provides evidence for CSOs to constructively engage systems of the economic power as a means to mitigate impacts of unsustainable and irresponsible investment on the continent.

Key Recommendations

- The African Union need to urgently develop and ratify an Investment Protocol which integrates economic, environmental, social and governance requirements, consistent with global frameworks such as the UN supported Principles on Responsible Investments (PRI) and the Global Reporting Initiatives (GRI) Standards on corporate sustainability.
- Regional economic bodies like ECOWAS, EAC and SADC should update their protocols, codes and treaties with global sustainability standards and responsible investing frameworks.
- African countries should develop investment policies that integrate ESG in investment and business value chains. Further, create space for investment agreements to be ratified in Parliament.
- CSOs in Africa should develop capacity on global responsible investing and sustainable business standards to constructively challenge systems of economic power in Africa and the emerging crop of 'Africapitalists' fronting foreign investors.

1. INTRODUCTION

1.1. Background

Globalisation has brought capitalism to the doorsteps of developing countries, in the process, reshaping systems of economic power in such countries. The rapid growth in international business, multinational corporations (MNCs) and transnational corporations (TNCs) has been reconfiguring economic systems in Africa. The quest for Foreign Direct Investment (FDI) has tested the vulnerability of economic systems of power in African countries. Some investments have ignited conflicts and violence, as a result, threatening peace and development in Africa. Further, corruption and illicit financial flows (IFF) have characterised many opaque investments associated with human rights violations and negative environmental impacts. According to the United Nations Conference on Trade and Development (UNCTAD) (2020), Africa lost between US$30 to US$52 billion in trade mis-invoicing contributing to USD88.6 billion in capital flight. Similarly, the International Monetary Fund (IMF) (2021) noted that Sub-Saharan Africa was losing between US$470 million and US$730 million per year through multinational entities (MNE) tax avoidance.

Globalization has led to the advancement of neo-liberal economic systems in the global south leading to growing inequalities among and within countries including debt traps and dodgy investment deals (AFSC, 2021; United Nations, 2021). A global convening (5-9 June 2021) by the American Friends Services Committee (AFSC) bringing civil society organisations (CSOs) concurred that the global south has not been benefiting from globalisation, hence the need to have alternative macro-economic policies that are people centred and pro-poor (AFSC, 2021; ANSA *et al*, 2012, Kanyenze *et al*, 2011). Further, the growing inequalities observed are obstructing peace by causing political instability through civil wars, coups, demonstrations, and terrorism among other radical moves in seeking economic justice (AFSC, 2021).

In trying to understand why Africa has been trapped in this position, it is evident that some clauses in bilateral trade agreements, coupled with deficiencies in economic systems, have been the source of threats to human dignity and sustainability that come with some foreign investment deals. Consequently, the human rights violations, environmental degradations, poverty, inequitable benefits and displacements associated with some investments in the global south have prompted the intervention of non-state actors on behalf of citizens.

1.2. Conceptual Approach to the Study

This study is based on a hypothesis that there is a relationship between the systems of economic governance (or power), upholding human rights and protecting environmental sustainability. For example, foreign investments and companies with a poor track record in human rights have targeted countries with conflicts, weak governance systems and corruption, hence impacting human values and compromising sustainability. In this regard, evaluating systems of economic governance becomes paramount.

The study assessed investment protocols and policies that accord economic opportunities, protect the environment, uphold social values and promote inclusive governance at continental, regional economic block and country level. According to the UNCTAD World Investment Report (2021), the number of investment policy measures doubled in 2020 from 2019, hence investment policies being centre of this study. The study provides CSOs with a holistic approach to challenge systems of economic power using international best practices and standards. Some of these sustainability standards are widely used for sustainable investments and business practices globally. To this end, evaluating the inclusion of such standards in investment protocols, policies and practices in Africa was fundamental.

Sustainability standards have become a contemporary human development evaluation system (UNCTAD, 2021; UNFSS, 2020; Bissinger *et al*, 2020). As such, this study opted to use ESG/sustainability-driven approaches to evaluate investment policies of African countries. The integration of ESG concerns in investment policies, business and economic value chains has been the anchor of developed and emerging economies (OECD, 2011), while such considerations remain at stake in Africa (UNFSS, 2016; UNFSS, 2020). As such, this presents CSOs with a holistic model for evaluating this gap to challenging systems of economic power in Africa.

2. BACKGROUND TO THE STUDY

2.1. The Context of Systems of Economic Power

Global economic systems are characterised by how nations determine which goods and services are produced and for whom they are produced (Tucker, 2008). In today's world, many economies have been transitioning to market systems defined as capitalism. In Africa, FDI continues to transition economies to market-based systems by increasing private ownership and utilisation of resources. However, a new wave of 'Africapitalism' is gradually reshaping the face of African economics (Amaeshi *et al*, 2018). 'Africapitalism' is the old capitalism inspiring entrepreneurs and business elites in Africa. Many of these 'Africapitalists' are emerging to be behind systems of economic power in African countries. Consequently, protocols, laws and policies provide a critical tool for maintaining sustainable economic progress and development in the face of the expanding of 'Africapitalism'.

2.2. Structure of Systems of Economic Power in Africa

The systems of economic power in Africa are structured into 3 main levels which includes Continental, Regional Economic Block and National level **(Table 1)**. Each of these levels have responsibilities over economic governance, policies, protocols and laws that protect social values while protecting the natural environment in economic value chains.

Table 1: Structure of Systems of Economic Power

Level	Structure
Continental	• African Union
Economic Region	• Economic Community of West African States (ECOWAS) • East African Community (EAC) • Economic Community of Central African States (ECCAS) • Southern African Development Community (SADC
National	• Parliament • Cabinet

2.2.1. Continental Level

2.2.1.1. The African Union (AU)

At the apex is the African Union (AU) which consist of 55 member states. The role of the body is to promote political cooperation, peace and security as well as economic integration (Vanheukelom, 2017) by determining common policies at the continental level. Its' Executive Council includes Ministers of Foreign Affairs from the 55 member states, a permanent representatives committee and permanent ambassadors. The executive council is mandated with coordinating and making decisions on policies adopted by the Assembly. Other bodies include the Pan-African Parliament, the court of justice and the Commission (secretariat); however, the Assembly and the Executive Council constitute the two most important bodies involved in formulating and implementing of continental policies. Of concern, has been difficulties faced by the AU in implementing more than 1,500 resolutions at regional and national levels since its inception in 2002 (Vanheukelom, 2017). The AU face serious funding problems hence relying on the donor community to fund over half of its annual budget (Vanheukelom, 2017).

2.2.2. Regional Economic Blocs

Out of 30 economic communities in Africa, the AU officially recognises only eight and amongst those eight include the regional communities in West, Central, East and Southern Africa (Vanheukelom, 2017). The regional economic communities form important bodies integral to how the AU's continental protocols, policies and objectives trickle down to regions and eventually to individual countries.

2.2.2.1. Economic Community of West African States (ECOWAS)

The ECOWAS is a regional economic bloc of 15 member states from West Africa. The main objective of ECOWAS is to promote cooperation and integration amongst its member states with the ultimate aim of raising the living standards of its population. The governance structure of the bloc consists of the Executive, the legislature and the Judiciary. At the helm of the organisation is the chairperson, who is a head of state, responsible for overseeing the affairs of the bloc for a period of one year. In the executive, there is the president of the ECOWAS Commission who is appointed for a non-renewable tenure of four years and is assisted by a vice president and 13 commissioners. The Speaker of Regional Parliament heads the legislative arm while the judicial arm is headed by the President who is responsible for the interpretation and application of the community laws, protocols and conventions[1].

2.2.2.2 Economic Community of Central African States (ECCAS)

The Economic Community of Central African States (ECCAS) is a regional bloc of 11 states from Central Africa established in 1983. The ECCAS seeks to promote peace, security and stability; physical, economic and monetary integration; human integration; and development of autonomous financing mechanisms. The overall policies and regulations of ECCAS are formulated and implemented at the Conference of Heads of States. However, economic development matters are conducted at the Council of Ministers which guides activities of secretariat, technical and specialised committees[2].

2.2.2.3 East African Community (EAC)

The East African Community (EAC) consists of 6 member countries from the Great Lakes Region of East Africa. The bloc pursues attainment of prosperity, competitiveness, security, stability and political unification. The Heads of States give the strategic direction towards the attainment of the objectives of the bloc. While the Council of Ministers ensure that the day to day operations of EAC are in line with political decisions made at the Summit. The East African Court of Justice, the judicial arm of the EAC, ensures compliance of member states to the EAC treaty. The EAC also has its own legislative arm, which provides oversight on the operations and ensure are in line with is objectives[3].

2.2.2.4 Southern African Development Community (SADC)

The Southern African Development Community (SADC) is a regional economic bloc consisting of 16 member states from Southern Africa. Its main objective is achievement of development, peace and development and equitable economic growth through regional integration. SADC has Protocols which legally bind member states to the objectives of the regional body. Protocols consist of procedures agreed upon by member states towards the attainment of a specific goal by the entire region. For a

[1] https://www.ecowas.int/about-ecowas/governance-structure/
[2] http://www.internationaldemocracywatch.org/index.php/economic-community-of-central-african-states-
[3] https://www.eac.int/eac-organs

protocol to come into effect, it has to be ratified by at least two-thirds of member states. However, just like the AU, SADC faces funding constraints and has to rely on external sources which are noted to have interfered with its ability to meet its objectives (Moyo and Manyeruke, 2015).

2.2.3 National Level

National economic systems of power are split into two (2) main levels which include the Parliament and Cabinet. The Parliament is responsible for policy making and upholding the Constitution while the cabinet is responsible for implementing policies and being accountable to Parliament.

2.2.3.1 The Parliament

The Parliament is mandated with representing the citizens of a country as guided by the country's constitution. It represents the people by making new laws, changing or repealing old ones. Parliament also provides oversight on the activities of the Executive or Cabinet by ratifying decisions taken by the Cabinet to ensure they are in the best interest of the people. The structure of Parliament sometimes consists of two houses, namely the National Assembly and the Senate. It is in the National Assembly where laws are made, annulled or changed and where debates over the actions of the Executive are conducted. The Senate scrutinizes or double-checks the laws passed by the National Assembly and ensure they are in the best interest of the country.

2.2.3.2 The Cabinet

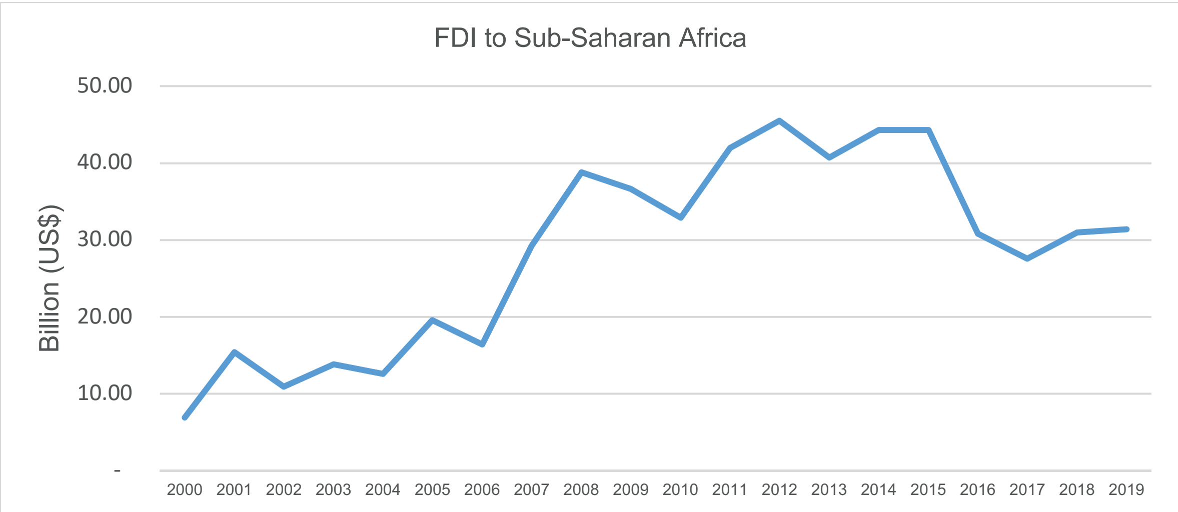
A cabinet was defined by Alessandro *et al*. (2013) as an institution that supports the country's president or prime minister in planning, coordinating, implementing, monitoring of performance and communicating government policies. The structure of a cabinet consists of the Executive, which is the president, his/her vice president and government ministers. Other supportive structures include strategy units, policy coordination units, performance monitoring units, press communication and legal counsel (Alessandro *et al*, 2013). The cabinet engages with external parties such as foreign governments, investors and other entities pursuing the best interests of citizens while being guided by the country's constitution and laws.

2.3. Foreign Direct Investment into Africa

2.3.1 Global FDI to Africa

Since 1970, FDI inflows into Africa have grown from US$1.26 billion to a peak of US$72 billion in 2008 (Mijiyawa, 2015; World Bank, 2021). The trend has seen Africa's FDI inflows to total global inflows hovering around a 4% mark in 2020 (UNCTAD, 2021). From 2015 to 2020, the largest source countries of FDI inflows (in billions of US dollars) to the continent included the Netherlands, United Kingdom, France and China (UNCTAD, 2021).

Graph 1: FDI to Sub-Saharan Africa (2000-2019)



Data Source: World Bank 2021

Since 2015, FDI inflows to Sub Saharan Africa declined. As of 2020, the order of recipients of FDI has been West Africa, Central Africa, East Africa and lastly Southern Africa (UNCTAD, 2021). At country level, the highest recipients of FDI in 2021 are Egypt (US$5.9 billion), Republic of the Congo (US$4 billion), South Africa (US$3.1 billion), Ethiopia (US$2.4 billion) and Nigeria (US$2.4 billion) (UNCTAD, 2021). This is a change from 2010 when the largest recipients of FDI were Egypt, South Africa Nigeria, Angola and Sudan (UNCTAD, 2010). The shift in FDI inflow recipient trends, at both country and regional levels, reflects the continuous dynamic formulation and implementation of investment, industrial and development policies by individual countries to better attract investments to their countries (UNCTAD, 2015).

FDI inflows to Africa have remained largely concentrated in the natural resource sectors. For example, UNCTAD (2021) observes that North Africa being the largest recipient of FDI on the continent attracted US$10 billion in inflows in 2020. Investment inflows to Egypt, Algeria and Sudan were mainly towards the exploitation of natural gas and oil. This trend also extends to countries such as Mozambique, Nigeria and the Republic of Congo where sizeable amounts of inflows were directed towards the natural resources sector.

The pandemic slashed FDI to Africa by 16% resulting in a decline in investment flows towards the Sustainable Development Goals (SDGs) (UNCTAD, 2021). This has seen sustainable investments in areas of energy, health, education, food and agriculture declining and thereby further posing the risk of the continent missing on its SDG targets by the year 2030 (UNCTAD, 2021).

Investment inflows into Africa are expected to recover to their pre-pandemic levels in 2022 (UNCTAD, 2021). The recovery in investment flows into Africa will depend on the outlook of investors and the general prospects of the global economic recovery (Suarav, *et al*., 2020). Growth will also depend on the ending of the pandemic through the distribution of vaccines on the continent and the cocktail of economic policies and reforms by African governments to reduce downward risk across all economic sectors as a way to attract sustainable investment (IMF, 2021; UNCTAD, 2021; OECD, 2016).

2.4. Global Frameworks for Sustainable and Responsible Investing

According to the United Nations Forum on Sustainability Standards (2021), there are 232 voluntary sustainability standards for guiding sustainable investment and business practices that guarantee sustainability. However, the study concentrates on frameworks that can be adopted or referenced in protocols, national policies and laws.

2.4.1. Principles for Responsible Investments (PRI)

The United Nations supported Principles of Responsible Investments (PRI) are a set of guidelines for institutional investors across the world to incorporate environmental, social and governance (ESG) issues in investment practices. The principles recommend the need to ensure, first, that the firms into which they are investing adhere to an ESG framework before receiving any investment funds from an institutional investor signatory to the PRI (Credit Suisse, 2021). PRI has 6 Principles presented below:

Figure 1: The PRI Principles

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
Principle 6: We will each report on our activities and progress towards implementing the Principles.

Source: PRI 2020 Annual Report

In 2021, the PRI identified the following priority ESG issues for consideration:

Table 2: PRI ESG Priority Indicators 2020

Environmental (E)	Social (S)	Governance (G)
• Sustainable Land use • Plastics • Water • Fracking • Methane • Biodiversity	• Human Rights • Covid-19 • Just Transition • Modern Slavery and Labour rights • Clothing and Apparel supply chain • Cobalt and extractive industry	• Tax avoidance • Executive pay • Corruption • Director nomination • Cyber Security

Source: PRI Annual Report 2020

A number of African institutional investors are signatories to the PRI and have incorporated the principles in their investment operations. Some institutions such as Old Mutual Limited (2019) went further to augment their PRI obligations with the United Nations Global Compact (UNGC) on sustainability leadership, the Sustainable Development Goals (SDGs) and the Global Reporting Initiatives (GRI) Standards on Sustainability Reporting in their investment practices and business conduct.

2.4.2 United Nations Global Compact (UNGC)

The United Nations Global Compact is an initiative that seeks to encourage firms from UN member states to voluntarily incorporate its ten core principles, the Paris Climate Change agreement and the advancement of the SDGs in their strategies and operations (UNGC, 2021). The UNGC has ten guiding principles related to human rights, labour, the environment and corruption. The advancement of the SDGs involves implementing or supporting at least any one of the 17 goals of the SDGs while, through the Paris Climate agreement, the initiative seeks to encourage firms to engage in carbon neutral activities (UNGC, 2021).

The UN Global Compact Strategy Framework attempts to achieve its objectives through two main channels which include ‘Accountable companies’ and ‘Enabling systems’. The former involves firms or entities adopting the Global Compact Principles and SDGs into their strategies and operations while the latter involves local, national and global factors that facilitate the adoption of the Global Compact Principles. Key under the enabling channel is a government that can facilitate the adoption of the Global Compact Principles by enacting complimentary statutes or laws that force the adoption of such initiatives by businesses. In South Africa, examples include the Code for Responsible Investing in South Africa (CRISA) and Regulation 28 of the Pension Funds Act, the Financial Sector Charter (FSC) and the King IV Code of Corporate Governance (Principle 17) (OML, 2019). Globally, there are frameworks such as OECD Corporate Governance Principles (2015) and the International Corporate Governance Network Global Governance Principles (2014) (OML, 2019).

2.4.3 Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (MNE)

The OECD guidelines are recommendations from governments to multinational enterprises operating in their jurisdiction (OECD, 2011). Governments involved in the creation of the guidelines do not only include the 42 OECD governments but governments from other regions including Africa, Asia, North Africa and the Middle East. The guidelines address issues of human rights, comprehensive approach to due diligence and responsible supply chain management, employment and industrial relations, combating bribery, bribe solicitation and extortion, environment, consumer interests, disclosure and taxation. The guidelines borrow from other existing frameworks that seek to improve global social conditions. For example, the human rights chapter borrows from, and closely adheres to, the UN Guiding Principles on Business and Human Rights: “Protect, Respect and Remedy” Framework. The chapter on employment also borrows its recommendations from the International Labour Organization (ILO) 1998 Declaration and ILO Convention 182 on Child Labour

(OECD, 2011). The main aim of the guidelines is to encourage multinational enterprises to make positive contributions, not only in economic terms, but also to environmental and social progress wherever they operate including in the global south.

2.4.4 United Nations Guiding Principles on Business and Human Rights

This framework seeks to promote adherence to human rights by state actors and all business enterprises regardless of the nature or type of business they are engaged in. The framework mandates states to '*respect, protect and fulfil human rights and fundamental freedoms*' (UNHR, 2011). The framework also requires that businesses comply with laws applicable to them and respect human rights (UNHR, 2011). Lastly, the Framework also recommends that, '*… rights and obligations … be matched to appropriate and effective remedies when breached*.' (UNHR, 2011).

2.5.5 The Global Reporting Initiative (GRI) Standards

The Global Reporting Initiative (GRI) helps business to take responsibility for their economic, environmental, social and governance impacts and opportunities by developing comparable metrics to measure impacts across the business. The GRI standards help organisations to report on both their positive and negative impacts on sustainable development (GRI, 2021). The standards are used by 73% of the world's 250 largest companies[4]. The GRI Standards are universal and apply to all organisations. They include governance and stakeholder engagement issues and are complimented by topic-specific GRI standards on economic, environmental and social aspects (GRI, 2021). The standards also provide sector-specific indicators and incorporate other instruments such as the UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, Climate Disclosure Standards and ISO Standards (GRI, 2021).

The GRI Standards have been the main source of metrics used by PRI, business and investments rating agencies. According to a KPMG Sustainability Survey 2020, the GRI Standards were the top globally used standards (KPMG, 2021). The GRI Standards can be used for business reporting on SDGs (UNGC and GRI, 2018). The

[4] https://assets.kpmg/content/dam/kpmg/xx/pdf/2020/11/the-time-has-come.pdf

standards are incorporated in many stock exchanges' listing requirements, including for countries such as Nairobi, Nigeria, Egypt and Zimbabwe (GRI, 2020).

Table 3: GRI Standards Indicators

Economic GRI 200	Environmental GRI 300	Social GRI 400	GOVERNANCE
• Economic Performance • Market Presence • Indirect Economic Impacts • Procurement Practices • Anti-corruption • Anti-competitive Behavior • Tax	• Materials • Energy • Water • Biodiversity • Emissions • Effluents and Waste • Environmental Compliance • Supplier Environmental Assessment	• Employment • Labour/Management Relations • Occupational Health and Safety • Training and Education • Diversity and Equal Opportunity • Non-discrimination • Freedom of Association and Collective Bargaining • Child Labour • Forced or Compulsory Labour • Security Practices • Rights of Indigenous Peoples • Human Rights Assessment • Local Communities • Supplier Social Assessment • Public Policy • Customer Health and Safety • Marketing and Labeling • Customer Privacy • Socioeconomic Compliance	• Organisational Structure • Director and responsibilities • Board Composition and profile • Risk Management • Sustainability Governance • Communication with stakeholders

Source: GRI Standards 2020

The GRI Standards challenge companies and investments to shift from philanthropy to resolving problems like poverty, sustainable development, climate change, environmental imperatives, gender equality and inclusiveness by creating a win-win situation. The standards are developed through a multi-stakeholder system that accord global representation by Africa, Europe, America, Asia and Oceania. In addition, CSOs have representation along with business, investors, mediating institutions, labour and government. As such, this makes the standards comprehensive.

In summary, global frameworks for sustainable business and responsible investment have been a cornerstone for risk management and business opportunities by global companies particularly MNCs. As such, it is vital that Africa upholds FDI accountable by the same principles.

2.5. Scope of the Study

Based on program work in Asia and Africa, AFSC initially planned to bring together civil society from around the world in 2020 to examine how foreign investment projects were impacting on peace and conflict dynamics, with a particular, though not exclusive, focus on the Chinese Belt and Road Initiative (BRI) projects (AFSC, 2021). Two months before the convening was to take place, the global implications of the COVID-19 outbreak in China began to become evident. COVID-19 quickly became the worst crisis in decades. The pandemic deepened pre-existing inequalities and expose vulnerabilities of social, political, and economic systems in Africa with significant repercussions for years to come (AFSC, 2021).

In light of these new changes, AFSC hosted a global convening on 'Challenging Systems of Economic Power that Deny Human Dignity and Compromise Sustainability' between the 8th -10th of June 2021 with 46 participants from Asia, Africa, Latin America and the Caribbean, UK, and USA (AFSC, 2021). Among the significant outcomes of the convening was the need to generate evidence on systems of economic governance and FDI impacts (AFSC, 2021). It is against this background that this study was designed with a particular focus on the African continent.

The study recognises challenges faced by non-state actors in Africa resulting in confrontations with Multinational Corporations (MNCs) and Transnational Corporations (TNCs). Despite FDI inflows to Africa, mobilising resources for sustainable development remains a constrain (ACBF, 2015). As such, it is questionable whether some of the investments into Africa are contributing to any meaningful development or the continent being taken advantage of.

In this regard, this study sought to understand whether the systems of economic governance are appropriate to uphold economic, environmental and social sustainability. This proposition is premised on the fact that some African countries have been showing signs of positive FDI impacts while others experience negative impacts. As such, the study tries to bring about an understanding on whether systems of economic governance on FDI have any impacts, if any, on the sustainable development of Africa.

2.5.1. Purpose of the Study

- To generate evidence on systems of economic governance and sustainable investment frameworks that accord human dignity and sustainability for progressive interventions by civil society organisations in Africa.

2.5.2. Study Objectives:

- Establish investment frameworks that accord sustainable practices.
- Evaluate systems of economic governance guiding foreign direct investment in Africa on whether they provide for sustainability values.
- Document case studies that provide evidence of FDI impacts (positive or negative) to validate systems of economic governance in Africa.
- Formulate recommendations to enable CSOs to constructively challenge the systems of economic governance.

The researchers believe that evidence generated through this study equips CSOs and other non-state actors with a strong foundation for challenging systems of economic governance. Not only does this study generate evidence, it also provides knowledge on leading frameworks behind economic value systems of developed and emerging economies. These frameworks have been behind the successes of emerging economic powerhouses such as Singapore, South Korea and Malaysia (Lin Mei, 2013). Consequently, this study acknowledges a question raised by Acemoglu and Robinson (2012) on whether poor countries really know which policies enriches their citizens. In this regard, the study centred on the investment policies as a pathway for addressing poverty in Africa. Indeed, finding the path out of poverty is possible (Christensen *et al*, 2019).

3. STUDY METHODOLOGY

The study was designed to understand the systems of economic governance or power as a dependent variable while human dignity and sustainability as independent variables. The theoretical framework asserts that there is a relationship between systems of economic governance/power, protection human values and sustainability. The approach was to evaluate **Systems of Economic Governance** by assessing investment policies at continental, regional economic blocs and national level (**Table 1**). **Human Dignity** was evaluated by documenting case studies that demonstrated positive and negative impacts of FDI in Africa while **Sustainability** was assessed by identifying frameworks that accord human dignity, protect the environment and uphold social cohesion based on an ESG Model (**Table 4**).

3.1. Research Design

The study was designed along a sustainability/ESG model behind some of the emerging and competitive economies like South Korea, Singapore and Malaysia (Lin Mei, 2013). The model is founded on the strong belief that integrating economic, environmental, social and Governance (ESG) practices in economic value chains and investments can drive peace and development in Africa.

The model provides a framework for analysing investment policies by evaluating whether they contain provisions for integrating ESG. The model construct was based on the PRI and GRI Standards are the most widely used frameworks for responsible investments and sustainable business practices respectively (KPMG, 2021). This was on the premise that the two constitute frameworks that are subscribed to the most by investors. As such, it would be easier for Africa to hold foreign investment accountable on the same standards. The model rest upon 4 pillars outlined below:

Table 4: Sustainable Economic Model

Pillar	Indicators
Economic Empowerment	• Indirect economic impacts (infrastructure support). • Local employment. • Engagement rights. • Inclusive supply chains.
Environmental protection	• Equitable management and sharing of natural resources like water and land. • Reducing environmental and biodiversity impacts • Compliance with environmental laws
Social Cohesion	• Good labour practices and human rights • Socio-economic compliance • Diversity and community rights
Governance	• Gender inclusion and community participation in decisions

3.2. Data Collection

The study relied mostly on secondary data collected using multiple methods. The bulk of quantitative data was collected from published reports and prior research. Qualitative data was collected through content analysis of policies, published reports, websites and interviews. At the continental level, the study targeted the African Union and 3 regional economic blocs (ECOWAS, EAC, and SADC). At national level, a sample of 12 countries was used (**Table 5**). Most of the data was collected from publicly available sources on websites and published reports. In some cases, interviews were conducted to confirm some of the data.

Table 5: Sample of 12 African Countries

Tier	Country	Justification
1 - Top Economies	South Africa, Kenya, Nigeria and Ethiopia	Big economies and top in attracting FDI in Africa.
2 - Emerging Economies	Rwanda, Mauritius, Tanzania, Ghana	Showing sustainable economic growth.
3 - Low Economies	Zimbabwe, Togo, Namibia, Uganda	Low performing economies.

3.3 Data Analysis

The analysis of data was based on establishing whether the African Union, ECOWAS, EC and SADC had investment protocols and whether they integrate ESG issues. The analysis of 12 countries sought to establish whether countries had investment policies. Global frameworks were assessed for their breadth of indicators and values that protect social values and sustainability concerns pertinent to the African continent.

3.4. Limitations

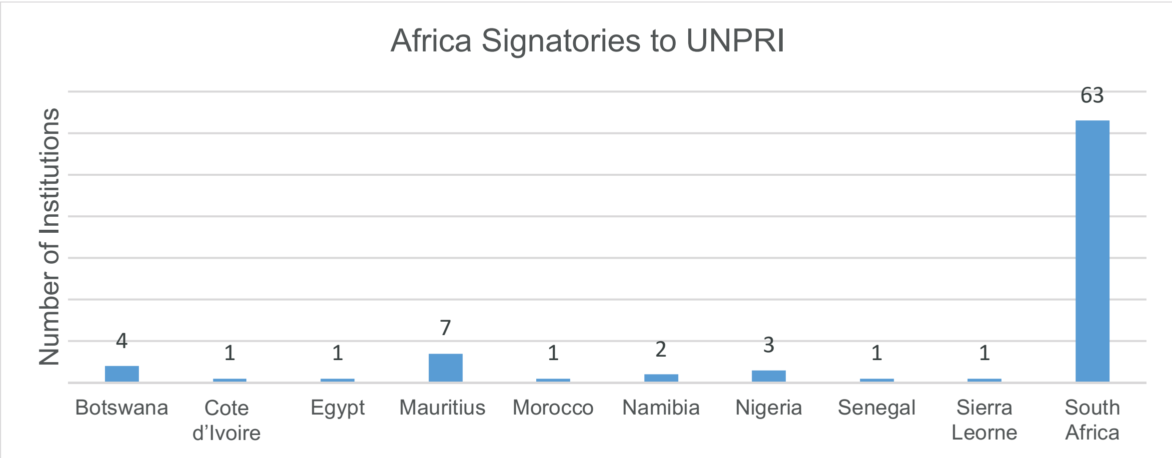
The COVID-19 pandemic disrupted in-person engagement, meetings and conferences. Therefore, intended physical visits could not be conducted. As such, interviews to confirm data or findings were mainly virtual. Lastly, the study focused more on Sub-Saharan Africa which remains trapped in poverty compared to North Africa. Further, violations and negative impacts on human development issues were being largely experienced in Sub-Saharan Africa. Out of the 4 regional economic bodies cited in **Table 1**, 3 bodies were used excluding ECCAS which appeared fragile as some of its member countries were also members to other regional economic blocs like EAC and SADC.

4. FINDINGS

4.1. Global Sustainable Investment Practices in Africa

The Principles on Responsible Investments (PRI) have been a catalyst in driving integration of ESG in investment practices among signatory members. As at 31 March 2021, 3,826 PRI signatories managed over US$121 Trillion in investment assets[5] (PRI, 2021). However, the number of signatories from Africa remains low.

Figure 2: African Signatories to PRI Principles



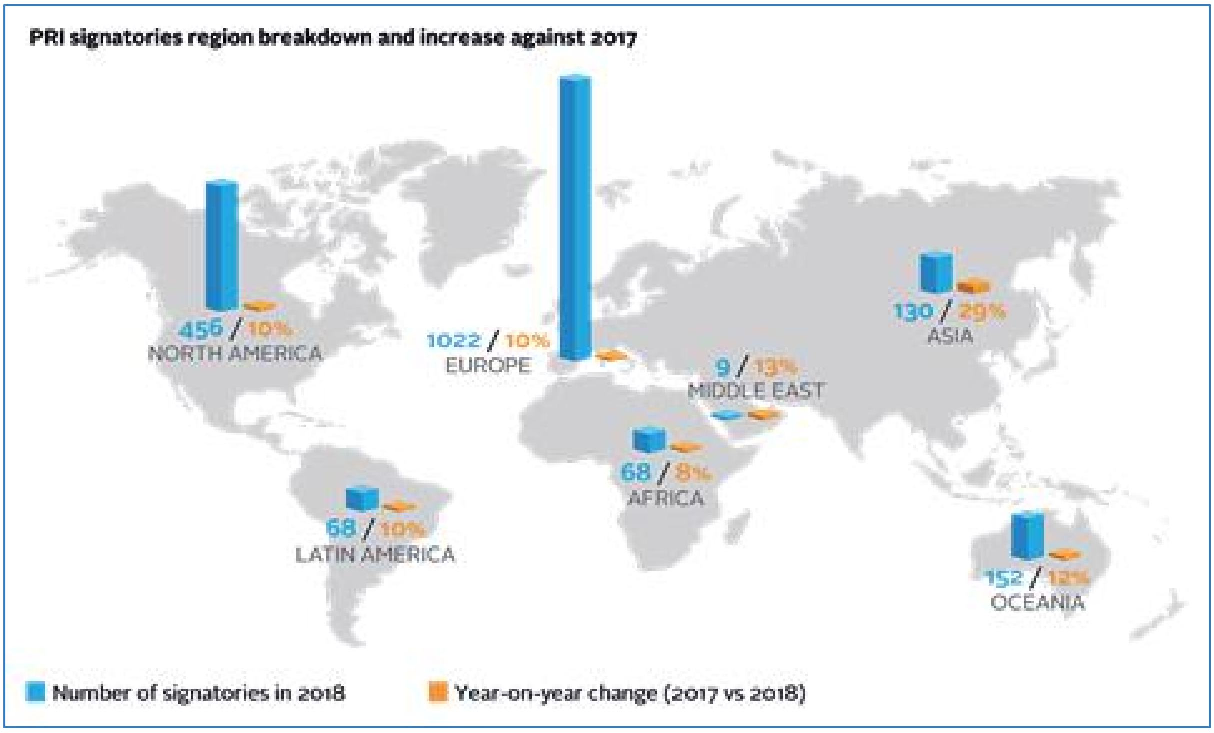
Source: Analysis of PRI 2019 Data

4.1.1. State of Africa in PRI

Analysis showed that only 18% of 55 African Unions countries had investment institutions signed up to the PRI. Globally, Africa accounted for less than 3% of the PRI signatories (PRI 2021), demonstrating a huge gap in responsible investment practices in Africa. This revelation accounts for the continued undermining of societal values by investors on the continent to an extent of threatening development in Africa. The practice of responsible investing requires signatories to prioritise ESG issues wherever they make or manage investments. Notably, some progressive governments in Africa, for example South Africa and Botswana, have been encouraging their institutional investors and pension funds to join the PRI.

[5] PRI Annual Report 2021.

Figure 3: Global Mapping of PRI Signatories



Source: PRI (2021)

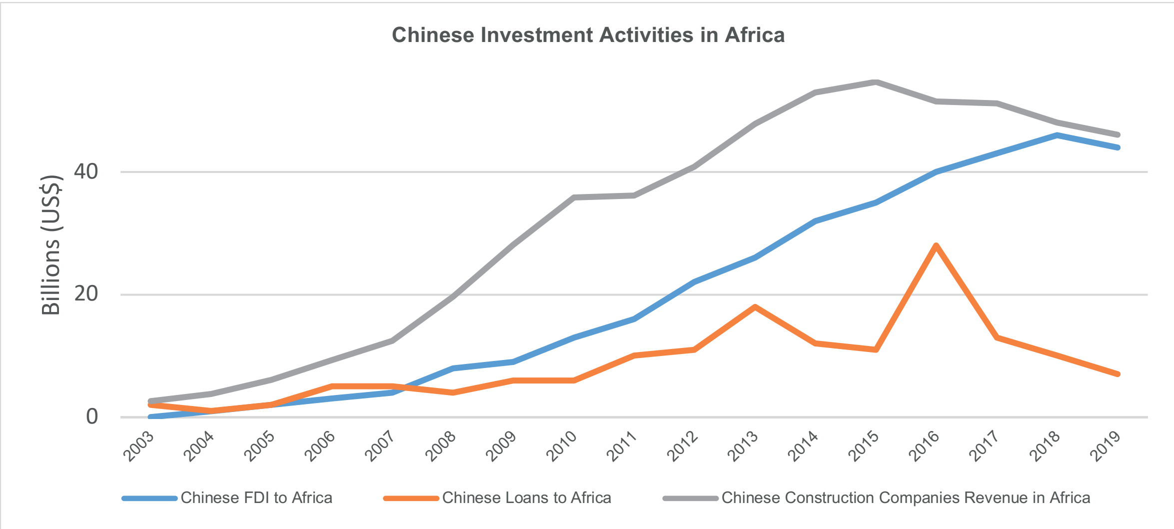
The above mapping of the PRI signatories shows a low uptake in Africa. Since there is a notable concentration of signatories in America and Europe, expectations are that they would apply the same principles when investing in Africa. However, Asian countries like China, with only 31 PRI signatories, have penetrated Africa through the Belt and Road Initiatives (BRI) as FDI. Consequently, there have been concerns on China's investment practices in Africa which has been associated with negative impacts (*See case studies 3, 5 and 7*). This could be attributed to the low subscription to the PRI principles. Additionally, the low uptake of PRI Principles in Africa itself exposes the continent to exploitation.

4.1.2. China's Investments in Africa

China's Investment in Africa is made up of FDI and loans (John Hopkins University's China-Africa Research Initiatives, 2020). In 2019, the top investments targeted construction (30.6%), mining (24.8%), manufacturing (12.8%) and financial intermediation (11.8%) according to the John Hopkins University's China-Africa

Research Initiatives (2020). However, Chinese loans to Africa have been declining since 2016 due to potential default risk by African countries. Further, FDI also started declining in 2018 consistent with the fall in Chinese construction projects revenue, giving indications of possible correlation.

Graph 2: Chinese Investments in Africa



Data Source: China-Africa Research Initiatives (2020) – John Hopkins University

An analysis of the above graph shows that FDI was returning to China through construction projects revenue, a typical example of exploitative FDI in Africa. Most of the construction projects are awarded to Chinese companies if China is providing the funding. It is evident that China is the major beneficiary of its FDI investments arrangements in Africa. Interestingly, it was echoed in South Africa that there was need for equitable benefits in the relationship between China and South Africa[6]

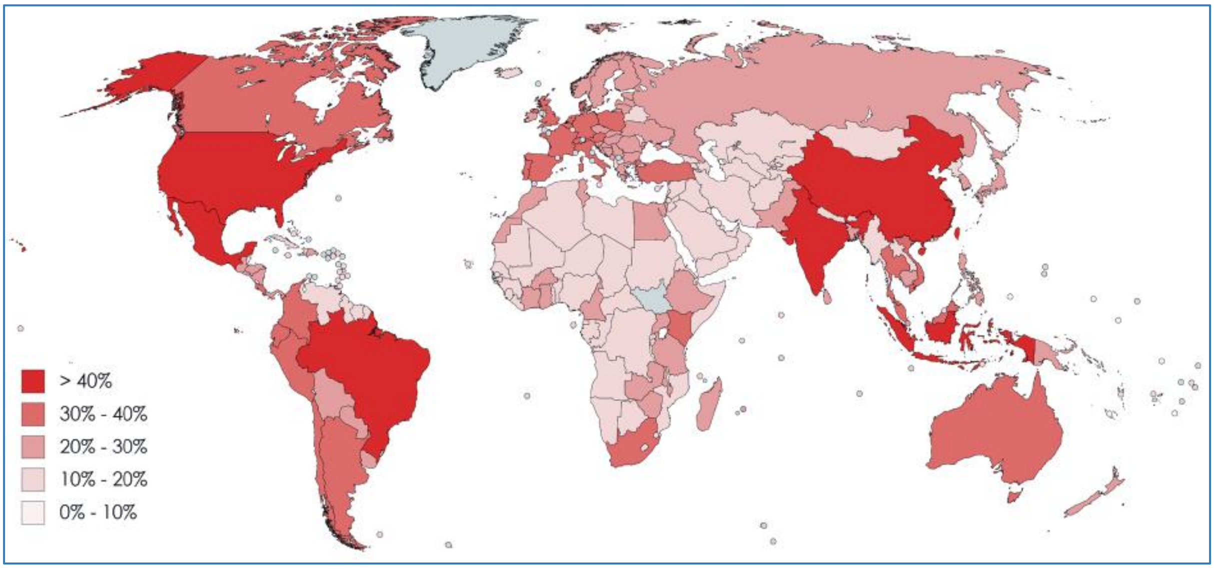
4.2. Adoption of Global Sustainability Frameworks in Africa

Sustainability standards and frameworks play a major role in promoting peace and sustainable development. The GRI Standards provide a broad range of indicators relating to human dignity and environmental issue useful to address concerns in Africa. In many cases, many countries have adopted sustainability frameworks on a voluntary basis for their benefit. The United Nations Forum on Sustainability Standards (UNFSS) (2013, p.3) defines VSS as "standards specifying requirements that producers,

[6] Mapisa-Nqakula (2021), 'National Assembly Speaker, 'Calls for More Equitable Benefits between China and South Africa's People in Bilateral Cooperation'.

traders, manufacturers, retailers or service providers may be asked to meet, relating to a wide range of sustainability metrics, including respect for basic human rights, worker health and safety, the environmental impacts of production, community relations, land use planning and others.”. The global map below shows the slow pace of Africa in adopting sustainability frameworks.

Figure 4: VSS adoption intensity map per country (as a percentage of all VSS)



Source: UNFSS, 2020

The above map shows that the African continent is lagging behind in adopting sustainability frameworks. This is substantiated by the KPMG 2020 Sustainability Survey which indicated that the rate of sustainability or ESG reporting in Africa and Middle East stands at 59% compared to the Americas (90%), Europe (77%) and Asia (84%) (KPMG, 2021).

According to GRI (2021), the pace at which sustainability or ESG reporting is being adopted in Africa, either mandatorily or voluntarily, remains slow. In Africa, the majority of sustainability practices have been adopted in South Africa and Egypt. Interestingly, these are the same African countries attracting the bulk of sustainable foreign direct investment that integrates ESG.

According to the KPMG Sustainability Survey 2020, the GRI Standards were leading, globally, in driving sustainable business practices and ESG disclosures (KPMG, 2021). An analysis of the standards shows their relevancy to the common problems faced by Africa. Therefore, if adopted at continental, regional and national level, there are possibilities of improving sustainable development, promoting peace, and reducing negative impacts of investment.

4.3. Investment Policies and Practices in Africa

Responsible investment is easier to enforce if it is integrated into investment protocols and policies which can be domesticated at regional and national levels. Thus, it is critical to assess what is prevailing at the continental level to explain the state of policy at the regional and national levels.

4. 3.1. Continental Investment Protocol

The African Union Commission does not have an Investment Protocol ratified by all its members. In 2016, a Pan-African Investment Policy was developed but could not be ratified by member states, therefore, implying that it cannot be implemented or considered binding. This position was confirmed during interviews conducted in this study.

4.3.2. Regional Economic Blocs

4.3.2.1. Economic Community of West African States (ECOWAS)

ECOWAS has a Common Investment Code (ECOWIC) produced in 2018 to promote, facilitate, and protect investment that fosters sustainable development, while promoting the adoption of common regional rules on investments and defining the modalities for their implementation. The Code calls on Member States to re-affirm their commitment to promote mutually supportive environmental-related investment policies and laws within its territory. Each ECOWAS member state is required to encourage investors operating within its national territory to adopt responsible business conduct, policies, internationally-recognised environmental standards and guidelines endorsed or supported by the member states.

4.3.2.2. East Africa Community (EAC)

The EAC has a Model Investment Treaty introduced in February 2016 to guide investment into the region. The EAC Model Investment Treaty serves as a template for investment negotiations of the EAC and individual EAC Partner States with third-party countries to strike a balance between rights and obligations of investors and states. Thus, the Model Investment Treaty was established to promote, facilitate, encourage, protect and increase investment opportunities that enhance sustainable development within the territories of the region and member states.

The EAC Model Investment Treaty requires investors to provide information to the host state on investments, together with the corporate history and practices of the investor(s). All investors must comply with the requirements of the laws of the host state and disclose true and complete information regarding their activities, structure, financial situation, performance, relationships with affiliates, ownership, governance, or other matters.

The treaty requires investors to make public all the contracts related to their investment, together with all payments made to government including all taxes, royalties and similar payments. EAC countries are not encouraged to relax or waive domestic environmental legislations, and are exhorted to ensure that they have laws and regulations on environmental protection that are adequately implemented. Investors are expected to protect the environment and ensure that where their activity causes damages to the environment, they shall restore it to the extent appropriate and feasible, using adequate new green technologies.

4.3.2.3. Southern Africa Development Community (SADC)

The SADC has a ‘Finance and Investment Protocol’ established in 2006. The Protocol seeks to harmonise financial and investment policies of members for consistency with objectives of SADC and ensure that any changes to financial and investment policies in one State Party do not necessitate undesirable adjustments in other State Parties (SADC, 2006). The Protocol covers taxation (Article 5), anti-money laundering (Article 15), environmental measures (Article 13) and corporate responsibility (Article 10) among other key areas (SADC, 2006). While SADC may have developed a strong protocol at that time, the provisions appear inadequate compared to prevailing international responsible investments and sustainability standards.

In summary, all the regional economic blocs have some form of investment protocols. However, the protocols concentrate on environmental protection while missing ESG issues contained in global sustainability frameworks like the GRI Standards and PRI. The protocols are inconsistent among the regional economic blocs, a situation which creates opportunities for unethical competition. There are temptations for some regions to lower standards to attract FDI. Moreover, the existing regional economic protocols do not strongly bind members to specific benchmarks and lacks legal enforceability. As such, the need for an African Union investment protocol that binds all member states cannot be overemphasised.

4.3.3. National Level

4.3.3.1. Tier 1 - Top Economies (South Africa, Kenya, Nigeria and Ethiopia)

4.3.3.1.1. South Africa

South Africa does not have a standalone investment policy. However, there are some legislations that have a bearing on investments, which help form the economic governance system. Certain sectors, including energy, mining, banking, insurance, and defence, require government approval for the participation of foreign investors. However, there are few restrictions on how or how much foreign entities can invest in South Africa (Santander, 2021), especially in sectors that are designed to address inequalities traced back to the apartheid era. In the mining sector, the Mining Charter requires the holders of mining rights to raise the level of black ownership to at least 30% from 26% within five years of holding the mining rights.

The Broad-Based Black Economic Empowerment Act of 2013 (B-BBEE), and associated codes of good practice, require certain levels of company ownership by blacks and for black South Africans to get bidding preferences on government tenders and contracts (US Department of State, 2020). Outside these frameworks, South Africa does not have consolidated and comprehensive measures to govern investments. Lastly, South Africa does not have a Portfolio Committee specific to Investments but has an International Relations and Cooperation Committee.

4.3.3.1.2. Kenya

Kenya has a specific investment policy, the Kenya Investment Policy (KIP), introduced in 2019, to facilitate and promote investment. The policy is guided by seven core principles which are openness and transparency, inclusivity, sustainable development, economic diversification, investor centeredness, domestic empowerment and global integration. In its section 5, the KIP outlines, in detail, measures to be followed to ensure responsible investment. The policy also addresses the need to meet the objectives of national development in a sustainable manner, through promoting sustainable development, respect of human rights and environmental protection.

All businesses and investors (domestic and foreign) operating in Kenya are required to maintain appropriate minimum standards of corporate behaviour, including complying with all local and international laws, regulations, administrative guidelines and policies with regards to tax administration, corruption and bribery, human rights, labour, environmental protection, and corporate social responsibility. In addition, the government's special policy objectives regarding domestic value addition, promotion of SMEs, and local input sourcing are to be respected. In terms of environmental protection, the KIP makes a commitment that the government shall not encourage investment by relaxing or waiving domestic environmental legislation, but investors shall comply with all applicable laws and regulations that protect the environment. Activity that causes damage to the environment will see the government mandating the concerned investors to restore it to the extent appropriate and feasible, and ensure fair compensation is paid to those impacted by the environmental damages.

The KIP also expects investors to exercise corporate social responsibility. Government undertakes to encourage companies to develop and integrate corporate social responsibility into their core business activities, including human capital formation and local capacity building in close cooperation with local communities, creating high-quality employment opportunities and facilitate relevant training and professional development for communities.

In addition to the KIP, there are other legislations and regulations that also have a bearing on investment in Kenya. Kenya's National Information and Communications Technology (ICT) policy guidelines, published in August 2020, increased the requirement for Kenyan ownership in foreign ICT companies from 20 to 30 percent, and broadened its applicability within the telecommunications, postal, courier, and broadcasting industries. Affected companies have 3 years to comply with the new requirement (US Department of State, 2020). The Mining Act (2016) restricts foreign participation in the mining sector. The Mining Act reserves mineral acquisition rights to Kenyan companies and requires 60 percent Kenyan ownership of mineral dealerships and artisanal mining companies (US Department of State, 2020).

The Private Security Regulations Act (2016) restricts foreign participation in the private security sector by requiring at least 25 percent Kenyan ownership of private security firms (Santander, 2021). The National Construction Authority Act (2011) and the 2014 National Construction Authority regulations impose restrictions on foreign contractors, defined as companies incorporated outside Kenya or with more than 50 percent ownership by non-Kenyan citizens. The Act requires foreign contractors to enter into subcontracts or joint ventures, assuring that at least 30 percent of the contract work is done by local firms and provide for locally unavailable skills to be transferred to a local person (US Department of State, 2020). The Kenya Insurance Act (2010) limits foreign capital investment in insurance companies to two-thirds, with no single person holding more than a 25 percent ownership share (Santander, 2021).

However, there have been concerns raised on KIP. For example, Chinese investors have been disregarding environmental and labour laws in Kenya (Newcomb, 2020). There have been countless Chinese companies discriminating against local workers and violating local laws and provisions. Lastly, Kenya has a Public Investment Committee in Parliament which on investments done by Government which have to be approved by Parliament.

4.3.3.1.3. Nigeria

Nigeria does not have a specific investment policy, although foreign investment could be regulated through some sector-specific legislations. In 1995 the Nigerian government dismantled controls and limits on FDI, allowing for 100 percent foreign ownership in all sectors, except the petroleum sector through the Nigerian Investment Promotion Commission (NIPC) Act of 1995 Ownership. Prior to the NIPC Act, investment in the sector was limited to a 60/40 percentage formula in favour of majority Nigerian control (Santander, 2021). Thus, there are no restrictions on foreign investment in the country, with frameworks to enforce sustainable behaviour on investors being limited. The Nigerian Constitution guarantees that a foreign investor enjoys fair and equitable treatment and he or she enjoys the same rights granted by the law to Nigerians under similar conditions (Santander, 2021). Nigeria relies on other policies (The Nigerian Investment Promotion Commission (NIPC) Act of 1995; Customs and Excise Management Act 1990; Cap 117 Laws of the Federation of Nigeria 2004; Section 23 Companies Income Tax Act 1990; Cap C21 Laws of the Federation of Nigeria 2004, subsequently referred to as CITA Act; Industrial Development (Income Tax Relief) Act 1990; Cap 17 Laws of the Federation of Nigeria 2004; The Companies and Allied Matters Act 1990 (CAMA); The Customs and Excise Management Act 1990; Central Bank of Nigeria Act No 7 of 2007) to manage investments. Lastly, Nigeria does not have specific committee on investments.

4.3.3.1.4. Ethiopia

Ethiopia does not have a standalone investment policy. However, both domestic and foreign investors have the right to acquire, own and dispose business enterprises (except for a few strategic sectors). All land is owned by the State, but can be leased for up to 99 years (Santander, 2021). Ethiopia's Investment Code forbids foreign investment in financial services, banking, insurance, broadcasting, retail trade, travel agency services, air transport services (up to 50 seats capacity), forwarding and shipping agencies, retail trade and brokerage and wholesale trade (Santander, 2021).

Despite not having a policy, the Investment Proclamation No.1180-2020 tried to have enforceable provisions on responsible foreign investment. The investment objective of the Federal Democratic Republic of Ethiopia as specified under the Proclamation, is to improve the living standard of the peoples of Ethiopia by realizing a rapid, inclusive and sustainable economic and social development. According to the Proclamation, all investors have a duty to observe all laws and social and environmental sustainability values. Specifically, all investors shall give due regard to social and environmental sustainability values including environmental protection standards and social inclusion objectives in carrying out their investment projects. Lastly, Ethiopia does not have clearly outlined committee on investments in its parliament.

4.3.3.2. Tier 2 - Emerging Economies (Rwanda, Mauritius, Tanzania and Ghana)

4.3.3.2.1. Rwanda

Rwanda does not have a specific investment policy. In Rwanda, local and foreign investors have the right to own and establish business enterprises in all forms of remunerative activities (Santander, 2021). Law No. 006/2021 of 05/02/2021 on Investment Promotion and Facilitation guarantees equal treatment between foreigners and nationals with regard to business operations, free transfer of funds, and compensation against expropriation. Furthermore, foreign investors can acquire properties in Rwanda, though there is a general limit on land ownership: while local investors can acquire land through leasehold agreements that can go up to a maximum of 99 years. Foreign investors are restricted to leases up to a maximum of 49 years (with the possibility of renewal). However, Law No. 006/2021 on Investment Promotion and Facilitation does not oblige investors to observe sustainable investment protocols and norms. Lastly, Rwanda has an Economy and Trade Committee which is also responsible for international investments agreements.

4.3.3.2.2. Mauritius

Mauritius does not have a specific investment policy. Generally, the Government of Mauritius does not discriminate between local and foreign investors when it comes to business activities except in sugar production, newspaper or magazine publishing, television broadcasting and certain operations in the tourism sector (US Department of State, 2020). The Independent Broadcasting Authority (IBA) Act limits control of foreign nationals in the broadcasting industry to 49.9%. In the tourism sector, there are conditions for foreign investors in activities such as tour operators, driving, pleasure craft and tourist accommodation. The conditions consist of number of rooms, maximum equity participation and minimum investment amounts, depending on business activity (US Department of State, 2020).

In the absence of a dedicated policy, the following constitute some of the legislations that have a bearing on investment: the Investment protection Act 2000; the Finance Act 1994; the Freeport Act 2004 and the Planning and Development Act 2004. The Investment Office of the Economic Development Board (EDB) reviews business proposals for economic benefit, environmental impact, and national security concerns. EDB then advises the potential investor on specific permits or licenses required, depending on the nature of the business (Santander, 2021). However, there is no framework that legislates responsible investment behaviour in Mauritius. Lastly, Mauritius does not have a committee in parliament specific to international investments.

4.3.3.2.3. Tanzania

Tanzania enacted the National Investment Policy in 1996, making it one of the oldest investment policies in Africa. In 2020, it was reported that the policy was under review as a strategy to improve foreign direct investment[7]. According to the National Investment Policy, the Government of Tanzania expects investors to participate in the country's development and in supporting government efforts to alleviate poverty. All investors are expected to obey Tanzania's laws. Accordingly, investors have the obligation to undertake investment activities in a manner that best contributes to consumer and environmental protection, creation of gender balance, industry harmony and development of human resources.

In line with the investment policy, the Tanzania Investment Act was enacted in 1997, which provides for payment of fair, adequate, and prompt compensation to foreign investors in the event of compulsory acquisition by the state. The law also guarantees access to courts or arbitration for the determination of adequate compensation and prompt repatriation of benefits in convertible currency where applicable. According to the US Department of State Investment Climate Report of 2020, there are several legislations which limit ownership for foreign investors in Tanzania. Lastly, Tanzania

[7] Tanzania: Govt Reviews Investment Policy, AllAfrica news article at website https://allafrica.com/stories/202009220525.html

has a Public Investment Committee in parliament which works with the Foreign Affairs and Trade committees.

4.3.3.2.4. Ghana

Ghana does not have a specific investment policy. Ghana's investment code excludes foreign investors from participating in eight economic sectors. The 2013 Ghana Investment Promotion Centre (GIPC) Act requires the GIPC to register, monitor, and keep records of all business enterprises in Ghana. According to the Act, labour relations between an enterprise owned by an investor and the employees of the enterprise may be regulated by agreements made between the enterprise and the employees, but the agreements shall not establish standards lower than the mandatory requirements under the laws of Ghana. This means that, generally, Ghana does not have the framework to enforce responsible investment in the country. Lastly, Ghana does have not a committee in parliament specific to investments.

4.3.3.3. Tier 3: Low Economies (Zimbabwe, Togo, Namibia and Uganda)

4.3.3.3.1. Zimbabwe

Zimbabwe does not have a standalone investment policy, although there have been attempts to produce one over some previous years. For example, Zimbabwe produced a Draft National Investment Policy Statement in 2017, which, unfortunately, could not be adopted. Zimbabwe's Indigenization and Economic Empowerment law, which had since been repealed except for diamond and platinum mining, limited the shares owned by foreigners in the diamonds and platinum sectors to 49 percent with specific indigenous organisations owning the remaining 51 percent. However, the Parliament of Zimbabwe does not have an investment committee or international trade which can be used to ratify investment agreements.

The Zimbabwe Investment and Development Agency (ZIDA) Act [Chapter 14:37] is the legislative framework governing investment in Zimbabwe. With respect to responsible investment, the ZIDA Act identifies the obligations of investors to include: the preservation of the environment as guided by the Environmental Management Act (20:27); making sure that the products produced, works conducted and services provided comply with national and international standards; and respecting the national heritage, customs and traditions of Zimbabwe. There are no other binding legislations in Zimbabwe designed to enforce responsible investment.

4.3.3.3.2. Togo

Togo does not have a specific investment policy. In general, the country does not have any practices or laws that discriminate against foreign investors. In fact, the new Investment Code of June 2019 prescribes equal treatment for Togolese and foreign investors to establish and own business; free management and circulation of capital for foreign investors; respect of private property and protection of private investment against expropriation (US Department of State, 2020). Lastly, Togo does not have a clearly prescribed investment committee in parliament.

4.3.3.3.3. Namibia

Namibia does not have a specific investment policy, but the Foreign Investment Act of 1990 (FIA) calls for equal treatment of Namibian firms and foreign investors. The Namibia Investment Promotion Act (NIPA) 2016 governs investment in Namibia. Among other objectives, the Act seeks to provide for the promotion of sustainable economic development and growth through the mobilisation and attraction of foreign and domestic investment to enhance economic development.

According to the Namibia Investment Promotion Act (NIPA) 2016, the Minister may approve the investment proposal after having considered and satisfied himself or herself that a substantial number of requirements, as each case may require, are fulfilled or likely to be fulfilled in a specified period. The rights and obligations for investors is to carry out their activities at all times in full compliance with all the applicable laws of Namibia. Lastly, Namibia does not have a committee in parliament specific to investments.

4.3.3.3.4. Uganda

Uganda does not have a specific investment policy. Ugandan laws, however, allow for 100% foreign-owned businesses, and foreign businesses are allowed to partner with Ugandans without restrictions. The Investment Code Act of 2019 prevents foreigners from directly investing in crop or animal production, although foreigners can either lease land or create a Ugandan-based firm to invest in these sectors (Santander, 2021).

Except for land, foreigners have the right to own property, establish businesses, and make investments. Ugandan law permits foreign investors to acquire domestic enterprises and to establish green field investments (US Department of State, 2020). The Petroleum Exploration and Development Act and the Petroleum Refining, Conversion, Transmission, and Midstream Storage Act requires companies in the oil sector to prioritize using local goods and labour when possible and give the Minister of Energy and Mineral Development (MEMD) the authority to determine the extent of local content requirements in the sector (US Department of State, 2020).

All investors must obtain an investment license from the Uganda Investment Authority (UIA). The UIA evaluates investment proposals based on several criteria, including potential for generation of new earnings; savings of foreign exchange; the utilisation of local materials, supplies, and services; the creation of employment opportunities in Uganda; the introduction of advanced technology or upgrading of indigenous technology; and the contribution to, locally or regionally, balanced socioeconomic development (US Department of State, 2020). The obligations of investors, as specified in the Investment Code Act of 2019, include observing and adhering to all laws of Uganda. Lastly, Uganda does not have a committee specific to investments.

4.4. Analysis of State of Investment Policies in 12 Africa countries

In **Tier 1**, only Kenya has a fully established Investment Policy while South Africa, Nigeria and Ethiopia rely on other legislations. However, violations of investment policies in Kenya could be associated with weak investment management institutions prone to corruption. In **Tier 2**, Tanzania is the only country with a full investment policy while Rwanda, Mauritius and Ghana rely on various legislations. **Tier 3**, does not have any country with a full standalone Investment policy. All the countries rely on multiple legislations which appear targeted at addressing colonial legacy issues.

In summary, only 17% of the sample of 12 countries had standalone Investment Policies and these are Kenya and Tanzania. The rest of the countries do not have investment policies but rely on other legislations. Further, only 25% of the 12 countries have committees relating to investment which could provide scope for ratification of investment agreements. This outcome could be attributed to the fact that the African Union does not have an Investment Protocol which could have been cascaded to the national level. The African Union is expected to provide a template for member countries on investment policies that advance economic opportunity for locals and protect the environment as well as social values but has been failing. As such, this exposes many African countries to exploitation through FDI.

4.5. Case studies: Impacts of Foreign Investments in Africa

A sample of 8 case studies were documented from Zimbabwe, Rwanda, Zambia, Uganda, Sudan and South Sudan, Madagascar, DRC and Nigeria. The case studies were analysed on whether FDI resulted in positive or negative economic, environmental and social impacts as presented below:

Table 6: Case studies FDI Impacts Analysis

Country	Economic	Environmental	Social
Zimbabwe	*	-	-
Rwanda	*	-	*
Zambia		*	*
Uganda	*	*	*
Sudan and South Sudan	-	*	-
Nigeria	*	-	*
Madagascar	-	*	*
DRC	*	-	-

* Positive impacts
* Negative Impacts

From the table able above, 5 positive impacts could be identified against 9 negative impacts of FDI in the identified countries from data contained in the case studies. Majority of the negative impacts were mainly environmental and social issues.

4.5.1. Zimbabwe

Case 1: Economic Benefits from FDI: The Case of Gwanda Community Share Ownership Trust, Zimbabwe

Under the Indigenisation and Empowerment Act [Chapter 14:33] of Zimbabwe, 51% of all commercial enterprises in Zimbabwe were to be owned by indigenous Zimbabweans. This 51% included at least 10% which was to be ceded to Community Share Ownership Trusts. Community Share Ownership Trusts were initiatives formed by government to spearhead development and empower rural communities.

The Gwanda Community Share Ownership Trust (GCSOT), was established in 2012 to spearhead development in Gwanda. In 2012, there were five (5) entities (four gold mining companies and one cement manufacturer) that were operating in the area and qualified to give the 10% equity to the GCSOT. These were:

- Blanket Gold Mine, a subsidiary of Caledonia Mining Corporation, a Canadian company listed on the New York Stock Exchange;
- Pretoria Portland Cement (PPC), a wholly owned subsidiary of PPC-South Africa;
- Farvic Mine, part of Farvic Consolidated Mines (Pvt) Ltd which is linked to Australian registered company Prospect Resources;
- Jessie Gold Mine owned by F.A. Stewart (Private) Ltd; and
- Vubachikwe Mine which is part of the Duration Gold Group 7, a wholly owned private company formed by London based Clarity Capital.

As part of the compliance programme. The GCSOT received the following benefits from investments in the area:

- Blanket Mine donated US$1 million and US$4 million advance dividend loan. In addition, 10% equity was donated and a member of the CSOT sat on the mine board.
- PPC paid off 5% equity through a vendor finance arrangement. PPC paid US$1.4million to the GCSOT;
- Jessi Mine pledged US$500,000 and paid US$250,000
- Farvic Mine pledged US$180,000 and paid out US$30,000

Using these resources, the GCSOT implemented a number of projects in the areas of health, education, housing and livelihoods that benefited the communities. By 2016, GCSOT had spent about US$2.5 million on income and developmental projects within the district that benefitted about 27 groups. In 2019, it is estimated that the GCSOT still had about US$351,000 in their bank account.

Source: Extracted from SIVIO Institute (2020)

4.5.2. Rwanda

Case 2: Economic and social costs of FDI: The case of Kabuye Sugar Works in Rwanda

In 1997, Kabuye Sugar Works (KSW), which was the only sugar processor in the country, became the first company to be privatised in the post-conflict Rwanda. The Madhivani Group, a consortium which originated in India but had been involved in business in Uganda for over 50 years was the successful bidder, buying the sugar processor for USD 1.5 million. The Madhivani business group was granted a lease for 50 years on approximately 3,150 ha (of the 24,698 ha of Nyabarongo swampland).

The land leased to the Madhivani was originally used by local communities for crop cultivation, which was the source of their livelihood, food security and as a means to supplement their proceeds from the other pieces of land. Thus, the granting of land to the Madhivani group for sugarcane farming had both positive and negative effects on the community. The benefits were mainly in the form of employment creation, given that since beginning operations in 1997, the company directly employed 5000 to 6000 people as manual labour to work in the sugar cane factory. In addition, the company also afforded private sugarcane farmers a market by processing sugar cane for 1200 – 1500 private farmers spread over the territory of 2200 hectares.

However, the FDI in the agriculture sector also had a number of negative impacts. Firstly, the investment resulted in loss of *farming rights, as the* 3000 hectares of land which was leased to KSW was not from ‘unused’ land, but rather it was taken away by the government from local communities who were using that land to cultivate a variety of crops. Secondly, the FDI resulted in a threat to food security as the loss of farming areas became a threat to local farmers’ food security needs. Most farmers who were growing food crops for their subsistence requirements on the land which was leased to KSW were finding it difficult to produce the same amount of food they used to produce on their former fields. In addition, the local farmers lost their means of livelihood since some of these farmers were growing cash crops for sale so as to get income to buy other necessities.

In addition, there was no compensation for the loss of farming rights. In normal circumstances, it is expected that when land owners in a particular area are vacated, they are liable to compensation. However, this was not done for the KSW case. Local farmers were actually never compensated, whether in kind or in monetary terms. In addition, those who did not willingly hand over their land were confronted with strong intimidation by the police, with claims that some people were being put in prison. Although employment creation can be regarded as a positive development, it was also reported that the wage rate that they got was relatively low. In 2007, factory labourers were paid 400 Rwf per day, which was even lower than the 500 Rwf per day which one could get when working on other people’s plots as a wage labourer.

Thus, despite some few positive benefits, there were a lot of social community costs due to this investment.

Sources: *Extracts from Makochekanwa (2011) and Ansoms (2009)*

4.5.3. Zambia

Case 3: Social costs of FDI: The case of Chinese investment in Copper Mining in Zambia

In 1998, as the Zambian government was selling the copper mining assets during privatization, China Non-Ferrous Metals Mining Corporation (CNMC) purchased the Chambishi Copper Mine in an open bid. This marked the entry of CNMC into the Zambian market. Non-Ferrous China Africa (NFCA) began production for CNMC in 2003—13 years after the Chambishi mine was last in active production. In 2006, CNMC opened Sino Metal Leach Zambia (known as Sino Metals) near the NFCA underground mine to provide lower-level processing into exportable copper. CNMC began construction on the Chambishi Copper Smelter (CCS) soon thereafter, and the plant opened in early 2009. In January of that year, the investor at Luanshya Copper Mine closed its operations and announced the mine was for sale; CNMC purchased it several months later. The mine reopened in December 2009, after hundreds of millions of dollars in investment, trading as China Luanshya Mine (CLM).

Thus, there are four copper mining companies owned by the Chinese parastatal, CNMC, in Zambia. While the entry resulted in an increase in employment, there are a number of concerns with the investment. First, there are a number of cases of labour problems and low wages in the Chinese Mines. Almost immediately, after production began at NFCA in 2003, the Chinese companies faced complaints about labor abuses, particularly low pay, poor safety conditions, and union busting. The Chinese companies were the biggest violators of workers' rights among Zambian copper industry employers.

In April 2005, to reflect poor working conditions and less attention of health and safety issues, 46 Zambian workers were killed in an explosion at a CNMC-owned factory manufacturing cheap mining explosives near NFCA. Miners from the Chinese-owned operations describe safety regulations that are routinely flouted. While the companies employ Zambian safety officers officially tasked with monitoring compliance with national safety procedures, they are given almost no authority; final decisions on whether to work in potentially dangerous areas rests with the manager, generally the Chinese manager, alone.

On July 25, 2006, workers rioted in protest of the failure to improve their salaries and working conditions. Beginning during the night shift, workers destroyed equipment and attacked a Chinese manager. The next day, some miners moved the protest toward the Chinese managers' living quarters; shots were fired, with five miners reportedly wounded. Many of the workers who participated in the strike or riots were fired. A similar event occurred on October 15, 2010, in the town of Sinazongwe, when two Chinese managers at Collum Coal Mine shot 11 workers protesting poor conditions.

Working under conditions considered unsafe results in health problems and accidents, most of which are deliberately underreported. Although the government's Mines Safety Department is tasked with enforcing the country's mining regulations, understaffing and less deterrent fines make the interventions less effective.

Source: *Extracted from Human Rights Watch (2011)*

4.5.4. Uganda

Case 4: Economic and social costs of FDI: Neumann Kaffee Group in Mubende (Uganda)

In 2001, the Government of Uganda leased land to a German coffee company, Neumann Kaffee Group. This saw about 401 families (approximately 2041 individuals) being forcibly evicted in August 2001, without adequate consultations during the land allocation process. During the eviction process, the army demolished houses, destroyed property, and confiscated staple crops such as cassava and potatoes. Only about 2% of the evictees were compensated, even though the compensation was not adequate.

The only positive impact of the investment is with respect to employment in the Mubende communities. Some farmers/peasants were employed as casual labourers/day labourers by the coffee plantation, receiving about 2000USH (about 1USD) per day for a fixed amount of work, which was payable on completion. Failure to complete in time would see the labourers receive 1USD for two days work. In addition, the payment could take time, with workers waiting for weeks before being paid. Given that the families were able to work independently, prior to the eviction, on their land, some workers earned significantly more than the wages they were now receiving. Thus, there was reduction in income for some of the affected people.

However, there were a number of negative consequences from the investment.
First, there was loss of means of livelihood from the loss of land, as the affected families remained with small plots of land for farming, that were no longer sufficient to provide their families with food for the whole year. The use of the army in the eviction also saw destruction of property, as the army demolished houses and destroyed property.

Access to water was also affected by the evictions. Before the displacement, nearly two thirds of the people could get their water from boreholes. However, after the evictions, only a fifth had access to the boreholes while half of them had to rely on unprotected wells. The evictions also affected access to health care facilities, as the evicted families used to rely on relatively well-stocked private pharmacies which were nearby. However, the eviction saw them having to travel about 15km to access health services from a public dispensary. As a result, the hygiene situation and death rates increased significantly.

The evictions also affected access to education as they led to the closure of the high-quality primary school in the area, which implied a disruption of educational services for the affected families. The new school constructed later did not have the same quality of infrastructure than the lost one. This increased school dropouts, also exacerbated by the inability of the affected families to pay the fees and the increasing distance to the new school.

Source: *Extracted from Makochekanwa, 2011*

4.5.5. Sudan and South Sudan

Case 5: FDI causing damage to the environment: Chinese Oil Sector Investment in Sudan and South Sudan

Chevron discovered oil in Sudan in the late 1970s and was responsible for the early development of oil wells in the region. However, Chevron later sold its concessions in 1992 because of continuing civil war in Sudan. The China National Petroleum Corporation (CNPC) expressed an interest in taking over Chevron's concession. In 1995, China signed an agreement with Sudan for oil concessions in exchange for credit at reduced interest rates, thereby helping China's oil companies invest in Sudan. In late 1996, CNPC became the majority shareholder (40%) of the Greater Nile Petroleum Operating Company, which is the umbrella organization responsible for developing the oil fields in Sudan. In 2000, CNPC established the Petrodar Operating Company, which included the Malaysian national oil company, several minority stakeholders, and eventually SINOPEC and the Indian national oil company. CNPC subsequently developed the pipeline and refinery infrastructure and drew on the services of subsidiary Chinese companies for oil services and construction. Among these companies were the Zhongyuan Petroleum Engineering Company, Great Wall Drilling Company, and the China Petroleum Engineering and Construction Corporation. Through these various projects, CNPC financed most of Sudan's oil sector development. Between 1999 and 2011, Sudan was China's sixth largest source of imported oil, supplying on average 5.5% of total imports annually.

However, the investment resulted in a lot of damage to the environment. The development of oil fields required seismic surveying and led to hundreds of kilometres of bulldozer tracks, destroying farmland and increasing deforestation. Road construction disrupted water flows, which damaged irrigation systems and forced the evacuation of several communities. The discharge of contaminated water from oil reservoirs and the improper disposal of drilling mud and other wastes had the most damaging impacts on the environment. These practices killed livestock and caused serious illnesses in nearby communities.

This damage was happening at a time when Sudan had adequate laws and institutions to regulate the damage to the environment. The Ministry of Energy and Mining is responsible for overseeing environmental laws and regulations in the oil sector, while the Petroleum Wealth Act and Environmental Protection Act set down the rules for environmental preservation. However, since the Sudanese government was interested in advancing the oil industry than implementing environmental laws, there was a lack of adequate government supervision, a situation which encouraged oil companies to engage in poor environmental practices. Environmental impact assessments in Sudan are often substandard and conducted only after operations have begun, while others were simply shelved after completion with little follow-up.

Source: *Extracted from Shinn (2016)*

4.5.6. Nigeria

Case 6: Social and economic benefits of FDI: The Case of ExxonMobil, Nigeria

ExxonMobil is one of the largest oil multinationals in the world, with operations being present in nearly 200 countries. In Nigeria, it has three subsidiaries: Mobil Producing Nigeria (MPN), Mobil Oil Nigeria plc, and Esso Exploration and Producing Nigeria Limited (EEPNL). ExxonMobil operates off the coast of Akwa Ibom state in Nigeria with an operational office in Inua Eyet Ikot and headquarters in Lagos, Nigeria. MPN has four core host communities in Akwa Ibom state: Ibeno, Onna, Eket, and Esiri- Eket.

As part of social responsibility, MPN has undertaken a number of initiatives in Nigeria intended to empower host communities. The two main strategies traditionally employed by MPN in contributing to community development are corporate philanthropy and social investments. MPN focused purely on healthcare, education, road construction, water supply, and electricity. Healthcare centres were constructed and renovated; potable water was available, classroom blocks were either constructed or renovated, while incentives given to teachers willing to teach in riverine areas were introduced.

In 2002, there was a transition in corporate strategy by MPN from providing social infrastructures to economic empowerment and local capacity building, so as to ensure sustainability. Most of MPN's community development programs were program implementation partnerships. One of such was the agricultural partnership between MPN, the Akwa Ibom state government, and Midland Rice in Arkansas, United States. This partnership brought about the Ibom rice farm located in Ikot Ebidang village in Akwa Ibom state. While MPN contributed $5.5 billion, Akwa Ibom state government donated 4000 hectares of land for its establishment, and Midland Rice bore the cost of running the project and thus assumed full responsibility for the project.

The second program implementation partnership scheme was the MPN/support and training entrepreneurship program (STEP) and the MPN/GBF partnership. GBF is a non-governmental organization (NGO) established to enhance "sustainable economic development brought about by businesses and individuals". In December 2001, an agreement was signed between MPN and GBF. The latter was charged with implementing programs related to agriculture, skills acquisition, and establishing a microfinance scheme while MPN provided the funds. In 2002, MPN facilitated the establishment of a STEP office in Eket, Akwa Ibom state.

The Company has also invested $170 million in combatting malaria since 2000. It has also trained 650,000 health workers and delivered more than 3 million rapid diagnostic kits. The partnership initiatives undertaken by MPN are meant to strengthen the local communities, which also allows MPN to draw on the resources and expertise of local and international development agencies.

Source: Extracted from Mamudu, Mamudu, Elehinafe, & Akinneye (2021)

4.5.7. Madagascar

Case study 7: FDI disregarding community interests: The case of Jiuxing Mines, Madagascar

In May 2016, Jiuxing Mines, which operates the gold mine in the town of Soamahamanina to the west of the Madagascar capital was officially opened. By September 2016, the mining firm employed a total of about 31 people; 11 Madagascan and 20 Chinese workers full time. The Jiuxing Mines SARL Company was issued a mining operating license for gold, zinc, lead and berillium for 40 years in Soamahamanina and in the neighbouring village of Arivonimamo II, along with an exclusive authorization for a perimeter reservation (AERP) at Morafeno.

However, the local community was generally not happy with the conditions of mining operations. The mining project, involving 7,500 hectares encroached into the people's land. The locals were determined to defend their land, living spaces, natural resources, livelihoods, tombs, and to protect a church and a school which were targeted for destruction. In addition, the issuance of an environmental permit, which is the last step before the operating license is given for the Andravolobe site, was done without fully observing the public consultation principles, with the large majority of the affected population not being fully consulted.

On 22 September 2016, there was a community protest against the mining project which security forces dispersed with tear gas and two leaders of the community Association being arrested. However, the case generally underlines how FDI can result in disruptions to the communities and how in some instances the views and interests of the communities are overlooked in the licensing processes.

Source: Extracted from an online news article, "Protests halts Chinese gold mine in Madagascar", Mines and Communities (2016), at website http://www.minesandcommunities.org/article.php?a=13531

4.5.8. Democratic Republic of Congo (DRC)

Case study 8: FDI as a basis for Domestic Marginalization and Labour Fragmentation: Twangiza mine in Democratic Republic of Congo

Twangiza mine is a gold mine located in the chiefdom of Luhwindja, in the eastern province of South Kivu (which borders neighbouring Burundi and Rwanda). The end of the war in 2002 happened at a time when Banro Corporation, a Canadian-based gold exploration and development company, had secured full ownership of Twangiza mine under a 30-year mining convention that included a 10-year tax moratorium and the elimination of import duties. In 2012, Banro began commercial production at its Twangiza mine through its subsidiary, Twangiza Mining, and in 2019, the mine remained the only industrial mine at the production phase in South Kivu.

However, Congolese firms and suppliers occupy a marginal position within Banro's supply chain, as the Twangiza mine's industrial structure is largely dependent upon externally manufactured capital goods, equipment and inputs. The procurement of its high-value and technologically advanced supplies is based almost entirely from the Triad states (the EU, USA and Japan), as well as South Africa and Australia, while subcontracts are also given to mostly to foreign firm subsidiaries. For example, out of a total of 37 manufacturers listed in Twangiza Mining's asset inventory, 25 (or two-thirds) are American, British or Japanese corporations, while of the remaining 12, eight are from Europe, with the other four being from Australia, China, India and South Africa. Out of the US$ 51.8 million in fixed assets, only US$ 1.6 million (or 3 per cent of the total value) was manufactured outside of the Triad states and Australia (specifically China, India and South Africa).

It is only towards the lower-value, light industrial end of inputs that domestic and regional firms begin to appear, yet even here, only marginally so. Twangiza Mining procurement invoices from 2010 to 2013, a period that spans the construction phase of the mine, indicate that the subsidiary procured inputs from 86 suppliers and manufacturers, out of which 72 were non-African (excluding South Africa). From the remaining 14, three were Congolese, four Kenyan, two Mauritian, two Tanzanian, two Ugandan and one Rwandan. The three Congolese firms were only ephemerally involved, one making a one-off supply of IT equipment in 2011, one providing customs support for several months in 2012, and one providing a one-off lease of unspecified mining equipment in 2013. Of the 11 other African firms, only four provided inputs seemingly manufactured or extracted in their registered country of origin (quicklime and light industrial goods, composed mostly of piping and fencing).

Similarly, Banro has only outsourced procurement to Congolese suppliers at the lowest-value end of the chain, mostly for office equipment and stationery, worker safety equipment (such as boots, jackets and protective clothing) and basic construction materials (such as steel bars and concrete). In 2016, these Congolese traders supplied an estimated US$ 1.5 million of goods and equipment to the mine, while Twangiza Mining itself imported around US$41 million of supplies and inputs, hence only 3.7%. In 2017 Twangiza Mining subcontracted 15 firms to provide 13 different activities and services to the mine. Of the 15 firms, outside of the provision of labour, only two were Congolese, one subcontracted to provide sand and the other drilling. The remaining services and activities (customs, power, security, road maintenance, fuel, smelting, aviation, catering, gold certification and transportation) were provided by foreign firm subsidiaries.

Source: Adapted from Radley (2019).

5. CONCLUSION AND RECOMMENDATIONS

5.1. Conclusions

Investment policies and practices in Africa are fragile relative to global practices. The low commitment to responsible investment practices in Africa demonstrates these shortcomings. The low adoption of voluntary sustainability framework in Africa exposes the continent to exploitative foreign direct investments. The weak investments value systems that are not globally comparable provide a window for FDI to exploit.

The analysis indicated that to the extent that investment policies at continental, regional economic block and national levels were fragile, some foreign investments may have exploited these loopholes. Significantly, the African Union does not have an Investment Protocol hence exposing the continent to exploitation. While ECOWAS, EAC and SADC have some form of investment protocols, these were found to be inadequate and inconsistent. At the national level, many African countries do not have comprehensive investment policies, a situation which tempts some countries to lower standards to attract FDI. The study concludes that Africa has fragile investment practices. As such, some foreign investments coming to the continent have been exploiting the situation by clandestinely negotiating with the executives and signing investment agreements without parliamentary oversight in countries where agreements would not be ratified in Parliaments.

The study concludes that the systems of economic power in Africa are vulnerable to FDI due to fragile investment policies and practices, hence exposing their citizens to exploitation. Evidence from case studies substantiate the fragility of investment practices in Africa. However, the rise in Africapitalists fronting global investors may pose a new threat to many African countries if investment policies are not strengthened to protect sustainability.

5.2. Recommendations

Based on the findings, the study recommends that:

5.2.1. Continental Level

- The African Union needs to urgently develop an Investment Protocol aligned with international investment practice such as the UNPRI and GRI Standards which provide greater scope for upholding ESG values.
- The African Union and regional economic blocs need to adopt binding protocols that ensure investment agreements negotiated by cabinet (executives) are ratified in Parliament and that they integrate ESG issues.

5.2.2 Regional Economic Blocs

- Regional Economic Blocs should strengthen their Investment Policies to ensure that foreign investors do no take advantage of any inconsistencies among country members.
- Economic Blocs should have comparable Investment Policies to avoid one economic bloc being exploited.

5.2.3. National Level

- Parliaments in Africa should establish Committees for ratifying investment agreements after evaluating that they provide economic opportunities, protect the environment and uphold social cohesion.
- Cabinets should develop coherent Investment Policies containing legally binding requirements for foreign investment to implement and report their performance on ESG issues in any country of operation.

5.2.4. Non-State Actors

- Civil Society Organisations (CSOs) should develop capacity on sustainable investments and business frameworks like UNPRI and GRI Standards to be in a position to analyse investment policies and business performance on ESG matters.
- Encouraging governments to enact laws and policies that require Africapitalists fronting foreign investors to disclosure beneficial owners.

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