

## **Press Statement: Strengthening Trade Union Engagement to Tackle the Challenges of Sovereign Debt in Africa**

Dakar, Senegal – August 29, 2023

We, the representatives of trade unions from across Africa, have convened in Dakar, Senegal, for a landmark Continental Workshop on Sovereign Debt organised jointly by the International Trade Union Confederation (ITUC), the Friedrich Ebert Stiftung (FES), and the African Regional Organisation of the International Trade Union Confederation (ITUC-Africa). This workshop has provided a crucial platform for fostering collaboration, knowledge sharing, and strategic planning to address the pressing challenges posed by sovereign debt in our continent, especially in terms of how the negative impacts of debt affect workers, members of their families, communities, and economies.

The meeting expressed concern that Africa's development aspirations expressed in the African Union Agenda 2063 and the push for the realisation of the Sustainable Development Goals (SDGs) would fail to materialise if the current debt burden of the continent is not halted and reversed.

African workers are aware and worried that the COVID-19 pandemic exacerbated Africa's debt crisis and contributed to the attendant vulnerability effects on the global supply chains. The ongoing war in Ukraine has also compounded these challenges. We are equally concerned that the African debt profile, especially the ones owed to private creditors, has grown astronomically in recent years with serious unanswered questions of debt efficiency, transparency and accountability issues.

We affirm that the repercussions of debt distress and its effects have not spared African working women and men. Countries that have defaulted on their debt repayments have tumbled into deeply painful economic crises. Elsewhere, several African governments have sought to avoid repayment defaults only through adopting unpopular, harsh and repressive austerity measures. These austerity measures deepen poverty and inequality, entrenching generational and feminising poverty. The deepening poverty situation is also pushing our people, especially those who cannot avoid decent energy sources, to embrace climate change worsening practices such as tree felling (deforestation) for fuels and forced migration for survival.

Similarly, several African governments continue to set aside unfathomable amounts of public finance to service debts. These arrangements have shrunk and limited access to public services, social protection, and security. Worse is the realisation that our government's management of the debt crisis is leading to wage freezes amidst higher inflation, hikes in fuel prices due to the removal of subsidies, and the shrinking of spaces and opportunities for expanding the tax base.

Equally concerning is the fact that the arrangements and processes of contracting debts in Africa remain opaque, excluding and discouraging oversight possibilities by non-state actors. We have also observed that the politics of debt and debt overhang diplomacy deepen dependency, further skewing the asymmetry of power against Africans.

Notwithstanding these serious challenges, including the historical injustices driven by slavery and colonialism, we want to restate our resolve never to lament but to renew our commitment to collective action to leverage the strength of our trade union organisations to advocate and advance fair and equitable solutions to the current African debt crisis. These solutions must prioritise the welfare and well-being of workers, their families, communities and economies.

We, therefore, resolved as follows –

1. We shall continue to advance the implementation of the New Social Contract demands (Just transition, employment creation (capacity building and digital education), rights at work, social protection, social dialogue and women empowerment) of the International Trade Union Movement, which, if effectively implemented, will contribute to addressing the social, economic, political and environmental development deficits that neoliberal practices have wrought.
2. To redouble our efforts to find solutions to the debt crisis currently facing Africa and around the world, including strengthening our calls for the international community to provide timely and sufficient debt relief to countries facing unsustainable debt burdens, and for comprehensive reform for an international debt architecture that prevents the recurring cycle of debt crises in future.
3. To continue our resistance against the harsh austerity conditions imposed in response to debt crises across Africa – including wage and hiring freezes, erosion of social protection safety nets, withdrawal of subsidies, pension reforms, labour flexibilisation reforms, reduced funding for public services including health and education, increases in regressive taxation and privatisations and increased use of Public-Private Partnerships (PPPs) – and instead to promote alternatives that protect workers' rights and prioritise a job-and-wages led recovery for crisis-hit countries.
4. To use research, education (capacity building) and analysis to deepen our advocacy for inclusive, responsive, responsible and efficient debt contracting arrangements and management that work for all. To advocate for transparency and accountability from both governments and creditors.
5. We shall link our Illicit Financial Flows (Tax Justice – payment of fair tax share and progressive tax arrangements) campaign with debt as part of our resolve to continue contributing to and ensuring a secured fiscal space to drive our development aspirations.
6. On the politics of debts that shape the rules and skew the asymmetry of power against developing economies and the intensification of austerity measures, which have continued to exert adverse effects on workers' rights, shrink of civil liberty spaces and compromise the environment, we shall continue to engage local,

national, continental and international development financing agencies such as national central banks, the African Development Bank (AfDB) and the International Monetary Fund (IMF) and the World Bank. We call on those institutions to respond and engage with trade unions across Africa in meaningful dialogue to enhance sustainable, people-first responses to the debt crisis.

7. To earnestly explore and further interrogate a common African trade union position on the practical, safe, secure, and efficient way pension funds can complement national financing for economic infrastructure development.
8. We shall continue to build synergies, collaborations and partnerships with progressive African Civil Society Organisations (CSOs) to advance pragmatic alternatives to the African debt crisis. In the same guise, we shall continue to explore and utilise solidarity engagements with our trade union counterparts and CSOs in the global North to ensure a pro-people arrangement for debt management.
9. We reiterate our commitment to pursuing a continental sovereign debt campaign, which will be launched on the sideline of the 5<sup>th</sup> Delegates Congress of ITUC-Africa in November 2023 in Nairobi, Kenya.
10. This meeting has assisted in the creation of an African Trade Union Economic and Industrial Transformation Network that will systematically and consistently drive the African trade union movement's agenda on the issues of trade and investment, industrialisation, debt and Illicit Financial Flows (fair and progressive taxation administration), and other development financing possibilities. This network will be the interface vehicle of our engagement with the target entities identified for redressing the sundry fiscal and economic injustices at the national, continental and international levels.

We want to express our appreciation to the FES AU Cooperation Office, Addis Ababa for their support for the successful convening of this meeting.

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