

## ACCRA CONSENSUS ON INEQUALITY

### SECTION 1

#### **Preamble**

We are gathered here in Accra, the birthplace of Africa's vision to take its proper place in world and to contribute to creating a radically more equal and fair world.

We are gathered here in Accra, as a group of thought-leaders from across the continent and elsewhere, united in the view that that vision of a new, radical equality for Africa and the world is needed now more than ever.

The poly-crises of COVID-19 and the rising cost-of-living are fueling an explosion in inequality the likes of which we have not seen before.

Africa faces an inequality crisis as the gap between rich and poor continues to widen. Progressive struggles for human rights and a better world are all threatened by growing inequalities. Workers across Africa are seeing their wages and living conditions eroded by inflation.

Women, in particular, are systematically the victims of greater economic inequality as they are often in some of the most precarious and poorly paid work. Other groups such as migrants, ethnic minorities, people with disabilities and indigenous people continue to be pushed to the margins whilst suffering systematic discrimination.

Extreme inequality is also linked to frequent crackdowns on democracy and freedoms hindering the ability of citizens to speak out, mobilise to claim their rights and challenge regressive policies. Concentration of wealth and income in the hands of a few is risking our democracies as the richest use their financial might to ensure government polices work for them at the expense of the rest of society.

**Our continent** was already facing a crisis of extreme inequality which is undermining growth, slowing poverty eradication, exacerbating environmental degradation, and contributing to insecurity. The six richest African billionaires are now wealthier than the poorest 50 percent of Africans combined.

**Our continent** sits at the confluence of two related and mutually reinforcing developmental challenges – poverty and inequality – the solutions for which are a matter of policy choice. Despite the recent wave of economic progress, the continent remains trapped by entrenched poverty and alarmingly high and rising inequality. The gap between rich and poor is greater than in any other region of the world apart from Latin America, and in many African countries this gap continues to grow.

The COVID-19 pandemic exposed and exacerbated inequality in Africa. External wars, internal conflicts and climate change are driving millions of Africans into vulnerability as food and energy prices reach historical highs.

The international community is also playing a big role in Africa's inequality crisis. International tax treaties are hurting Africa's capacity to generate and collect revenues. Pro-austerity advice from the international financial institutions is worsening the situation. Advanced economies are fueling climate change while African countries are forced to live with the negative consequences such as rising temperatures, declining crop yields, floods, sea erosion and drought. In this context, Africa's prospects of achieving the Sustainable Development Goals (SDGs) and African Union Agenda 2063 are severely diminished.

African political and business leaders face a clear choice: They can choose the path of ever-increasing inequality and poverty. *Or they can choose another path, to a more prosperous, equal Africa built for the many, not the few, by promoting efficient and progressive tax systems, investing in free, quality and gender-responsive public services and social protection, and protecting the rights of workers to decent work and wages.*

There is nothing inevitable about the crisis of extreme inequality in Africa, nor its worsening during the COVID-19 pandemic. These are policy choices that can be

reversed. Without concerted efforts by governments and support from the international community, however, the crisis will deepen and stop the region from meeting the SDGs.

The pandemic and its dire consequences must serve as a wakeup call to national, regional, and global leaders for an inclusive recovery that tackles inequality aggressively.

Despite encouraging efforts by some governments in the region to curb inequality, market-produced inequality due to poor labour rights and unequal access to land and credit have kept inequality far too high. The efforts of many African governments to tackle inequality are far short of what is needed, and, in fact, are increasing inequality in many cases.

Only immediate measures to reverse pandemic-related rises in inequality, strongly reinforced national commitment to anti-inequality policies, and regional and international support, can allow African countries to emerge from the pandemic without a major increase in inequality and poverty and resume their progress to meeting the SDGs.

## **SECTION 2**

**We** are facing a crisis of high inequality, which is undermining growth in every African Union member state; such inequality is a major cause of political instability and insecurity.

**We note** that the COVID-19 pandemic has dramatically increased poverty and inequality, and that without accelerated efforts to reduce inequality, it will be impossible to end extreme poverty in Africa by 2030.

**We are concerned** that Africa was poorly prepared to face a pandemic and lacked the financial resources to respond sufficiently,

**We are concerned** that Africa's debt burden has risen sharply before and during the COVID-19 pandemic and austerity measures are underway in many Africa countries,

**We are deeply concerned** that Africa is bearing the heaviest burden of climate change although we contribute the least to it.

**BASED ON THE CONCERNS ABOVE, WE URGE AFRICAN GOVERNMENTS TO:**

1. Reverse the fiscal austerity measures and rather increase spending for health, education, and social protection to achieve the SDGs.
2. Fast-track the progress towards achieving high-quality universal healthcare, education, and social protection that reduce the gap between the rich and the poor.
3. Allocate at least 10% of budgets in line with AU recommendations to enhanced investment in smallholder food-producing agriculture with particular focus on small-scale food producers.
4. Increase investment in water, sanitation, and hygiene, so as to ensure universal access and coverage.
5. Make corporate and personal income taxes more progressive, introduce permanent wealth taxes on the stock of wealth like other countries are doing, and introduce or increase rates on other progressive taxes such as capital gains, property, and financial transactions and ensure all value-added and general sales taxes exempt basic food products.
6. Set up systems to ensure the informal sector adheres to regulatory requirements on working conditions and pay, and establish/strengthen systems to incorporate informal workers and their small businesses into social protection systems.
7. Shift the burden of unpaid care to both genders and the state by, for example, providing equal length of paid leave (to both parents).
8. Increase minimum wages to living wages.
9. Fight corruption and the embezzlement of public funds.

## **WE ENCOURAGE THE AFRICAN UNION TO:**

1. Prioritize tackling inequality in the agenda of summits, ministerial meetings, and the Secretariat and developing a joint continental action plan to set clear targets and accelerate measures to reduce inequality and poverty.
2. Establish a robust mechanism to support and monitor the achievement of SDG 10 on reducing inequality.
3. Develop and monitor compliance with regional norms on labour policies designed to reduce inequality, such as union rights, women's rights, minimum wages, and policies to encourage job formalization.
4. Enhance the roles of regional economic commissions in advising members on coordinating tax policies, by building regional tax harmonization frameworks, involving more progressive income taxes and VAT, and strengthen taxes on capital gains, property, financial income, and wealth.
5. Seek regional harmonization of investment and tax codes to curb harmful tax competition in the region, particularly, by sharply limiting tax incentives.

## **WE URGE THE INTERNATIONAL COMMUNITY TO:**

1. Mandate the International Monetary Fund and the World Bank to ensure that all country programmes and policy advice focus on reducing inequality and contain specific urgent measures to make tax, public services and labour policies achieve this more effectively.
2. Provide comprehensive debt cancellation to AU countries, where needed, to reduce their debt servicing to low levels and ensure that they have enough financing to achieve the SDGs.
3. Establish a global fund for social protection that supports lower-middle and low-income countries to provide social protection for all by 2030.
4. Ensure that global tax treaties provide their fair share to developing countries and stop the race to the bottom on tax.