Africa Knows! It is time to decolonise the minds
Report of panel D21: Knowledge and action 16th February 2021 Reporter: Solomon Zori

Convenors
- Marieke van Winden – African Studies Centre Leiden. Organizer of the conference Africa Knows
- Chibuike Uche (African Studies Centre Leiden, Leiden University)
- Abel Ezeoha (Alex Ekwueme Federal University, Nigeria)
- Solomon Zori (Rotterdam School of Management, Erasmus University), chair of the Panel

Synopsis of the Panel
By far the most important set of disciplines for the understanding of African studies in the global context is economics, finance and business. This is arguably because, Western economic and business interests were the main drivers of colonization. The adoption of Western-style Companies Acts across the continent however has resulted in the mass de-legitimization of several indigenous businesses. The essence of this session will be to examine the African business, economic and finance space in the context of the foreignness of applicable theories, principles, and practices. Case studies, theoretical, and empirical papers that address the following questions are especially welcome: How do Western theories fare in explaining the specificities of economic and business engagements in Africa? What is the role of international regulatory standards in the dilated exclusivity and informality in Africa's business and finance practices? Does being foreign mean differently for African multinationals operating in Africa? How have African businesses exploited the specificities of their local environment to compete with international businesses in the African business space? What forces have in recent times shaped the practices of African regional organizations and how have these impacted on businesses in Africa?

Contributors and papers submitted to the panel:

Paper: The Eco and its uncertain future in West Africa
Contributors: Okey Ndubeueze and Chibuike Uche
This session discussed the development of the West African Monetary Union common currency and the ideology of colonial and neo-colonial interference in the decision of France's withdrawal from the overly dominant position of currency domination, construction and embeddedness in French West Africa and to allow them to participate in the ECO project thereby establishing their own common currency reflecting a backflip decision by the French Government. This decision is a wide gap between historical relationship of France and its former colonies. This raises opportunities but more importantly, suspicion on the real intensions of the French government. Presenters, argues that monetary integration in the French West Africa has not been a priority of the French Government for decades given that these countries have been tied to the financial and monetary rules of the France who required them to keep substantial financial and monetary reserves in French Central Banks. Countries that opposed this system were alienated and destabilized to warn others on the risk of colonial interferences. Hence, it remains to be seen if and when the Eco project will lead to intended benefits and consequences in the light of prior neo-colonial agenda largely drawn to benefit only France. They assign potential reasons for the decision of French support for the CFA to be converted to the Eco. First, to undermine the ECOWAS Monetary Corporation Programme (EMCP) and to further endanger the role of British interference in African monetary system. Second, they argue that the increasing role of China and their financialization of Africa through bilateral relationship with African countries, poses a real threat to turn the over dependence of French West Africa on France towards China. This could lead to the increase de-linkage between French West Africa and the France towards China. Hence,

a reason maybe to see the Eco project fail and to re-establish the importance of France. Finally, the paper lay claims that, a plausible reason for the posture of France in relation to the adoption of the Eco is to redeem its poor image and reputation historically forcing its colonies to deposit reserves in its central banks. It sees this an opportunity to withdraw and hope that the Eco will fail in order to absolve itself from blame or vilify itself for keeping French West African currency system functioning.
Solomon Zori asked if the center of argument was more about the functioning of monetary/ currency unions in general as compared to the Euro Zone or its more about the embeddedness of the role of colonial power that is the center of the argument? Uche responded that both were essential in unraveling their research question.

Tom Dietz asked if the notion that the withdrawal of France from the CFA Franc and the rule of reserve deposits from West African countries with the hope of total failure or the Eco was not a cynical view given that the only party that will profit from this will be China. Uche's response was in the affirmative given the past relationship between France and its former colonies. The discussion transverse into the Africa Free Trade Area agreement and the effect on a single currency Union.

Paper: Jacob Zuma and meaningful markets in South Africa, 2009-2018

Contributor: Heinrich Matthee (Hanze University of Applied Sciences)
The paper explored the implicit strict dichotomy between states and markets and to a larger extent to role of an individual actor and how that actor is able to exploit and expropriate the political culture and climate using power and influence markets. It argues whether and how diverse narratives from cultural, religious and ideological discourses co-constituted markets during Jacob Zuma's presidency in South Africa, 2009-2018. Constructing Jacob Zuma as such an actor with a strong character, the use of intimidation and threat in management style, the paper argues that the narratives that were used by Zuma and his allies were different in the history of South Africa and what they achieved in the end citing business and political objectives. By comparison to the years prior to Zuma, the narratives differ and to a larger extent has tilted towards China receiving favorable market terms.

Solomon Zori raised questions as to whether the argument of the paper was centered on the marketization of the individual character as evidenced in prior literature such as the case of Nikolas Maduro of Venezuela, Paul Kigami of Rwanda or it's a function of intuitional failures in the case of South Africa thereby allowing individuals to dominate the political space to their personal advantage. The author response is that it is more about the individual and his management style and how he uses that to exploit the institutions in South Africa.

Tom Dietz was curious about the ability of Zuma to control media; journalistic outlets leading to his ability to manage information flow and maximize that to his advantage especially similar to that of Donald Trump. Heinrich's response was in line with the paper and the fact that Zuma used his powerful grasps on business media through the public media broadcaster and his overall control of media spaces, he was able to turn that to his advantage.

Paper: Multinational companies and the rhetoric of climate change and sustainable development: evidence from cement production in Nigeria

Contributors: Abel Ezeoha, Chibuike Uche and Augustine

By the proposition of the pollution heaven hypothesis, foreign MNCs operating in developing countries are greater emitters of CO2 than their local counterparts. They expectedly move their operations from countries of stringent regulations and institutional standards to those with weak institutional settings. Using the case of Dangote Cement and Lafarge Africa in Nigeria, the strength of the home (rather than host) country institutions is capable of deterring foreign MNCs from a choice of environmental unfriendly modes of production. For local MNCs, we find that the quality of home country institutions and political patronage play key role in their choice of modus of operations. In such institutionally weak jurisdictions like Nigeria, local MNCs think more in terms of finding cheaper rather than more environmentally friendly and sustainable ways of production. In doing this, they strategically engage in CSR activities that offer them government protections and shift public attention from their consequent negative externalities.

Paper: Adopting the label or the benefits. Has the cost of capital decreased after IFRS adoption in Africa?

Contributors: Solomon Zori

The paper investigates the cost of capital effects of adopting international financial reporting standards especially in developing countries when compared developed countries. It poses the question whether the adoption of IFRS in developing countries will benefit equally developed versus developing countries. Using a global sample divided into developed and developing countries, the paper tests the adoption effects and show that adoption creates two forms of effect on capital i.e Cost of Equity and Cost of Debt. In addition, the paper explores the role institutions at the local level that supports the adoption and implementation of the standards. The results point to an increased association between mandatory adoption and cost of capital for developing countries taking into account institutional frameworks. This contrast with developed countries which already had strong institutions and had some form of accounting framework in place prior to the adoption and a strong governance system. Here, the benefits are much less compared with developing countries. It concludes that developing countries should take clue on the potential benefits of IFRS adoption as they prepare to adopt the standards.

Comments relating to governance quality and opportunity cost and the mismatch between local and international standards arose. Clarity was provided to indicate that governance quality measured by corruption perception index can enhance the quality of financial information. Other comments related to the applicability of these standards to the African economy and whether users are able to understand them. Tom Dietz asked the relationship between Chinese investments in Africa and the application of International Accounting Standards. The author's response was that Chinese investments in African countries does not occur through investments in listed companies who are required to apply international financial reporting standards. In consequence, it is difficult to track the application of the standards of Chinese firms in Africa. However, China has adopted and modified IFRS into local law allowing Chinese firms especially those seeking capital abroad to do so suing the standards and at the same time to attract capital from abroad to invest in Chinese local stock exchanges without having to prepare financial reports using Chinese accounting standards.

The overall conclusion of the panel drew on a range of papers relating to doing business in Africa. It draws upon monetary or single currency unions, actors as enablers of businesses, environmental actors and capital market regulation.