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Advancing Financialization through Development Cooperation

An Analysis of the European Union’s New Investment & Growth Strategies in Africa

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Abstract

Early 2020 saw the publishing of the European Union's new Africa Strategy. With a focal point on fostering economic growth, the strategy coalesces around increasing the confidence of international financiers to partake in investing into Africa. This thesis operationalises a framework on financialization to critically investigate ways in which the EU's investment-led strategy advances financialization. Through qualitative content analysis, the thesis further delineates and critically appraises the underlying rationales of this new strategy that is operationalised by the Directorate-General for International Cooperation & Development. The thesis concludes that this strategic policy is dictated by financial motives and displays little concern over the actual development outcomes, hence risking the retention of benefits on financial elites and fundamentally undermining broader development objectives on social impact. Through re-conceptualising development as synonymous with economic growth and access to finance, the EU deploys strategies that maintain the hierarchies of financialized capitalist economies. As a result, it casts African businesses and individuals as subjects of asset speculation and denies the multidimensional issues of poverty and marginalization.

Keywords: Financialization, Private Sector, Development cooperation, The European Union, Africa
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1. Introduction

Over the past decade, private sector development and economic growth have re-centered to the fore of global development agendas (Mawdsley 2015; Murray & Overton 2016). The roots of this shift ascend from the strengthening of South-South cooperation, which, operating predominantly through traditional private sector investment, has been considered by beneficiaries to better correspond with the needs of developing countries, many subject to demographic pressures that lead into a vast demand for employment. The strengthening of South-South investments laid the role of the traditional western donor under pressure to uphold political, economic and cultural relevance in the global arena, as increasing consensus among the beneficiaries of traditional aid programs concluded these strategies to misalign with their needs (Janus et al. 2015).

As a result, traditional perpetrators of development cooperation, such as the EU, have begun carrying out investment-led development strategies under pressure to retain a strong foothold in the international scene. In order to further legitimise this shift, the EU refers to the notion that in order to finance the Sustainable Development Goals (SDG), new financial resources must be mobilised (EC 2020: 1). Hence the EU has deployed various strategies that seek to pool in substantial increases of development finance that would elevate development financing from 'billions to trillions' as pledged by the World Bank in 2015 (World Bank 2015).

This broad shift into a 'beyond aid' paradigm of development has become acknowledged within academia, where these trends have become frequently theorised under the term 'financialization', broadly defined as *the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies* (Epstein 2005). This paradigmatic shift masks within a transcendence of financial logics into this sphere of development cooperation, which in the early 2000s was still characterised by the explicit pursuit of poverty reduction (Mawdsley 2017: 7). Within the investment-led paradigm, financial viability becomes the decisive criteria of funding allocation. The critics of this paradigm underline that this growth-led conceptualisation of development is dismissive towards the broader social objectives of development, such as poverty reduction, and the distribution- and stability of incomes (Carroll & Jarvis 2014; Mawdsley 2016; Murray & Overton 2016; Bortz &

Kaltenbrunner 2017; Storm 2018). This has notable repercussions towards the future trajectories of the societies that are shaped by these strategies. In fact, while assets continue to grow for the increasingly influential multi- and bilateral development finance institutions, impact assessments unveil a dearth of evidence on core metrics of development from these investments: poverty reduction and welfare-enhancing distributional impacts (Attridge et al. 2019: 34).

In light of these observations, this thesis takes upon the case of the European Union's new Africa Strategy, published in March 2020. This strategy places private sector development and investments to the fore of the development agenda. In light of observing a lack of mention of key development concepts of 'poverty' or 'inequality' as explicit operational targets, this thesis seeks to unveil the ways in which the strategy aligns with the tenets of financialization research, derived from van der Zwan (2014).

Through qualitative content analysis, this thesis aims to situate the European strategy within the literature on financialization, and in doing so, discuss what this strategic pivot means for the ways in which development is conceptualised and with what potential practical outcomes. This thesis will contribute to the field of political science and development by explicitly analysing the political motives within development cooperation under the rubric of financialization.

1.1. Research Question

The research question that this thesis will answer goes as follows:

> *''How are the EU's new investment-led development strategies advancing financialization in Africa?''*

1.2. Outline

This thesis first illustrates the background on financialization, furthered by framing financialization into the context of development cooperation. The section likewise presents a description of the case of the EU. The third section defines the theoretical foundations of this thesis, deriving the thematic facets of interrogating the case from van der Zwan (2014), further substantiated by other relevant literature from interdisciplinary backgrounds. The fourth section presents the framework of practical execution, outlining the research design and the methodological steps of qualitative content analysis as outlined by Halperin & Heath (2012). The section further presents the motivations basing the methodological approach, discuss its alignment to the chosen topic, as well as illustrates the ethical aspects and limitations of this approach. The fifth section presents the analysis, structured along the chosen thematic facets of financialization. The sixth and final section presents findings, conclusions and avenues for further research.

2. Background

This section broadly illustrates the thematic area of this study, financialization. The sub-sections contextualise how financialization as a phenomenon transcends to the operational area of development cooperation by synthesising the key literature written on the issue up to date. Lastly, the European Union's Africa Strategy will be presented, primed by a brief overview on their common history.

2.1. Financialization

Financialization became an established topic of research in the shift of the millennium, when scholars began to define the ways in which financial logics have begun to dictate policy spheres and descend into areas of everyday life prior free from the logic of asset speculation and profit accumulation, ranging from housing to pensions and the individual person having an increasing role as a debtor and an asset holder (Lapavitsas 2011; van der Zwan 2014). Temporally, financialization is most commonly pointed to have begun accelerating alongside the rise of neoliberalism in the 1980s (Sawyer 2017: 3). In the post-Global Financial Crisis era the lens on financialization research broadened beyond the focus on the Anglo-American economies to transcend boundaries of geographical and sectoral context (Mader et al. 2020: 2-4). A key aspect for the purpose of this thesis is the role of policy as a tool of facilitating the expansion of rentier activity into spheres traditionally not dictated by the pursuit of surplus capital, and the simultaneous compromise of social priorities. This will be elaborated in the theoretical background section, which will introduce a more nuanced conceptualisation of financialization as a political, economic and a cultural phenomenon.

2.1.1. Previous research on the financialization of development

The financialization scholarship within global development and its sub-disciplines is still in its nascent stages. However, the existing research, spanning predominantly over the past decade, defines discernible shifts on how states have begun to shift their means of development cooperation towards investment models and aiming to attract further private capital. The research is interdisciplinary, with contributions from political science, development studies, and geography. Representation within the economics discipline consists foremost of views critical of the dominant neoliberal paradigm.

Before the mainstreaming of the private sector as a development priority, the first studies on the financialization of development were concerned with the predecessor of the current paradigm; microfinance. Microfinance became a development tool using a rhetoric of empowerment and economic mobilisation of the poor, lending to the poor to enable them to found their own businesses. Microfinance in developing countries turned poverty into a financial relationship from which financiers aggregated surplus capital (Mader 2015: 80). Being able to 'do good', while being economically efficient generated demonstration effects for donor countries to expand upon such strategies and reform the tools of development cooperation towards the increase of surplus generating means of doing development (Mader 2015: 199).

The concomitant strengthening of private sector development as a target of development cooperation has arguably not been researched to its greatest potential, but the existing studies exhibit a consensus on several facets. Firstly, there is a distinguished change in the rhetoric and strategies of western donors. Secondly, the evidence on poverty-, and inequality reduction under these action agendas is obscure and lastly, that this economic efficiency agenda seems to profit the donors more than it does the beneficiaries, with beneficiary benefits being predominantly centered around the elite (Ashman et al. 2011; Mawdsley 2012, 2015a, 2015b, 2018; Murray & Overton 2016; Mawdsley et al. 2018, Storm 2018).

The existing studies mainly map the structural and rhetorical changes among western development actors. Murray & Overton (2016) theorise the state facilitation of private sector development under development cooperation agendas as 'retroliberalism', through demonstrating changes in the development infrastructures of New Zealand, Australia, the UK, the Netherlands and Canada (Murray & Overton 2016). Through a discourse analysis, Mawdsley (2015) examines the ideological roots of the UK's Department for International Development (DfID) in its shift of returning economic growth to the fore of its mandate (Mawdsley 2015). Carroll & Jarvis (2014) study the case of East Asia, exploring the paradigm-, and structural changes that have led to the penetration of multilateral development banks into the emerging markets of East Asia. Carroll & Jarvis (2014) label the past decade as that of deep marketisation (Carroll & Jarvis 2014). Beyond the institutional and paradigm changes, Bortz & Kaltenbrunner (2017) quantify the increase of capital flows into developing countries, looking at the growing ratio of outflowing capital to that of the inflowing, and the increase of portfolio asset capital against traditional bank loans. The authors conclude that the financialization of *Developing Emerging Economies* (DEE) has been created by and exacerbates the subordination of DEEs in the global economy (Bortz & Kaltenbrunner 2017).

2.2. A Historical Perspective to the Contemporary EU-Africa Partnership

This section illustrates the broad facets of the EU-Africa relations and their history to introduce a historical dimension to the present practice. This section does not attempt to discuss the history of the EU and Africa at length, as that does not advance the purpose of this study.

For most of their common history, the partnership between Europe and Africa has been characterised by the European hegemony. Initially this took the form of the coloniser and the colonised, and later the relationship of a donor and a recipient, born from the exploitation and extraction of the colonial relationship (Bernstein in Allen et al. 2000: 265).

The EU has since sought to erase the neocolonial stamp, and the current partnership is not the first to manifest ‘a partnership of equals’. The relationship between the two continents was institutionalised in the 1975 Lomé Convention[1]. Contrary to the structural adjustment trends of the time, the Lomé Convention sought to respect the autonomy of the partner states and allow the recipients of aid to decide the purpose to which they best see it allocated (Arts & Dickinson 2004: 18). Despite later adopting conditionalities, the then-European Economic Community (EEC) sought to disintegrate the most criticised aspects of the Bretton-Woods policies from their own, highlighting the acknowledgement of the uniqueness of each country, and the inclusion of the

[1] Then also containing the Caribbean & the Pacific, together as ACP

marginalised (Brown in Arts & Dickinson 2004: 21). However, political tensions within the European countries undermined these aspirations, ultimately leading into the EEC (later institutionalised as the EU) to facilitate the integration of its partner countries into the Bretton-Woods system (Brown in Arts & Dickinson 2004: 23). A reincarnation of their relationship as 'partners' came in the 2000 Cotonou Agreement, this time with renewed focus on poverty reduction and debt relief. This aspiration still co-existed with policies of conditionalities and penalties on misallocation of aid (Arts & Dickinson 2004: 35-6). Like those of the Washington-Consensus predecessors, these conditionalities ignored the implementation capacities of recipient countries, who, framed as 'equal partners' were in fact not such (Farrell 2005: 270-1).

Thus, the EU's development policy has been shaped by a range of different values, and characterised as dubious between its aspirations and outcomes (Langan 2014: 466). The latest Africa strategy contains yet another market focus, accompanied by the rhetoric of partnership of equals (EC 2020).

2.2.1. The EU-Africa Strategy 2020

In the early 2020, the EU launched a partnership with Africa covering the policy areas of green transition; digital transformation; sustainable growth and jobs; peace and governance; and migration and mobility. The EU states that these are not mutually exclusive, but all intertwine with one another; peace and stability are a prerequisite for more investments, more investments are required for a green-, and a digital transformation; and economic maturation, jobs and stability are required to alleviate incentives of illegal migration (EC 2020: 1).

The core analytic of this thesis are the policies that concern public investments, the leveraging of private finance and private sector development strategies. The investment strategies are communicated in two policy documents: The 2018 'Communication on a new Africa – Europe Alliance for Sustainable Investment and Jobs', and the 2020 'Towards a comprehensive strategy with Africa', the facets of which are outlined above. The investment-related objectives communicated in the latest version are:

(a) boosting trade and sustainable investments in Africa;
(b) improving the investment climate and business environment;

(c) increasing access to quality education, skills, research, innovation, health and social rights;
(d) advancing regional and continental economic integration.

Further supporting policies are also contained in the strategic thematic partnerships on ‘green transition and energy access’, and ‘digital transformation’. The EU seeks to boost trade and investments through its bilateral development finance institutions, who facilitate trade through investing in climate-resilient infrastructure and new sustainable forms of energy. The EU further seeks to deploy lending guarantees to private sector investors to de-risk investments (EC 2020: 7).

Additional to trade facilitating infrastructure and guarantees, supportive policies on areas of education, skills, research, innovation, health and social rights are stated as fields in which improvement is stated as necessary to reinforce attractiveness for investment. In the sphere of education, specific emphasis is given to skills-training and access to finance for women, as well as aligning training programs with market opportunities. The EU seeks to cooperate with European businesses for training opportunities (EC 2020: 10).

Lastly, in regard to economic integration, the EU seeks to give political, financial and technical support for the African Continental Free Trade Agreement, with a far-reaching objective of extending the free trade area to ultimately be intercontinental in the further future (EC 2020).

3. Theoretical framework

This section outlines the theoretical framework, situated in the field of financialization. The three-fold theoretical framework is based on the dimensions of the study of financialization classified by van der Zwan (2014) and is chosen to situate the EU Strategy to the different spheres in which financialization unfolds. Financialization can only be employed as a framework to a particular case through a temporal and a geographic contextualisation (Fine & Christophers in Mader et al. 2020: 22). To contextualise this study, supportive literature studying financialization in the context of development cooperation in the decade of 2010 will be employed to substantiate the theoretical framework.

The abstract theory base of van der Zwan (2014) consists of three thematic areas in the research of financialization, here re-framed as the political, economic, and cultural. The political, originally titled ‘financialization as a regime of accumulation’, refers to the process of non-financial actors resorting to increasingly deriving profits from financial activities (van der Zwan 2014: 104). This encompasses states, both as an actor accumulating capital as well as a political facilitator of accumulation for private actors. The economic facet highlights the incentive structures of shareholder value maximisation for the private sector, and the expansionist nature of financial economies (van der Zwan 2014: 107). This aspect looks at the ways in which the African corporation becomes a subject of asset speculation, with profitability being the decisive factor of investment and shaping of operations. The cultural category, originally conceptualised as ‘the financialization of everyday’, investigates the ways in which realms of life prior free from asset speculation have become financialized and how this manifests itself in the lives of people, shapes their behaviour and exposes them to risks of market fluctuation (van der Zwan 2014: 112).

The data analysis was carried out by generating a coding protocol rooted in the political, economic and cultural aspects of financialization, with specific indicators derived from the substantiating literature. Initial identification of the EU as a potential case was assisted by some of the substantiating literature. The framework of van der Zwan (2014) is not an explicit theory. However, through deriving its core thematic facets that categorise the study of financialization and relating the themes to the empirical literature, the contextualised categories of political, economic and cultural were generated. The dimensions of the framework are elaborated further in the sections below.

3.1. Financialization as a political process

The early literature on financialization as a ‘regime of accumulation’ had its predominant focus on the financialization of the non-financial corporation, but the ‘new regime’ of accumulation emphasises financialization as a political project, where rent-seeking activity is politically facilitated as means of sustaining hegemony (van der Zwan 2014: 105). This aspect highlights how states facilitate regimes of accumulation and perpetrate strategies of accumulation itself, highlighting how financialization does not operate in a vacuum, but is actively facilitated by political actors. Murray & Overton (2016) coin the 2010-decade as the era of retroliberalism, broadly characterised by the (re-)prioritization of economic growth in development cooperation, re-centering the state role around facilitating private sector operations, the gearing of aid projects to facilitate trade, and the intertwinement of business interests into development relationships (Murray & Overton 2016). Donors are blending foreign aid with other forms of capital to de-risk investments into developing countries to demonstrate the viability of investment to private donors (Mawdsley 2018). Storm (2018) illustrates that the transcendence of these logics into the sphere of development cooperation changes the rules of the game to those of the financial sector - capital aggregating where capital already is, i.e. to accrue to the capitalist elite (Storm 2018). The motivation for a state to facilitate financial accumulation has been theorised to be rooted in the concept of hegemony, and the risk of its decline (Arrighi 1994). The concept of sustaining global hegemony has an implicit alignment with the act of the EU to re-shape development strategies to correspond to those of the southern partners. This pursuit ought not to be interpreted as an explicit quest for hegemony, but rather ensuring a competitive standing in the pursuit of investor gains and market making. The practical implications of the pursuit of accumulation is the concentration of wealth to rentiers; those deriving their income from financial assets and transactions (van der Zwan 2014, Storm 2018). The potential flipside in this is a reduction of investment into the productive economy, stagnation of wages, indebtedness of the non-rentiers, and a concomitant division of states into debtors and the indebted (van der Zwan 2014: 104-5; Murray & Overton 2016; Bortz & Kaltenbrunner 2017; Storm 2018).

The acknowledgment of accumulation as a political project is central to the purposes of this thesis, and the identification of where the EU’s interests lie is necessary to substantiate the ways in which the strategies pursue financialization and reframe development, further analysing the potential practical implications of such conceptualisations.

3.2. Financialization and shareholder value

Another central precept of financialization are the ways in which the expansionist capital economies seek to accumulate further surplus and maximise shareholder value for businesses. As the EU is the subject of this study, the way this category is distinguished from the one above is that whereas the political category analyses the public mechanisms of facilitating private investment, this category analyses the nature of the operational logic of financial intermediaries in relation to the broader development purpose that the EU seeks to deploy private investors towards. Thereby, the economic category has greater emphasis on the consequences of the former.

The modern corporation is primarily dictated by the primacy of profit geared to generate shareholder returns. This marks a shift from the traditional corporation of the industrial era that reinvested profits into production and employee programs (van der Zwan 2014: 108). On a general level, the research orientation studying this aspect of financialization has its focus on the corporate restructuring mechanisms that are implemented to reinforce shareholder returns. Such include corporate downsizing, tying executive wages to corporate performance, buyouts, takeovers and mergers and acquisitions (van der Zwan 2014).

In the context of the financialization of development cooperation, the relation of this aspect touches upon the broader goals of the investment-oriented development strategies. The objective of generating demonstration effects to catalyse further private investors also risks the importation of the shareholder-return oriented model into developing countries under the framing of the private sector as an active development partner. The rhetorical framing of private business actors into active development partners implicitly contains a concomitant transcendence of the capital accumulation model of the modern corporation to the sphere of development cooperation, masked often under notions such as ‘shared prosperity’ (Mawdsley et al. 2018). Despite development cooperation being a medium through which corporate investors are enticed to invest into developing countries, these private investors continue to be profit-seeking actors with no externally mandated development objective. If (foreign) shareholders and business elites are the predominant beneficiaries, the objective of increasing private investors risks neglecting any developmental objectives that are predominantly geared to benefit the broader stakeholders of a company, such as the employees. Additionally, if social and environmental priorities conflict with the objective of profit-maximisation, they are likely to be sidelined. This is equally a plight of the public financiers investing in Africa. Bracking (2012) constitutes a picture of how the systems used by most Development Finance Institutions (DFI) allow poor social and environmental scores to be offset by strong financial performance in the performance score rankings. Additionally, the use of proxy-scores (such as headcount employment) are frequently used without regard to more substantive measures of development, such as job displacement or sufficiency of wages (Bracking 2012: 278-9; Liverman 2018).

Thus, the aspect of the EU facilitating the entrance of businesses into developing country markets and framing the private sector as an active development partner must be analysed from the perspective of how these actors are conceptualised into development and what kinds of actions they execute, and with what potential repercussions.

3.3. Financialization as a cultural change

This aspect concerns how financialization folds out in the everyday lives of people, studying aspects of how the average person becomes an asset holder, a lender and a corporate-like borrower, as well as how peoples' everyday needs are increasingly catered for by the financial markets, hence transcending the culture of finance into the everyday lives of people (van der Zwan 2014). The culture of finance is widely distinguished to have become a component of development strategies and the ways in which (mostly) western actors exert themselves in developing countries in the study of microfinance (e.g. Chang & Bateman 2012, Mader 2015). The lack of poverty-reducing effects from microfinance has been demonstrated more than a decade ago through a randomised controlled trial (Duflo et al. 2009). Regardless, under the agenda of catering to peoples' basic needs and empowering their entrepreneurial capacities, microfinance continues to be an instrument contained within development agendas. According to Mader (2015), the justificatory logic is the re-framing of poverty as a lack of finance instead of the lack of some more substantive capacities and freedoms (Mader 2015: 80). Through this medium, enabling access to finance is framed as a route to non-poverty. However, in a wider lens, microfinance turns poverty into a financial relationship, in which institutional actors profit from lending to the poor. At the other end, microentrepreneurs are dependent on consumption, the disruption of which would set them into economic precariousness (Dolan & Rajak 2017: 515). Microlending typically targets women due to a perception that they are more economically responsible and reinvest profits into their families. This perception reinforces gender inequalities, mandating women to orchestrate the double-burden of social reproduction and being an entrepreneurial entity (Young 2010). The financialization of marginalised women is a well-researched topic that is largely provoked by the weak evidence between the empowerment rhetoric of lenders, and the actual benefits for women and other marginalised groups (e.g. Roberts 2016; True 2016; Prugl 2016).

Finance has an increasing role in peoples' life cycles not only through micro-lending, but also through other mechanisms that integrate people into spheres of finance along a simultaneous pursuit of surplus aggregation from their integration. In the context of developing countries, such include for example the pursuit of accumulation from the transaction costs of migrant labour remittances, and private sector provision of services traditionally catered by a welfare state. (Datta & Guermond in Mader et al. 2020; Lavinas in Mader et al. 2020; van der Zwan 2014: 111). The latter concerns both the making of basic services a purchasable product, but also cash transfers that ensure a constant link of people to the markets. These forms of financial inclusion are facilitated by new emerging digital services that enable banking via mobile (Lavinas in Mader et al. 2020: 314). This is also a component of the EU's strategy (EC 2020).

The cultural facet of financialization will be theoretically employed to distinguish strategies that seek to increase poor peoples' access to finance, enhance their entrepreneurial capacities, or seek to employ business to provide the basic necessities of a person's life cycle traditionally provided by the state, such as education, job training or healthcare. The interrogation of finance in catering towards peoples' everyday needs must further be critically analysed on the development impacts that are sought to be generated through enabling access to finance or by the provision of profit-based basic services.

4. Methodology

This section outlines the research design, describes the practical method of qualitative content analysis, and its suitability for analysing the EU's policy from the perspective of underlying values and motives. The further sections describe the processes of material sampling and delimitations, and discuss the ethical considerations and limitations of the study.

4.1. Research design

The research process of this thesis follows a qualitative methodology, using a mainly deductive coding approach of theory testing to situate the development policy of the EU to the research field of financialization. As outlined by Halperin & Heath (2012) a researcher must decide whether themes can also emerge beyond the preset codes (Halperin & Heath 2012: 322). The qualitative nature, level of abstraction within the theory framework, and choice of themes as coding categories enabled such flexibility, leading into the emergence of some inductive codes, as well as leaving out those considered irrelevant. Ontologically, this research adopts a constructivist stance according to the consensus on the field of financialization research, posing that the global inequalities and power hierarchies are actively constructed and maintained through the process of surplus accumulation on one side, and indebtedness on the other (Bryman 2012: 380). The study is conducted as a single case study, allowing for a thorough analysis of the investment and private sector support strategies of the EU in Africa. The EU is classified as an exemplifying case, as it represents a case in the broad trends of financialization, hence enabling this study to contribute to a broader field studying financialization as a contemporary political, economic and social process (Bryman 2012: 70). The following sections will explain the practical methodology of the qualitative content analysis.

4.1.1. Qualitative content analysis

Qualitative content analysis allows for a systematic analysis of textual information. This method enables a structured analysis of policy documents, particularly when the concern is on the extraction and analysis of latent content, understood as the meanings, motives, normative values and purposes contained within a given communication (Halperin & Heath 2012: 318-19). As this study explicitly seeks to identify how the EU's investment strategies accord to the financialization paradigm, the documentary analysis focuses on the latent communications of what does the EU conceptualise as a development goal, how it seeks to achieve them, as well as integrate its own interests into the pursuit. Likewise, this method enables an identification of what the strategic communications lack in terms of policy goals explicitly targeted towards broader welfare-led development, such as poverty reduction and income distribution.

The practical methodology for this study is adapted from Halperin & Heath (2012), which outlines a 4-step approach to qualitative content analysis. This 4-step method consists of selecting the population of texts and determining the extent to which they will be analysed, defining the categories of interest, choosing a recording unit (e.g. word, sentence, theme), and lastly, the generation of a coding protocol (Halperin & Heath 2012: 321). This study seeks to identify themes, which are based on the facets of financialization identified in the section of theoretical background.

4.2. Sampling and material

The EU was selected as the case subsequent to conducting a literature review on development finance institutions (DFI), through which the criticisms on the role of DFIs as a development actor were identified within the research field on financialization. The study of financialization in the context of development was identified as expanding yet ultimately nascent, motivating this study to further expand upon this field, which I argue to be a critical theme of research in the context of the future of development cooperation. Upon the identification of a strong rhetoric of recasting the private sector as the subject and a partner of development in the newly released strategic communications of the EU, it became an intriguing subject of research that enables the exploration of how financialization is politically facilitated, and how its impacts transcend far beyond the financial markets.

The sampling began by searching for the EC's International Cooperation & Development Directorate-General's website for communications on the strategic relationship with Africa. The core document on the full strategy, 'Towards a comprehensive strategy with Africa' (2020), was identified. Within this document, some delimitations were made based on relevancy, focusing primarily on the aspects that concern economic development, and investments. Other relevant texts were searched through a web-search on 'EU development finance' or by snowballing from the references of the core document. An inaugural communication on the EU's investment strategies into Africa was identified, titled 'Europe Alliance for Sustainable Investment and Jobs' (2018). Other textual material found on the EU website was concluded to not contribute anything relevant that was not contained in the two documents above, hence delimiting the subject documents to two.

Concerning the theory, financialization was a starting point for the research already prior to the case selection, and the theoretical literature was in part derived from the literature review or snowballed from the references of the articles contained. The framework of van der Zwan (2014) was chosen due to the original article 'Making sense of financialization' most comprehensively synthesising the literature on financialization to thematic facets, that were subsequently identified to thematically align with the facets of the economic growth and investment strategies of the EU policy.

4.3. Data Analysis

The data was analysed through coding the subject material with mostly predetermined sub-indicators contained in the thematic categories of political, economic, and cultural. The coding protocol contains some categorical overlaps, as some actions can simultaneously be constituted as means to retain political influence, reap economic benefits, or financialize spheres of life prior not sources of surplus. For example, promoting European business as an education provider and developer in Africa is simultaneously a way to promote European interest, European business, as well as bringing the private sector to the sphere of education. Hence, I acknowledge some codes to function under alternative headings and several are in many ways mutually reinforcing. Further, as indicated in the theoretical section, the qualitative content analysis was also employed to look at absences of evidence. This generated an additional coding category that highlights the rhetorical framings that indicate development impact yet fail to substantiate mechanisms that enforce social impact. However, the analysis contextualises these framings mostly under the three main-categories. The following table presents the coding categories, continued by a brief explanation of each.

Political	Economic	Cultural	Unsubstantiated rhetorical framing of development
1.1. Rhetorical assertion of the EU's significance as a partner in these strategies 1.2. promoting European business in service provision, as consultants, in expertise 1.3. Mechanisms of integrating European interest into shaping markets 1.4. mobilising the national financial tools of the EU countries 1.5. supporting projects that facilitate trade	2.1. attracting private investments and increasing the involvement of the private sector 2.2. framing the private sector as an active agent/partner 2.3. gains for the European business sector framed under 'shared prosperity', 'mutual benefit' 2.4. Highlighting the importance of investment for Africa	3.1. Aspiring to financialise groups of people prior not financialized (e.g. women, the youth) 3.2. Offering privatised services traditionally catered by the state (education, training, healthcare) 3.3. Aligning education to market demand	4.1 Unsubstantiated expressions that refer to development outcomes, yet do not indicate any enforcement mechanisms. 4.2. Assertions of investments or jobs being fair or sustainable 4.3. Referring to justice of outcomes

Table 4.1 Coding Categories

The political theme includes the various ways in which the EU seeks to mobilise its own financial mechanisms to firstly, facilitate a further penetration of private investors into Africa through mechanisms such as the European DFIs, trade-facilitating infrastructure and energy-projects, as well as loan guarantees and subsidies. Secondly, this category includes the political mechanisms that seek to integrate the EU's technical expertise to advance European normative interests in the process of shaping African markets.

The economic theme includes the paradigms through which the EU seeks to conceptualise private business and investors into the framework of development, the rhetorical framing of the private sector as a development agent, as well as rhetorical tools that frame the promotion of European business as being a part of the equal and unilateral aspect of the EU-Africa relationship, framing benefits under notions such as 'shared prosperity' or 'mutual benefit'.

The cultural theme includes the mechanisms of financializing the non-financial, or, transcending the 'culture of finance' to spheres of life traditionally not catered through private organisations (e.g. education, healthcare). This category also includes the financialization of groups of people prior not in the sphere of lending (e.g. women, the poor). A further inductive category that emerged is the pursuit of aligning education with market demand, hence enabling the market to dictate what knowhow is relevant.

4.4. Ethical Considerations

The choice of qualitative content analysis is geared to unveil underlying motives and normative values implicitly communicated in the subject content (Halperin & Heath: 319). Aligning this method with the critical viewpoint on financialization of the theoretical foundation renders the information extraction process to specifically derive aspects that highlight the incompatibilities between profit-primacy and social development. Hence, while striving for objectivity, fair representation and transparency, this thesis has an analytical standpoint that has a specific lens on the social risks, acknowledging the inherent characteristic of financialization in accumulating surplus capital most efficiently to where it already is. The thesis strives for transparency and has sought to substantiate its analytical claims with previous literature.

Further, the foundation of the theoretical framework is not built on literature that specifically addresses developing countries, but this thesis has sought to embrace its concepts on an abstract level and re-substantiate it with literature better contextualised for the purpose of this study. In doing so, this thesis has sought to represent the framework of van der Zwan (2014) in a truthful manner.

4.5. Limitations

The scope of this thesis rather permits the extraction of generalisable conclusions over nuanced assessment of details. The evidence could have been reinforced by further study into the monitoring and evaluation mechanisms of European DFIs, but the scope of the paper did not allow for such detailed analysis. In the pursuit of delimiting the scope, the role of the EU's and Africa's historical relationship also embraced a more superficial scope than it could have perhaps deserved. As it was identified that the disparity between aspirations and outcomes has a long history, lenses that look at the various power dynamics contained in this pattern could have served meaningful contributions.

The greatest attempt to cater nuance within the scope of this thesis comes from embracing a diverse range of scholarly views, which enabled the study of financialization on various facets. However, this naturally results in the thesis not having a distinct methodological label on the perspective it adopts.

5. Analysis

This section contains the findings of the policy analysis, structured along the coded themes ascending from the theoretical framework. The analysis further addresses the additional sub-theme of unsubstantiated development rhetoric, and its relation to the financialization discourse.

5.1. Financialization as a political process

This section illustrates the tools through which the EU seeks to influence Africa's development trajectories and analyses the ways in which the mechanisms deployed advance financialization.

The central themes are firstly, the pursuit to include European interest into shaping the markets, and secondly, the use of financial tools and policy mechanisms that attract further private investment.

5.1.1. European interest shaping African markets

The EU is overt in ensuring its own political and technical expertise a 'top priority' in the process, hence indicating an explicit vision on how the EU seeks to gain from African free trade (EC 2020: 8). The EU has an evident political agenda in advancing free trade in Africa and integrating its own political, technical and financial resources to the furthering of the African Continental Free Trade Agreement. In the context of attracting more investments into Africa, the EU further frames European business organisations a key actor in the process by stating:

> ''(…) it is important to promote regulatory reforms and to strengthen the institutional capacity of public authorities, business organisations and entrepreneurs, including social entrepreneurs, while reinforcing capacity-building related to SME access to markets and finance. In this respect, European business organisations should continue to support entrepreneurship in Africa (EC 2020)''

It is not explicitly stated whether European businesses are sought to provide technical or financial assistance. In either case the implications can be regarded to advance financialization. Technical assistance can be constituted as a political method of ensuring the containment of European interest in the process of shaping the rules of the African markets to align with European interests, a part of the ideological pursuit being the integration of African business to markets and lending. In the latter scenario, direct lending by European business is a form of financializing African business that simultaneously can advance the pursuit of surplus accumulation of European business if done on a for-profit basis. In any case, the concept of supporting free trade as a development strategy supports a normative view that free trade, investment and growth are in and of itself development outcomes, or at least automatic mediums for egalitarian wealth accumulation, which, in the absence of distribution mechanisms, is not the case (Arndt 1983: 1). Hence, analysing the statement from a perspective that is critical towards neoclassical economics, it can be argued that the EU uses its political strength to advance European business interests, regardless of the simultaneous risk of furthering inequality between the continents.

5.1.2. The public financial tools of development

The predominant public mechanisms within the strategy are the public financial tools geared to attract private investment. These encompass firstly, the deployment of European financial institutions, consisting of those of the EU as well as the bilateral DFIs of its member states, and secondly, lending guarantees, and blending private investment with the public development funds of the EU are used to de-risk investments (EC 2020: 7). The generation of demonstration effects to catalyse further investments is one of the core objectives of DFIs (Massa et al. 2016: 10). Blending and guarantees deliver further incentives for private actors to prevent losses. The motivation is stated as:

> ‘’Public and private investments are crucial to stimulating entrepreneurship and sustainable economic diversification. The focus should be: core quality infrastructure that is climate-resilient; access to finance; better data to help identify the most efficient and effective deployment of new sustainable energy sources; the development of a value-adding private sector with high potential for economic growth and the creation of decent jobs. (EC 2020)’’

This communication contains several components that reflect the tenets of financialization. Firstly, as outlined by Murray & Overton (2016), infrastructure and energy projects are a key sphere of public investment in increasing investor confidence, the objective being the creation of more investment-friendly climates. The pursuit in and of itself is a form of financialization — the EU invests in these projects, aggregates surplus, and by further reinvesting the surplus, the EU does not need to deploy new capital towards development efforts. Secondly, regardless of the method of increasing access to finance, the objective in increasing investor confidence is to bring more businesses to the sphere of lending. Increasing business’ access to finance can deliver development outcomes, but there is no indication of any monitoring and evaluation mechanisms that would ensure them. What exemplifies this is the indication of ‘decent’ job generation: As the critical financialization literature demonstrates, as a numerical measure, headcount-employment disregards who these jobs benefit, whether they are better off than before, or whether the generation of these jobs has displaced other jobs, causing the net job creation to be smaller, or potentially even negative (Bracking 2012). 'Decent' is also substantiated only by what it means[2], but not how such conditions will be reinforced. For the reason that such social aspects are not enforced in the strategies of the EU, it can be foremost conceptualised to operate in accordance with the logic of a business strategy.

This is problematic as financial resources meant to foster development are now utilised to further European business interests without a regulatory framework that would ensure tangible development benefits. This is done through the EU blending grant funds from Official Development Assistance (ODA) with public and private loans (EC 2020: 8). By blending loans to ODA, the EU frames loans into the sphere of development cooperation. This increases the overall financial flows, but ultimately reduces the grant element, contributing to the financialization of development cooperation and surplus accumulation from lending. The European Network on Debt and Development (2013) outlines that there is no evidence that this fusion of loans with ODA meets development objectives, hence undermining the social impact of ODA, while accruing surplus for the EU through the loan element (eurodad 2013).

This is further exemplified within the strategy, which states that another way through which the EU seeks to attract private investment is by reducing the risk in the way of profit-maximisation. A share of their budget is reserved towards guarantees, and they seek to allocate 60 million towards backing loans over 2021-2027, predominantly in Africa (EC 2020: 7). Thus, despite subsidising risky loans for companies and individuals alike, this is geared to ultimately increase the capacity of financial intermediaries.

5.1.3. European policy tools advancing financialization

As a result of the analysis above, it can be drawn that as a political actor, the EU advances a normative free market agenda by facilitating private sector access to Africa through de-risking

2 *'health and safety at work, inclusive social protection systems, universal health coverage, access to quality health services, including family planning, and fighting against inequality and, discrimination, child labour (especially in the agricultural sector) and forced labour'*

lending, using its DFIs to demonstrate the viability of investments, blending ODA to loans in the name of development, and actively engaging with European businesses to partake in private sector development processes in Africa. As the blending of ODA demonstrates on a symbolic level, this is done with an expectation of development through the economic growth-proxy. However, the evidence on the ways in which the EU mobilises its finances towards development outcomes appears to be weak, and the social impact taking place seems to happen through an assumption rather than any enforced mechanisms prioritising it. Hence the policy and public financial mechanisms of the EU can be considered to contribute to the advancement of financialization, with little regard to whether this benefits the African population as a whole. The operational strategies hence seem to work contrary to the EU's own framing of the African youth as the beneficiaries (EC 2020: 1).

5.2. Financialization and shareholder value

As the previous section outlined, the EU mobilises several policy-, and public financial tools to leverage the private sector to partake in its strategic development of Africa. The analysis in this section furthers on the previous section by looking at how is the private sector framed within the EU's development strategy, and in what kind of development impacts are sought with the presence of European investors and businesses in Africa.

5.2.1. Framing the private sector as a development partner

The previous section demonstrated that leveraging tools that attract private investment and business development into Africa is the core tenet of the development strategy. As the presence of private investors is the ultimate goal, it is important to analyse what its role is conceptualised as, analysing the types of development impacts sought to generate with the help of the private sector. The conclusion states that the EU appears to leave much liability upon a market logic to generate development outcomes, conceptualising economic growth as the end product rather than a tool of development.

The EU strategy places the greatest emphasis on economic growth and a concomitant aspiration of economic integration to accelerate trade (EC 2020: 9). To legitimise this aspiration the EU mentions the prospect of job creation adjunct to growth. However, job creation is rhetorically framed as rather hypothetical: As examples, the EU frames digital transformation as a *potential* facilitator for entrepreneurship, its private sector development strategies as something that *could* enhance job creation, and its peace and security strategies as *a foundation* for job growth (EC 2020: 3, 6, 9, 12). Thus, the EU appears to waive itself from the responsibility to provide tangible development effects. This must be viewed in a highly critical manner concerning that the intended purpose of ODA funds is to fulfill development objectives. The goals of leveraging the private sector are questionable if they are not explicitly presumed to serve a function in enabling higher incomes for a greater number of people. In the pursuit of leveraging the private sector, the goals are stated as 'stimulating entrepreneurship and sustainable economic diversification' and 'speeding up sustainable economic growth' (EC 2020: 6, 9). This conceptualises economic growth as a development goal in and of itself. If a development strategy fails to set explicit goals on what economic growth is geared towards, the repercussions are left upon a financial logic to dictate. Reflecting this back into the financialization theory section, the pursuit of accumulation within the modern financial corporations includes methods of bargaining from costs, such as level of wages, number of employees, or the level of programs geared to improve employee welfare.

Further, through stimulating the role of micro-entrepreneurship, the dynamic enables only consumption-driven subsistence incomes at the receiving end, simultaneous to capital extraction by the financial intermediaries. Clearly defined development effects such as higher incomes are not implied. If the EU does not cooperate in advancing higher regulatory standards to business, this strategy inherently advances financialization. Aligning this with the financialization framework, this would mean the centering of incomes to business elites and capital extraction of international investors, scenarios which are far-removed from the traditional egalitarian conceptualisations of development the EU rhetorically refers to even in its own mission statement, which states the guiding view to be 'eradicating poverty and fostering sustainable development' (EC 2020b)

Investing in the digital economy is further seen as an enabler of digital entrepreneurship. Entrepreneurship is framed as an opportunity for the youth entering workforce. Investing in digital infrastructure can be profitable for the investors, but this aspect of the strategy is likewise missing an explicit component that would enable the youth to appropriate digital tools for entrepreneurial activities or enable access to digital tools for the marginalised. The EU bases its assumption on the benefits of digitalization on a non-referenced estimate that *'a 10% increase in digital coverage* *could result in an increase of over 1% in African GDP'* (EC 2020: 4). The investments into the digital economy again appear to have a loose connection to delivering benefits that enable higher living standards. Efforts are concentrated to investments, yet connection to the ways in which these investments ought to benefit the masses are not established, ignoring the potentially high necessity of capacity-building to enable the youth to harness the digital tools in a meaningful way. Likewise, there is no indication of mechanisms that ensure that the growth is inclusive.

Throughout the document, private investments are further seen as key in the development of climate solutions. The specific solutions are not well-defined, but aspirations encompass low-carbon technologies, resource efficiency, and environment-friendly agriculture (EC 2020: 2-4). When businesses develop and profit from climate-oriented solutions, the hierarchies of profit division do not change from the existing (Bracking in Mader et al. 2020: 217). Hence, the climate policies integrated into the EU's strategy may serve to mitigate climate change in the environmental and physical sense, but the contribution towards climate justice[3], remains questionable if climate solutions are solely developed in lieu to viable business strategies. If the EU's aspirations are driven by the scope of what is financially viable to conduct as a private sector driven strategy, it is further likely to neglect the climate change mitigation in areas where there is no commercial value to developing climate solutions, hence neglecting many marginalised groups of people.

5.2.2. The repercussions of the EU leveraging private investment

As demonstrated above, the ways in which the EU strategy with Africa deploys the private sector as a development partner does not indicate any deviation from the traditional logic of financial accumulation for the private partners. The public mechanisms of leveraging private investors seek to decrease the risks that have kept financial investors at bay up to date. However, this approach poses the following risks that are associated with the financialization of development within the economic sphere. Firstly, if the private investors and businesses only become a development partner once the foundation has been primed to enable them to act according to the traditional financial logic that does not compromise the pursuit of profit-maximisation, they are unlikely to

[3] referring to those least responsible being the most burdened by climate change (White-Newsome 2016)

enter the most fragile countries, which ultimately would need the most in terms of development financing. Hence the way the EU seeks to develop public-private partnerships to increase the financing of development is ultimately not oriented towards leveling inequalities nor reducing poverty.

Secondly, considering the stated priorities and mechanisms, the evidence indicates the strategy primarily benefits the investors and business elites, hence fulfilling the alignment to the principles of financialization in the economic sense. The aspirational public-private development strategy is ignorant of the operational logic of private investors, whose primary task is to ensure shareholder value maximisation. Job creation and other beneficial social impacts are assumed, but not ensured nor monitored. This furthers the re-definition of development into a byproduct of economic growth, re-legitimating the trickle-down assumption of growth that was observed as a myth already in the 1970s (Arndt 1983: 1). It is somewhat inconceivable that these risks could be written off as unawareness, considering the long-standing academic research that displays the negative social byproducts of neoliberal economics. Hence, it is reasonable to conclude from a financialization perspective that the EU deliberately seeks to advance strategies whose primary pursuit is that of investor capital gains without providing accountability measures for development effects.

5.3. The transcendence of the finance culture

The third thematic sphere of van der Zwan (2014) addresses the transcendence of finance to grasp further groups of people and spheres of society as sources of accumulation. The tenets of this shift are visible in the Africa policy of the EU likewise, and unfold both in pursuits of seeking sources of accumulation from lending to prior non-financialized people, as well as through the generation of privatised services that are traditionally covered by public entities. Both phenomena are elaborated below in their respective sections.

5.3.1. The financialization of the non-financialized people

Incorporating new groups into the sphere of lending is a recurring theme in the EU's Africa strategy. The discussion touches upon the youth as well as the marginalised, though the heaviest emphasis is arguably on women. They are framed as ‘’key drivers of sustainable growth, development and peace’’, whose ‘’aspirations will determine the future of the continent.’’ (EC 2020: 1). Within a discourse on facilitating access to finance, the priorities are framed as *‘’value-adding sectors with a high potential for sustainable job creation, notably for women and youth, increasing the opportunities for them to realise their aspirations, including through start-ups.’’* (EC 2018: 3).

The EU conceptualises the aspirations of youth and women to become fulfilled through market integration, hence advancing a normative ideal of market inclusion automatically translating into an eradication of the structural issues of economic disadvantage and precariousness. Their normative stance is further supported by another statement, outlining that *‘Supporting women’s empowerment requires tackling discriminatory regulations and practices and making sure that they have access to knowledge, skills, microcredit and finance for entrepreneurship’* (EC 2020: 9). Thus, the EU embraces an approach that enables investors to generate surplus from the interest of microloans, simultaneous to the prospect of ‘empowerment’ being widely unsubstantiated by evidence, as demonstrated in the theoretical background section.

While it is possible that in the absence of job market demand, microfinance-based entrepreneurship can provide subsistence incomes. However, it is problematic that a large partner in development and trade like the EU reinforces the use of palliative solutions though deploying a wide range of mechanisms that reframe poverty as a lack of access to finance. Further, the conceptualisation of women and the youth as grassroots entrepreneurial entities renders them dependent on customer consumption of the products and services of their microbusiness. This exposes them to income volatility and for most, does not liberate them away from subsistence level (Dolan & Rajak 2016: 515). This strategy profits financial intermediaries, while serving little substantive contributions to development, hence advancing the financialization paradigm.

5.3.2. The financialization of the non-financialized spheres of life

Another notable aspect within the EU’s agenda was its approach to education and training. Private sector is framed as an active partner on this frontier, both as a service provider as well as the body dictating what education is considered relevant. The pursuit of accumulation transcends to dictate peoples' educational opportunities, which are offered along market demand. Another aspect is the EU's own needs when it comes to foreign labour force. The EU states:

> ''More investment is needed to provide people, in particular girls and women, with access to education, notably Technical and Vocational Education and Training, as well as digital skills and competences, and to address the mismatch between the skills that young people receive at secondary and tertiary level and those needed for their working life. This will help equipping youth with relevant skills to build their future, whilst consolidating as well pathways to legal migration.'' (EC 2018)

Thus, peoples' education is conceptualised to be a worthy investment only if their labour input aligns with market needs and corresponds to labour shortages. Hence it is not the person who is the intended beneficiary, but the market. Further, digital training is framed as a goal, one purpose being digital financial inclusion for the facilitation of remittances (EC 2020: 5). Datta & Guermond (2020) illustrate how migrant wages advance financialization by firstly, supplying cheap labour to the North, and secondly, perpetuate cheap social reproduction through remittances in the South (Datta & Guermond in Mader et al. 2020: 332). Hence, the EU strategy conceptualises the usefulness of Africans' education through how much it delivers economic value, equally in mind for the European economies. While aligning labour force supply with demand is necessary, the strategy seems to place considerable emphasis on micro-entrepreneurship and the European interest of fulfilling shortages of labour in Europe, often centered around low-paid professions (Wimark et al. 2019). As mentioned, the former risks the shaping of economies that are heavily reliant on individual consumption, the disruption of which sets entrepreneurs towards precarious subsistence incomes (Dolan & Rajak 2016: 515). The latter, while potentially offering migrant workers wages manifold to those they would earn at home, advances financialization through the remittance industry, that profits from migrant labourers financing the life of their family at home. (Datta & Guermond in Mader et al. 2020: 330).

The above examples demonstrate that the EU frames financial intermediaries as development actors through conceptualising them as offering a gateway to employment in the absence of formal jobs. However, this palliative solution ignores the larger structures that foster weak job markets, simultaneously enabling financial intermediaries to profit from lending and transfers. Further, the EU strategy enables the market to dictate what training and education is important. This is a more indirect form of supporting the logic of accumulation. However, it contributes to the larger paradigm that prioritised the facilitation of market activity and increasing investor confidence.

5.4. The framing of development against practical outcomes

As the three above sections have demonstrated, the EU strategy with Africa is indicative of a very holistic approach to expanding the frontiers of financialization, whether it be through policy mechanisms or its private partners. However, the policy documents communicate a rhetoric that advances an impression of social impact, using phrases such as ‘fair value chains’, ‘responsible investments’, ‘respecting ambitious environmental and climate standards’ or ‘sharing experiences on socially just ways of transitioning away from fossil fuels’ (EC 2020: 3,4). None of these instances indicate any enforcement mechanisms, and are rhetorically framed as ‘key components’, something that should be done, or something that investments have the potential to do.

This is necessary to acknowledge in framing the way in which the EU re-conceptualises development. The rhetoric is indicative of the EU seeking to retain its reputation as a normative leader, averting accusations of neo-colonial practice. However, as the EU’s practice in Africa has demonstrated in several instances in the past, the execution strategies alienate the communicated aspirations from the practical outcomes. Overall, the policy communication titled ‘Towards a Comprehensive Strategy with Africa’ (2020) appears to be a range of mutually reinforcing strategies that seek to advance financialization, conceptualising development through growth and other numerical measures, which risk masking behind unequal development patterns as a result of strategies dictated by the financial logic of surplus accumulation.

6. Conclusions

The objective of this thesis was to discern the ways in which the EU’s Africa strategy aligns with the financialization paradigm, all while critically analysing the potential implications of this paradigmatic shift. The material was sampled with a coding protocol rooted on the facets of financialization outlined by van der Zwan (2014), enabling a three-faceted discourse on the EU's strategies of financialization. The alignment of the EU's Africa strategy was identified to facilitate financialization on all facets, encompassing public policy and -financial mechanisms, conceptualising the private sector as a development actor with no evidence of it assuming a development mandate, and integrating new people and businesses into the sphere of lending.

The strategy (re-)conceptualises development as economic growth, and assumes social impact as a potential byproduct, ultimately serving no evidence on enforcement mechanisms that would ensure the strategy to have a positive impact towards decreasing economic precariousness, increasing incomes, or elevating the living standards of the most marginalised.

While I acknowledge the investments do have the potential to do all the aforementioned, the evident lack of primacy towards social impact risks positioning the 2020 Africa Strategy into the continuum of disparate aspirations and outcomes, not least because of how it seems to further enrich the financial intermediaries framed as development actors. To function as a development strategy that serves people beyond the financial elites, the EU should advance the enforcement of higher regulatory standards towards businesses.

6.1. Suggestions for future research

The strategy of the EU deploys a vast array of mechanisms to reinforce economic growth in African countries. As this study has illustrated, the social impacts are assumed as potential byproducts, perhaps even anticipated with some naivete. However, being a development strategy, social impacts ought not to be left undefined and untraceable. This opens the floor for a wide range of cross-sectional and longitudinal studies, assessing the diversity of impacts across countries and sectors, as well as over time. In particular, critical political economists, historical materialist scholars and feminists should embrace the study of these investment mechanisms that assume a self-proclaimed role of development actor.

Firstly, the study of job creation should embrace a holistic approach that discerns whether the job growth fostered by the European DFIs and private investors enable higher-paid work, especially considering whether they have a function in poverty reduction. Further, the measure of job creation should be embraced through a wider lens: do these jobs displace other jobs and amplify the income volatility of other groups?

The investments of the European DFIs and private equity funds should also be scrutinised on their distributional impacts, discerning whether the primary beneficiaries are the masses, the business elites or even the investors themselves. Further, more critical research should be embraced on the impacts of blending and investment leverage ratios, both in indicative studies presented to not function in the ways they are aspired to. Overall, the investment strategies should not be left to embrace a force majeure role in developing countries. The investment strategies could be mobilised for good purposes, but as previous research has demonstrated, such requires awareness of the social shortcomings of the financial logic.

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