Case Studies

Caroline Muchanga- Mazabuka, Zambia

Caroline Muchanga works 7 days a week, from 5.45am to 9pm, at her market stall in Nakambala market in Mazabula. Her goods include sugar, produced by the UK company "Zambia Sugar" on their plantation and factory nearby.

Caroline's two daughters attend a local volunteer run school, but she cannot consistently pay the fees for books, materials and maintenances, fees the schools charge to cover the gap in funding provided by the government. Keeping up with these payments is beyond the means of most parents. Only 53% of school children complete their primary education, one-fifth less than a decade ago.

On a good day, Caroline makes about ZK2000 (about 4 US$). Caroline has to pay her business tax everyday though. Each evening a council comes to collect a market levy of ZK1000 (0.20 US$), regardless if she has made any money that day. This means that she is paying 90 times more corporate tax relative to her income than the EU sugar company whose product she sells.

Halima Ally- Kisarawe District, Tanzania

Halima Ally and her 3 children live in Kisarawe District in Tanzania. She and her community have been affected by a UK company using local land to produce biofuels for exporting to Europe.

In 2006, Sun Biofuels acquired an area of land the size of 11000 football pitches, to set up a Jatropha plantation. Land was grabbed by the company with little or no compensation, promised investment in social services never materialised, and people lost access to wells and to the graves of their ancestors.

In 2011, Sun Biofuels went into administration and the plantation was shut down. Workers were fired which meant even the promise of jobs was gone.

In 2012 the government ordered the investors to compensate the 11 villages affected for the communal land they had lost. However, after 4 years of protests by the displaced locals, many of the promises still have not been kept, and too much damage may already be done.

Adoaga Ousmane- Chad

Adoaga Ousmane lives in a small village in Chad, and is suffering from symptoms of severe food insecurity. She resorts to chewing on fruit stones, a common way to kill hunger, and has to search in anthills for seeds to eat.

Adoaga used to eat meat once a week, but prices at the market are now too expensive. Adoaga grows her own food, and depends on the fertility of the soil and the weather for good crop growth.

As a result of the drought and desertification in West Africa during 2012, food prices in Chad rose by an average of 40% more than the pre-crisis period.

This has contributed to a situation of severe food insecurity in Western Africa. Previously a food crisis would occur once every 10 years, but there have been 3 in the past decade.

The food insecurity in the Sahel is part of a bigger picture, in which climate change is playing a negative role. The EU's current economic model contributes to climate change.

Máxima Acuña Atalaya- Peru

Máxima Acuña Atalaya has become the symbol of the movement of farmers struggling to protect the wetlands in the Andes by refusing to sell her family's house and land to companies behind the Conga mining project- a project to extend the existing Yanacocha mine which is already the second largest mine in the world.

The mining project was adopted despite several reports of environmental problems connected to mining and protests by the local communities.

Developing the Conga mine will involve destroying several lakes in the area, and will affect 32 small communities of small farmers. The destruction of the lakes will destroy part of a typical - and fragile- highland ecosystem in the Andes: the wetlands.

The Yanacocha mine has already suffered many environmental problems, including a mercury spill in 2000 which poisoned 900 villagers. The EU's consumption of natural resources impacts the live of communities in producers' countries.

Media Brief

Report: 'Spotlight on EU Policy Coherence for Development: the real life impact on the poor', published by CONCORD, the European confederation of Relief and Development NGOs on 18 September 2013.

The issue? Some EU policies are having major negative impacts on the lives of the poor in developing countries.

The EU has a legal obligation, known as 'Policy Coherence for Development' set out in the Lisbon Treaty of 2009, that it must make sure its policies are coherent with the EU's own international development objectives, focusing on poverty eradication. This article implies that the aims and objectives of EU development cooperation are not undermined by other EU policies, such as those on climate, trade, energy, agriculture, migration, and finance matters.

Article 208 of the Lisbon Treaty: *"The Union shall take account of the objectives of development co-operation in the policies that it implements which are likely to affect developing countries"*

Issues covered in the report:

Financing for development

- **Zambia Sugar Plc**, a subsidiary of UK food giant Associated British Foods is Africa's largest sugar producer. Over the past five years the company has had record annual revenues of over ZK 1 trillion (US$ 200 million), and healthy profits of over ZK 83 billion (US$ 18 million) a year. From 2008 to 2012, Zambia Sugar Plc has paid less income tax *in absolute terms* than a local market trader, Carlone Muchanga. For the first three years Zambia Sugar has managed to pay no corporate income tax. In the fiscal years 2010/11 and 2011/12 the company did pay some income tax, but even then at a rate of just 0.5% of its income: 90 times less than the percentage that a local trader, such as Caroline would pay.
- **Illicit Financial Flows and Tax Revenues:** Between US$ 859 billion and US$ 1,138 billion[1] escaped developing countries as illicit financial flows in 2010 alone. About half is profit shifting by Transnational Corporations (US$ 429.5 to US$ 569 billion) = loss of at least $100bn a year in tax revenue to developing countries.
- **Tax havens**: Recent research shows that less than one in every two dollars of large corporate investment in developing countries is now being routed from or through a tax haven[2].
- **Policy reform:** EU policies in the areas of taxation and anti-money laundering must be improved in order to offer a chance to developing countries to increase their domestic revenues and mobilize their own means to finance their development.

[1] Global Financial Integrity (2012): *Illicit Financial Flows from Developing Countries 2000-2010.*
[2] ActionAid 2013: *How Tax Havens Plunder the Poor*

Media Brief

Food and Nutrition Security

- **EU land demands:** is now using a total of approximately 36 million hectares of land in developing countries, including 20 million hectares for its own intensive livestock production,[3] with the acreage of transnational land acquisitions having risen from 15-20m hectares in 2009 to more than 70m in 2012.[4]
- **Smallholder farmers:** Half a billion smallholder farms cultivate 400 million farms of less than two hectares, and manage more than 80% of farmland (and similar proportions of other natural resources) in Africa and Asia.[5]
- **Smallholder Investment:** Smallholders represent the largest group of investors in the agriculture sector, and the FAO estimates that on farm investment by farmers themselves dwarfs foreign direct investment and official development assistance, and also significantly exceeds investment by governments[6]
- **Global hunger:** Every night, 870 million people go to bed hungry. In addition, malnutrition causes the death of 3.1 million children every year, accounting for 45% of all deaths among children under the age of five, while stunting causes permanent damage to the future potential of 165 million more children.[7]
- The **global food sector** is increasingly dominated by large corporations, with five companies controlling 90% of the world's grain trade and three controlling 85% of the tea market
- **Policy reform:** EU policies in relation to agricultural investments reveal a negative impact on smallholders farmers in developing countries, although they are key to safeguard food security.

[3] Harald Witzke and Steffen Noleppa (2010): *EU agricultural production and trade: Can more production efficiency prevent increasing 'land-grabbing' outside of Europe?,* Humboldt University Berlin, p. 14

[4] UN (2012): *World Water Development Report 4, Volume 1: Managing Water under Uncertainty and Risk*

[5] FAO (2011): *Save and Grow, A policymaker's guide to the sustainable intensification of smallholder crop production*; IFAD (2011): Rural poverty Report 2011

[6] FAO (2012): *The State of Food Insecurity in the World 2012*; Lancet Series on maternal and child nutrition, 6 June 2013

[7] See note 5

Climate Change and Natural Resources

- **Food Crises:** In 2012, over 18 million people in the **Sahel region of West Africa** were affected by a severe food crisis caused by drought, desertification, and consequent rises in food prices. As a consequence, food prices in Chad rose by an average 40% more in 2012 that the pre-crisis period.
- Temperatures in the Sahel region rose by 1.3ºC during the 20th Century, and climatic changes in Africa are likely to continue worsening as a consequence of climate change.[8] Both of Africa's staple crops- corn and sorghum- are expected to be hit badly by increasing severe weather.
- **Sustainability aspects:** Only 10% of **European companies** actually disclose information on sustainability aspects, and that these reports are all too often both inconsistent and lacking in relevant information.
- The EU actively participates in a global highly competitive and aggressive rush to secure raw materials in developing countries. This leads to unfair corporate practices that are detrimental to the livelihoods of local communities and the environment.

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http://www.concordeurope.org/coherent-policies

[8] UNEP, CILSS, OCHA, IOM, UNU (2011): *Livelihood Security. Climate Change, Migration and Conflict in the Sahel*