

A Call to Prevent Inequality and Empower Local Entrepreneurship

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Date: Fri 12 : 11

Dear Leaders, Citizens, and Corporate Representatives of Developing Nations and Companies,

The Dika-Moka Youth Development Forum, a youth-led initiative dedicated to economic justice, urges you to heed the lessons of South Africa's apartheid legacy, which has made it one of the world's most unequal nations (Gini coefficient among the highest globally). We call on developing nations to guard against exploitative corporate systems that suppress the majority through policies, governance, and finance, and we encourage companies to adopt equitable practices. We also emphasize local entrepreneurship as a vital strategy to prevent wealth extraction and address challenges like South Africa's high inequality, reliance on investors, and over 40% unemployment among its majority Black African population.

The Apartheid Legacy and Its Economic Impact

From 1948 to 1994, South Africa's apartheid system marginalized the Black African majority (over 80% of the population) through policies like the Group Areas Act and Bantu Education Act, restricting access to education, opportunities, and land. Governance excluded the majority, and financial systems enriched a White minority elite. Today, Black South Africans, the primary consumers and labor force, face barriers to wealth due to unequal access to capital and ownership. Companies backed by local and international investors often prioritize elite shareholder profits, perpetuating:

- **High Inequality:** Over 70% of assets are white owned.
- **Heavy Investment Reliance:** Local and foreign firms extract wealth, leaving minimal local benefits.
- **High Unemployment:** Over 40% of Black Africans are jobless, despite being the majority workforce.

A Warning Against Exploitative Corporate Systems

We caution developing nations against allowing companies that replicate apartheid's exploitative frameworks, which may:

- **Exploit the Majority:** Target your people as consumers or low-wage labor while funneling profits abroad.
- **Enforce Suppressive Policies:** Use biased hiring or restrictive contracts to exclude the majority from gains.
- **Undermine Governance:** Partner with elites to entrench power imbalances.
- **Extract Wealth:** Siphon profits through complex financial structures, as seen in some private equity models.

As examples, consider these South African entities, which often serve a majority Black African market but channel profits to external investors:

- **Vivica Group:** A holding company managing Vox Telecom, Frogfoot, Retailability, Everlytic, Braintree, Guardian Eye, Nymbis, Armata, Qwert, and Stage Zero. Generates revenue through portfolio operations but distributes profits to investors like Metier, RMB Ventures, MIC Capital Partners Two, and management.
- **Vox Telecom:** Provides internet and ICT services, targeting Black African consumers, with profits flowing to Vivica's investors.
- **Frogfoot:** Builds fibre networks, serving underserved areas, but profits go to external shareholders.
- **Retailability (Edgars, Legit, Swagga, Style):** Operates retail for the mass market, employing locals but prioritizing investor returns.
 - **Everlytic, Braintree, Guardian Eye, Nymbis, Armata, Qwert:** Offer digital, cloud, security, and IT services, primarily B2B, with profits to Vivica investors.
 - **Stage Zero:** Provides renewable energy solutions, targeting communities, but wealth flows to shareholders.
- **Metier Private Equity:** Raises capital globally, profits through portfolio growth, with limited local empowerment.
- **RMB Ventures:** Part of FirstRand, invests with some BEE focus but prioritizes diverse shareholders.
- **MIC Capital Partners Two:** 100% Black-owned, funds the Mineworkers Investment Trust, a rare example of profits supporting Black African communities.

Companies are urged to adopt inclusive models, prioritizing local empowerment over external profit extraction.

The Power of Local Entrepreneurship

To counter these risks, we advocate for empowering local entrepreneurship in developing nations to:

- **Retain Wealth:** Keep profits within communities, unlike foreign firms.

- **Create Jobs:** Employ locals, addressing unemployment like South Africa's 30%+ rate.
- **Promote Inclusion:** Offer tailored products for the majority.
- **Build Resilience:** Reduce dependency on external investors.
- **Empower Communities:** Foster innovation and accountability.

South Africa's reliance on external companies has deepened inequality. Local businesses, supported by policies like Black Economic Empowerment (BEE), can create wealth, though BEE's challenges show the need for robust implementation.

Action Steps

For Developing Nations:

- Investigate foreign companies' ownership and profit flows, rejecting those prioritizing external gains.
- Support local startups with funding and training.
- Enforce equitable hiring and profit reinvestment policies.
- Strengthen transparent governance to prevent elite capture.
- Educate citizens on exploitative systems and local business benefits.
- Learn from South Africa's BEE efforts to prioritize local control.

For Companies:

- Adopt inclusive policies, ensuring local hiring and ownership.
- Reinvest profits into communities, not external shareholders.
- Support local entrepreneurship through partnerships and mentorship.

Addressed Entities

Central African Republic, Chad, China, Colombia, Comoros, Democratic Republic of the Congo, Republic of the Congo, Costa Rica, Côte d'Ivoire, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Eswatini, Ethiopia, Fiji, Gabon, The Gambia, Georgia, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, India, Indonesia, Iraq, Jamaica, Jordan, Kazakhstan, Kenya, Kiribati, Kyrgyzstan, Laos, Lebanon, Lesotho, Liberia, Libya, Madagascar, Malawi, Malaysia, Maldives, Mali, Marshall Islands, Mauritania, Mauritius, Mexico, Micronesia, Moldova, Mongolia, Montenegro, Morocco, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Niger, Nigeria, North Macedonia, Pakistan, Palau, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Rwanda, Samoa, São Tomé and Príncipe, Senegal, Serbia, Seychelles, Sierra Leone, Solomon Islands, South Sudan, Sri Lanka, St. Lucia, St. Vincent and the

Grenadines, Sudan, Suriname, Syria, Tajikistan, Tanzania, Thailand, Timor-Leste, Togo, Tonga, Tunisia, Turkey, Turkmenistan, Tuvalu, Uganda, Ukraine, Uzbekistan, Vanuatu, Venezuela, Vietnam, Yemen, Zambia, Zimbabwe

Sincerely,
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