PRESS RELEASE

Despite the abundance of mineral wealth, the SADC region is in an economic crisis.

The mineral wealth in the SADC is not helping improve the standard of living for people in the region

Nairobi, 28th April 2021 – Southern Africa Development Communities (SADC) countries have not been spared from the devastating socio-economic effects of the COVID-19 pandemic. Given the dependency of most SADC countries on mining, public scrutiny regarding the way the region’s finite but abundant mineral wealth is being managed to fight the growing menace of poverty and inequality is increasing. Statistics indicate that due to COVID-19, 28-40 million people in Africa are expected to fall into extreme poverty, with 30 million people likely to lose their jobs.

The extractives sector accounts for the largest chunk of illicit financial flows (IFFs) out of Africa contributing $40 billion to the $86 billion lost on an annual basis. Commodities such as gold, diamonds, and platinum, which are part of the main anchors of SADC’s mining sector, are the most vulnerable to IFFs because they are high valued and easy to move across borders. As SADC battles this issue, the region is in turmoil as evidenced by: students’ protests due to the their government’s inability to direct spending to the education sector in South Africa, the primary education seeing disastrous results as a result of the pandemic in Zimbabwe, Zambia reeling from unsustainable debt, as well as conflict, poverty and rising inequality in Mozambique. It is clear that the mineral wealth in this region is not translating into an improved standard of living for the people in the SADC region.

Given the finance gaps that have arisen due to COVID-19, civil society organisations (CSOs) in the SADC region are engaging their governments, ministries of finance, revenue authorities, intergovernmental organisations and other key stakeholders in the extractive industry to discuss ways to maximise tax revenue from the extractives sector.

Tackling challenges related to: the race to the bottom, overly generous tax incentives, illicit financial flows and rising sovereign debt would position the SADC region to better address the needs of its citizenry. ‘The SADC region needs to implement the recommendations of the High-Level Panel Report on IFFs from Africa and the Africa Mining Vision (AMV). The AMV, specifically, calls for a regional mining vision in SADC and looks at harmonising laws to mitigate the race to the bottom in the region’, says Mukasiri Sibanda, Tax and Natural Resource Governance Advisor with Tax Justice Network Africa.

CSOs are asking for transparency, accountability and public scrutiny in the awarding of contracts and it is against this background that the Stop the Bleeding (STB) Campaign in collaboration with the Southern Africa Resource Watch (SARW), Southern Africa Tax and Governance Network (SATGN) as well as the Alternative Mining Indaba (AMI) are organising a regional multi-stakeholder online discussion entitled “Optimised Mineral Revenues in SADC: The Management of Tax Incentives. ‘The AMV has a pillar on fiscal and revenue management, and CSOs will use this meeting to take stock of how SADC countries are ensuring that there is optimised revenue generation from the mining sector for transformation of
national economies and people’. Adds Veronica Zano, Governance, Research and Policy Officer at SARW.

The meeting is on Thursday 29 April 2021, 10:00-13:30 CAT. To attend, register here.

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