



Background

This conference was hosted by the Studies in Poverty and Inequality Institute (SPII) and the Ecumenical Service on Southern Africa (KASA) in Johannesburg, South Africa, on 25 and 26 April 2013. The project was funded by Bread for the World. It forms part of SPII's work under the Socio-Economic Rights Programme, under which SPII together with a network of partners, is spearheading research to develop an innovative and comprehensive case for the introduction of a Southern African Development Community (SADC)-wide universal cash transfer (Basic Income Grant), funded by a tax on extractive activities.

The overall objective of the conference was to set the scene for discussions around the feasibility of SADC BIG and highlight the state of socio-economic justice in the region. The broad themes for the conference covered the following areas:

- Feasibility of a SADC-Wide Universal Basic Income Grant in Southern Africa
- Cross-border migration within Southern Africa
- Social Protection Policies in Southern Africa
- Taxation in Southern Africa
- Mining Practices and Development in Southern Africa.
- Trade and development in Southern Africa

It was also anticipated that the conference would identify mechanisms whereby formal future engagements could be instituted amongst network partners and some of the anticipated challenges which civil society will face in their engagements with governments both at the national and regional level. **A copy of the agenda and the participants list are annexed hereto as Annexures A and B respectively. Presentations at the conference are attached separately.** This report begins with a very short summary of the main emerging points and then proceeds to list the inputs from each session.

Overall Report Back:

Despite the diverse wealth of knowledge and ideologies around socio-economic justice from the participants at this event, there seemed to be consensus on the need to concentrate attention on the call for social protection and the need for states to promote the provision of income for all the people in the region, as a right.

The lack of funds/ fiscal financing issue that governments have constantly used as an excuse for not expanding national systems of social protection, should cease to be the basis for not providing adequate socio-economic protection to nationals as the SADC region is endowed with enough resources. The question remains: do we have the desire and the will to use our resources, especially in the mineral sector, to move people out of destitution?

An overwhelming sense that emerged from the discussion is that we require far more and better information as a sector to enable us to formulate a position regarding whether a unified civil society voice can be developed in the region, and what our main points of engagement and negotiation could or should be.



It was also agreed that this process should be accelerated since the new discovering of mineral resources in some countries of the region opens a window of opportunities which the civil society organizations should take advantage from. This participating network should continue to share information pertaining to the questions and discussions raised during the conference (listed below), and also regarding how best to develop a successful region-wide campaign for a BIG.

Discussions: Day 1, 25 April 2013¹

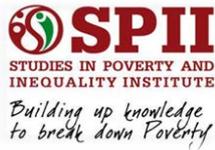
Human Development: Poverty and inequality remain prevalent in SADC despite the wealth of natural resources. Economic growth has not translated into redistribution, and this has led us to question the neo-liberal approach that is still currently being practiced. There is therefore a need for an alternative approach to redistribution that moves away from the neo-liberal stance. The state should play a controlling or directing role in redistribution and the role of civil society in influencing policy making is important. Thus, how do we as civil society organisations turn research into action? There is a need to close the gap that is growing between policy makers and people on the ground. BIG provides a great opportunity for collective campaigning.

Social Protection (SP): SP is a well-known and documented concept within the region. It was noted that SP is about improving human welfare and should be regarded as a human right (and charter for SADC covers this). Despite the existence of SP provisions, SP is often captured through soft laws and they serve as guiding principles and not always enforceable rights. Great results are found in countries where SP is enshrined in the Constitution, but this is not a prerequisite. SP in SADC is undeveloped with unlimited scope coverage and doesn't cover a lot of categories (such as the informal economy, poor working age people with many vulnerable people not meeting some of the criteria/requirements that are set). Schemes at a country level lack portability, so people risk losing the benefit if they leave the country.

Non-nationals access to socio-economic rights: While many countries in Africa are contemplating ways in which to extend access to social protection for their citizens, the enjoyment of socio-economic rights by non-nationals receives scarce commentary. Despite the existence of international continental and regional instruments and treaties that guarantee both access to socio-economic rights for all and equality within states of nationals and non-nationals, for many these rights remain paper rights. Within the SADC region, the SADC Social Charter to which all members are bound recommends that members provide access to social rights protection to their citizens. However, the SADC Charter is silent about the provision of social protection by member states to non-nationals. There is a need to remedy this through campaigning and including it in the arguments for a SADC BIG for all national and non-national residents

Informal Traders in Southern Africa: ESSET carried out a research project that ensured face-to-face interaction with participants (street and informal cross-border traders) occurred. This initiative aimed at getting first-hand information about the experiences of traders. The research revealed, inter alia, that informal traders in the region did not speak with one voice. What was also found from the research there was mistrust between informal traders and informal traders association leaders. The research also found that street and informal cross-border traders are receiving non-financial support, mainly business-related training, from their governments except for those in Swaziland and Zimbabwe. However, the benefits of the training are undermined by a lack of finan-

¹Efforts were taken to capture notes from presentations; however, this section only covers excerpts from some of the presentations made. Full presentations are attached to this report and available at SPII Website.



cial support, a disabling trade policy environment and exclusionary tendencies in government institutions, i.e. nepotism, corruption and patronage. A SADC-wide BIG would disencumber informal traders and opening them new opportunities for increasing the small businesses.

Mining and the Environment: Mining has resulted in a number of problems in the society including excessive migration, loss of biodiversity and water pollution. Mining companies promised job creation but the mining sector is not as labour-intensive as it pretends to be. Mining activities have negative impacts on the environment in Southern Africa because environmental standards are very low and the governments don't control the mining companies. A BIG funded by a tax on extractive activities is a good initiative if it doesn't implicate an expansion of mining activities in the region. It is important that the region puts in place proper taxation on mining activities, already taking place and that these funds are properly used for social protection and for regenerating the environment.

Mining and the impact on the Community- Marikana case: Miners live in dire situations, they do not earn a lot of money and they work under very harsh conditions. Miners survive on less than a R1000 a month, the rest of their wages gets sent home to their families whilst mining CEOs earn about R55 00 per day. BIG will help alleviate poverty and it is in our best interest to see it through.

New Mining Opportunities: Mozambique's extractive industry has increased expectations amongst citizens; they believe their lifestyles will improve. The government has signed a number of mining contracts but has failed to give citizens adequate information about how the contracts will benefit the citizens. There is no up to date legislature to monitor the contracts, there is a lack of transparency in the management of revenue, and that will make the implementation of BIG challenging. It would be good to promote access to information about the contracts and concession terms. For Mozambique and many other SADC countries the new mining opportunities are a matter of peace and stability. It is important to make people participate in the wealth of the countries in order to prevent armed conflicts and instability. BIG is a good instrument for strengthening national unity.

Green Economy Fund and SADC-Wide BIG: The stakes could not be higher. In 2006, Christian Aid estimated that 182 million Africans were at risk of premature death due to climate change this century.⁵ The way that both mitigation and adaptation narratives are unfolding poses a great threat to the victims, since the valuation of life and planetary ecology through market mechanisms will punish those without market access many times over, especially in Africa where Resource Curse mechanisms leave those with political power closely overlapped with those whose extractive economic interests are opposed to environmental justice. The first priority would be to supply a Basic Income Program to Africans who live in areas most adversely affected by droughts, floods or other extreme weather events. Logistically, the use of Post Office Savings Banks or rapidly introduced Automated Teller Machines would be sensible, although currency distortions, security and other such challenges would differ from place to place. The Namibian case has much to recommend it, in part because it amongst the driest sites in Africa.

Day 2: 26 April 2013



Trade and Development: There is consensus that trade, development and poverty reduction are interlinked. On the one hand, trade and growth are strongly linked, while evidence from studies suggests that poverty reduction has been achieved through sustained strong growth over longer periods. However, such studies also show that the translation of trade into growth and of growth into development is far from automatic. One needs to be careful when linking trade and development as this depends on the approach taken – and growth needs to be shared – ie. the benefits of the growth need to reach the marginalized. Development must include human development and not just eye-catching infrastructural projects.

Harmful Tax Practices and the Role of Civil Society: The inherent challenges created by economic globalization for domestic tax systems. Most modern tax systems evolved in relatively closed economies, during the fairly protectionist era after the Second World War: tax bases such as consumption, income and wealth were not particularly mobile and exchange control was quite prevalent. That has changed significantly. Cross-border flows of goods and finance, greatly enabled by information and communications technology, are huge, and economic globalization has seen an excessive financialisation of the global economy and the attendant challenges of taxing capital fairly and effectively. Economic globalization has also come to be dominated by MNEs: a large percentage of global trade is now intra-enterprise trade that is trade between entities within a globalised enterprise rather than between enterprises.

Tax Justice and Mining in Africa: Given the resource endowments in Africa, there is great potential to raise sufficient revenue from resource extraction. Overall growth of the African continent in 2012 was 4.7%, but could have been 5.8% if slow growing South Africa, which remains the largest economy in the continent, been excluded. However, this positive growth is not translating into poverty reduction, especially in resource rich/dependent economies where it is estimated that at least half of the citizens still live on less than US\$1.25 per day. In order to reap benefits from the extractive industries, it is ideal that governments set mining tax laws in sync with the Africa Mining Vision.

Namibian Basic Income Grant Pilot Project: In January 2008, the two year Basic Income Grant pilot project commenced in the Otjivero-Omitara area, about 100 kilometers east of Windhoek. All residents below the age of 60 years receive a Basic Income Grant of N\$100.00 per person per month, without any conditions being attached. The grant is given to every person registered as living there since July 2007, whatever their social and economic status. The BIG pilot project was designed and implemented by the Namibian Basic Income Grant Coalition and was the first universal cash transfer pilot project in the world. The pilot was a success but Government still hesitates to implement it and civil society was weak in lobby for it.

Feasibility of SADC BIG: Alternative Funding Models: In recent years there has been much debate regarding the transformative potential of Sovereign Wealth Funds (SWFs) for the African continent. It is well documented that Africa is blessed with an abundance of natural resources, yet it is frustratingly unable to eradicate extreme poverty, widespread inequality and chronic unemployment. SWFs present an alternative solution that is driven from within, which seeks to simultaneously address the troublesome matters of the proper utilization of resource revenues, poverty eradication and future savings. If funded by a SWF, the implementation of a BIG seems to be not only financially viable, but also a prudent utilization of the revenues of a SWF. What better investment than investing directly in the people? In addition, it is often stated that the cost of not acting



against the dire poverty and inequality that plagues the African continent is significantly higher and more devastating with the victims rapidly increasing in number and level of discontent.

The implementation of a SWF and a BIG both require political will, without it numerous obstacles appear insurmountable. Furthermore, without the requisite political will, SWFs, just like previous attempts at development, will simply disintegrate into a case of 'old wine in new bottles'. Therefore, as with most issue affecting the developing world, reform is required in the hearts and minds of politicians and the elite.

Mining and Extraction in Southern Africa: The SADC region is rich in mineral resources such as metals, minerals and gas, this equates to approximately 46% of vanadium, 72% of platinum minerals, 40% of chromite, 26% of gold, 55% of diamonds and 20% of cobalt. The region is also a major supplier of manganese and supplies 8% of copper. However, the potential of the mineral industry to contribute to the regional economy and development, given the extent of resources has not been fully realised due to a number of constraints. The remaining SADC states have suffered what is termed the "Resource Curse" the proceeds of resources appear to have little if any positive impact on poverty, unemployment and inequality. Is there an alternative pro-poor development option that could ensure that mining does develop not only communities living in mining areas, but also the entire citizenry? There are various international studies and examples demonstrating that mining exploitation can go hand in hand in benefiting the entire populace.

Tax Avoidance in Malawi, A case of Paladin: Malawi's extractive sector had begun to attract global attention in the mid 2000s. However, little attention was paid to the significant needs to reform the policies, laws and institutions which would govern the mineral sector and it was very unlikely that Malawi's mineral governance structures would keep pace with the rapid modernization of mining codes that had occurred throughout Africa over the past decade. Unfortunately, this has not been the case thus far. Despite the huge investments that have been made in the mining sector and mineral resource endowments in Malawi, the associated development benefits do not right now accrue to the country. Malawi has an underdeveloped mining culture, little technical capacity and inadequate and outdated legal provisions. The existing legislative arrangements are under increasing pressure as more companies seek to explore for and develop minerals in Malawi. If the sector is to grow sustainably and contribute to economic development and poverty reduction, the highest priority must be given to the revision of the legal framework which in turn would allow for renegotiations of current contracts as well as equip the government to better negotiate in the future.



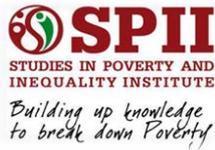
Cross cutting emerging issues and concerns from the discussions².

- There is a need to relook at how things have been working, more especially how we can fund social protection (SP).
- Key questions: Role of the state in development and intervention? How do we start affirming people's rights? What is the role of institutions in promoting these rights?
- After discussion with the National Treasury, their input was that maybe we should concentrate on a country where this might be possible, such as Mozambique.
- Question: Is BIG affordable for the whole region? We have countries like Zimbabwe and Malawi that are struggling financially. What are the alternative models of funding?
- Money is not the problem but the political will to spend it for the SP
- There is a need at a SADC level to have a legal framework that deals with social security and social insurance that will supersede what is in place.
- The concept of BIG is not new, it is something that is being considered and conversations are happening at that level. However, it is still a relatively new concept at a regional level.
- If we start to tackle issues such of corruption and maladministration we could find some of the money that we need to finance SP.
- There is a need to curb public sector wastage. SP affordability is about starting very small, the coverage could start with a small group of people.
- There is a need to redefine the role of trade the region is practicing with other regions of the world, especially with the EU, the USA and China. Free trade policies are a catastrophe for the region. The SADC region should protect all sensitive sectors of the economy and negotiate a new partnership with other regions, in order to be able to fund a sustainable social security system.
- Civil Society in the SADC should take responsibility for making pressure on governments to end harmful tax practices and to improve their tax administrations. Civil society can help governments to do this and so to increase national budgets.
- There is a need for political will and there is a need for understanding that we need a rights-based approach. Planning is very important, start with a small percentage of the GDP, have the right and principle adopted and we can proceed from there to increase allocations in term so value after the fact.
- There is need to develop a campaign
- What is the role of NGO's in disseminating information? Is the media being considered as a useful tool for providing information? The use of media in respective countries can bring to light some of these issues that we are highlighting. Thus, future research should include this type of integration.

²No order or weight has been given for each point highlighted. Points are based on what participants discussed and highlighted.



- For BIG to be successful it is important that a more integrated SADC to exist.
- BIG should not be entirely depended on the mining industry, we should look into other areas for financial support.



Ways for engagement and way forward!

Arising from a closing brainstorming session, the main outcome was an agreement but for this group to continue to engage in issues of mutual concern, and to share as much relevant information as possible. The following were also raised as either matters that will be happening or that could be arranged.

1. The numbers game;

- Value of contributions
- value of benefits
- Administration
- At a national level/as well as sub regional
- Financing: mineral/taxation, domestic tax and environmental issues and transparent budgeting

2. Advocacy

- Building a campaign –what is a BIG?
- Learning from other pilot (Otjivero). The differences and similarities
- Why did the NamBIG not succeed at an advocacy level?
- Why the NamBIG succeeded as a program?
- Base these arguments on the foundation of social justice/solidarity.
- Building from a national level-to a sub-regional (progressive realization- through existing platforms such as people indaba/alternative mining indaba)
- Include various stakeholders and build strategies for including them, including people at a grassroots level.

3. Critical gaps

- Stakeholders (including progressive businesses);
- Develop arguments on justice, social cohesion and sustainability;
- Corruption and fiscal leakages.



Annexure A

DAY 1: 25 April 2013

09.30-10.00	Registration
10.00 – 10.30	Opening and Welcome Remarks Introduction to participants and expectations
SESSION 1: Introduction: Scoping Research Chair: - Isobel Frye (SPII)	
10.30 – 11.00	Human Development: Poverty and Inequality Rates in the Region
11.00-11.30	Social Protection Policies: Coverage, Cost and Beneficiaries in the Southern African Development Community
11.00-11:45	Open Discussion
11.45 – 12.00	TEA BREAK
SESSION 2: Chair:-Percy Makombe (OSISA)	
12.00-12.30	Access to socio-economic rights by non-nationals in Southern Africa
12.30-13.00	Cross-border migration in Southern Africa
13.00-13.30	Open Discussion
13.30 – 14.15	LUNCH BREAK
SESSION 3: Panel Discussions Chair-Rob Cunningham (Christian Aid)	
14.15 – 14:30	Informal Traders in Southern Africa
14.30-14.45	Mining and the Environment: A case of coal mining in Emalahleni
14.45-15.00	Mining and Impact on Communities
15.00-15:25	New mining opportunities: Can Mozambique avoid the Dutch Disease
15.25-15.45	Open Discussion
15:45-16:00	TEA BREAK

SESSION 4:
Chair-Michelle Pressend (EJN)



16.15-4.45 Resources/Basic Income Grant/Political Economy in Southern Africa

16.45-17.15 Open Discussion and Wrap Up

DAY 2: 26 April 2013

9.00 – 9.30	Welcome and recap of previous day: Thabileng Mothabi, SPII
SESSION 1: Chair-Thabileng Mothabi (SPII)	
9:30-10:00	Trade and Development in Southern Africa
10:00-10:30	Harmful Global Tax Practices and the Role of Civil Society
10.30-11.15	Open Discussion
11.15-11.30	TEA BREAK
SESSION 2: Chair-Boniface Mabanza (KASA)	
11.30-12.00	Tax Justice and Mining in Africa
12.00-12.30	Mining and Extraction in Southern Africa
12.30-12.45	Tax Avoidance in Malawi: A case of Paladin Mine
12.45-13.00	Open Discussion
13.00-14.00	LUNCH BREAK

DAY 2: 26 April 2013

SESSION 3: Taku Fundira (SPII)	
14.00-14.30	Namibian BIG Pilot: A case of Omitara-Otjivero in Namibia
14.30-14.45	Feasibility of SADC BIG: Alternative Funding Models
14.45-15.30	Questions and Discussion Points: <ul style="list-style-type: none"> • How the regional BIG idea was conceived • Work to date • Work currently underway • The BIG campaign and the way forward



15.30-16.00	Thanks and Closure
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Report on the SADC-WIDE BASIC INCOME GRANT: Alternatives to financing SADC-Wide Basic Income Grant (BIG) – 25 – 26 April 2013 (Parktonian Hotel, Johannesburg)



Annexure B

Name and Surname	Organisation	Email Address
Bond Patrick	Centre for Civil Society	pbond@mail.ngo.za
Burton Mathias	Malawi Centre for Social Concern	mathiasburton@cfmalawi.org
Chefa Lehlohono	Policy Analysis Research Institute of Lesotho	lgchefa@yahoo.co.uk
Chiminya Johannes	Tax Justice Network	johannes.chiminya@taxjustice.net
Cortez Edson	Centre for Public Integrity	edcortez@gmail.com
Cunningham Rob	Christian Aid	rcunningham@christian-aid.org
Dawson Hannah	SPII	hannah@spii.org.za
Frye Isobel	SPII	isobel@spii.org.za
Fundira Taku	SPII	taku@spii.org.za
Goma Nkula Edward	Centre for Trade Policy and Development	edwardgoma@ctpd.org.zm
Hlabane Matthews	Southern Africa Green Revolutionary Council	mnyeva@gmail.com
Hove Joseph	LDS Zimbabwe	finlwf@utande.co.zw
Khumalo Liberty	Khulumani Support Group	admin@khulumani.net
Kiangu Leonie	ITIE/FEJE	lekiangu@yahoo.fr
Knapp Simone	Ecumenical Service on Southern Africa	simone.knapp@woek.de
Lomahoza Khetho	SPII	khetho@spii.org.za
Mabanza Boniface	Ecumenical Service on Southern Africa	boniface.mabanza@woek.de
Makanza Tendai	ANSA	te.makanza@yahoo.com
Makombe Percy	OSISA	makombep@osisa.org
Mambea Sarah	Legal and Human Rights Centre	saramambea@yahoo.com
Manyangadze Gabriel	Zimbabwe Council of Churches	gchongo2000@yahoo.com
Maphanyane Modise	BOCIZCO	admin.ditshwanelo@info.bw
Masango Rumbi	Economic Justice Network	rmasango@enj.org.za
Mathebula Brian	SPII	brian@spii.org.za
Mdebele Mandla	ESSET	mandla@esset.org.za
Monnana Tshego	SPII	tshego@spii.org.za
Mothabi Thabileng	SPII	thabileng@spii.org.za
Motsau Brown	Benchmarks Foundation	brown@benchmarks.org.za
Mpedi George	University of Johannesburg	lgmpedi@uj.ac.za
Muhigirwa Ferdinand	Centre for Social Action	muhigirwafsj@gmail.com
Musandirire Sally	Khulumani Support Group	admin@khulumani.net
Ngcongong Delphine	SPII	advocacy@spii.org.za
Pressend Michelle	Economic Justice Network	mpressend@gmail.com
Reddy Niall	Alternative Information Development Centre	niall_reddy@hotmail.com

Report on the SADC-WIDE BASIC INCOME GRANT: Alternatives to financing SADC-Wide Basic Income Grant (BIG) – 25 – 26 April 2013 (Parktonian Hotel, Johannesburg)



Seidman Judy	Khulumani Support Group	judyann@iafrica.com
Shaba Wezi	SATUCC	galerashaba@yahoo.com
Sharife Khadija	Centre for Civil Society	kalebron@gmail.com
Svensson Peter	Church of Sweden	pe-ter.k.svensson@svenskakyrkan.se
Treat John	Independent Consultant	john.treat@gmail.com
Verwey Len	Independent Consultant	verweylen@gmail.com
Wagner George	Sekwele	gwagner@webmail.co.za

"If you are interested in joining the SADC BIG Network or would like to add other interested organisations in the Network, may you please email their details to thabileng@spii.org.za alternatively you can call us at +27 11 8330161"