



## THE WEEKEND READER

"Your Weekly Read on Debt, Development & Socio-Economic Justice"

### THE SADC SUMMIT 2022, A CHANCE TO DEVELOP HOMEGROWN ECONOMIC SOLUTIONS

The city of Kinshasa in the Democratic Republic of Congo hosts the Southern African Development Committee (SADC) Summit of Heads of State from the 17th to the 18th of August under the theme 'Promoting Industrialisation through Agro-processing, Mineral Beneficiation and Regional Value Chains for Inclusive and Resilient Economic Growth.' Social movements inclusive of community-based organizations, faith based organizations, women's organizations, labour, students, youths, civil society organizations, economic justice and human rights networks in the region are convening on the side-lines of this platform to consider and commit to people to people solidarity on various thematic issues affecting people of the SADC region under the banner of Southern Africa People's Solidarity Network (SAPSN) hosted by ZIMCODD. The theme for the 2022 People's Summit is: 'Challenging extractivism and reclaiming our resources for people centered development in SADC' for the People's Summit. This theme could not be more relevant to the regional challenges that citizens are facing in light of Illicit Financial Flows, Gendered Inequality in access to mineral resources and the continued plunder by Multi-National Corporations. Below, we detail the concerns ZIMCODD and partners carry to Kinshasa and the recommended solutions to be presented to SADC leadership.

#### Background

The DRC is one of the poorest countries in the world, with 70% of the population living in extreme poverty (World Bank, 2020). It is among the lowest-ranked in the human development index and violence is frequent, especially in the east of the country. The unemployment rate in the country stands at 5.4%.<sup>1</sup> These statistics are not unique to the DRC but reflective of the wider challenges that countries in the economic bloc, SADC, are facing. As such, the DRC will host the region in cross-learning sessions under the parallel People's summit which will inform demands to be forwarded to leaders gathered for the annual SADC Summit for Heads of State. Notwithstanding, the agenda for this instalment of the People's summit includes the concerns below.

#### Shrinking Democratic Space

Africa at large has made considerable commitments to ensuring good governance and democracy according to global, regional and localized standards. This progress has come into question however in recent times due to the increase in abuse of human rights. The shrinking of democratic space is even more concerning as it denies the enjoyment of socioeconomic freedoms by citizens as they are unable to express themselves.

1. <https://knoema.com/atlas/Democratic-Republic-of-the-Congo/Unemployment-rate#:~:text=In%202021%2C%20unemployment%20rate%20for,average%20annual%20rate%20of%203.51%25>

One can look to events in Eswatini where peaceful protests for change to a modern democratic political system were met by repression and violence.<sup>2</sup> Since June 2021, heavy handed responses by the state monarchy have led to significant loss of life. In the same light, civil society has come under threat in Zimbabwe where the 2021 Private Voluntary Organizations Bill threatens the work of human rights defenders and Non-Governmental Organizations (NGO) with heavy criminal and civil penalties for vaguely defined offenses.<sup>3</sup> This disruption in NGO activities is discouraged especially considering the work being done by humanitarian and governance non-profits alike. Elsewhere, one can point to Malawi, DRC, Mozambique and Madagascar whose elections are plagued with contestations.<sup>4</sup>

### **Illicit Financial Flows (IFFs)**

The African continent loses US\$88.6 Billion annually to IFF's.<sup>5</sup> According to Economic Development in Africa Report (2020), this amount could cover half of the continent's Sustainable Development Goals financing gap.<sup>6</sup> These losses carry to individual countries with Zimbabwe losing US\$1 Billion annually in gold leakages alone. While the SADC region is blessed with natural resources, the resource curse persists as the socioeconomic indicators that citizens face continue to worsen especially with the effects of the COVID-19 pandemic. There is need then for SADC leaders to come up with sustainable solutions and political will to curb Illicit Financial Flows.

In the same vein, MNC's are 'looting' the resources of the continent especially in the mining sector. More crucially, African governments are granting MNC's tax breaks while their focus should be on local value addition and ensuring locals retain as much of the value of mineral resources as possible. According to an Oxfam report (2015), Africa lost US\$11 billion in 2010 to MNC's through tricks on tax bills.<sup>7</sup> Today, MNC's are cutting deals with local governments to evade taxes while the same communities they mine from derive no value from the minerals. A look at the community in Mutoko, Zimbabwe, where black granite is being mined paints the picture ever so vividly. Head of States at the SADC summit should heed the call to ensure value for local interest before MNC's!

### **Debt Crisis**

China is owed US\$78 billion by Sub-Saharan Africa, a huge burden that will limit further borrowing while placing iron weights on future generations' development aspirations. Debt is essential for development financing but only when it is managed sustainably. As it stands, there is need to rationalize the debts that African leaders are committing to. The evolving confluence of debt and corruption scandals in Zimbabwe; black rock scandal in Zambia, Hidden Debts scandal in Mozambique are growing causes for concern. SADC member states are hovering above the agreed to achieve and maintain macroeconomic stability, committing to follow stability-oriented economic policies and to be monitored and measured against specific convergence criteria indicators amongst them, a public debt threshold of 60% of GDP as laid out in the Regional Indicative Strategic Development Plan (RISDP). A significant number of SADC states are hovering above this threshold.

3. <https://www.newzimbabwe.com/csos-call-for-immediate-withdrawal-of-the-draconian-pvo-bill/>

4. <https://kubatana.net/2019/12/15/democracy-under-threat-shrinking-of-democratic-space-in-sadc/>

5. <https://www.un.org/africarenewal/magazine/july-2021/tackling-illicit-financial-flows-matter-survival-africas-development#:~:text=According%20to%20the%20Economic%20Development,annually%20in%20illicit%20financial%20flows>

6. <https://www.un.org/africarenewal/magazine/july-2021/tackling-illicit-financial-flows-matter-survival-africas-development#:~:text=According%20to%20the%20Economic%20Development,annually%20in%20illicit%20financial%20flows>

7. <https://www.oxfam.org/en/press-releases/multinational-companies-cheat-africa-out-billions-dollars>

## **Demands to Heads of State**

**Uphold Democracy and Human Rights-** Human rights remain inalienable to all citizens and should be protected. Democracy also remains a key cog for engagement with critical development and economic partners. Respect for human rights and democratic expression will improve political and socioeconomic indicators for citizens.

**Address Increasing Inequality-** The COVID-19 pandemic and recent disturbances due to the Ukraine-Russia conflict have caused increasing socioeconomic depression for most African citizens. There is need for governments to increase social safety nets and budgetary spending on vulnerable groups such as women, People With Disability (PWD) and the elderly.

**Debt Audits-** Growing debts are a burden for future generations that also limit development in the present. There is need for debt audits especially considering that some of these debts are odious and contracted through corrupt dealings.

**Strengthen Institutions-** Illicit Financial Flows continue to be a problem due to weak institutions such as border controls. These gaps facilitate movement of contraband in minerals and currency that have a significant bearing on the economy.

**Political Will-** All the necessary recommendations will not be implemented in the absence of requisite political will. African Heads of State should then commit, while gathered in Kinshasa, to dedicate to the betterment of their people back home.