

Civil Society Recommendations to SADC on the need to prioritise revenue flows from natural resource to fight poverty

Preamble

The **Southern African Development Community (SADC)** is holding an **International Consultative Conference on Poverty and Development** in Mauritius, between 18 and 20 April 2008. The objectives of the Consultative Conference include how countries in the region can better address poverty by meeting the Millennium Development Goals and by increasing intra-regional integration. The conference is held bi-annually and reflects the commitments in the SADC Treaty to poverty eradication as one of its key objectives. The theme of the current conference is “Regional Economic Integration – A Strategy for Poverty Eradication towards Sustainable Development”.

In considering questions of poverty eradication, our leaders should also consider making the best of the wealth of the region. In many parts of the region, the wealth of our natural resources is being exported, and only a small layer of our people are benefiting from this extraction of our wealth. There is a lack of transparency in revealing the revenue flows from our extractive industries. Too often, these revenues are unfairly shared between industry, government and local people. If this situation were to change, it would lead to significant reduction of poverty in our societies.

In the run-up to the SADC Consultative Conference, SADC Civil Society representatives met to discuss these problems. Subsequently these resolutions have been widely circulated in the region.

Substantive issues

We, the undersigned members of Civil Society in the SADC Region, being perturbed by the lack of transparency and negative impacts of extractive industries in the exploitation of natural resources in our respective countries, exhort our leaders to be mindful of the following issues during their deliberations at the summit:

- a. Our region is inordinately well endowed in natural resources but these are finite and will diminish over time. We believe that the bulk of the value of these resources should remain in the countries of origin, contributing to poverty eradication and self-determined sustainable development, rather than remaining in a few privileged hands. We need policies that stress maximum community participation, ownership and benefits at all levels.
- b. We acknowledge governmental vision and plans to diversify our economies, but must warn that this objective must not be at the cost of environmental degradation and the irreparable shredding of the social fabric.
- c. We draw your attention to the phenomena of growing poverty, declining life expectancy, increasing disease burden, environmental degradation and rising social inequality. These are all taking place in the midst of alleged macro-

economic growth and high profits realised by investors, creating islands of opulence amidst a sea of misery.

- d. National Leaders and all stakeholders are urged to address the factors that perpetuate such inequity and contribute to a gross violation of the rights of communities that have been adversely affected.
- e. Governance of Natural Resources
 - **Institutional and Legal Framework:** legislation in the SADC region pertaining to extractive industries and exploitation of natural resources is outdated and inadequate to cope with present day realities. It is therefore necessary to review and update all such legislation in order to attain international best practice standards. Further, it is essential to ensure that all such reviews are conducted with maximum transparency and participation of all concerned stakeholders.
 - **Public Participation** Our governments have experienced difficulties implementing laws and regulations, and in monitoring operational aspects in the field. We urge our governments to use comparative advantages and expertise that can be found within civil society in order to extract maximum benefits for the country in general and for local communities in particular and at the same time, minimise opportunities and scope for corrupt practices in order to build a culture of transparency and accountability.
 - **Revenue Flows and Benefit Sharing:** There is an unacceptable gap between enormous profits realised from extractive industries and exploitation of natural resources on the one hand, and the limited revenues gained by the host countries, compounded by the lack of tangible benefits realised by communities within the immediate proximity, Our leaders must revisit the situation and, after due consultation with all stakeholders, make such revision as may be deemed necessary to achieve equity and social justice within their respective countries. SADC leaders should support and emulate the efforts of the DRC and Zambia to renegotiate disadvantageous mining deals made with external investors during times of war or extreme economic vulnerability. Policies on securing transparency and corporate responsibility should be harmonised throughout the region.

Recommendations

In the light of the above points, we recommend that our leaders take action to

1. Use the resource-based wealth of SADC economies to address the problems of poverty
2. Negotiate fairer revenue sharing with the extractive companies
3. Ensure that the extractive companies respect human rights and revenue transparency
4. Ensure that all social sectors participate in determining how revenue flows are monitored and how their benefits are shared

5. Ensure that extractive industries honour the rights of workers and local communities and guaranteeing that workers and local communities benefit from revenue flows
6. Ensure that the presence of extractive industries does not compromise the environment and that systems be put in place to mitigate any damage done
7. Ensure that all governments in Southern Africa support and respect the endeavours of countries like Zambia and the DRC to renegotiate mining contracts originally undertaken during conditions of war and/or extreme economic vulnerability

Conclusion

As members of civil society from countries throughout the region, we pledge to work to correct the inequities and imbalances arising from the acquisition and use of our natural resources and we urge our respective governments to heed our call for transparency, equity and social justice which we regard as key requirements in the struggle for poverty eradication.

Signatories

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