



**TAX JUSTICE
NETWORK
AFRICA**



Press Release

Dialogue Forum on ‘Leveraging Africa’s extractive sector for nutrition and food security financing’

Lusaka, Zambia: 4th July 2022

On 13 July 2022, Tax Justice Network Africa (TJNA), Oxfam, Centre for Trade Policy, and Development (CTPD) in partnership with Africa Union (AU) Economic Social and Cultural Council (ECOSOCC) will be convening a dialogue on ‘Leveraging Africa’s extractive sector for nutrition and food security financing’ at the Radisson Blu, in Lusaka Zambia.

This dialogue forum will specifically address goals 3 and 20 of Agenda 2063 and focus on the role of the extractive sector in tackling Africa’s domestic resource mobilization challenges. This convening is premised on Agenda 2063’s aspirations and goals, which cannot be achieved without adequate financing and domestic resource mobilisation mechanisms. Indeed, to achieve these goals, one key sector that could provide adequate financing through optimal tax revenue collection is the extractive sector.

Over the last two years, Africa has suffered from the devastating impacts of the global COVID-19 pandemic. The disease affected lives, economies, and livelihoods, stifling the envisaged development trajectory across the continent. Although the continent has recorded comparatively lower rates of infections and deaths than other regions of the world, COVID-19 reversed the socio-economic gains achieved by the continent in the implementation of Agenda 2063’s First Ten-Year Implementation.

Another more recent occurrence that has exacerbated Africa’s socio-economic position is the Russia-Ukraine conflict. The 2022 African Development Bank (AfDB) Economic Outlook notes that the conflict has negatively impacted Africa’s path of recovery from the ravaging impact of the pandemic thereby threatening to set back the continent’s promising economic prospects. Furthermore, global trade and supply chain disruptions primarily in agricultural, fertilizer, and the energy sectors, following the conflict and the sanctions that were enforced on trade with Russia, have heightened the risks on Africa’s economic outlook to the downside.

More specifically, there are concerns that the forecasted impacts on energy, food and other imported commodities could trigger higher food and energy prices which will exacerbate inflationary pressure and constrain economic activity. In addition, the increasingly unpredictable and erratic nature of weather systems on the continent have placed an extra burden on food security and rural livelihoods.

As part of the long-term vision set out in Agenda 2063, the Assembly of Heads of State and Government of the African Union adopted common African aspirations, with the ambition to leverage off the potential for human capital development from the African population. This can only be garnered if citizens are well-nourished and in good health, with priority given to women, adolescents, and children. Africa’s human capital stems from its high young population providing opportunities for the continent’s socio-economic development resulting in improved lives for individuals, higher earnings, and improved incomes for countries.

The African Union notes that although Africa's share of the world's undernourished population has decreased from 35.5 percent in 1990 to 22 percent in 2019, the current rate remains alarming and calls for stronger efforts to improve food security and nutrition on the continent. As such, aspiration 1 of Agenda 2063 underscores the importance of nutrition for the "Africa We Want" with a goal of "African people have a high standard of living, quality of life, sound health and well-being" and goal 3 on

Amongst the major hinderances to realizing this aspiration and goal has been the inadequate financing and failure to domestically mobilize resources amidst competing priorities of debt serving and financing public service delivery. This gap further highlights Africa's overall poor performance towards achieving goal 20 on taking full responsibility for financing it's development through domestic resource mobilization.

Africa is a major producer of many key global commodity minerals, with bountiful reserves of metals and minerals such as gold, diamond, cobalt, bauxite, iron ore, coal, and copper across the continent. One of the key prerequisites to converting extractive wealth into sustainable development is capturing a fair share of revenues that come from the extraction of resources. Africa's mining value chains are dominated by Multinational Corporations (MNCs) characterized by the export of unprocessed of minerals in their raw form or lightly processed commodities.

This situation has shaped the rules on trade, taxation, and the governance of the overall industry to their advantage. Adequate tax revenue collection and fair trade in the mining sector remains a key challenge because the international tax, financial and trade architecture works in favour of MNCs and their conduits. Consequently, the high levels of financial crime and Illicit trade in Africa's mining sector continues to rob the continent of the much-needed revenue for development.

The 2015 Mbeki High-level Panel Report on Illicit Financial Flows (IFFs) indicates that the largest shares of illicit outflows from Africa in precious metals, iron and steel, and ores are generated by the Southern African Customs Union. For example, in 2015, Zambia alone accounted for 65 per cent of trade mis invoicing in copper. The more recently released 2020 United Nations Conference on Trade and Development (UNCTAD) on tackling IFFs for sustainable development revealed an increase in the figure showing that Africa is now losing approximately US \$88.6 billion annually through IFFs with two thirds of this amount from the extractive sector alone. These are resources that could potentially be used to meet the financing gaps for the realization of Agenda 2063 goals on nutrition and food security.

It is against this background that this dialogue forum is being convened to discuss how Africa's extractive sector can be leveraged for financing nutrition and food security in Africa. With the current limited financing options and limited fiscal mechanisms, the dialogue forum seeks to explore how African governments can enhance their domestic resource mobilization efforts from the extractive sector for the realization of Agenda 2063 goals on food security and nutrition.