



Sovereign Wealth Fund: Key to SADC Basic Income Grant,

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Introduction

Despite the numerous false starts, sovereign wealth funds are particularly relevant to Southern Africa as resource-funded SWFs present a potentially viable strategy for the funding and implementation of a Basic Income Grant (BIG) at a SADC level. A BIG is best understood as an unconditional and universal cash transfer or grant available to all residents, thereby purposely avoiding means-testing with its implicit stigmatizing notion of 'deserving' poor.

Basic Income Grant and Progressive Tax

Many argue that as a dependable source of regular income, a BIG has the transformative ability to provide a much needed lifeline to those living in extreme poverty, affording many Africans a renewed sense of hope and dignity. Funded through the fiscus, it could also address some of the issues related to income inequality. Paid to all residents, the value of the BIG could be clawed back from higher income earners through the tax system. Although this fact is often forgotten and purposely overlooked, it is opportune to point out that social protection is in fact a right and is contained in many regional and international instruments and treaties. It must be said that historically, those that often oppose the concept of a BIG state its apparent high cost as a reason for its impracticality.

Basic Income Grant and Sovereign Wealth Fund

However, if funded by a resource-funded regional 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 much more devastating with the victims rapidly increasing in number and level of discontent.

For SADC a regional BIG financed by a regional SWF represent a matchless opportunity to vault decades of development progress. However, the implementation of a regional 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.

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