Background Paper on "The New Developmental Approach to Natural Resources Governance and the African Mining Vision"*

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1. Introduction

This paper analyses the African Mining Vision (AMV) policy framework to highlight how its provisions represent a new developmental approach to natural resources governance which acts as a lever for 'inclusive, participatory and owner based socio-economic transformation' in Africa. The new development approach has been characterised as having a number of key features These include: prioritizing the interests of citizens (including those from base communities) and their rights (political, economic and social), and to strengthening participation in the natural resource sector; sensitivity to the SDGs; building of linkages and regional integration; industrialisation, the promotion of artisanal and small scale mining; job creation, especially for the youth and a strong gender perspective in policy and practices in the mining sector (International IDEA, 2017).

The paper also discusses some of the challenges facing the realisation of the AMV and makes recommendations on how they could be addressed.

2. Contextual Background

Productive activities in Africa's economies and the livelihoods of most of the population are dominated by the direct exploitation/utilisation of natural resources – land and water for agriculture, forests for wood and non-wood forest products and mining (minerals, oil and gas). Africa, the world's second-largest continent, holds a huge proportion of the world's natural resources, both renewable and non-renewable. This includes 65 per cent of the world's arable land, the second largest tropical forest in the world and 10 per cent of internal renewable freshwater sources. Even though Africa is geologically underexplored it is known to have about 30 per cent of the world's mineral reserves, 8 per cent of the world's natural gas reserves, 12 per cent of its oil reserves, 40 per cent of its gold, and 80–90 per cent of its chromium and platinum. The largest cobalt, diamond, platinum and uranium reserves in the world are in Africa. The African fisheries sector is estimated to be worth $24 billion a year.

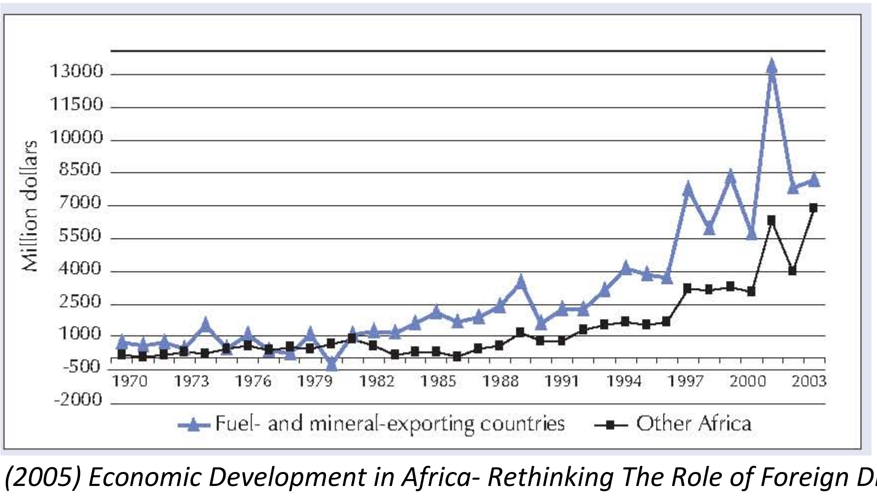
Africa's export trade and its revenues are dominated by a small basket of agricultural and mineral primary commodities and the demand and price volatilities of these products have important implications for the political economy of most African countries. In 2012, natural resources accounted for 77 per cent of total exports and 42 per cent of Government revenue. Minerals, oil and gas accounted for 28 per cent of the continent's gross domestic product (GDP) in 2012. Despite the material poverty of the overwhelming numbers of its one billion people, Africa's natural resources form an important part of global production and consumption.

The roots of present day concerns for the development governance of Africa's natural resources are to be found in the vision of a new economy and society that animated the anti-colonial movements across Africa in the middle of the last century. The pioneering generation of post- colonial governments had a strong concern about overcoming the limitations placed on Africa's development by the colonial bequest of national economies structurally dominated by the extraction/production and export of a narrow basket of raw agricultural and mineral commodities. Domestically steps were taken to assert control over and improve the governance of natural, especially minerals, resources. These were backed by the push in international fora, especially the United Nations, for the reform of the global economic order and its governance exemplified by the adoption of resolutions on 'the right to development' and 'permanent sovereignty over natural resources', calls for international measures to curb the volatility of commodity prices and more fundamentally for a new international economic order. This went hand in hand with the clear recognition that the optimal contribution of Africa's natural resources to the material upliftment of its peoples required the structural transformation and integration of the continent's economies with industrialisation as a pillar. These concerns and aspirations were expressed in African common positions on transformation and development, notably the Lagos Plan of Action (1980) and the AAF-SAP (1989).

The debilitating economic decline of most African countries between the early 1970s and 1990s, due primarily to poor commodity prices and the worsening terms of trade, underlined the need to escape raw material commodity export dependence. Terms of trade declined by 24% and 21% respectively for North and Sub Saharan Africa. According to the World Bank (2000) *"for African countries that are not oil exporters, and excluding South Africa, cumulative terms of trade losses in 1970-1997 represented almost 120% of GDP, a massive and persistent drain of purchasing power"*. UNCTAD (2001) estimated that the availability of these resources would have raised Africa's investment ratio by almost 6% in non-oil producing African countries and added 1.4% yearly to annual growth. *"This would give a per capita GDP of $478 for 1997 instead of the actual level of $323. In other words, if non-oil exporters in Africa had not suffered from continued terms of trade losses in the past two decades, the current (2001) level of per capita income would have been higher by as much as 50 per cent".*

Paradoxically the policies instituted by African countries, under the guidance of the Bretton Woods institutions, in response to the crisis gave a central place to the revival of natural resource commodity production and export. In respect of minerals the policy prescriptions which have shaped the sector since the 1990s are summarised in the following quote from the World Bank's 1992 document, **Strategy for African Mining:** *"The recovery of the mining sector in Africa will require a shift in government objectives towards a primary objective of maximizing tax revenues from mining over the long term, rather than pursuing other economic or political objectives such as control of resources or enhancement of employment. This objective will be best achieved by a new policy emphasis whereby governments focus on industry regulation and promotion and private companies take the lead in operating, managing and owning mineral enterprises"*. In pursuit of mining revenue and export earnings the policy emphasis in the mining sector since the 1990s has been on attracting foreign investment into the sector. This has involved steps to create an 'enabling environment' for foreign direct investment (FDI) in mining. These have included state withdrawal from production and privatization of mining parastatals accompanied by massive lay- offs of workers (e.g. 40,000 from the Zambia Consolidated Copper Mines); the passage of laws and the creation of institutions and processes deemed necessary for FDI driven mineral production; and the offer of generous incentives to mining firms (e.g. tax exemptions and low rates, forex retention abroad, broad ranging stability agreements).

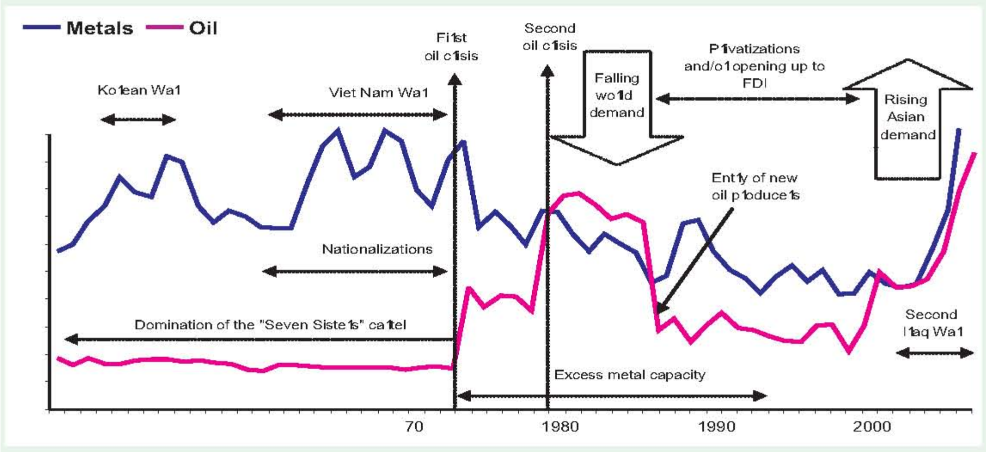
FDI Inflows to Petroleum/Mineral Countries and other African Countries 1970-2003



Source:UNCTAD (2005) Economic Development in Africa- Rethinking The Role of Foreign Direct Investment

We know that the policy of seeking FDI with generous incentives in the hope of earning public revenue and foreign exchange has been largely successful within its terms even as this ‘success’ has generated questions and problems. Buoyed by the high prices of the commodity super-cycle (2000-2013) which was underpinned by strong demand from China and other major emerging countries such as India, Africa attracted substantial investment into its mining and oil and gas sectors. A number of African countries have joined the league of mineral/oil and gas exporting countries. The expansion in the production of natural resource commodities and increased export earnings were the main drivers of economic growth in Africa in the first decade of the 21st century, resulting in the continent experiencing its best period of growth in 30 years (AEO 2013). From the production doldrums of the last two decades of the 20th century, the mining sector has been restored as a vital part of many of Africa’s economies.

Real Price Index of Crude Oil and Metallic Minerals 1948-2006 (Base Year 2000-100)



Source: UNCTAD, 2007 World Investment Report

2.1 Boom and Disappointment

The Africa Mining Vision (AMV) is a product of the objective convergence of popular dissatisfaction about the high costs and low returns of the liberalised mining sector and official disappointment with the disproportionate benefits to the mining companies compared to what it delivered on its promise of revenue and development. In many countries mineral development triggered conflict and discontent of varying degrees of intensity in project areas due to the negative impacts – disruption of livelihoods and dispossession, environmental impacts of various types. Historically African countries have borne the environmental costs of minerals consumption in the countries they export to thereby reducing the benefits derived from these exports. Many countries do not internalise these costs in how they calculate the benefits of mineral exports. The new mineral boom and increased exports intensified this cost (AUC & UNECA, 2011) and its impacts in mining areas has not been helped by the retreat of the state from investing in socio-economic development in these areas and leaving this role to be filled by Corporate Social Responsibility (CSR) initiatives. The focus of state policy and institutions on foreign owned large-scale mines at the expense of local artisanal and small-scale miners has been another factor of conflict and discontent. The labour regime of the new large-scale mines of widespread outsourcing and casualisation offers less job security than what prevailed in the era of state owned mines. From a broader national development perspective, a worrying dimension of this revival has been the intensification of mineral commodity export dependence in many African countries rendering them more open to the negative effects of a downturn in demand and prices. For example, the average mineral export dependence of SADC countries rose from 54% in 2001 to 75% in 2008. Madagascar’s dependence increased from 1% in 2001 to 24% in 2016. The flipside of the much-celebrated Botswana model is a 90% mineral export dependency ratio.

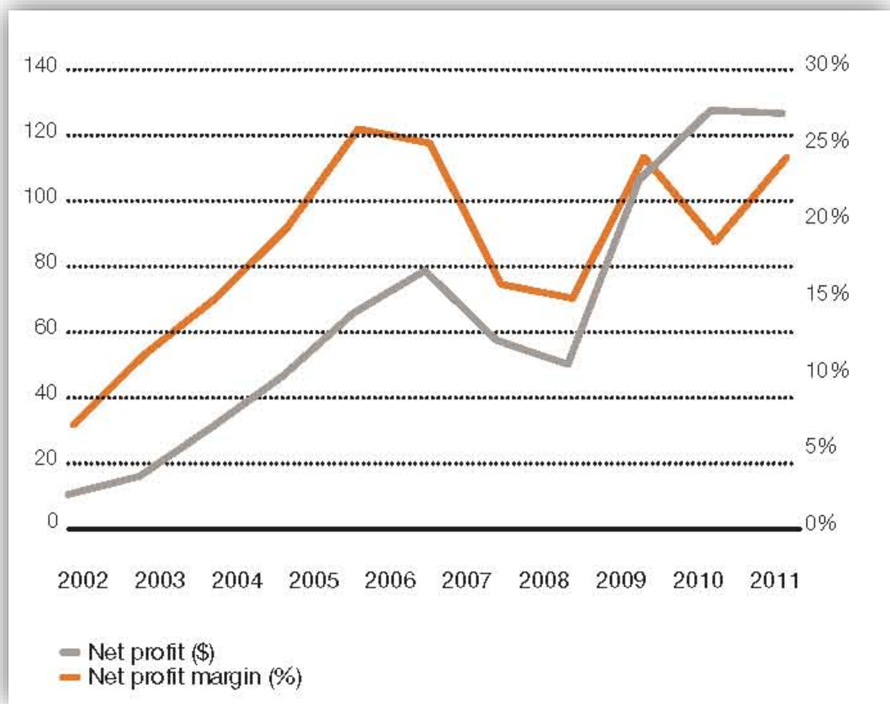
The restoration of a FDI dominated mining sector as a driver of growth in Africa formed part of a shift in development aspirations from seeking structural economic transformation and a new international economic order to a focus on economic growth, poverty reduction and efficient participation in an unreformed but liberalised global economy. Thus early post-colonial interest in building mineral-based linkages, the exploitation of industrial minerals as part of industrialisation and structural economic transformation fell off the agenda. Few national mining regimes since the 1990s had local content requirements and most of any such provisions were left to the firms as voluntary best endeavours. This shift in development strategy resulted in a dramatic decline in manufacturing across Africa alongside the revival and expansion of the mining industry (UNCTAD, 2011). These trade-offs were part of a mutually damaging race to the bottom in the contest among African countries for FDI. "Some observers have described the incentive competition as a "winner's curse" for host countries, whereby investment competition among host countries can trigger a "a race to the bottom" not only in the more static sense of forgone fiscal earnings but also in terms of giving up policy options necessary to organize a more dynamic long-term growth path" (UNCTAD 2005).

By the beginning of the early 2000s a vibrant civil society critique of and organisation had emerged in many African countries, supported by African and international scholarship questioning the benefits and drawing attention to the costs of the mining boom on account of the negative social, environmental and economic impacts and associated human rights violations. Other CSOs and scholars questioned the giveaway terms of the privatisation of mining parastatals, the generous incentives foreign investors and the secrecy surrounding mining contracts and the opacity and lack of accountability for the use of mining revenues. The questions about revenue found a confluence with wider concerns about corruption and the lack of transparency in the management of public resources. Early in the commodity boom there were muted expressions of worry from African official circles about the overall developmental value of Africa's mineral fuelled growth. The 2005 Economic Report on Africa reflected on the 'enigma' of poverty being chronic and rising in Africa despite significant GDP growth in recent years and cited the weight of extractives in the growth as a factor. "Various reasons have been given for Africa's lack of response of poverty to economic growth. First is the inadequacy of the growth rate... Second is the low labour absorption in the growth sectors. Growth has been concentrated in the traditionally capital-intensive extractive sector...Third is inequality in the distribution of opportunities created by economic growth" (UNECA 2005).

The revenue host countries get from mining is generally markedly inferior to what pertains in the petroleum industry; the case of Botswana is an outlier. As the boom years stretched on from 2003 the growing gap between the huge profits being made by mining TNCs compared to what African governments received as revenue, amidst growing social and economic inequality, significantly damaged the legitimacy of the mining model. Between 2002 and 2006 the average net profits of the top mining firms increased by more than 1,400%, going up by 64% between 2005 and 2006 alone (PWC, 2007). The price of copper more than quadrupled between 2004 and mid-2008, from around $1,800 to over $8,000, resulting in an exponential rise in the value of Zambia's copper compared to export volumes. The profits of the foreign firms exploiting Zambia's copper soared: the profits of the Konkola Copper Mines went from $52.7m to $206.3m while First Quantum's rose from $4.6m in 2003 to $152.8m. By contrast Zambia earned only $10m from royalties in 2005/2006, thanks to the poor terms on which the mines were privatized (Lungu,2008).

Studies have also showed that the windfall gains to developing countries from the commodity boom were "partly offset by increased profit remittances by transnational corporations and "mining taxation regimes are regressive with government's share of mining revenue falling as the profitability of operations rise" (UNCTAD, 2008,2009). The mining sector is also a key culprit in the loss of billions of dollars through illicit financial flows out of Africa using various mechanisms and practices including – base erosion and profit shifting, abusive transfer pricing and undervaluation of concessions (Mbeki Panel, 2015). Critics of the model were vindicated and polite official mumblings turned into militant expressions of dissatisfaction, illustrated by Ghana's Minister of Mines reportedly saying in April 2008 that: *"Tax revenues are minimal. The nation hardly benefits from high mineral prices. Either we want to give concessions out and take the royalties, or to actually get involved in the mining industry…Our laws will have to be amended. At the moment the laws are so liberal."*

Net Profit and Profit Margin of Top 40 Mining Firms (2002-2011)



Source: PWC (2012) Mine, the Growing Discontent

A high-level policy 'Big Table' organised in February 2007 by the UN-ECA and the African Development Bank (AfDB) under the theme 'Managing Africa's Natural Resources for Growth and Poverty Reduction', was important in the technical processes that produced the AMV. Its report noted that *"historically, Africa had not gained the best possible benefits from the exploitation of its natural resources. In the 1990s, this was further compounded by African efforts to attract FDI to their natural resources sector, which led to the formulation of overly generous investment laws and regulations".* The Big Table saw the growing demand for minerals from China and other emerging powers as *"a window of opportunity for African States to extract better terms from natural resources exploitation and to catalyze growth and poverty alleviation across the continent".* It called for the reform of the existing natural resources regimes to improve benefits to African countries. One of its proposals was for the setting up of a study group to review Africa's mineral codes. This proposal took form in the International Study Group (ISG) for the Review of Africa's Mining Regimes, set up by the UNECA, AfDB and the AU. The ISG's analysis and proposals were an important input into the formulation of the Africa Mining Vision and its Action Plan.

By the time the first African Union Conference of Ministers Responsible for Mineral Resources Development met in October 2008 to discuss the Africa Mining Vision several of African countries had started reviewing mining contracts and amending fiscal legislation to improve the State's share of mining revenues. These initiatives fitted into a global pattern of response– from Australia to Zambia – to the huge spike in the profits of mining companies.

3.The African Mining Vision: Features and Implementation

The term Africa Mining Vision (AMV) is increasingly used in two senses. Strictly speaking the term refers to the Vision document which was adopted by Heads of State at an African Union Summit in February 2009. In the broader sense, the AMV refers to the policy framework based on the 2009 Vision document and its elaboration in a number of documents. In addition to the AMV proper the other key documents are the Action Plan for the Implementation of the AMV, the Country Mining Vision Guidebook, the Africa Mineral Governance Framework (AMGF) and various resolutions adopted at meetings of the AU Conference of Ministers Responsible for Mineral Resources Development since 2008. The decisions of the Conference of Ministers include the approval of the draft AMV (2008), adoption of the Action Plan (2011), establishment of the African Minerals Development Centre (AMDC) as the pan-African focal point to lead the implementation of the AMV Action Plan (2013), and the mandate given to the AU Commission to develop the AMGF (2013) and the endorsement of the AMGF (2016).

The 2009 AMV sets out the long-term aspiration of a "transparent, equitable and optimal exploitation of [Africa's] mineral resources to underpin broad-based sustainable growth and socio-economic development". The AMV aspires to:

- *A knowledge-driven African mining sector that catalyses and contributes to the broad-based growth and development of, and is fully integrated into, a single African market through:*
    - *Down-stream linkages into mineral beneficiation and manufacturing;*
    - *Up-stream linkages into mining capital goods, consumables and services industries;*
    - *Side-stream linkages into infrastructure (power, logistics; communications, water) and skills and technology development (HRD and R&D);*
    - *Mutually beneficial partnerships between the state, the private sector, civil society, local communities and other stakeholders; and*
    - *A comprehensive knowledge of its mineral endowment.*
- *A sustainable and well-governed mining sector that effectively garners and deploys resource rents and that is safe, healthy, gender and ethnically inclusive, environmentally friendly, socially responsible and appreciated by surrounding communities;*
- *A mining sector that has become a key component of a diversified, vibrant and globally competitive industrialising African economy;*
- *A mining sector that has helped establish a competitive African infrastructure platform, through the maximisation of its propulsive local and regional economic linkages;*
- *A mining sector that optimises and husbands Africa's finite mineral resource endowments and that is diversified, incorporating both high value metals and lower value industrial minerals at both commercial and small-scale levels;*
- *A mining sector that harnesses the potential of artisanal and small-scale mining to stimulate local/national entrepreneurship, improve livelihoods and advance integrated rural social and economic development; and*
- *A mining sector that is a major player in vibrant and competitive national, continental and international capital and commodity markets.*

These goals point to a desire to break with the raw material commodity export dependence which dominates Africa's economies and which had been refurbished by the economic policies implemented over the past 30 years. The AMV is not only about mining sector policy. It is an inter-sectoral programme for how minerals can contribute to Africa's structural transformation centred around industrialisation, and do so in a manner that responds to address new issues that have emerged in recent times. These include the many criticisms from society about the social, environmental and governance deficits of the operative mining regimes. The AMV's objectives also substantially reprise elements of the 1980 Lagos Plan of Action for the Economic Development of Africa, which was shelved when African countries turned to the IMF and World Bank for solutions to the economic crisis of the late 1970s and 1980s.

The Action Plan for the Implementation of the AMV gives operational form to the objectives of the Vision. It is organised according to the following nine programme/work clusters: Mining Revenues and Mineral rents management; Geological and mining information systems; Building human and institutional capacities; Artisanal and small-scale mining; Mineral sector governance; Research and development; Environment and social issues; Linkages and diversification; and Mobilizing mining and infrastructure investment. Each of these clusters is elaborated around a Programme goal and its expected accomplishments; to be pursued through activities at national, sub regional and continental levels; involving state institutions the private sector, organisations of civil society and international institutions over the short (0-5 years), medium (5-10 years) and long (> 10 years) terms. Although the international level is not provided for, some of the issues and outcomes require action at the international level. The programme clusters of the AMV Action Plan is the basis of the focus areas of the Country Mining Vision (CMV) Guidebook, the pillars of the Africa Mineral Governance Framework and the work programme of the AMDC. The Action Plan is based on the AMV proper, the Report of the ISG, *Minerals and Africa's Development* (2011) and several other policy frameworks including some adopted by the Africa Mining Partnership, a grouping of Ministers from key African mining countries formed in 2004.

3.1 Key features of the AMV

Whilst it is not possible to discuss the programme clusters of the Action Plan in detail it is worth drawing attention to some of its elements. In addition to its strategic orientation constituting a paradigm shift away from the currently dominant revenue focused model of mineral development in Africa the AMV is important on several accounts. The first point relates to its place on Africa's mineral governance terrain. This space is crowded with an array of governance frameworks and initiatives introduced from outside, focused on fragmented clusters of issues, with accountability centred in multiple centres located outside the continent. The AMV policy framework is by far the most comprehensive on minerals and development in Africa. It consciously takes on board the issues of focus of most of these externally initiated frameworks. The AMV covers revenue management issues which are the object of the EITI, the issues of human rights and impact prevention mitigation, as well as and mineral value chain governance issues addressed by others. The AMV's scope is the role of minerals in Africa's development and the management of the range of factors which affect the optimal contribution of minerals to Africa's structural economic transformation. The AMV unlike the externally originated frameworks is the product of the decisions of Africa's highest intergovernmental political bodies. It is African owned. This is an important point of formal legitimacy in support of demands for compliance by the governments of mineral rich African countries some of which resist pressures for improved governance of their countries' natural resources with unconvincing claims of "resisting external interference".

Overall the Action Plan addresses the key issues that have emerged from the past three decades of mineral development in Africa. These include inadequate knowledge of the continent's mineral endowments; weak human and institutional capacities in areas such as contract negotiations, oversight of production, deficits in participatory processes around mining projects and policy making, key issues around mining revenue optimisation and management in response to the inequities in benefit sharing between mining companies and governments and the problem of illicit financial flows. The Action Plan provides for improved geological information to strengthen the management of mineral resources as well as overall land use. It underlines the need to mainstream artisanal and small-scale mining and provides extensively for the recognition and addressing of environmental, social and economic impact issues to contribute to more integrated rural development planning in mining areas and the advancing of rural livelihoods. Critically it accepts a long-standing demand of CSOs and calls on African countries to domesticate the principle of Free Prior Informed Consent (FPIC)as part of mining project decision making process. Related to this, the Action Plan calls for the recognition and application of relevant international and African human rights instruments and principles to the mining sector and the empowering and resourcing of national human rights institutions to enforce them.

After more than 30 years of neglect, the AMV has firmly put industrialisation and its associated policies back on the African development agenda. The critical issue of economic diversification through the building of linkages has several dimensions. These include building linkages based on existing export minerals, upscaling local enterprise development, both public as well as private and exploiting neglected minerals to serve domestic and regional markets, hitherto fed by imports. The AMV's diversification objectives highlight the need to pay attention to minerals which are important for domestic and regional markets as opposed to the traditional focus on production for international export markets. For example, the booming construction industry across Africa has a substantial mineral based import content which with planning and investment could be met from within the continent. The impact of diversification and the building of linkages will be limited without attention to the development of domestic (public and private) enterprises. Foreign companies are focused on maximising the returns from their global operations and therefore will contribute only so much to retaining value in host countries and the overall development and transformation of those economies. One of the most striking features of most African mineral sectors is the marginal role of local private firms and the virtual absence of the state from productive activity. Lessons from around the world, e.g. Chile, Morocco and many other countries, such as Norway and China show that state owned firms can play a major and positive role in the building of mining linkages and encouraging diversification.

Significantly the AMV Action Plan recognises the implications of the international trade and investment regime and agreements for the realisation of the industrialisation aspiration of the AMV. This is an area of policy incoherence. Concurrent with the adoption of the AMV Policy framework and the AU's Agenda 2063, African countries and regions are busy giving away policy space through BITs and trade pacts such as the EPAs with the EU. The Ministerial Declaration of the 2008 AU Conference of Ministers Responsible for Mineral Resources Development called on "AU Member States to work together to ensure that international agreements that they enter into enhance rather than undermine Africa's policy space for integrating mineral resources development into their economies". It urged "them and the Regional Economic Communities (RECs) to ensure that the ongoing Economic Partnership Agreements (EPA) and World Trade Organisation (WTO) negotiations do not limit this space". Sadly, this call like many others have had little impact.

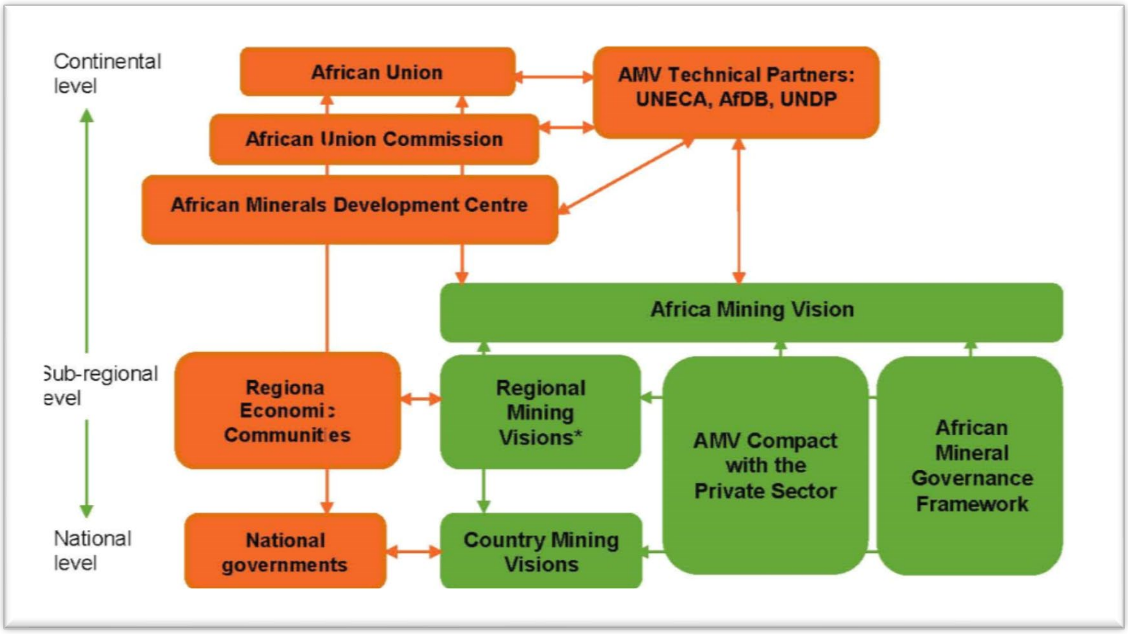
The failures in development policy in Africa and the lessons from Asian economic transformation have put the development state, an active proactive agency, as opposed to the merely facilitating state of the World Bank's Strategy for African Mining, very much back into the African development discourse. In its explicit as well as implicit expectations of the state, the AMV has set out what should be an agenda for the developmental role of the state in mineral governance for transformation in Africa. Each of the Programme clusters of the AMV Action Plan requires important and much more proactive engagement by the African state (from the sub-national to the continental) than is currently the case. The aspiration for "a well governed mining sector that is safe, healthy, gender and ethnically inclusive and environmentally friendly and socially responsible and appreciated by surrounding communities" points to the fact that the developmental state of the AMV has to be an accountable and democratic one. The partnerships set out in AMV Action Plan, CMV and the AMGF are for regimes of active citizenship and democratic accountability by the state and the private sector concretely oriented to the project of mineral governance for structural transformation.

Mining, based on the exploitation of finite non-renewal resources is not a sustainable activity. It can contribute to long term economic and social sustainability if a) the resources it generates contribute to new sustainable economic activity, b) the associated environmental impacts are costed and provided for and c) mineral production is accompanied by the building of linkages and contributes to economic diversification. By these measures the experience of the operative model of exporting unprocessed minerals for revenue is unsustainable. In its comprehensive scope the AMV policy framework, informed by a concern to 'optimise and husband Africa's finite mineral endowments' is more in tune with contemporary concerns with sustainable development and resource efficiency than the prevailing enclave production model narrowly focused on unpredictable and volatile export earnings and public revenue. The AMV sets a much stronger basis for establishing a coherence of the mineral economy and the AU's Agenda 2063 and the Sustainable Development Goals (SDGs). African countries, including through the tabling of a Common African Position, actively engaged with the process that resulted in the September 2015 adoption of the 2030 Agenda for Sustainable Development by the United Nations General Assembly. The SDGs are important markers for the global consensus on the imperative of reducing the resource intensity of human production and consumption. The realisation of 12 of the 17 Sustainable Development Goals (SDGs) depends on the sustainable use of natural resources, an important fact for the future role of minerals in Africa's development and the relevance of the AMV.

3.2 Implementation of the AMV Policy Agenda

The African policy landscape is littered with the remnants of many laudable but sadly failed regional and continental initiatives partly because of inadequately conceived follow up mechanisms and processes. The primary responsibility for driving the implementation of the AMV Action Plan and realising the Vision lies with African governments through making policies and taking actions at national, regional and continental levels. As the Action Plan makes clear progress is only possible with the involvement of the private sector, CSOs and other non-state actors.

The Africa Mining Vision Implementation Architecture



Source: Ushie (2017) From Aspiration to Reality – Unpacking the Africa Mining Vision

The African Minerals Development Centre (AMDC) was established in 2013, on the recommendation of the 2011 AU Conference of Ministers Responsible for Mineral Resources Development, as the lead continental organisation for the realisation of the Vision. The County Mining Vision (CMV) and the Africa Mineral Governance Monitoring Framework (AMGF) are the two main instruments devised to guide the implementation of the AMV policy framework. The CMV establishes a framework as well as process for domesticating the AMV whilst the AMGF provides a tool for monitoring implementation. In addition to working with national governments, the AMDC works with regional economic communities to ensure coherence between regional mining policies and the AMV framework. The AMDC was conceived as a medium term project of the AUC, UNECA and AfDB hosted by the UNECA. The functioning of the AMDC was expected to benefit from technical cooperation among UNECA, AUC, AfDB and the UNDP. To date the operational costs of the AMDC have been primarily funded by the Australian and Canadian governments, two countries which rank among the biggest foreign investors in Africa's mining sector.

The national level is the key terrain for policy and actions to realise the AMV agenda making the CMV a critical implementation framework. The CMV as is made clear in the CMV Guidebook (2014) aims to transform both ruling national policies on minerals and development as well as how these policies are made, implemented and accounted for. The latter expresses and aspect of the AMV which is easy to miss, i.e. it is challenging not only existing policy orthodoxy but also policy processes. The AMV advocates a participatory approach to policy making, implementation and accountability which is much more democratic and transparent than is the norm in most African countries. The CMV process seeks to develop a transformative national policy framework through a participatory process which builds broad based national ownership of the resulting policies and involvement of all in their realisation. The CMV has seven policy pillars drawn from the AMV Action Plan: Fiscal regime and revenue management; Geological and mineral information systems; Building Human and institutional capacity; Artisanal and small-scale mining; Mineral Sector governance; Linkages, investment and diversification; and Environmental and Social Issues.
So far at least 24 countries are at different stages of the CMV development and implementation with varying approaches and processes and in many cases exhibiting inadequate involvement of CSOs, being 'politically driven and state-centric' (Ushie, 2017).

The Africa Mineral Governance Framework (AMGF) like the CMV is based on the AMV Action Plan. It is intended to be used by African governments to monitor their progress in implementing the AMV policy framework. It has six pillars derived from the AMV Action Plan. These are Fiscal Regime and Revenue Management; Geological and Mineral Information Systems; Artisanal and Small-Scale Mining; Legal and Institutional Environment; Linkages, Investment and Diversification; and Environmental and Social Issues. The AMGF is conceived to be used for periodic assessment of performance in countries implementing the AMV policy framework using a set of indicators. It can also be used as a diagnostic or monitoring tool by non-state actors.

The AMGF was developed by the AMDC with the involvement of civil society organisations. It was adopted by an AU Ministers Conference in May 2016. The AMGF was developed based on a recommendation to the AU Commission by the December 2013 1st Extra Ordinary Session of AU Conference of Ministers Responsible for Mineral Resources Development for "African States to develop their own homegrown criteria for governance standards in the extractive sector rather than be subjected to manipulative external transparency initiatives". This is clearly a reaction to the influence in Africa of public and private mineral governance standards and regulations from foreign regions and countries. These include the Extractive Industries Transparency Initiative (EITI) in which African countries are the largest bloc, the Kimberley Process Certification Scheme (KPCS), the Dodd-Frank Act of the USA, the Equator Principles, Global Reporting Initiative (GRI), the Revenue Watch Index and the Natural Resources Charter.

4. The African Mining Vision: Opportunities and Challenges

The AMV policy framework represents a new developmental approach to natural resources governance in Africa. The initiation of CMVs in 24 African countries, albeit of a patchy and uneven nature, constitutes important steps as is the adoption of an AMV compliant ECOWAS Mineral Development Policy and the ongoing development of a SADC Regional Mining Vision. The AMV represents an opportunity for state-society cooperation on an important African development issue in a manner that radically breaks with the authoritarian practice in most countries. In February 2016, the AU Commission launched the AMV Compact in a bid to underline the role of private firms in the realisation of the AMV. Compared to the private sector, African CSOs and trade unions have been involved with the AMV from the very beginning, inadequately at the start, but in a steadily increasing and varied manner. This work has involved outreach to improve citizens awareness about the AMV agenda and their participation in its policy making processes; to highlight the strategic importance of the AMV for Africa's development agenda. CSOs have been the main vectors for building the awareness and knowledge of African citizens about the AMV policy framework and an increasing number of them see the AMV as legitimising many of the demands they have been making for changes in public policy and the practices of mining companies. In September 2016, the AMDC convened a conference of CSOs from across Africa to define a framework of partnership between the AMDC and CSOs for the realisation of the AMV. An important aspect of the meeting was the fact that a broad spectrum of CSOs, with different thematic entry points and development policy focus took part in the meeting.

Despite all these positive developments, the implementation of the AMV agenda still faces important challenges almost a decade after the Vision was adopted by an AU Summit. These include the financing of the transformation agenda and the slow pace of cooperation for implementation among African countries.

There are domestic (African) private and public vested interests alongside the obvious international ones in the model of development that the AMV agenda calls into question. The dominance of the model is reinforced by a universe of ideas and beliefs about the nature of the mineral economy and its governance. This reality constitutes the most important challenge to the implementation of the AMV agenda and this has been concretely highlighted since the adoption of the AMV through a) the effects of and reactions to the slump in mineral prices since 2011-13; b) the responses of mining TNCs and the West to AMV type assertiveness by the global South (so-called "resource nationalism"); and c) the challenge from existing mineral governance frameworks, especially the hegemony of the "resource curse" discourse in African mineral governance.

a) Implications of the slump in mineral prices: The structural dependence of many African countries on mineral exports is both a driver for as well as constraint on change. The AMV and the mineral regime that it seeks to replace reflect different moments of the cyclical volatility and dynamics of the global mineral economy. The currently operative regime was born in the depths of the price decline and stagnation of the 1980s and 1990s; the AMV is a child of more optimistic times - born on the crest of the price upsurge of the first decade of the 21st century. The slump in mineral prices over the past few years has slowed economic growth, undermined government finances and export earnings in many African countries. Anxiety about these negative economic effects has drained the commitment of some governments to pressing on with the AMV agenda, especially fiscal reforms, and boosted the resistance of mining companies to these reforms. In many countries where the frontline tussle with mining firms has been over increasing the state's share of revenue, through the revision of fiscal terms in laws and contracts, firms have responded with various threats – litigation, withholding new investment, laying off workers or closure (on the claim that increasing taxes threatened the viability of mining enterprises. In Ghana, Zambia and DR Congo, TNCs citing financial pressures from falling prices closed mines and laid off workers. In at least one case the posture of the companies was reinforced by the overt or implicit support of mining trade unions concerned about job losses.

The recurrent price and demand volatility points to the need for the AMV agenda to pay some attention to the international commodity regime including the work of bodies such as UNCTAD. This is one area of weakness in the official AMV work. The slump in mineral prices has affirmed the correctness of the long- term agenda that lies at the heart of the AMV and therefore the need to push on with it. However, the structural dependence of many countries makes it likely that there will be increased timidity rather than renewed boldness from some governments about pressing on with the AMV agenda pleading the usual case that we need to keep the mining investors on side to guarantee revenue.

b) Taming/co-opting the spectre of "Resource Nationalism": Over the past decade the attempts of producer countries to increase their share of the returns from the exploitation of their non-renewal minerals has received the negative and hostile characterisation of "resource nationalism" by the main consuming countries of the global North and mining TNCs. For mining TNCs resource nationalism is the expectation of "governments that the sector should be contributing more for the right to exploit natural resources," through measures to increase their share of revenue and of local participation and content. In 2012 Ernst& Young identified "resource nationalism as the biggest risk facing mining firms. Major Western economies are concerned about trade and investment measures they see as threats to their security of access in the context of growing competition for these resources from countries such as China and India. "The next phase of globalisation will be defined by pressure for access to basic resources", Peter Mandelson, then EU Commissioner for Trade declared in September 2008.

Over the past decade how to resist, contain or co-opt this producer country assertiveness has been a major concern of the major Western powers, mining TNCs and their supporting international institutions. A range of hard and soft, carrot and stick, bilateral and multilateral initiatives – trade and investment agreements and measures, diplomatic pressure and aid have been deployed in the exercise, exemplified in the EU's Raw Materials Initiative (2008) which supports the Union's key trade policy goal of "an open global market completely free of all distortions on trade in energy and raw materials". The hard instruments include trade and investment measures to restrict the legal and policy space of mineral exporting countries for measures that historically facilitated industrialisation around the world. Some of these, especially local content requirements of foreign investors, have already been constrained by BITs and the WTO's Agreement on Trade Related Investment Measures (TRIMs). The EU's Economic Partnership (EPA) agreements with Africa's regions prohibits the use of export taxes, allowed under WTO rules, and used by countries to support domestic beneficiation and value addition. The bloc has been working with the USA and Japan in the WTO to make this restriction a global trade rule.

The hard stance has been supplemented with soft measures which concede some ground to elements of the "resource nationalist" agenda which do not fundamentally threaten the status quo but improves its legitimacy and the social licence of mining TNCs. There is political and capacity support from a number of bilateral and multilateral institutions, including the IMF, World Bank and the G7 for the renegotiation of mining contracts. The IMF has published analysis in support of mining fiscal reform in some African countries. Both the EU and the World Bank are supporting programmes to improve geological information on Africa. From advising Africa countries in 1992 to focus on revenue as the main benefit from mineral exploitation the World Bank now supports local procurement policies provided they do not interfere with free trade. The G7 launched the CONNEX (Strengthening Assistance for Complex Contract Negotiations) Initiative at its 2014 Summit in Brussels. In the words of the Summit declaration "[CONNEX] is to provide developing country partners with extended and concrete expertise for negotiating complex commercial contracts, focusing initially on the extractives sector, and working with existing fora and facilities to avoid duplication including as a first step a central resource hub that brings together information and guidance." The Vale Columbia Centre on Sustainable Investment (CCSI) in New York has been designated at the centre to lead CONNEX.

The Responsible Mineral Development Initiative (RMDI), **l**aunched by the World Economic Forum (WEF) in 2009 can be characterised as a soft co-opting response by the international business community to the perceived threat. The RMDI explicitly recognises the factors and forces driving 'resource nationalism' in the global South and seeks to engage with them. The RMDI was initiated because "the events of the last few years (pressure for better development outcomes from mining communities and host countries) have heightened the need for stakeholders involved in mineral development to find common ground to understand each other's needs, perceptions and priorities". It aims to provide possible paths forward on "how to govern mineral wealth in mineral-based emerging economies" on the basis of "seven dimensions that drive value creation for all stakeholders: Fiscal (tax, royalties, etc.) and legal/regulatory environment; Employment and skills; Environment and biodiversity implications; Social cohesion, cultural and socio-economic implications; Procurement and local supply chain; Beneficiation and downstream industry; and Infrastructure". The RMDI documents acknowledge that these issues cover a substantial part of the AMV agenda. Four of the pioneering 13 project countries are in Africa and in 2014 the Presidents of Ghana, Liberia and Guinea shared a panel at Davos as part of the high sell for the RDMI.

From an optimistic perspective, these cooperative overtures can be seen as victories for the pressure for change as expressed in various national initiatives and the AMV agenda with some hitherto resisted demands being accepted as legitimate by key governments and international institutions. From another perspective however, there are reasons to worry about the implications of these initiatives for the AMV agenda. Each of these initiatives bisect one or the other of its element but is rooted in a different strategic logic. The driving power behind them are centred outside the African arena and controlled by actors whose interests diverge fundamentally from the radical implications of the AMV. There are a number of issues. For example, who will ultimately control and benefit from the geological data being gathered by the World Bank and EU schemes? What will be the effects of the CONNEX on autonomous African processes? Contract negotiations have been described as a key battle ground where African countries need to retain some coordinated autonomy around AMV focused principles to work together and learn from each other. The CONNEX Initiative centred around a G7 selected hub in the USA could divert efforts for an Africa centred coordination and sharing of renegotiation experiences, through the AMDC and others into a spoke and hub relation between individual African countries and Vale CCSI and other centres and actors operating under CONNEX. On the track record of how African governments respond to aid-based initiatives it will not be surprising if we see individualised national responses and uptake with CONNEX.

c) Hegemony of the “Resource curse” discourse: The mineral governance standards which dominate the African terrain primarily derive from the “Resource Curse” paradigm. These “externally imposed global regimes of restraint” (Khadiagala,2014) are focused on revenue optimisation and the management of impacts, important but limited issues when seen from a minerals and transformative development perspective. The external accountability mechanisms of these frameworks are anchored in the political consensus and financial support of Western aid donors and the international financial institutions. From their point of view, the most important effect of these frameworks is to secure the continuing legitimacy of the operative mining regime and social licence of mining TNCs by minimising any associations with corruption in fiscal matters and violent conflict in the extraction stage. The outlook and practices of many key African state functionaries and a substantial number of CSOs are framed by this hegemony of the ‘resource curse’ discourse and associated governance schemes. Across Africa country level implementation of these frameworks have been woven into the routines of state institutions and the architecture of aid and they, especially of the EITI, are usually the focus of the most cooperative relations among state officials, mining firms, Western embassies, the World Bank and CSO mining activists. The continuing dominance of this ‘resource curse’ viewpoint impedes the establishment of the AMV as the strategic mineral governance framework for Africa.

The implementation of the AMV faces the important challenge of financing. Who will finance the AMV’s transformation agenda? The AMV faces the same financing challenges that derailed the Lagos Plan of Action resulting in the mass turn of African countries to the IMF and World Bank for the financing of their responses to the economic crisis of the 1970s and 1980s. All key documents of the AU give a central role to domestic resource mobilisation for the financing of Africa’s structural economic transformation. However, the reform measures to advance this have been slow.

Over the past twenty or so years mineral policy in Africa has been marked by competition, especially in tax matters, rather than cooperation among African countries as they competed against each other to attract foreign investment. Cooperation among African countries, at regional, continental and international levels, is an important feature of the AMV agenda across all the Progamme pillars. This cooperation is needed both for policy coordination/coherence as well as common action.

Therefore, there is still not yet a critical mass for the alliance for change that must be built across the state-society to push and sustain the far-reaching change agenda of the AMV. This alliance for change is imperative for the success of the AMV agenda because the framework is a radical challenge to the existing political economy of minerals production and consumption and its ideological/intellectual props.

5. Conclusion

It is clear from the preceding analysis that the AMV represents a substantial step in the creation of a new development approach to mineral governance in Africa. Being an African owned initiative gives it considerable legitimacy compared to other frameworks being advocated for on the continent. It has strong participatory features which could help transform the authoritarian policy making culture on the continent. There are many other positive features. The implementation of the AMV as has been set out above faces a number of challenges though.

***Background paper for Continental Conference on the theme *'The Issue of the Political and Socio-Economic Integration of the African Continent: The Role of the Pan-African Parliament'* , Yaounde Cameroun, 22-25 August 2017**

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