

**MINING FOR
MEANING:
WHAT THE
APRM SAYS (AND
DOESN'T SAY)
ABOUT AFRICA'S
EXTRACTIVE
INDUSTRIES**

EXECUTIVE SUMMARY

Africa is richly endowed with mineral and fuel resources, and the continent's development prospects depend heavily on how well the extraction of these resources is governed. Resource rich countries are among the best performers in the continent on various political and economic indicators and among the worst performers, and they fall about everywhere in between. Natural resources in themselves are neither a blessing nor a curse. What matters is how, and how well their extraction is governed.

Africa must “shift focus from simply mineral extraction to much broader developmental imperatives in which mineral policy integrates with development policy” (Economic Commission for Africa, 2011: xiii).

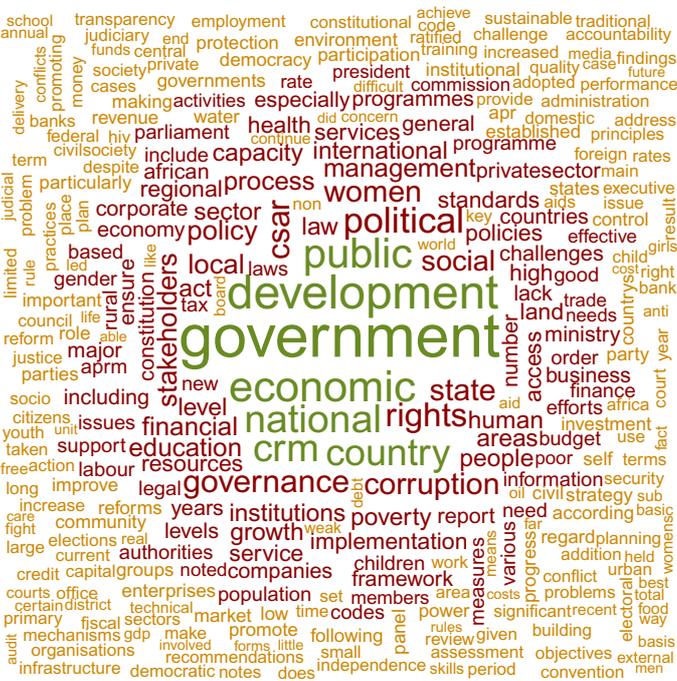
The Africa Mining Vision was adopted by the African Union in 2009, followed by a more detailed 2011 report by an international study group on Africa's mineral regimes. These documents start from two main premises: first, African mining sectors are enclaves that lack linkages to social and economic development; second, with appropriate policies, resource extraction can be reoriented to promote industrialization and more inclusive and sustainable development.

There is an overlap between the objectives of the Africa Mining Vision and the APRM, however the initiatives are grounded in different understandings of linkages between governance, politics, and policy. The two approaches are not necessarily incompatible, but potential tensions exist about how APRM country reviews should approach issues of resource extraction.

The Africa Mining Vision (AMV) focuses primarily on advocating a policy framework for resource-led industrialization and development, explicitly relegating governance to merely one of the challenges requiring attention. The posture is that of the technical policy expert: specifying the desired policy blueprint and treating governance as the political will and institutional capacity required to realize it.

The APRM exemplifies NEPAD's commitment to governance as the cornerstone of sustainable development. The APRM focuses primarily on

promoting governance norms intended to make those who wield state power responsive and accountable to their people, shying away from prescribing particular policies. The posture is that of the political expert: specifying desirable decision-making institutions to align governments' incentives with improving their constituents' welfare and treating policies as the realizations of the resulting processes.



THE CURRENT CONVERSATION

The APRM country reports to date conform to identifiable patterns around the discussions on extractive issues, despite the fact that emphasis on these issues and their thematic treatment varies widely across the APRM reports. Firstly, the reports of the countries that are resource dependent tend to mention resources more often than countries that are not resource dependent (with some exceptions). Secondly, the APRM reporting framework favours treating extractive issues in chapters on corporate and economic governance – often neglecting political and social challenges related to the extractive industry. Lastly, it is clear from the reports that the ideas around extractive industries and governance have been evolving since the first reports were published in 2005, where impact on the discussion since the adoption of the AMV is notable.

Natural Resource Dependence: Overall, the APRM reports emphasize extractive issues more for countries that depend more heavily on mineral and fuel exports - yet notable exceptions exist. Reports on some resource-rich countries place surprisingly little emphasis on extractive issues, while reports on some resource-poor countries place surprisingly large emphasis on them.

The unexpectedly heavy emphasis on resources in the APRM report of Burkina Faso probably reflects what its report called an “excitement craze” about new gold and manganese concessions, combined with concerns about a lack of environmental and other regulations. By contrast, the unexpectedly light emphasis on resources in the reports of Algeria, South Africa, and Ghana probably reflects the fact that they were published before the APRM became sensitive to the importance of extractive issues.

The APRM reporting framework: The APRM reporting framework favours treating extractive issues in chapters on corporate and economic governance rather than in chapters on political governance and socio-economic development. The questionnaire that guides the initial country self-assessment has sections for each of the thematic chapters of the reports, and it lists specific cross-cutting issues. The questionnaire’s structure might then be expected to influence how different topics are mapped into chapters in the final report.

Emphasis on extractive industries in the economic governance chapters is driven heavily by the two major oil exporting countries, Nigeria and Algeria, along with copper exporter Zambia, which together account for 60 per cent of total occurrences. Oil and copper exporters are similar in that they are exposed to unusually large fluctuations in world prices. These fluctuations pose challenges of macroeconomic instability and economic diversification, central themes in the economic governance chapters of these three countries.

Evolving Ideas about Extractive Industries and Governance: The first APRM country reports were published in 2005, and the most recent ones were published in 2013. During this period concerns about natural resources and development have intensified and been extended to a broader set of governance issues. The African Union and other regional organizations

have been paying more attention to natural resource governance. These evolving trends might be expected to affect the content of APRM reports, with more recent reports giving broader treatment to extractive industries than earlier reports.

A turning point came around 2008 when the African Union and the UNECA established a technical team to draft the Africa Mining Vision. The resulting document, which the African Union adopted in 2009, explicitly acknowledged the APRM as an important tool for promoting developmental governance.

CRITIQUE OF THE CONVERSATION

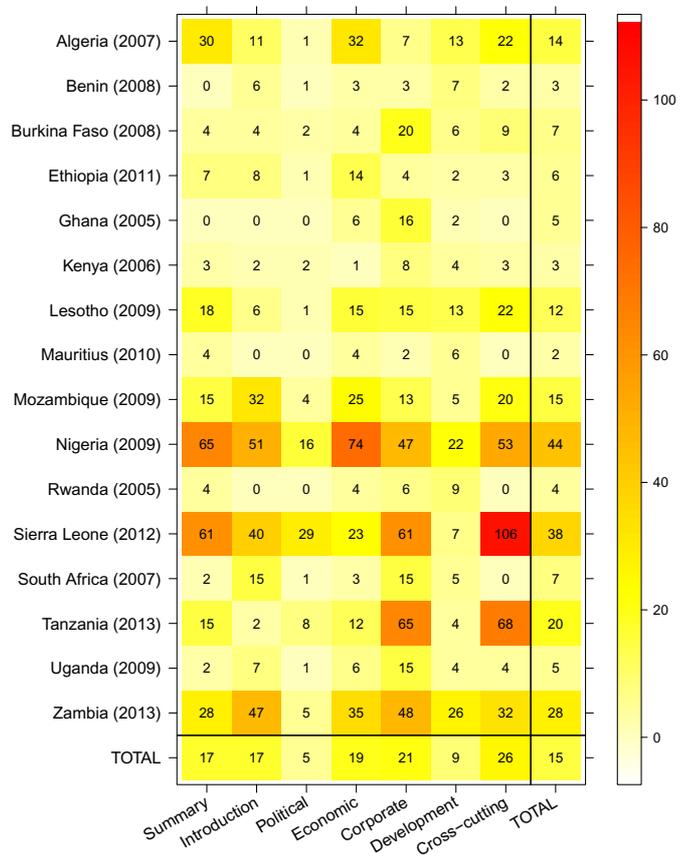
The scope and emphasis of conversation around extractives in the APRM reports has altered over time. Initiatives such as the AMV have had a notable effect on the conversation around extractives in more recent APRM reports. However, when examining the reports published to date as a whole, two major patterns emerge.

Thematically narrow: References to extractives are concentrated in the chapters on corporate and economic governance, and they are conspicuously absent in the chapters on political governance and socio-economic development. This structure is concerning considering the potential adverse political and developmental consequences of natural resources. Recent research relating to extractive issues has widened its focus to a broader range of development outcomes, and has highlighted the importance of political institutions that support stable and accountable governance.

Treatment of extractive industries is relatively sparse: Against the backdrop of growing awareness of the importance and complexity of resource extraction, at first glance the treatment of extractive issues across the sixteen APRM country reports might seem underwhelming. In the reports on leading resource economies like Algeria and South Africa, there is a low occurrences of extractive related discussion. The neglect of extractive issues might even seem to be by design, as the APRM country self-assessment questionnaire hardly mentions natural resource extraction. Where extractive issues do emerge prominently, it is because the APRM

panel took the initiative to identify them as crucial to the governance and development in particular countries. Though scope remains for the APRM to increase the emphasis and thematic diversity of its approach to extractive issues, the more recent reports show considerable progress along these lines when compared to the earlier reports.

Frequency of extractive industry word clusters by document (occurrences per ten thousand words of text)



RECOMMENDATIONS

‘Good governance’ is a moving target: Ideas of what makes for ‘good governance’ is continuously changing. As the world changes, people’s thinking about the best way to govern themselves must also change. In the decade since the first APRM report was published, researchers and policy experts have become more attentive to governance and development challenges related to natural resource extraction. Rather than clinging to preconceived institutional templates, APRM reports have evolved to provide more thorough and

sophisticated analyses of extractive issues. What ‘good governance’ of resource extraction entails has been a moving target. This is a strength, not a weakness – a lesson that generalises to other issue-areas.

‘Good governance’ is a contested target: The APRM provides a voluntary forum within which civil society organisations and other stakeholders can engage under the auspices of a regional body. Such engagement sometimes leads to greater consensus, but not always. In any case, contestation in itself enriches the understanding and pursuit of ‘good governance’. Promising trends in the APRM’s approach to extractive issues owe much to the consultative nature of the review process. The APRM is premised on the idea that participatory and accountable governance is an essential condition for development. ‘Good governance’ of resource extraction has been a contested target, and civil society organisations and other stakeholders have, for example, at times criticised the actions (or inaction) of governments. This contestation is a strength not a weakness – another lesson that generalises to other issue-areas.

‘Good governance’ of extractive industries is a (thematically) ‘diversified’ target: The APRM has moved toward a more analytically ‘diversified’ approach to the way in which resource extraction cross-cuts

themes of governance and development. Early reports framed extractive issues mainly in terms of corporate and economic governance, with little reference to political governance and development. The revised self-assessment questionnaire reflects the more diversified approach, spreading extractive issues across thematic chapters, also rejecting the idea of relegating them to the analytical ‘enclave’ of a standalone chapter. Still, some extractive issues raise sensitivities for governments, particularly issues relating to political accountability and corruption. APRM panels and civil society can help to ensure that future reviews address the broad spectrum of challenges related to resource extraction, avoiding the temptation of returning to a narrower focus on ‘technical’ aspects of corporate and economic governance.

REFERENCES

This policy brief was compiled by Melanie Roberts, drawn from the full report, “Mining for meaning: What the APRM says (and doesn’t say) about Africa’s extractive industries,” Rod Alence, which can be found at (www.eisa.org.za).



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About EISA

EISA is a not for profit organisation established in 1996 based in Johannesburg (South Africa) with field offices in Central African Republic, Gabon, Kenya, Madagascar, Mali, Mozambique and Somalia.

Our vision

An African continent where democratic governance, human rights and citizen participation are upheld in a peaceful environment.

Mission statement

EISA strives for excellence in the promotion of credible elections, citizen participation, and the strengthening of political institutions for sustainable democracy in Africa.