

# **The Africa Mining Vision (AMV) : The Mining Governance Quandary**

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# Objectives

- Position Africa in the Mining
  - Inform audience about the AMV and the relevancy of AMV to the structural transformation of Africa
  - Give a positive critique of the AMV and challenges its facing

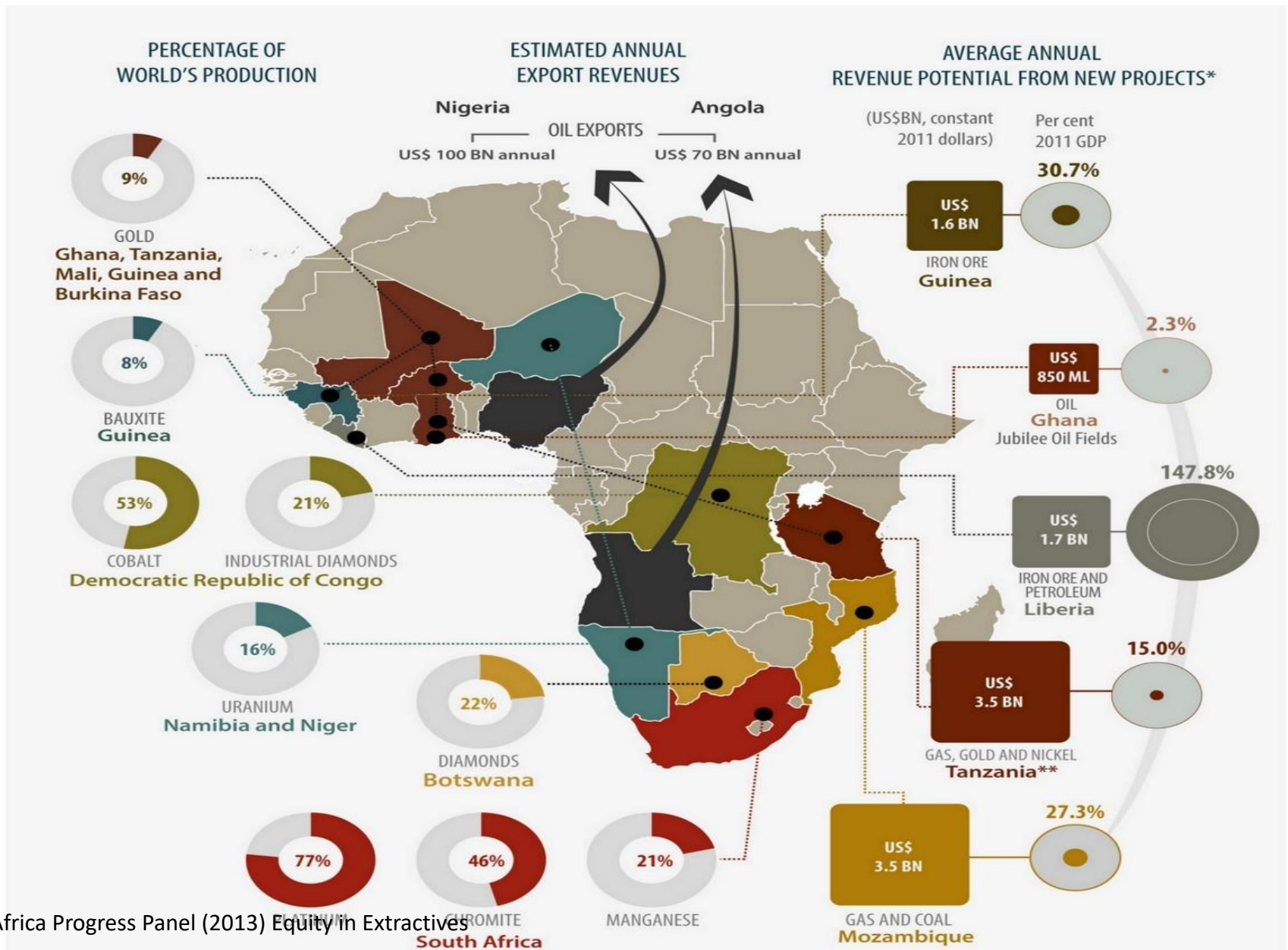
# Outline

- Overview of Africa's mineral sector
- Why is mineral sector governance important?
- Background to the AMV
- Challenges to AMV implementation
- Conclusion

# Overview of Africa's mineral sector

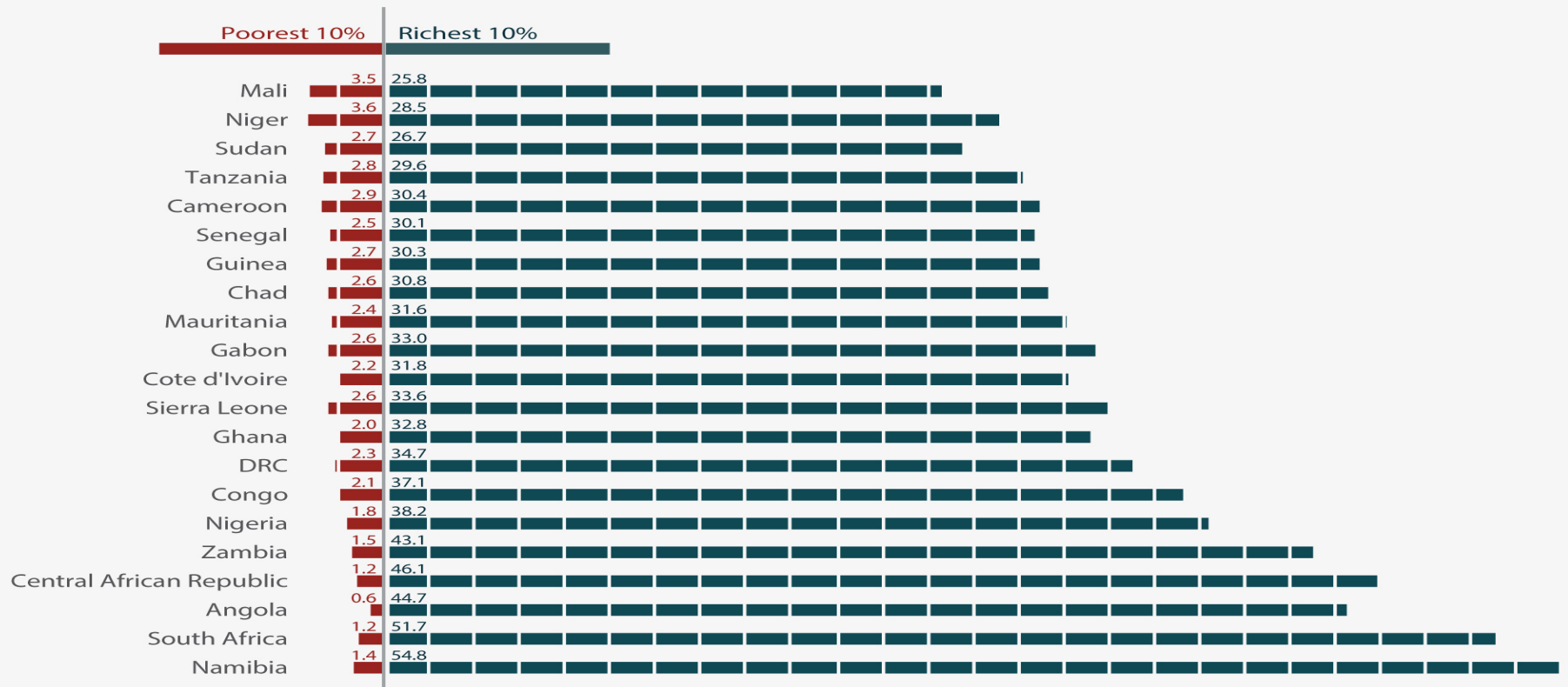
- Africa hosts 30% of the world's mineral and hydrocarbons reserves;
- Supplies **12%** of the world's total oil production.
- Africa is a source of over **50%** of mineral exports such as cobalt, manganese, chromium, diamonds and titanium to key commodity markets including the US, China, the Middle East and Europe.
- **11** African countries are among the top ten global resource countries in at least **one major mineral**.

# Africa's mineral endowments



# The sharp contrast between natural abundance and poverty in Africa is troubling

## UNFAIR SHARE: INCOME SHARE OF THE POOREST AND RICHEST 10 PER CENT IN RESOURCE-RICH COUNTRIES



Source: World Bank (2013), World Development Indicators.

# Overview of Africa's mineral sector

The ratio of **mineral rents to GDP** averages as low as 2.7%

- Poor rent capture
- Low value addition
- High *mineral dependency*: Over half of 54 African countries rely on a limited number of minerals for **75%** of their export earnings.
- 'Dutch Disease' and slow growth
- Mineral curse

*Good mineral sector governance is a **prerequisite** for equitably sharing the benefits of resource extraction and is a **critical success factor** identified by the **Africa Mining Vision** for mineral-based structural transformation.*

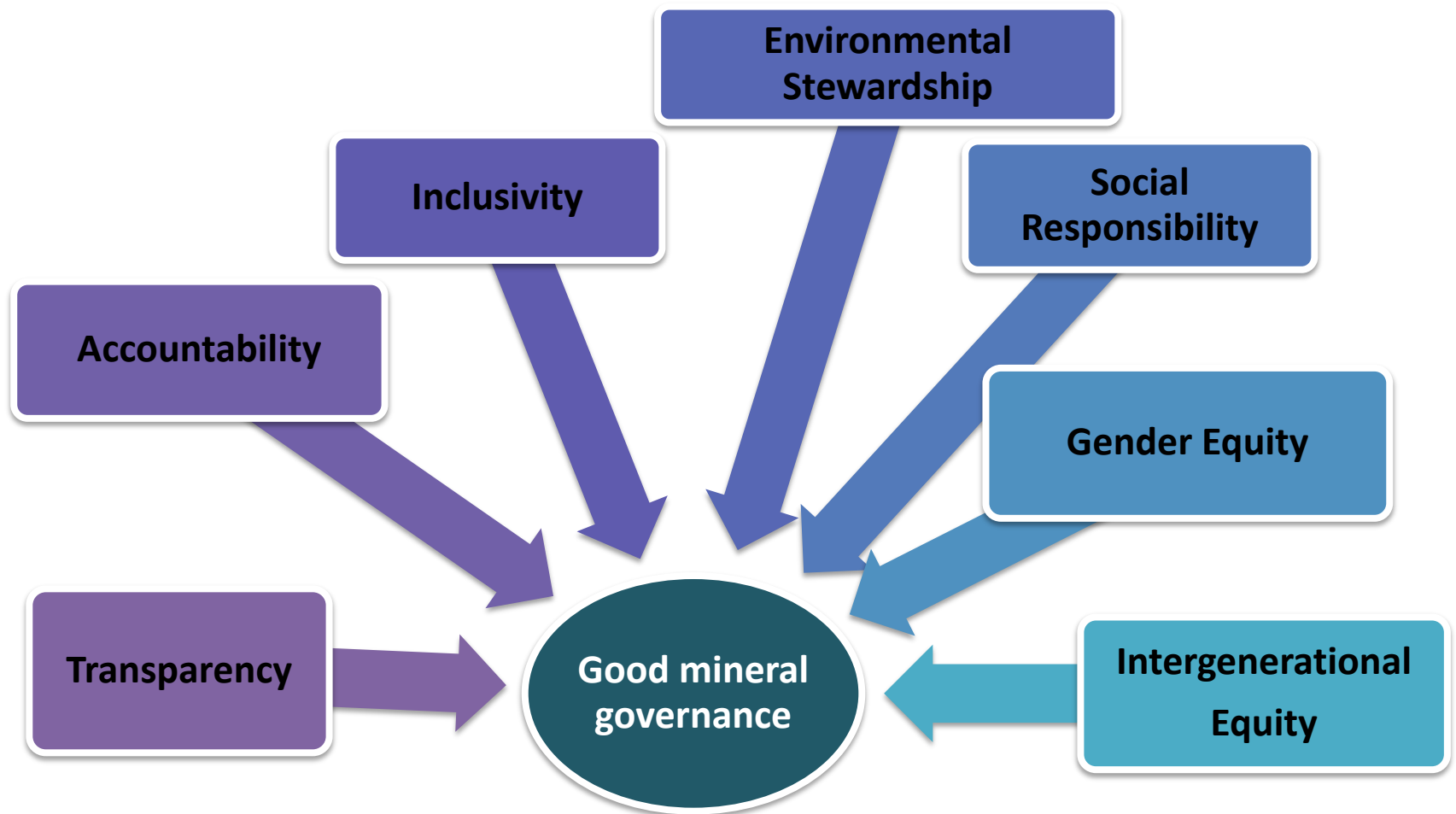
# Mineral governance

**Poorly governed mineral sectors** have far reaching effects, including:

- Fiscal leakages, illicit financial flows and revenue losses to the state
- Environmental degradation, loss of biodiversity, land, property and livelihoods
- Conflict, violence and war
- Lack of respect for human rights, loss of civic space
- Poverty, inequality, social crises
- Forced displacement, migration
- Rapid asset depletion and loss of natural capital
- Slow growth and underdevelopment



# Mineral governance



# Mineral governance

Proliferation of **regional** and **global** governance frameworks over the last 15 years: transnationalisation of mineral sector governance.

- Mainly **voluntary** in nature, and often promote **self-regulation** by the target groups - private sector, governments.
- Most governance frameworks are **single-issue** in nature – and can be classified into five main issue categories

# Global and regional mineral governance instruments by issue category



## Mineral revenue transparency

- EITI, U.S. Dodd-Frank Act Section 1504, EU Accounting and Transparency Directive, IMF Guide on Resource Revenue Transparency, Open Government Partnership,

## Corporate accountability, mining project financing and anti-corruption

- UN Global Compact, Responsible Mining Initiative, IFC Sustainability Framework, Equator Principles, OECD Anti-Bribery Convention, U.K. and U.S. Foreign Corrupt Practices Acts,

## Environmental, social, community and human rights

- Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, Rio Declaration on Environment and Development, IFC Performance Standards, UN Declaration on the Rights of Indigenous Peoples, African Charter on Human and Peoples' Rights, Maputo Protocol on Women's Rights, ILO

## Conflict minerals and responsible supply chains

- EU Directive on Responsible Sourcing of Conflict Minerals, U.S. Dodd-Frank Act Section 1502, Kimberly Process Certification Scheme, Conflict-Free Sourcing Initiative, Responsible Raw Materials Initiative, OECD Due Diligence Guidelines

## Mining sector strategy, minerals trade and sustainable development

- EU Raw Materials Initiative, Natural Resource Charter, Fairtrade International's Standard for Gold and Associated Precious Metals, WEF Responsible Minerals Development Initiative, Intergovernmental Forum on Mining, Minerals, Metals and



# Why does Africa need an AMV?

- ❑ Existing global and regional regimes for mineral sector governance not **not sufficiently** addressing structural questions
- ❑ Single-issue focus/ideational fragmentation: Africa needs a holistic, contextual mineral development strategy.

# So what is AMV?

*“AMV promotes responsible and accountable mineral sector governance as one of its core principles, and through its implementation”*

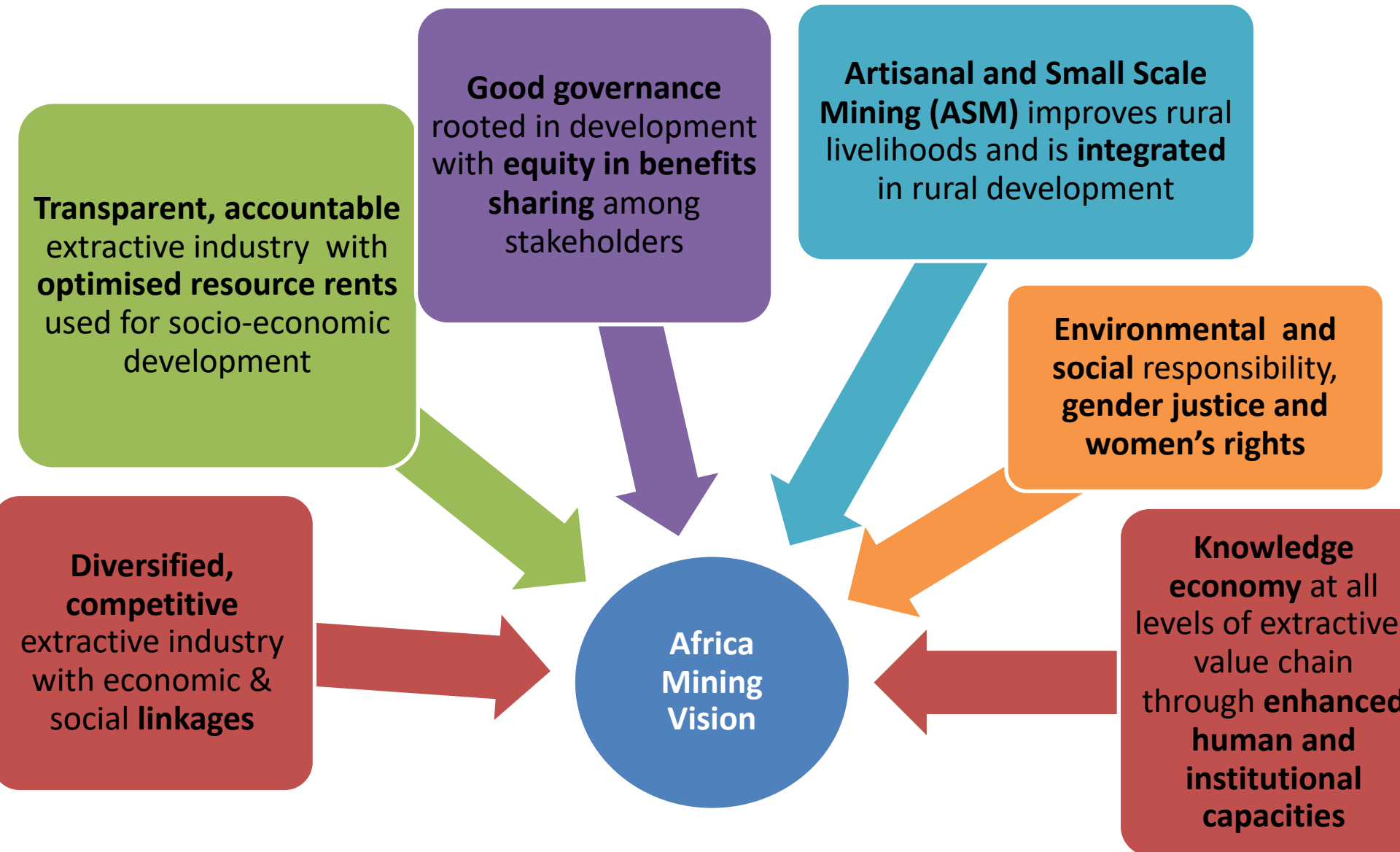
2009  
AU Heads of State and Government adopted the AMV with the long-term goal of attaining:

“transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development”

It's not merely about mining; It's about *development!*

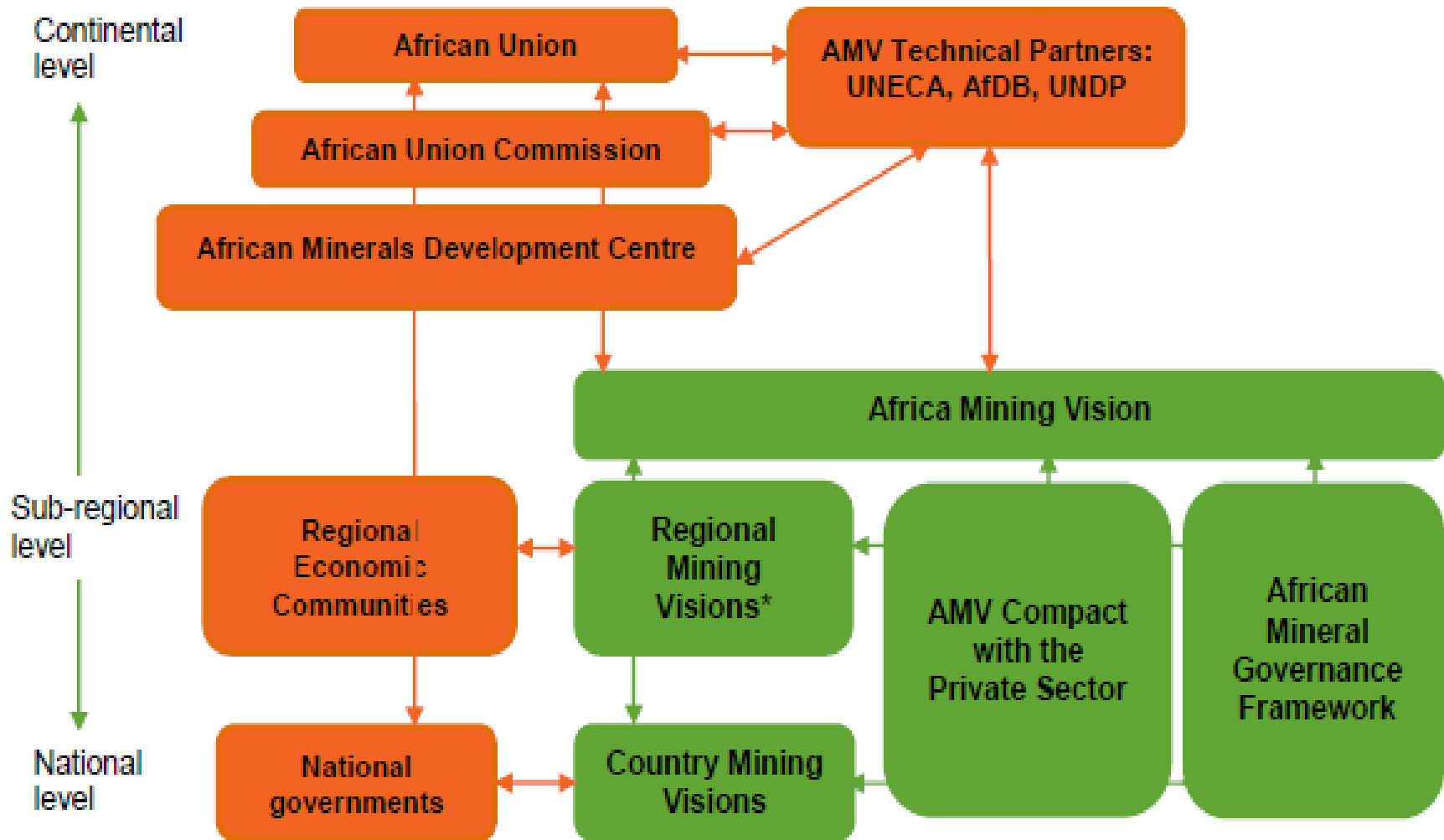
AMV seeks to strategically use Africa's natural resources to transform the continent's social and economic development trajectory...

# AMV's principal goals include:



# AMV's Implementation:

Figure 3: The Africa Mining Vision Implementation Architecture



\*Regional Mining Visions are to be established through the Regional Economic Communities (RECs)

# Progress so far on the AMV?:

- ❑ CMVs are the most important instrument required for the full implementation of the AMV
- ❑ CMVs build national ownership-multi-stakeholder processes for consultation and dialogue in determining priorities for the mineral sector,
- ❑ Identify roles and responsibilities of all stakeholders, and stimulating reforms to national laws, policies and regulations required for mineral-based development.
- ❑ Since 2014, 27 (or half of all) AU member states are in various stages of AMV implementation through Country Mining Visions (CMVs). 4 out of 8 major RECs.



# Country & regional Progress so far

National		Sub regional/RECs
Angola	Ghana	COMESA
Burkina Faso	Guinea	EAC
Central African Republic	Kenya	ECOWAS
Chad	Lesotho	SADC
Republic of Congo	Malawi	
Côte d'Ivoire	Mali	International Conference on the Great Lakes Region (ICGLR)
Democratic Republic of Congo	Mozambique	
Egypt	Namibia	
Ethiopia	Niger	
Equatorial Guinea	Nigeria	
Eritrea	Rwanda	
Gambia	Sierra Leone	
	Tanzania	
	Zambia	
	Zimbabwe	

# The AMGF –for Africa

- ❑ The African Mineral Governance Framework (AMGF) is one of the four major implementation instruments of the AMV.
- ❑ Serves two purposes: It is designed to **monitor countries' progress** towards domesticating the AMV, and is a broad, **home-grown** governance framework for the mineral sector.
- ❑ AMGF is framed around **six** constitutive 'pillars', which are derived from the nine clusters of the AMV. The AMGF is able to holistically cover the entire minerals value chain, while reflecting the **transformative** and **inclusive ethos of the AMV**.

# AMGF

Legal and Institutional  
Framework

Geological and Mineral  
Information Systems

Fiscal Regimes and  
Revenue Management

Artisanal and Small Scale  
Mining

Women's rights and gender, youth, human resource  
development capacity and technology are cross-cutting across  
the six AMGF pillars

Linkages and  
diversification

Environmental and  
Social Issues

# AMGF

## How is the AMGF unique?

- ❑ **Comprehensive:** It covers the entire minerals value chain, and measures the performance of countries in neglected areas such as:
  - artisanal and small-scale mining (ASM),
  - linkages and diversification
  - Community, social and environmental impacts
  
- ❑ The AMGF also measures countries' performance in tackling **emerging** global policy issues in the mineral sector such as:
  - tax evasion, avoidance and illicit financial flows
  - contract transparency
  - the disclosure of beneficial ownership, and transfer pricing by multinational firms

# AMGF

## How is the AMGF unique?

- ❑ **Mainstreams gender justice and women's rights** throughout the six constitutive pillars.
- ❑ **Inclusive and participatory** by encouraging civic oversight in its design and implementation.
- ❑ **Fosters peer learning and knowledge sharing** between countries.

# Challenges to mineral sector governance

- ❑ **Capacity:** of policy, legislative, judicial and regulatory institutions. Defining a national vision for the mineral sector.
- ❑ **Lack of local ownership** or top-down approach to implementation of governance frameworks
  - **Multi-stakeholder approach** is effective and legitimate. Mobilising social constituencies (communities, mineworkers, civil society) in support of mining governance and reform. Boosting **women's** participation in mining.
  - Importance of national ownership and political buy-in (AMV)
- ❑ **Political economy** – political interests, regime transitions and policy stability.

## Challenges to mineral sector governance

- **Shrinking civic space** in driving AMV in several countries: Need to meaningfully include local communities, women, civil society, mine workers, ASM and other non-state actors in CMVs to sustain national and regional traction.
- **Low awareness:** which undermines the emergence of a broad-based social constituency to drive AMV/CMVs. Engagement with key stakeholders (e.g. CSOs, parliaments, judiciary) to support the AMV agenda.
- **Pivot to the East:** New wave of resource-for-infrastructure deals with China need more scrutiny w.r.t. AMV. Danger in fire-sale approach to resource concessions that undermine long-term national interest.

# Recommendations