THE AFRICAN MINING VISION:
PERSPECTIVES ON MINERAL RESOURCE DEVELOPMENT IN AFRICA

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The African Mining Vision: Perspectives on Mineral Resource Development in Africa

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Abstract

This paper argues that, after the recent boom, the African Mining Vision initiative (AMV)’s focus on putting development front and center in the extractive industry, is a paradigm ‘whose time has come’. We hypothesis that the Vision is forward-looking enough with robust ideational foundation for seizing emerging policy windows to bring about lasting paradigm shift for Africa’s extractive sector—anchored on its broad-based development.

The paper presents a dynamic, innovative framework for analysing policy change in the extractive sector in Africa, based on the power in ideas and interests networks. While the crisis presents an opportunity, the paper analyses the binding political economy constraints, African governments will have to overcome at the global, regional and country levels in order to implement the transformative ideas of the AMV.

The paper further presents a matrix systematically analysing possible scenarios in the way of implementing the Africa Mining Vision. While AMV remains a paradigm whose time has come for extractive-led development strategies, its implementation would unlikely be linear. Vested interests, including resistance to change and diversity of country contexts, could lead to varied outcomes, in the implementation of AMV in short and medium terms.


Résumé (en français)

Dans cet article, les auteurs soutiennent que le temps est venu pour la Vision pour l’industrie minière en Afrique (la Vision) de se concentrer sur le véritable développement plutôt que sur la croissance économique. Les auteurs émettent l’hypothèse qu’en principe, la Vision a les atouts pour réussir. La Vision est tournée vers l’avenir tout en proposant des valeurs solides pour saisir les nouvelles fenêtres d’opportunités politiques afin d’apporter un changement de paradigme durable pour le secteur extractif en Afrique qui peut potentiellement favoriser le développement à grande échelle.

L'article présente un cadre d’analyse original pour étudier les changements de politiques dans le secteur extractif en Afrique en s’appuyant sur les théories du pouvoir, des réseaux et des intérêts. Bien que la crise actuelle dans le secteur extractif représente une opportunité, le document analyse aussi un certain nombre de contraintes associées à l’économie politique que les gouvernements africains devront surmonter aux niveaux mondial, régional et national afin de mettre en œuvre les idées transformatrices de la Vision.

Cet article présente notamment une matrice permettant d’analyser les scénarios possibles dans la mise en œuvre de la Vision pour l’industrie minière en Afrique. Alors que la Vision incarne un paradigme de changement pour les stratégies de développement extractives, il est peu probable que sa mise en œuvre se réalise de manière linéaire. Les nombreux intérêts existants, y compris la résistance au changement et la diversité des contextes nationaux, pourraient conduire à des résultats variés dans le processus de mise en œuvre de la Vision à court et moyen terme.
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1. Introduction

Mineral rich Africa faces its strongest ever headwind since the adoption of the Africa Mining Vision (AMV) in 2009. The prolonged fall in commodity prices, presents a challenging environment for implementing the vision. The endorsed continental framework aims to bring about a ‘transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development’ (AUC, 2009 P.1). Demand-side factors driven by slowdown of growth in China— which consumes over 50% of all metals— as well as industry-specific forces underpinned by oversupply and competition for market share, together have significantly weaken mineral prices, since their recent high of 2011 (World Bank, 2015).

The depressing volatility is hardly new phenomenon. Commodity prices rise and fall often in painful patterns of vulnerability, risks and crises (Bain, 2013). But the sharp and prolonged nature of the current collapse in prices has provoked a rethink of the ideational foundation of governance in Africa’s extractive sector. While it remains unclear for how long prices will stay very low, the slump is already revealing a fundamental crack in the externally-driven revenue-first model, which has continued to mark mining regimes in Africa with its unrealistic assumption of sustained ever high commodity prices.

The adoption of the continentally owned strategy aims to do business differently— integrating the extractive industry greater into the local, national, regional and global value chains. As a new initiative, the AMV is building its credibility as transformative framework, competing with other long-established regimes in the sector. The falling commodity prices and the ensuing fiscal crises are challenging many mineral-rich African countries. At the same time, many more African countries are entering to the league of mineral-rich and dependent countries with massive new finds of oil and gas and minerals. It remains unclear whether the development orientations embodied in the Vision are robust enough for countries to adopt the strategies without scaring away much needed external investors. Yet given its holistic focus, the depressing context makes it even more imperative to advance the implementation of the long-term development priorities of Africa’s mineral sector, consistent with the post-2015 development agenda.

This paper argues that, after the boom, the AMV focus on putting development front and center in the extractive industry, is a paradigm ‘whose time has come’. Our central hypothesis is that the Vision is forward-looking enough with robust ideational foundation for seizing emerging policy windows to bring about lasting paradigm shift for Africa’s extractive sector— anchored on its broad-based development. The assumption guiding the analysis is that ideas matter in policy change, and even more so the extent in which they organize interests, actors, as well as create power and seize opportunities presented for change. We also take for granted that crises generate ‘framing contests’ including varied interpretation of events, their causes, responsibilities and lessons learned for informing and shaping the path of future policies.

We intend to contribute to the growing literature on ideas and policy change. Very limited studies have systematically explored dynamics of ideas formation, crises and regime change in the extractive sector. Fewer have focused on the hierarchy of change both in substantive and
procedural terms – clearly distinguishing between shifts in normative ideas and implementation mechanisms.

As overall objective, the paper analyzes the options for establishing AMV as an enduring paradigm capable of effectively responding to boom and bust cycles of commodity markets. We adopt a discursive institutionalism approach, framing ideas as sources of power for policy change. We specifically adopt a conceptual framework for assessing the emerging contextual dynamics for implementing the AMV.

The remainder of this paper is organized as follow. Section 2 reviews the literature on the role of ideas in mining regimes, providing the theoretical arguments used in building the conceptual framework underpinning this paper. Section 3 presents the Africa Mining Vision as a new social contract. The conceptual framework presented in section 4 is then employed in section 5 to analyze the challenges and opportunities presented by the current crises facing the sector in Africa. Section 5 also evaluates the different permutations or scenarios of change, while section 6 concludes the paper with a discussion of ways forward for implementing the AMV.

2. Understanding the power of ideas in mining regimes

Change remains a permanent fixture of life, goes a popular saying. But public policy-making is marked often by continuity and stability, with change occurring rarely and very incrementally (Streeck & Thelen, 2005; Lindblom, 1959; Schulman, 1975). In explaining the mechanics of change and evolution in public policies, several studies have underscored the role and influence of ideas (Beland, Carstensen, & Seabrooke, 2016; Shanahan, Jones, & McBeth, 2011; Baumgartner & Jones, 1991; Kingdon, 1984). Flathman (1966) notes the enduring basis of ideas policy makers hold impact on decision making. In studying policy change, the concept of policy paradigm has been applied widely to understand policy change in many sectors and fields (Carson et al, 2009, Diagneault, 2014; Wilder 2015;). Basically, the term captures established beliefs, values and attitudes behind framing of public policy problems (Goffman, 1974). Paradigm shifts occupy one-end of a continuum describing the potential power of ideas (Baumgartner, 2014).

In his seminal work on policy change in Britain, Peter Hall argued that policy paradigms establish the broad goals behind policy, the related problems or puzzles that policy-makers want to solve and the kind of instruments to achieve the goals set for the policy (Hall, 1993). Individuals in a policy subsystem hold ‘deep core’ of basic values and beliefs that inhibits anything but marginal changes to program ideas and policy contents (Sabatier, 1988). What constitutes policy change and how it occurs therefore remains central to policy analysis.

Occasionally, the ‘staying power’ of ideas encapsulated in paradigms breaks down as result of replacement of one identifiable coherent set of ideas with another (Wood, 2015: 10). ‘Paradigm shifts’ are complex and dynamic processes. John Kingdom, a towering scholar of public policy, emphasises the time dimension of policy change, arguing that some ideas become fashionable at specific points in time and context as “ideas whose time has come” (Kingdon, 1984: 3). The unpredictable nature of ideational change has also preoccupied scholars. Policy change, according to Albert Hirschman, “occurs as a result of surprise, otherwise it would be suppressed by forces
that are in favor of the status quo’’ (Hirschman, 1995). Continuity is therefore not given but wilfully maintained (Dery, 2000).

Random and perceived disruptive events are important drivers of paradigm shifts. The role of exogenously induced shocks in policy change has long been widely studied (Majone, 1989; Birkland, 1997; Blyth, 2002; Hogan & Feeney, 2012)). The link between crises and reforms is very strong in economics literature (Tornell, 2003; Rancière & Tornell, 2015). The disruptive event is defined as a ‘critical juncture’ during which major change is possible (Gorges, 2001, pp 155). From a systemic perspective, Coyne (2011), defines crisis as an unexpected event that creates uncertainty and poses a direct or perceived threat to the goals and norms of an organization, institutions and society. Crisis don’t occur in a vacuum on their own, there are often precipitated by some events or shocks to the system (Grossman, 2015). However, the definition of crisis as externally induced events remains limited and too deterministic. It discounts the role of endogenous factors.

Open windows of opportunity remains crucial to turn ideas into policy change. But ideas don’t only remain floating and waiting for crisis-windows to open; they in themselves can also create opportunities for change (Schmidt, 2008). Kingdon suggests the existence of at least four possible windows: routinized political windows, discretionary windows, spillover windows and random problem windows. Along a continuum of institutionalization and predictability, crises-driven events as exogenous shocks occupy one end of the predictability spectrum (Kingdom, 1984). The nature of crises has changed over the last decade, becoming more and more transboundary in reach, crossing sectors, regions and countries (Boin, 2009). Crises have become more systemic, marked by high degree of complexity, uncertainty, ambiguity as well as urgency (Renn et al, 2011).

Yet not all policy change are the same. Based on instruments and goals, Peter Hall examines the scale of ideational change and organized them into three levels: first-order— change which are routine adjustments to existing policies, second-order – changes in the policy instruments used to achieve shared goals and third-order change— changes in the hierarchy of goals themselves (Hall, 1993). The first two order of change tinker around policy mechanisms while the last involves substantive changes in policies including normative claims.

Meanwhile, ideas on their own rarely transform themselves into policy change. They operate in a context, underpinned by agency. Recent studies in public policy continue to emphasize the role of agency through long-term patterns of policy processes as well as policy paradigms. In fact, policy style and policy content combine together to form policy regime (Howlett & Ramesh, 2003). Policy regimes have been used in different ways including political, international and implementation regimes (Krasner, 1982; Stocker, 1989; Preston & Windsor, 1992). Irrespective of the meaning and confusion, the term regime addresses some core criticisms against the use of ideas as the overarching variable in policy change, by underlying the role of actors, institutions and interests (Howlett & Ramesh 2003). Policy regime therefore provides an analytical concept for capturing long-term patterns of processes and policy content.

The first generation of ideational scholarship eloquently underscores the role and mechanism in which ideas matter. The literature collectively provides an interpretive framework through which ideas give meaning to value, preferences that make political and economic interest actionable
(Beland, et al, 2016). However, how ideas in themselves can generate power to bring about policy change, evolution or stagnation is often assumed than explained. Some scholars argue that the possession and promulgation of ideas that serve to define a given moment of crisis and project the institutional forms that will resolve it becomes “a crucial power resource” (Blyth, 2002 p.4; Cox, 2001).

Power in general is a relational and multidimensional concept. Traditionally, power in the social sciences has been framed as the ability to achieve one’s aim amidst resistance (Weber, 1968). This however, goes beyond material resources. It involves symbolic and normative resources in addition to structures and institutions (Dahl, 1957). Foucault (1978), conceptualises the relationship between power and ideas and how they are used as a form of social control. According to him power is socially constructed— the omnipresence of power is not based on the fact that it privileges a particular position in relations to others, but rather ‘it is produced from one moment to the next, at every point, or rather in every relation from one point to another’ (Foucault, 1978, P. 93).

Recent scholarship has examined ideational power as an independent analytical concept in its own right, similar with other forms of power (Carstensen & Schmidt 2016). ‘Ideational power’ is defined as ‘the capacity of actors (whether individual or collective) to influence actors' normative and cognitive beliefs through the use of ideational elements’ (Carstensen & Schmidt 2016, P. 319). The recent literature therefore conceptualizes ideational power in a much more specific and dynamic way than the more generic claim in the public policy literature that ideas matter on their own (Howelt & Ramesh, 1998). Ideational power therefore should produce particular ‘kind of effects’ through unleashing agency (Barnett & Raymond, 2005, P. 42). Based on an agency-oriented approach, Carstensen & Schmidt,( 2016), consequently theorizes ideas and power in three dimensions: power through ideas— which is the capacity of actors to persuade other actors to accept and adopt their views of what to think and do through the use of ideational elements; power over ideas— which is the imposition of ideas by agents and the power of actors to resist the inclusion of alternative ideas into the policy making process; power in ideas— which is exercised through the use of structures and institutions to establish hegemony over the production of ideas or constraining what ideas may be considered in the policy-making process and implementation (Carstensen & Schmidt, 2016). Actors interpret their world through a range of ideational elements including practices, symbols, frames, norms and discourses (Howard, 2009).

In practice, the influence of ideational power in policy-making is complex. It can be exercised in a top-down or in bottom-up fashion taking into consideration struggles by actors at the top of the policy making hierarchy as well as those at the bottom through implementation of policies (Hay & Ben, 2002). The mechanisms of transmission of policy ideas have profound influence on actors, institutions, instruments. Ideas may continue to remain reluctant to change over extended period of time, shaping sectoral policies with consistent content as well as establishing and consolidating new and old processes (Howlett & Ramesh, 2003). Hajer (1993) underscores role and structure of knowledge-communities in policy formulation. Discourse communities share some common level of understanding of a problem, its definition and its causes, including disagreements. These knowledge networks have also been conceptualized as epistemic communities. Haas (1992: p. 4) defines epistemic community as ‘a network of professionals with recognised expertise and
competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain or issue-area’. Schulman (1988) provides a typology of ideas organized within communities, based on whether there is consensus or not. Howlett & Ramesh (2003) have developed a matrix with four different dimensions: hegemonic, contested, fractious and chaotic communities. For example, a fractious community likely occurs where one idea is dominant but faces challenges from less popular but equally compelling set of ideas.

The policy making process in the extractive sector in general, mirrors a fractious discourse community. Extractive-led development frameworks in Africa continue to experience increasing patterns of contestations, stability and flux. There is an extensive scholarship on varied mining regimes operating the continent exists. In fact, the idea that natural resource inheritances should fuel faster and more equitable economic growth is hardly new (Robert, 2015). Reform efforts are at the center of wider policy debates over the role of natural resource governance and economic development in the continent (Besada & Martin, 2015). Most scholars point at external influences—diffusion of western norms, rules, procedures as well as leverage of transnational actors on policy design and implementation in the mineral sector (Campbell, 2009). As a deep core idea, reform efforts are underpinned by ‘free-mining’, an ideology that guided the formulation of mining regimes in north America and Britain during the nineteen-century (Campbell, 2010). The doctrine prioritizes mining rights over all other development uses of land, and bestows preferential treatment to mining companies over all other actors (Campbell, 2004).

Free-mining laid down the ideological foundation for a package of neoliberal structural reforms that were conditioned on African countries for accessing development financing from international financial institutions in particular World Bank and International Monetary Fund (IMF). The most significant reforms took place immediately after the oil crisis of the 80s, preceding a post-colonial era, where many African countries adopted a nationalistic state-led approach in developing their mining sector (Besada & Martin, 2015). Through its influential strategy for mining in Africa adopted in 1992, the World Bank mainstreamed free-market, private-sector led approach to mining across the continent (World Bank, 1992). The strategy framed the central challenge to Africa’s mining sector as a supply-side problem—the lack of investment, which indebted mineral-rich countries were unable to provide in a sustainable manner for the development of the sector. Consequently, the report stated that future development of the industry in Africa will depend on attracting new high-risk capital from foreign mining companies.

Since then, mining reforms have evolved, albeit incrementally in the region. Taking the state as its focus, Campbell (2004) identifies three successive generations of liberalization reforms in the extractive sector in Africa. The first generation, illustrated by Ghana took place in the 1980s and was underpinned by the stringent withdrawal of the state from the sector in order to attract private investors. The second generation, exemplified by Guinea, took place in mid-1990s and was underpinned by the limited application of state authority, in specific areas like the protection of the environment. The third generation reflected the recognition that the state has a role to play in areas of regulation but limited to facilitation and secondary to the ‘ownership and operator’ role of the mining companies.
Subsequent studies have built on the generation-based typology. Based on their procedural focus, Besada & Martin (2014), have qualified a ‘new wave’ of private and transnational regimes focusing on governance as an emerging fourth generation of policy regimes in the mining sector. African countries remain central to the emerging governance innovations including corporate social responsibility, Kimberly Process Certification Scheme (KPCS), Publish What You Pay (PWYP) and Extractive Industry Transparency Initiative (EITI), and the US Dodd Frank law. Added to the mixture of externally-driven regimes, (Besada & Martin, 2015) lumped them together with African owned frameworks. The paper however noted that the AMV adopted in 2009, by African Heads of States is the most important continental initiative on mining.

The generation-based typology as captured by the above studies reveals a fundamental methodological and substantive weakness. It is non-hierarchical in the way it frames policy change as such fails to distinguish between change that is substantive and that which is merely procedural. The time-series typology assumes rather than explains the ideational foundation of change through the ‘power in ideas’ (Carstensen & Schmidt, 2016 p. 322). In fact, it is the deeper level of ideas that frames the policy options including instruments that are normatively possible. Consequently, the generation-based typology erroneously lump different degrees of change, including core normative ideas and implementation mechanisms together. The studies are therefore limited in capturing finer elements and time-relevant dimensions of ideas and how they have shaped mineral regimes in Africa. For example, besides the aforementioned first generation of regimes, there have been no apparent marked changes in the deep core ideas of the subsequent generations of regimes identified, until the adoption of the AMV. All the precedent generations of regimes are founded on a deep-seated idea of primarily capturing rents from minerals resources before building the necessary linkages and diversification for the broad-based development of the sector (ECA, 2011). The neoliberal and free-mining doctrine continues to be an enduring idea across different generations of regimes. The change therefore underscored by the second, third and fourth generation of regimes is limited to mechanisms and instruments rather than substance of ideas, consistent with Peter Hall (1993) first and second order change mentioned above.

Appropriation of AMV in Africa by businesses and civil society organizations remains work in progress. A general critique is its focus on resurrecting the ‘developmental state’— greater state involvement, activist industrial policy-making, and resource nationalism (Besada & Martin, 2015; Shaw & Polonenko, 2015). The remains concerns about the ability of Africa to leverage its regional governance regimes in ways that transform the continent from norm-taker to norm-setter (ECA, 2011; Brown, W 2012; Brown & Harman 2013). Leveraging the transformative potential of Africa’s abundant minerals resources as encapsulated in the AMV has recently been labelled “another resource curse” (Roberts 2015). Roberts (2015), argues that, geological endowment alone is not panacea for economic development, industrialization and poverty alleviation. He underscores perceived contradictions inherent in the AMV and the unintended, unpredictable and unwelcome consequences of misreading the complex nature of the extractive industry in Africa. However, despite implementation challenges, Robert’s conclusion that AMV remains fixated on maximizing minerals endowment of the continent is inaccurate.
The AMV, in fact, is a dynamic and multidimensional framework, with an ideational foundation based on optimizing the value of Africa’s rich-mineral resources for broad-based development rather than maximizing rents accruing from their exploitation (Akong, forthcoming). The continental owned strategy extends beyond capitalizing on Africa’s comparative advantage. It aims to create internationally competitive mining economies in the continent, through integrating markets for mineral products from the local, national and regional levels—catalyzing the emergence of viable regional value chains as well as inserting economies into the higher rungs of global minerals value chains.

The emergence of the AMV is set against outcomes of neoliberal reforms which so far remain mixed and widely debated (Collier & Venables, 2011). While successful in attracting increased foreign investment, natural resource exploitation in Africa has been labelled a curse (Sachs & Warner, 1995; Gray & Kaufmann, 1998; Haber & Menaldo, 2011; Venables, 2016). African governments, communities and citizens have questioned the development benefits of mining reforms (Jansen & Wantchekon, 2004, Shaw & Polenenko, 2015). Neoliberal regulations in the sector are blamed for maximizing benefits for privately owned companies and few elites, excluding a large majority of the population from the sharing of benefits of their mineral wealth (Campbell 2009). The externally driven reforms are perceived as lacking legitimacy and democratic accountability (Besada & Martin, 2014).

A study conducted by the United Nations Research Institute for Social Development (UNRISD) argues that the pressure of aligning macroeconomic objectives with the demands of attracting foreign investment encourages governments to insulate economic decisions and policy-making from democratic scrutiny (UNRISD, 2000). The lack of capacity of African states to monitor and enforce natural resource governance in addition to the growing expectation and reality-gap of mining-based development has prompted calls for stronger natural resource strategies (Besada & Martin, 2014). The unequal relationships between African countries and large multinational and powerful financial institutions that resulted from the reforms have also been cited as failed outcome. Citing a World Bank owned report, one recent study observes that “every country that borrowed from the Bank did worse the more it depended on extractive resource” (Burgis, 2015: 99). A review of the impact of the World Bank supported reforms conclude that the neo-liberal ideology is inconsistent with building a set of strong institutions to drive structural transformation in African economies (ECA, 2011d).

The birth of the AMV in 2009 also coincided with the emergence of varieties of capitalism in development thinking (Goldstein, 2007). In addition to the traditional models of capitalisms, (Nölke & Vliegenthart, 2009) conceptualise another variant of capitalism— the state-permeated market economies as typical for large emerging economies. They argue that the countries practicing this new form of capitalism are deeply enmeshed in the international trading system and global production networks. And due to the large size of their domestic markets, emerging economy governments have a good negotiation position towards foreign investors and governments and are able to practice a selective opening of the economy.
The rise of several of these large emerging economies—collectively labelled as the BRICS—and enhanced by the 2008 global financial crisis arguably ranks among the most important contemporary structural changes in the global political economy. The emergence of BRICS was believed to open up policy space for new thinking about alternative forms of capitalism, which are more adaptable to country's own realities—combining state-led and market interventions (The Economist, 2012). In addition, China’s insatiable demand for commodities was believed to stay long enough in way that continuously lead to rising prices for Africa’s minerals (ECA, 2011). African agency was underscored as a determined response by the continent’s developmental states to the gains rather than costs of the discovery of Africa’s potential by the BRICS, especially China (Shaw & Polonenko, 2015).

The outcomes of substantive and enduring reforms of the extractive sector in Africa remain an open question. The disillusionment of the ‘Washington consensus’ of neoliberal reforms has yet to yield alternative policy frameworks even within the context of post-Washington consensus, where finding the right balance between state and markets is increasingly recognised. Resistance to change has been linked to national and international structures of power that favour corporations as well as national elites that aligned behind them (Canela, et al 2010). Ideas and discourses are just part of the elements behind policy change. Actors often act without having ideas about what they are doing, let alone talking about it, until after they actually do it (Schmidt, 2008).

Policy change is therefore dynamic, complex and complicated process with ideas playing an important role. The mode of ideational change in the extractive industry may take several forms: multiple streams, advocacy coalition, policy diffusion and punctuated equilibrium (Howlett & Ramesh, 2003; Kingdon, 1984; Sabatier, 1988). According to multiple streams theory, advocates and experts in the policy stream have ideas for policies and monitor the problem stream for a condition amiable to their solution in what has been labelled “problem surfing” (Boscarino, 2009). The advocacy coalition framework focuses on learning and policy change within a policy subsystem, taking into consideration both internal and external shocks to the subsystem (Sabatier, 1988). Policy diffusion tracks how similar policy innovations are adopted across countries and sectors (Berry & Berry, 2007). Originally introduced by Baumgartner and Jones (1991), the punctuated equilibrium focuses on two facets of policy making, long periods of stability and periods of long-term change.

All theories have their own weaknesses and room always exist for improvement and better policy application. Therefore, any attempts to find one simple causal policy mechanism for change applicable to every country, sector, context and minerals will invariably fail in contributing to informed decision-making. In examining motivations behind policy interventions, Stevens et al (2015) argue that the focus of prevailing policy ideas on “better management” is based on patently wrong assumption that the same type of sector management is suitable for every country and mineral.

There appears to be evolution in the literature of the resource curse thesis. Increasingly the criticisms of natural-resource led development is shifting from the classic resource curse, amenable to one-size-fits all policy interventions to a more ‘softer’ but sophisticated critiques of the ideational foundation of development prescriptions. And for this reason, Africa’s place, at the
center of transnational governance innovations in the extractive sector remains a source of renewed optimism (ECA, 2009; Hanson et al, 2012). Future work on how Africa’s ideas effectively create agency will provide better policy guidance for positioning the continent in the global economy. In fact as Brown underscores: Africa should be viewed as actor not just acted upon, historical agent not just history’s recipient (Brown 2012).

3. The Africa Mining Vision (AMV)

The origin of the AMV is as old as mining and development in post-independent Africa. The motivations behind the Vision remain diverse including economic, social and political. Central to the AMV is the recurrent challenge of structural transformation of economies (ECA, 2011c). Decades of minerals exploitation in countries is yet to translate into lasting development outcomes (Fraser & Lungu, 2006). Even after several reforms efforts in the sector, mostly driven by external institutions the ‘paradox of plenty’ continue to haunt policy interventions in the sector— whereby vast mineral exploitation projects continue in enclave manner, side by side with extreme poverty. For example, Antonio (2015) underscores coordination gaps which have limited mining investment from leveraging linkages with transformative impacts on other critical sectors.

The insular and failed policies reflect a much deeper set of complex challenges of the mining industry in Africa. Shaped by historical and political economy factors, the deficiencies remain a central feature and binding constraint to transform the sector. Largely as product of colonial creation, African countries continue to occupy a marginal position— at the lowest rung of the global value chain. African countries are yet to take full advantage of their abundant mineral endowment to drive their industrialization and structural transformation of economies (ECA, 2013). African economies remain primary supplier of key minerals to drive industrialization for other economies, outside the continent.

The priorities of the AMV are therefore a product of longstanding aspirations of African governments to chart an alternative development path that is owned by countries. The framework builds on previous policies and processes at the continental level. For examples, the 1979 Monrovia Declaration committed African countries to achieve self-reliance through cooperation in areas of natural resources management including extraction. The Lagos Plan of Action for the Economic Development of Africa adopted in 1980 by the Organization of African Unity provided concrete actions to the Declaration. The Plan proposed an alternative narrative to the structural adjustment programs imposed by Bretton Wood institutions as well as highlighted the vulnerability of African economies to worldwide economic shocks including the oil price shocks of 1973.

The design of the AMV has been influenced by the changing business society relations over the last decade. The increased scrutiny of the activities transnational companies has further raised the negative profile of the industry in Africa and the need for more forward looking approaches. The strengthening of globalization during the 1990s came with growth of new modes of governance in the extractive sector, which are more voluntary and inclusive.
The timing of AMV coincided with the spectacular emergence of China as an economic power of global reach, creating space unlike before for African alternative development approaches. China’s outsize influence as the world’s greatest consumer of metals, introduced a strong element of competition as well as expectations of sustained demand and high prices for Africa’s commodities. The China-led supercycle of upwardly rising commodity prices, strengthen the bargaining power of African countries as owner of highly demanded commodities over mining companies. During the period of the boom, African countries seized the opportunity presented to lead to organize stakeholders for lasting solutions for improving governance for the sector. The African Union (AU), Africa Development Bank (AfDB), and United Nations Economic Commission for Africa (UNECA) adopted a number of declarations and resolutions which led to the organization of the ‘Big Table’, a multistakeholder forum held in 2007, followed by the first conference of the AU Ministers of Mines held in 2008.

An International Study Group (ISG) established by UNECA and the AUC in 2007 brought together globally renowned experts from private, public and civil society sectors. The ISG reviewed Africa’s mining regimes and produced a comprehensive report that laid the foundation for the AMV. The ISG report asserted that the structural transformation of African economies is “an essential component of any long term strategy to ensure the attainment of the Millennium Development Goals (MDGs) ..., eradicate poverty and underpin sustainable growth and development”, and that this requires “a strategy ... rooted in the utilisation of Africa’s significant resource assets (UNECA, 2011: 2).

The AMV responds to the ISG report as it embodies a set of core ideas, principles and instruments for structural transformation in Africa’s mining sector. Adopted by African Heads of States in 2009, the Vision marks for the first time, the articulation of Africa’s agency and resolve to shift from norm-taker to norm-setter. It represents a paradigm shift, away from the entrenched focus on maximising revenues from export of commodities in their raw forms, towards harnessing mineral resources for broad-based development. As visible collective expression of developmental state ambition by Africa, the vision calls on member states to align strongly their minerals policies with industrial, trade and science, technology and innovation policies.

The continental framework seeks to create “transparent, equitable and optimal exploitation of Africa’s mineral resources to underpin broad-based sustainable growth and socio-economic development (AUC, 2009: 1).” The strategy attempts not only to address the sector’s isolation from mainstream social and economic activities but also creates win-win outcomes for all stakeholders. The Vision’s key tenets are to integrate the economic, social and environmental pillars of sustainable development including: optimizing knowledge and benefits of finite mineral resources at all levels of mining and for all minerals; harnessing the potential of small scale mining to improve livelihoods and integration into the rural and national economy; fostering sustainable development principles based on environmentally and socially responsible mining, which is safe and includes communities and all other stakeholders; building human and institutional capacities towards a knowledge economy that supports innovation, research and development; developing a diversified and globally competitive African mineral industry which contributes to broad economic and social growth through the creation of economic linkages; fostering a transparent and accountable mineral sector in which resource rents are optimized and utilized to promote broad
economic and social development; and promoting good governance of the mineral sector in which communities and citizens participate in mineral assets and in which there is equity in the distribution of benefits (AUC, 2009).

The main instruments of the AMV include its Action Plan adopted in 2011 as well as guidebook for undertaking the Country Mining Vision (CMV) adopted in 2014. The action plan comprises nine programme clusters of activities constructed around the key tenets. The CMV operations manual developed by the African Minerals Development Centre (AMDC), provides a practical step-by step guide, setting out how countries can apply the AMV in their own context. The CMV facilitates the articulation of a vision including emergence of a new social contract for the sector that extend beyond political and commodity cycles. The CMV remains the main tool used by AMDC and its implementing partners to support countries.

As a bold vision, the AMV aims to focus discussions on the role of minerals in African countries development. The CMV therefore provides an institutional process for a “business not as usual or business unusual” approach— broadening the dialogue with stakeholders from the traditional entry point of Ministry of Mines to include Ministry of Industry, Trade, Education and Research as well as private sector and civil society actors. In fact, the CMV creates policy space for the kind of conversation that go beyond optimising revenue potentials of mining through the usual recipe of measures such as improvements of legal and regulatory frameworks, tweaking the mineral fiscal regime or offering investors a predictable and stable business environment. It opens space for far deeper and fundamental structural shift, which calls for a new dispensation and paradigm change (Antonio, 2015)

The AMV regime include the Vision, its Action Plan, CMV its domesticating tool, and its institutional partners including the Africa Union Member States, Regional Economic Communities (RECs), African Union Commission, African Development Bank, United Nations Economic Commission for Africa, and the Africa Minerals Development Center.

4. Towards a Dynamic Conceptual Framework

To frame policy change in the extractive in Africa, we adapt John Kingdon’s multivariate and crisis-driven model of agenda setting (Kingdon, 1984). Three key variables interact in way that turn ideas into policy change: problems, policy and politics streams, see fig 1. The choice of the framework is useful because it can be extended to include all stages of policy process, including policy implementation. A growing number of studies are adapting the framework beyond agenda setting (Nowlin, 2011). In fact, Ness and Mistretta, (2009) notes that entrepreneurs actively seek to merge streams in order to ensure their preferred policy design is implemented.

Adapting the multiple stream framework, we examine volatility as the key problem facing extractive-led development agenda. Industrialization is analyzed as sustainable policy option to manage volatility as well as catalyze broad-based transformation of the structures of mineral rich economies. The political stream consists of factors such as contextual changes including institutions, interests and actors realignment.
According to Kingdon (1984), the three streams operate separately and pursue different paths, which may be less overlapping, until a specific point in time or policy windows where their paths can interact mutually. Policy windows could be seized to establish an already existing paradigm or bring about a new ‘paradigm shift’. Kingdon further attributed windows opening to two sources: political and problem streams.

The proposed framework is an innovation to the multiple stream concept by integrating key elements of political economy in a crosscutting stream. The political economy triangle extends the multiple stream framework to capture the dimensions of interests constellations and their interactions with the power frames of the ideas. It acts like prism filtering the ideas in the politics, problem and policy streams in ways that may resist or catalyse change. Basically it involves the mutual political and economic relations which shape the behaviour of actors, institutions, sector and society (GSDRC, 2013). It includes a triangle of incentives of ruling elites, bureaucrats and business elites to work towards the implementation of the AMV principle of a transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable
growth and socio-economic development. It also takes into consideration the dynamics within local communities in mineral rich countries.

Meanwhile, from a geometric perspective, we further incorporate multidimensional concepts of time, space and power to capture the full transformative potentials of all minerals. The dimensions are based on a typology of the ideas underpinning mining and development policy which could be organized into temporal, spatial and capability theories (Akong, Forthcoming). Time captures volatility which reflects cyclical movement in prices in the commodity markets. Space reflects industrialization which captures the spatial nature of commodity-led development strategies. The space dimension captures opportunities for value addition, linkages and diversification. It examines the potentials of upgrading within regional and global value chains. Power captures political opportunities for collective actions including regional integration, global dynamics and emerging development priorities.

The advantage of the crisis-driven model, is that it effectively incorporates key institutional factors such as public mood, which Kingdon (1984) labelled as essential randomness. By capturing the dimension of interests, the framework systematically analyses the dynamics of extractive-led development in Africa including the distribution and contestation of power at the top and bottom of the hierarchy of policy making and implementation. The addition of the interest networks further corrects for the determinism inherent in the multiple streams model which assumes policy change to be straightforward and automatic, when windows of opportunities open (Kingdon, 1984).

We believe that the dimension of the entrenched role of actors provides a robust model for analysing the potential of the AMV in transforming minerals sector governance in Africa. This approach is consistent with contemporary policy scholarship which explain paradigmatic change in terms of dynamics within epistemic communities and interest networks (Hoberg, 1996). Policy change therefore is a configuration of outcomes ranging from slow incremental to rapid paradigmatic policy change (Howlett & Ramesh, 1998).

5. AMV: an ‘idea whose time has come’?

This section adopts the adapted multiple streams and interests-based models presented above, to explore the challenges and opportunities for establishing AMV as an ‘enduring paradigm shift’. The analysis will examine the AMV along the problem stream, policy stream and politics stream. It also captures the dimension of political economy to account for vested interests in the way of implementation.

5.1 Problem Stream

Sharp and continuous decline in commodity prices which started in 2012, continue to maintain its staying power at crisis level. The situation is complex, uncertain and ambiguous. Commodities have significantly fallen across the board albeit at varying degrees. Commodity price indexes have all fallen with the World Bank Metal Price Index ending 2015 at 50% lower than its 2011 highs.
Price formation and movements determined both by market fundamentals as well as non-market forces including political risks remain difficult to predict.

The collapsing prices of metals and minerals remain a major problem to commodity dependent countries. Africa mineral exporters are price takers with most of them exporting commodities in their raw forms. With limited influence on demand side drivers of prices, African countries have been highly vulnerable to global price movements, driven largely by dwindling appetite for commodities from China which consumes almost 50% of world’s metals (UNCTAD, 2012). With no sign of any emerging economy picking up the slack, volatility remains very significant and even higher when compared to the last century (UNCTAD, 2012).

Rapid price movements and excessive resource-dependency together, have imposed severe macroeconomic pains. Currencies supported by commodities are under strain, with Zambian Kwacha weakening rapidly following significant slide in copper prices as well as Angola which devalued its Kwaza twice in 2015 by a total of 22 percent (African Business, 2015). According to one estimate, Africa oil exporting countries are losing over $63 billion for every 30% decline in oil prices (Hou et al, 2015). The Nigerian government has taken measures to restrict growing import bill in order to save the country’s dwindling reserves. In fact, Africa’s growth projection by the IMF remains downbeat: even though finishing 2015 at less than 4 percent, the continent continues to perform above the global average (IMF, 2015).

The industry is no stranger to the familiar patterns of painful ‘super-corrections’ following super cycles, a once-in-generation period of high prices that started in the 2000s. Investors have responded with spending cuts and layoffs by some of the world’s biggest mining companies in Africa. Drill activity around the world dropped, with Africa’s share of drilling dropping slightly from 15% in July 2014 to 12% in 2015 (SNL, 2015). Broken down, the drill results announced for base metals dropped far much than those of precious metals, with 6% in 2015 against 14% in 2014 and for gold we have from 19% in July 2014 to 15% in July 2015. For the first time since 2009, the market value of the global mining industry dropped below US$1 trillion, compared to 2.5 trillion just over four years ago (SNL, 2015a).

The current crisis reveals structural weakness of the revenue-first model, which centers on maximising collection of resource rents for investment in development activities after. In defending the rent maximization model, the Natural Resource Governance Institute (NRGI) recently noted that in ‘every crisis there is a story of a government that has planned well in advance’ to deal with it (NRGI, 2015, P 2). Yet African countries seems to have done relatively well on this score. Resource rich Africa improved its tax take during the boom period, with resource rents jumping from 39% in 2000-2003 to 43% in 2010-2013(AfDB, 2015: 64). Tax levels are high with average corporate income tax rate in Africa, which applies to the mining sector approximating 32%, higher than the world average (AfDB, 2010d).

Nevertheless, this is just one side of much more complex story extractive-led development in Africa. More revenue has not meant better spending and improved outcomes. The ideational foundation of the neoliberal mining regimes and their improved variants (Besada & Martin, 2015; Campbell, 2010) has not been solid enough to bring about fiscal transformation. Its deep core idea
which disproportionately privileges the interests of mining companies over that of governments and communities remains ill-adapted to inform effective policy design and implementation. Because of its procedural focus on efficiency and transparency rather than equity and “fairness,” African countries are yet to mobilize optimal value from their mineral resources. In 2010, mining companies net an aggregate profit of $110 billion, an increase of 156% from the previous year (ECA, 2011). Mining companies’ profits increased at four times the rate of government revenues between 2000 and 2011, when world gold prices jumped from US$300 to US$1,600 per ounce (Africa Progress Panel, 2013). As a consequence of the liberal fiscal policies accompanying privatization, virtually none of the resource rents accruing from copper mining in Zambia went to the government. That is, whereas copper mining had contributed an average of 45% of government’s revenues between 1965 and 1975, it made virtually no direct contribution to government revenues during the pre-financial crisis boom of 2002-2008 (Bova, 2009).

Suboptimal policy instruments further translates into weak administrative capacity. In fact, African countries have stuck with the “low hanging” fruits of taxation—production-based fixed royalties. According to a survey conducted by the African Development Bank, with the exception of South Africa, which imposed a profit-based royalty, all other African countries utilized ad-valorem royalty as of mid-2011 (AfDBa, 2012). Furthermore, almost all royalty rates in Africa were fixed, with only a few exceptions. For example, in 2010 Burkina Faso instituted an ad-valorem royalty rate that is indexed to gold prices. Specifically, the minimum royalty rate is 3% (ad-valorem), which increases to 4% when gold prices are between USD1, 000/ounce and USD1, 300/ounce, and further to 5% when prices go in excess of USD1, 300/ounce (DLA Piper, 2012). Nonetheless, the average corporate income tax in Africa, which applies to the mining sector approximates 32%, but given the lengthy tax exemption period granted to numerous mining companies, this profit-based tax rarely is a major source of revenue to most African countries (AfDB, 2012b).

In adequate attention to ‘fairness’ as foundational idea, continues to create asymmetry of power relations as well as gaps in fiscal regimes, exploited by mining companies to avoid taxes with damaging consequences on domestic resource mobilization. Rawls argue that acting unfairly is not so much about breaking a particular rule, but taking advantage of the loopholes or ambiguities in rules, insisting that rules be enforced to one’s advantage when they should be suspended and acting contrary to the intended spirit of the law (Rawls, 1958).

Mining companies increasingly are accused of violating the principle of fair play by accepting government’s protection of their property rights to mine without paying their fair contribution to the functioning of state through taxes. While illicit financial leakages outside the mining sector are difficult to estimate, a clear relation exists between countries that are highly dependent on mining and incidence illicit financial outflows. The AU/ECA High Level Panel reported extensive underreporting of quantity and quality of mineral resources extracted for export, robbing African people from their benefits. The Report estimates that over $50 billion dollars leave the continent yearly including through aggressive tax avoidance and evasion schemes as well as abuses of market power (AU, 2015). This is greater than the overall external development assistance to Africa. A recent study of selected commodity rich countries including Africa shows that governments are losing almost 67 percent of their minerals export in illegal trade mis-invoicing practices (UNCTAD, 2016).
Nevertheless, the reliance on internally generated resources rather than aid, remains crucial for diversifying and transforming mineral-rich African economies (ECA, Forth coming). By collecting more taxes, governments will develop their own governance capacity including spending even better on critical infrastructure for linking mining to the broader economy. ‘Taxation reflects the intrinsic legitimacy of the state, based on effectiveness of institutions manifested in actual compliance’ (Everest, 2012, p. 70). An effective system including capacity for collecting optimal revenues from natural resources would solidify the often weak ‘social contract’ between governments and citizens for equitable delivery of benefits from mining.

In fact, against the depressed market conditions, there continue to exist considerable scope for mineral rich African countries to review current royalty rates. While there are certainly fears of further scaring increasingly hard-to-attract investors with upwardly revised rates (E&Y, 2015), the relatively low rates of royalties which were set long-time ago under pressure of the World Bank and key international financial institutions as a way of attracting investment (World Bank, 2006) appears not to have translated into increased tax revenues for governments in Africa. Even against the just ended surge in commodity prices, resource taxes including royalties fell from 41% in 1980 to 37.1% as a share of overall tax revenues in 2010 (Mansour, 2010). In truth, geology matters more than tax policies for attracting investors. According to an AfDB study, the most significant influence on the cost of operating a gold mine was grade quality, underscoring the influence of geology and geological information (AfDB, 2012). Based on perceptions of business executives, the influential Fraser Institute reports that only 3.5% of mining companies surveyed will not invest in Africa due to perceived constraints imposed by their tax regimes (Fraser Institute, 2016).

Without a framework underpinned by equity and fairness, any governance effort will remain limited and ill-equipped to manage effectively the complex challenges of the mining sector. The Africa Mining Vision aims “for transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development” (AUC, 2009, p. 1) The Action Plan aims to optimize the share of mineral revenue accruing to resource-rich economies. And through the Country Mining Vision, African countries are developing fiscal instruments that are underpinned by fairness and equity.

5.2 Policy Stream

African mineral exporters are locked-in at the zero or lowest value-adding stage of the global mining industry. While locus of mining production moves rapidly to emerging countries including Africa, the centers of value addition and beneficiation, key to industrialization and structural transformation, remain outside the continent. Most mining countries in Africa are not only getting the minimum from exporting their minerals in raw forms, but also limiting opportunities for greater employment generation, wealth diversification as well as leaving themselves vulnerable to volatilities of global resource markets. Annual fluctuation in prices for unprocessed ores averages 23% against 13% for those that are processed (ECA, 2013). Africa exports about 8% of world’s iron output but shares only 1% of global steel production, the processed ore, dominated by South Africa (WSA, 2014). Yet Africa’s potential for steel production is set to grow exponentially
with recent discoveries of substantial iron ores in West Africa.

Despite the continent’s mineral endowment, industrialization is failing to take root. African countries are unable to turn their natural resource advantages into engines for internationally competitive industrial and diversified economies. The share of manufacturing value added in African GDP has fallen over the years from 16.6% in 1980 to 12.6 percent in 2009 in sub Saharan Africa, while for the North Africa, it has marginally increased from 12.6 to 13.6 percent (ECA, 2014y). In fact, Africa has even roll backed its industrialization (ECA, 2013). Many more countries depend on exporting their minerals raw, a trend that has accelerated rapidly during the boom at the expense of developing vibrant, competitive manufacturing sector. Dependence on commodity exports as share of overall international trade has even increased over the years, from 0.24 in 1998 to 0.43 in 2011 (ECA, 2013).

The capacity to design and implement forward-looking policies aligned with the AMV remains binding constraints. For example, a recent study has underscored a self-limiting framing of geological information in mining legislations across the continent as records rather than dataset that could be aggregated and analysed for effective tracking and monitoring mineral exploration and production along the value chain (ECA, forthcoming). The report concludes that there is little clarity on the use of the term ‘geological information’, ‘geological knowledge’, ‘geological data’ and ‘geological records’in mineral codes in Africa. With exception of South Africa, there is no requirement for precompetitive data submitted to government to be digitalized. Data submitted are often in PDF formats, which cannot be aggregated. As a result, African governments are failing to update their national geological data set, representing almost $1 billion of data acquisition expenditure (World Bank, 2014). African countries are not only losing money but opportunities to attract further investment to their mineral sector. Studies further show that precompetitive datasets when made available to mineral exploration companies could leverage inward investment from 3:1 to 20:1 for a number of jurisdictions (Scott & Jones, 2014).

African countries are not taking advantage of boom periods in forward-looking manner. Resource extraction is heavy on capital and light on employment. Africa’s growth is impressive in general and particularly for mineral exporting countries, however it has not translated into increased jobs or higher standards of living for the majority of the region’s population. Inequality as measured by Gini coefficient, increased from 2001 to 2012, the highest after Latin America (AfDB, 2012e). The mining sector’s share of employment which remains even the lowest has dropped significantly from 1.5% in 1975 to 0.9% in 2010, even against the background of a boom. Yet, from 2001 to 2013, Africa’s output gap, the difference between actual and potential growth, even increased, suggesting the potential for purposeful policies for inclusive structural transformation through industrialization (ECA, 2014z).

With an underdeveloped industrial base, the gap with other regions has widened. And participation as raw commodity exporter in the mining global value chain further marginalizes Africa. The distance with other developing countries not only broadens but also cumulative and path-dependent (Lall, 2004). Due to their diversified industrial base, Asian countries perform better with the same level of growth as Africa. A 10% increase in national income translates into a 20% reduction in poverty in Asia, against only a 7% reduction in poverty in Africa (World Bank,
At the same time, firm-level survey data show that formal manufacturing firms in Africa are generally more productive in terms of value added per employee when adjusted for levels of GDP per capita, suggesting the potential for manufacturing (Gelb, 2014).

Imported capital goods for the extractive sector show poor upstream linkages to the economy. Yet, increased downstream value-addition presents an opportunity to diversify and transform economies of mineral rich countries. A study by the Southern African Development Community (SADC) of the value chain for a range of minerals found that the value of processed products was typically 400 times greater than the equivalent unit value by weight of the raw material (ECA, 2011). Due to weaker forward, backward and side ward linkages of its mining industry, Africa accounts only for 1% of global value added in manufacturing, the same share since 2000 (UNIDO/UNCTAD, 2011).

Commodity-led development strategies are evolving and changing in Africa. Due in part to the AMV, countries are adopting a more development-oriented approaches toward the mining sector (Antonio, 2015). While there is yet to be a systematic study of AMV implementation, many countries are already revising their mineral exploitation regimes to maximize development benefits including beneficiation (E&Y, 2015). The African Minerals Development Center is supporting more than twenty African countries to implement varied priorities in the AMV (AMDC, 2015). For example, Malawi and Sierra Leone and Lesotho have undertaken comprehensive reforms of their mineral sector in accordance with the AMV. Zambia has recently adopted a new mining code that aims for the broad-based development of the mining sector. Left to their own accord, market forces are unlikely to establish those critical industrialization linkages, because transnational companies already have their own external linkages which they will want to maximize for greater value and returns across their global value chains as a whole. Governments are seeking for an optimal mixed of “sticks and carrots” for the mining industry: proactively identifying win-win opportunities for developing linkages into and out of the sector both at domestic and regional economies.

At the same time, increasingly firm-specific opportunities for linkages are emerging. Lead mining multinational companies in the value chain, have an active interest to promote linkages in areas outside of their core competences—defined as capabilities, which are unique to them, difficult to copy and of valued by customers (Morris, 2012). Given the rational incentive to promote low cost, low inventory production, in addition to ensure the continual availability of capital intensive equipment, many lead commodity firms may not only wish to outsource noncore competences, but also to “near source” them. However, success depends on contextual factors including host country ability to design and implement active industrial policy in a forward looking manner targeting cost-cutting imperatives of key multinational companies. For example, while there are still some challenges, Botswana to strategically develop its downstream sector through partnering with De-beers, a leading multinational company to success create a viable diamond cutting and polishing industry in the country. They were 16 diamond cutting and polishing factories in Botswana in 2011, creating over 2500 jobs (Mbayi, 2011).

Contextual constraints to climb the value-adding chain are at different levels in countries. The most notable impediments include: poor infrastructure, limited finance, weak environmental
regulations, trade barriers, lack of policy harmonization and regional markets. For example, due to lack of reliable electricity, Africa is losing 3 to 5% of GDP every year (ECA, 2014y). In fact, refining base metals alone, will require almost 115% of total electricity currently produced in Africa (ECA, 2013x).

While some African countries have developed industrial frameworks, most are yet to develop effective industrial policies. Many more have not sufficiently linked their industrial, minerals and trade policies in an integrated fashion. Most lack strategies and incentives on value-addition that could maximize regional and continental growth opportunities. Consequently, the share of intra-African trade remains extremely low compared to other major regions. Over the period from 2007 to 2011, the average share of intra-African exports in total merchandise exports in Africa was 11 per cent compared with 50 per cent in developing Asia, 21 per cent in Latin America and the Caribbean and 70 per cent in Europe. Over the period 2007 to 2011, intraregional exports amounted to 10.9 % of world African exports and the share of intraregional imports stood at 12.7% (UNCTAD, 2013a). However, the level of value addition in intraregional trade including minerals is far higher than Africa’s trade with the rest of the world, suggesting the potential for structural transformation of economies through viable regional value chains (ECA, 2015). However, value addition in

A holistic approach remain central for viable industrialization. The AMV minerals focused development lays the foundation for buoyant sustained manufacturing in Africa. The emphasis on optimizing the full potential of all minerals including the often neglected minerals, clearly sets the AMV apart, as an idea which time has come. Consumption of low value minerals provide critical feedstocks and inputs for Africa’s industrialization. Domestically produced products from limestone and sand, minerals commodities often neglected because of their low price value, are not only demonstrating strong resilience but also remarkable transformative potentials of African economies. Cement manufactured in the continent from abundant limestone deposits is witnessing spectacular growth at five percent annual consumption, correlating strongly with Africa’s GDP as well as suggesting minerals-based structural transformation (Ecobank, 2014). Based on multiple regression analysis, an independent industry research, suggests that a 1% increase in locally manufactured cement leads to a 5.97% increase in Nigeria’s GDP growth (DLM, 2014: P. 54).

The same happens with phosphate another low value mineral used for manufacturing fertilizers. While phosphate prices have fallen globally in line depressing commodity prices, investment into the phosphate sector in Africa remains buoyant. The Office Cherifien des Phosphates, the Moroccan phosphate giant, reported revenues over the first half of 2015 totaling US$2.5 billion, with second-quarter adjusted earnings pegged at US$479 million. The company offset a temporary decline in Brazilian imports by almost doubling its sales within Africa. Consumption of low value minerals remains critical and are set to grow in Africa. Africa’s consumption of fertilizer is the lowest in the world with per capita utilization of 9kg per hectare against a global average of 107kg. Same for cement where per capita consumption remains only at 100kg per person as compared to 500kg globally(Wanzala & Groot, 2013).
The cement sector is emerging in Africa thanks to AMV-like policies of local content and value addition. For example, the spectacular emergence of Nigeria as a net exporter of cement, has happened thanks to focused local content policies for encouraging domestic manufacturing of cement (Fayemiwo & Neal, 2013). Consequently, Africa is experiencing its own first world class industrial conglomerate of continental reach. And strikingly, in the downbeat moment, when other mining companies are revisiting their strategies, the multibillion dollar Dangote Cement Group is betting on Africa’s future like never before, tripling its expansion across the continent (African Business, 2015a).

Nevertheless, activist industrial policies remain contentious in development thinking (Lin, 2012; Chang, 2012). The opportunities for downstream beneficiation of high value minerals remains challenge. The AMV frames optimal beneficiation in terms of supporting the development of viable regional value chains. Most criticisms of the AMV prioritization of downstream beneficiation fail to take into consideration the regional dimension. Taking South Africa as an example, a recent report criticised AMV-like value addition policies for generating rent-seeking incentives for suboptimal institutional choices incongruent with optimal development practice (Harvey, 2015). Based on selected list of case studies from the Southern African region (SADC), country case studies, Grynberg and Sekakela (2015), flag pitfalls of beneficiation in base metals, given the compression in smelting, refining and semi-fabricate margins since 2004-2005 by China’s active industrial policy on local content. In contrast, to most criticisms, the AMV policy interventions are focused on the demand-side. The Vision is to create international competitive mining economies in Africa, by correcting market failures in regional integration processes for the emergence of viable regional value chains in mining. The continental framework aims to facilitate the emergence of efficient regional markets for critical feedstocks at a price and scale that is competitive to support industrialization. In fact, the AMV takes the regional level as a decisive point for developing and implementing productive linkages through beneficiating minerals and supporting local manufacturing of inputs for the mines.

5.3 Politics Stream

A confluence of periodic and random events are coming together to create momentum for change. The sense of crises in the extractive sector, sets against a background of emerging windows of opportunities opening at different levels, with implications for the Africa Mining Vision. The politics stream is influenced by dynamics in the international and domestic political economy.

A seemingly new era of development thinking and interventions is emerging, albeit unclear how it will progress. The recently adopted Sustainable Development Goals (SDG) will guide global efforts including those in Africa to achieve inclusive and structural transformation of economies in the next 15 years. Unlike the just ended Millennium Development Goals, the goals, target important challenges to structural transformation of African countries with implications for the AMV. The 17 goals and 169 targets underpin principles of fairness and empowerment, core ideas in the AMV. Specifically, Member States commit to reduce illicit financial flows as well as support countries to integrate greater into value chains and markets. Again this based on conjecture because how do we know that this going to change the economic landscape. What we need to know is whether alignment between AMV and the SDGs is taking place.
The strong emphasis on domestic resource mobilization resonates with the AMV paradigm of fairness and empowerment to effectively mobilize and share revenues from Africa’s minerals. The financing framework for the long-term goal, the Addis Ababa Action Agenda, further stresses the importance of domestic resource mobilization with taxation appearing thirty six times in the document endorsed by Member States. The report underlines key principles and tenets of AMV including “encourage investment in value addition and processing of natural resources and productive diversification.” Member states also commit to address “excessive tax incentives... to investment in extractive industries” (UN 2015, P.4). The dimension of developmental state through industrial policy was also reaffirmed. “ Member States reaffirm that every state has and shall freely exercise full permanent sovereignty over its wealth, natural resources and economic activities. (UN, 2015: 6)

Tax transparency is also getting further international traction, with the adoption of the Base Erosion and Profit Shifting proposals by OECD and G20 countries (OECD, 2013). The 15—Action Points remain so far the most comprehensive attempt at reforms of the broken system of international tax governance in about a 100 year (OECD, 2015). The proposal addresses loopholes for abusive transfer pricing and beneficial ownership, major sources of uncontrolled cross-border leakages of much needed potential tax revenue from the extractive sector in Africa.

Nevertheless, Africa’s ability to take advantage effectively of the emerging global opportunities will depend on key dynamics in the international political economy. While Africa participated in a systematic and proactive manner in shaping the Post-2015 development agenda (AUC, 2014), its role in influencing the OECD-led reforms of the international tax system remains marginal (ATAF, 2015). As a result of limited participation of African countries in the formulation of the adopted international tax rules, the continent’s core interests and key priorities for domestic resource mobilization remain unaddressed, in the adopted OECD Base Erosion and Profit Shifting Action Plan(ATAF, 2015). For example, specific and significant risks of cross-border fiscal leakages from the mineral sector including generous tax exemptions that mining companies have explored to the disadvantage of countries are not included in the package of reforms adopted. While steps have been taken to ensure that BEPS implementation is more inclusive, fundamental weaknesses of the international fiscal system continue unaddressed, significantly disadvantaging mineral-rich African countries. In fact, the underlying unfair “1920s compromise” for allocating the rights to tax cross-border operations of multinational companies, remain unchanged (Devereux & Vella, 2014, P. 450). This compromise favors capital exporting countries with greater taxing rights over capital importing countries.

Ruling elites in mineral rich countries in Africa have often explored the loopholes in international tax system to illicitly transfer funds from the sector abroad. For example, the recently infamous leaks of financial information held by major banks in Panama, a tax haven, unveiled a list of 18 leading government officials from key mineral rich countries, with multimillion dollars bank accounts, in the secrecy jurisdiction (Pulse, 2016). The New York Times recently confirmed the wide spread used of shell companies by some high level business and government elites in Africa to facilitate shifting of their ill-gotten wealth from the mineral sector to tax havens abroad (NYT, 2016).
Successfully implementing the AMV would depend on the extent to which countries can address key binding constraints to diversification. Meanwhile, the rules of the game in particular the goal posts of value creation and benefits sharing in the global value chains are changing. Governance of minerals value chains is becoming more sophisticated and complex with risks of further marginalizing African minerals producers. Authority and power relationships that determine how value is produced and allocated along different activities within international production networks is evolving, rapidly (Gereffi et al, 2005). Value creation in chain governance is increasingly decoupling from where production activities are taking place (OECD, 2015). In fact, value addition activities are increasingly less aligned with productive activities but more with the ownership of intangible assets like intellectual property and patents. While productivity in the mining industry halved over the last two decades (E & Y, 2014), patents fillings by industry surprisingly has not only hold on, but increased entirely (Emma, 2015). The trend underpins an opacity that favors multinational companies who owns the key capital assets (Serfati, 2008). The rise of intangible assets as the value creators, artificially raises the barrier for African countries to upgrade sustainably and earn commensurable returns for their participation within the global value chain (Kaplinsky, 2000). “The solution searched for by capital is now to advance rights to intellectual property in order to collect monopoly rents” (Vercellone, 2008 P. 20).

The international frameworks governing minerals resources are becoming increasingly complex with the proliferation of overlapping and conflicting initiatives (McKinsey, 2009) — underpinned by vested interests which risks undermining efforts to implement the AMV. While compliance remains largely voluntary, some responsible mining initiatives are mandatory. Almost all of them operating in Africa are driven externally outside the continent. A recent white paper by the World Economic Forum identified over 40 voluntary responsible mining initiatives, organized around aspirational, issue-focused, and commodity-focused and site-based (WEF, 2016).

While a patchwork of externally driven responsible mining initiatives seems to open space for competition of ideas, they are stretching thin, the already limited resources for implementing country-owned, continentally agreed vision for the mineral sector. The agendas of most of these initiatives are too narrowed and misaligned with the comprehensive priorities adopted by countries for the broad-based development of the mineral sector. In fact, the dangers of ‘initiative fatigue’ is real and underscored through the lack of linkages between the different initiatives, increased transaction costs, and displacement of capacities in countries (WEF, 2016 p4). Implementation requires focused efforts at overcoming the vested interests in the way of achieving the AMV.

Despite the proliferations of governance frameworks, there’s still strong demand for AMV-type initiatives. According to a recent WEF global survey of stakeholders in the mining sector, majority of respondents expressed the need for more comprehensive initiatives in particular those that can tackle emerging challenges facing the sector including commodity price collapsed (WEF, 2016). Further, while regulations were cited as a major driver, it is surprising curbing illicit financial outflows including abusive transfer pricing wasn’t as a priority area for mineral governance.
Africa continues to project its agency through ownership of development agenda, with mixed outcomes. The Africa Union and its Member States have adopted the Agenda 2063 which incorporates the AMV as the pillar for achieving structural transformation of economies through the broad-based development of the minerals sector (AUC, 2015). Member States have committed to implement both the UN Agenda 2030 and AU Agenda 2063 in an integrated and coherent manner (ECA-AU, 2016). While both agendas overlapped in most priority areas, there are some differences, including scale of priorities and calendar of implementation. However, the traditional dependence on aid and potential of disproportionate donor resources going to support countries to achieve the United Nations global goals, may marginalize the implementation of the AU Agenda 2063, the continentally owned framework.

African countries will therefore need to put their money where their mouth is. Most continental initiatives continue to depend heavily on external funds for their implementation—which often are misaligned with agreed priorities of Member States. While efforts have stepped up significantly in the continent to generate owned resources to support key initiatives, success remains a work in progress. For example, the AU’s operational budget is funded almost entirely from donor’s contributions. In fact, Member States finance only 33% of the $428 million budget (AUC, 2015). The initial funding for the African Minerals Development Center responsible for implementing the AMV was provided by Canada and Australia (AMDC, 2015).

However, the African Union has recently adopted a proposal to generate internal resources from the continents in a sustainable manner to finance the Union and its continental initiatives (AUC, 2016). The new financing model which is expected to be implemented in 2017, aims to levy a 0.2% tax on imports to the continent to finance AU operations. Besides, administrative complexity that challenges implementation, overcoming real politics often played by Member States will be crucial.

The AMV will need to facilitate the emergence of inclusive pan-African identities around minerals value chains based on economic interests around linkages, and do so in ways that organize citizens, communities and elites for the transformation of the continent. How to combine in a mutual manner political and economic identities— territorial based identities anchored around maximizing rents with economic identities anchored in optimizing productive activities within value chains— remains a challenge. While mining remains a site-based activity, value creation occurs through linkages which may be misaligned with electoral maps and elections cycles. Pursuing a strategy of broadening linkages with the rest of the economy may go against the narrow expectations of voting constituencies of ruling elites. For example, a regional based approach to develop key infrastructure linkages with the Simandou Iron Ore Project, the largest integrated mining and infrastructure project contemplated in Africa remains optimal (SOGUIPAMI, 2015). Yet the Government of Guinea allegedly “pressured Rio Tinto to route the rail link through Conakry” which offer limited linkages but high potential to maximise electoral gains for the Government than the initial proposal to route the planned railway through Liberia with potential for maximum development returns (SAIIA, 2015, P.4). In fact, the rail link through Liberia will benefit both countries and the region more in economic terms and would require only upgrading and minimal extension, as oppose to building a new 700 km line at a cost of approximately $10 billion through Conakry (SAIIA, 2015).
Leveraging the transformative potential of minerals will require nudging domestic elites—ruling, business and bureaucrats—towards a shared vision and interests in taking advantage of value adding productive within minerals value chains. Yet altering local power dynamics and relationships between different groups and interests for the broad-based transformation of the mineral sector requires more than a technical policy fix. It remains highly political and complex, with far reaching implications on local, national and regional politics.

Effective local content strategies remains a test bed for transforming power relations in the mining sector. Policies to encourage mining companies to procure inputs locally provides an opportunity for integrating the sector within the local, national and regional economies. While most mineral-rich African countries have adopted local content policies, success remains mixed (Ramdoo, 2016). As a result of vested interests in part, local content strategies are framed narrowly around domestic ownership rather than extent of local value addition within national economies (World Bank, 2012). Most countries are yet to incorporate the regional dimension in their local content policies, despite the obvious benefits (Ramdoo, 2016).

As the light of transparency shines brighter on revenue management, local content appears to emerge as a new ‘black box’ for elite rent-seeking, undermining the potential for broad-based transformation of economies. In examining political economy of mining in Africa, Hansen, et al (2015) argue that the current power balance in the domestic elites’ constellations is sustained by capturing rents from the sector. And transforming the relationship away from rents to sustainable revenue mobilization through productive and higher value adding activities, may threaten cleintelistic settlements between business and politics as well as stability of regimes in countries (Khan, 2010a).

The business and politics relationship in Africa is heavily dominated by the merchant class—traders and importers. As an inheritance of colonialism, the industrialist business class in Africa with genuine interests to take advantage of linkages through manufacturing continue to remain marginalize and almost absent in most countries (Khan, 2010a). Local content provides a transformative opportunity to change the structure of economies by actively encouraging the emergence of local entrepreneurs committed to manufacture inputs into the mines. Buur (2014), however, shows how local content policies in Mozambique have been captured by elites who used their privileged access to information and power to create small and medium size enterprises just for the sole purpose of capturing contracts to import supplies to the mining industry, at the expense of genuine entrepreneurs with capability to manufacture inputs locally. Using Ghana as case study, Ablo (2016), concludes that while local content laws have been beneficial to local elites, it hasn’t stimulate broad-based social and economic transformations. He further argues that embeded power relationship among elites have shaped the outcomes away from value addition to rents seeking. Based on experiences in Angola, Amundsen (2014) observes that domestic entrepreneurs with genuine interests to take advantage of productive linkages need in addition to their ideas, capacity and finance support from patronage networks of power and rent-seeking to succeed.
Overcoming the political economy constraints requires a strong constituency for change. Engagement of the discourse community, knowledge networks and advocacy coalitions in Africa around AMV priorities for broad-based development of the mining sector remains limited. Since its adoption in 2009, very few peer reviewed articles on the AMV have been published. In addition, successful implementation will require strengthening the capacity of African-based Non-governmental organizations and community-based groups in particular on issues around linkages and value addition through beneficiation. So far, the activities of most NGOs operating in the continent is dominated by accountability, environment and human rights issues around mining. Very few work on the linkages and spatial dimensions of mining, which is at the heart of the AMV.

6. Possible Change Scenarios

How all three streams adds up in ways that effectively open windows for change remains complex, dynamic and difficult to predict with certainty. The outcomes depends on varied factors including how the AMV ideational foundation is capable of organizing interests, institutions, actors and power for change. To examine possible trajectories of change, we use Boin, et al (2009) policy change framework into a two by three matrix of key independent variables, see fig 2. Based on different permutations of path to change, six possible AMV scenarios are identified.

![Figure 2. Possible AMV scenarios.](image-url)
7. Conclusions

Following the current commodity slump, the Africa Mining Vision faces its greatest ever challenge since adoption by African Heads of States in 2009. This paper assesses the ideational foundation of the AMV in the context of the depressed and volatile markets for minerals as well as the continent’s priority for structural transformation of economies through minerals-based linkages.

It argues that, the crunch presents an opportunity for African countries to implement AMV as a forward-looking, multidimensional paradigm that goes beyond maximising revenues from commodity cycles. The paper shows that the AMV is underpinned by a robust ideational foundation capable of steering governments through commodity downturns by building lasting institutions for broad-based development of the mineral sector.

Based on a multivariate model of policy change— problem, policy, and politics— as well as interests-based networks, the paper develops a dynamic conceptual framework to assess the potential of establishing the AMV as a paradigm whose time has come?

While the crisis presents an opportunity, the paper analyses the binding political economy constraints, African governments will have to overcome at the global, regional and country levels in order to implement the transformative ideas of the AMV.

The paper presents a matrix systematically analysing possible scenarios in the way of implementing the Africa Mining Vision. While AMV remains a paradigm whose time has come for extractive-led development strategies, its implementation would unlikely be linear. Resistance to change and different contexts of countries, could lead to a likely incremental implementation of AMV.
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About the Centre on Governance

The mandate of the Centre on Governance is to work with organizations to better understand governance mechanisms in order to analyze implementation problems and provide better services.

To fulfil its mandate, the Centre on Governance analyzes governance phenomena in the public, private and social sectors in a context of cross-sectoral and inter-governmental collaboration. Its work revolves around the following:

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- The dissemination of knowledge in the field of governance (conferences, journals, research papers, specialized book collection).
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