



LAND POLICY INITIATIVE

Coalition for Dialogue on Africa (CoDA)

African Land Policy Initiative (LPI) and ECA APRM Support Section

ADF VIII pre-event on “Leveraging State-Society Dialogue for Improving Natural Resource Governance in Africa”

22 October 2012
09:30-16:30
UNCC Addis Ababa
Ethiopia



Introduction

The successful harnessing of natural resources, including minerals, forestry, water and large scale based investments for agriculture, is a key driver of global economic growth. It offers a unique opportunity for transforming economies and societies, in many African countries. It can also significantly contribute to the development of a country by generating government revenues, export earnings, FDI, GDP growth, employment, and ensuring food security. With the growing demand for mineral resources, water and land for agriculture across Africa from new players such as China, as well as wealthy countries in the middle east and in north Africa, there is now a window of opportunity for improving natu-

ral resource governance in Africa. However, many African countries endowed with abundant resources have not fulfilled the full potential of their natural resources, but rather encountered significant barriers to progress such as lack of negotiation skills, weak administrative capabilities to organize and monitor relevant sectors, lack of good governance, including lack of transparency and accountability in resource use, revenue management, and revenue distribution, as well as lack of genuine involvement and participation of relevant stakeholders (civil society and local communities).

Indeed, the inadequate inclusion of all relevant stakeholders in decision making processes is one key barrier. Harnessing natural resources typically involves a long-term, expensive process, which can have a number of effects on the host country. One key factor to ensure the success of a resource extraction and/or exploitation project is thus to ensure trust and stability among all stakeholders to allow for constructive participation. This will help build confidence that the benefits from exploitation or use of natural resources will be distributed equitably, while at the same time creating social acceptance.



ments that will allow the continent to benefit from its resources.

There is no silver bullet to address all of these challenges, or to cover all countries and regions in Africa. Each requires adapted solutions suitable for the local context. The focus should not be on specific content items, but rather on the right processes through which economic, social and environmental topics can be addressed in a given country. The aim must be to foster stability over the whole life-cycle of natural resource projects, while reducing the likelihood of challenges arising and creating mechanisms for tailored solutions.

There already exists a body of best practices in resource governance, which could provide a sound basis for ensuring optimal benefit from the continent's natural resources. One key factor to leverage these opportunities is successful, constructive stakeholder engagement. An inclusive approach to resource governance will, to take the mining sector as a prime example, promote transparency and accountability along the entire value chain from mining contract negotiation, revenue collection and distribution, environmental protection, economic diversification community participation up to mining closure. Such participation will also address unrealistic expectations on the part of civil society, communities and the government, regarding the level of contribution that natural resources could contribute to the overall development challenges that the continent and individual countries are facing.

Effective stakeholder consultation and participation should offer consistent and inclusive dialogue between stakeholders throughout the life cycle of a natural resources project. It can build trust and stability and will lead to sustainable, pro-poor and responsible development based on a robust, honest, open exchange on decisions while debating contentious issues.

There are some best practices and possible processes for state-society

Concerns and Challenges

Minerals are non-renewable, finite and unevenly distributed across space. Forestry, water and land for agriculture require sustainable management and conservation. The fundamental challenge of natural resource management is to use the wealth created as an engine for growth and development, while protecting the rights of local communities and reinvesting in conservation and renewal if possible. The wealth that these resources generate is transient and vulnerable to misappropriation and unequal distribution, which are sources of divisions and conflicts in Africa. Lack of transparency and accountability due to poor governance and weak institutions have been identified as a major problem in resource rich countries.

In addition, their exploitation is often capital-intensive rather than labour-intensive which, especially in the case of mining, can lead to three interrelated issues: the distortion of economic incentives, which often results in the so-called "Dutch Disease"; the enclave nature of economic activities associated with natural resources harvesting; and unwise and questionable public sector investments and borrowing, which ultimately lead to an unsustainable debt burden and avoidable exposure of the economy to adverse external shocks.

This generates political, social, economic, cultural and environmental consequences, and, in some cases, violent conflicts over the appropriation of revenues that are difficult to manage and overcome. Conflicts also arise over ownership of the natural resource or the sub-regional control and distribution of resource wealth. This is compounded by the fact that large scale resource exploitation tends to produce social and environmental problems that fall heavily on the poor.

Opportunities and best practices

The African continent is caught in what some have termed as the second "scramble for Africa" or "scramble for resources". Historic opportunities have opened up for Africa to effectively utilize its natural resources to fuel economic development. These opportunities include: positive recent political-democratization and governance gains; greater policy space; increased interest for exploring better platforms for development in Africa, and the competition over the continent's resources between emerging economies, which has provided African countries multiple choices to select the best bidder for their mineral resources. This is, therefore, an opportune time to put in place instru-

dialogue, out of which the African Peer Review Mechanism (APRM), as a home grown and African owned mechanism, offers a great opportunity to improve Africa's governance standards in the natural resource sector. The implementation of the Nairobi Action Plan on "Large Scale Land Based Investments", similarly offers Africa an opportunity for dialogue and knowledge generation to improve the governance of natural resources. In essence, these instruments present to African countries an unprecedented opportunity to strengthen the culture of accountability and foster stronger relationships between states and their domestic constituencies. Since they are not limited to one sector alone, they can look at relevant issues more broadly, involving all relevant institutions and parties. In addition, through multi-stakeholder engagement, the APRM for instance, rests on creating both supply and demand for good natural resource governance. Supply in the form of suggested laws, policies and development of institutions, and demand, or pull, for good governance through strengthening civil society and private sector involvement.

Several research reports on leveraging natural resources for development in Africa have highlighted the need for good governance to foster real transformation in the management of these resources. There is need for further dialogue on how to create the social compact that is needed to strengthen accountability in order to ensure that, for example, mining, generates better development outcomes, building on best practices such as the case of Botswana, or on processes such as the APRM.

ADF VIII pre-event: Expected Outcomes & Modalities

Against this background, the Coalition for Dialogue on Africa is collaborating with the African Land Policy Initiative (LPI) and the ECA APRM Support Unit, on the organization of

an ADF VIII pre-event to discuss how best to leverage state-society dialogue for improved natural resource governance. The main outcome of this meeting will be a package of interventions and recommendations to present to decision makers during the ADF VIII. These would focus on issues related to an invigorated partnership among African governments and their citizens in order to leverage the continent's mineral resources for growth and poverty reduction.

The discussion forum, which will convene between 09:30-16:30, on 22 October, will be structured around an interactive panel discussion, which will address issues related to the debate on how to leverage state-society dialogue for improved natural resource governance. Informed by experiences and lessons learnt from across the continent, as well as, the findings from the APRM reports, the meeting will also seek to promote awareness and discussion of the APRM, the LPI, as well as the African Mining Vision (AMV) as key regional initiatives which could help countries effectively address the issue at the national and regional level.

It will be held on the eve of the opening of the ADF VIII, to encourage informed discussion and the formation of a consensus on appropriate policy action at the ADF. Influential participants from a cross section of stake-

holder groups will be invited to participate in the event, including eminent personalities such as the CoDA Chairperson, President Festus Mogae (the former President of the Republic of Botswana) and members of the APRM Panel.

The event will – inter alia – address these questions:

- What are the facts, data and trends regarding the governance of natural resources in Africa? What is happening on the ground? What can be learned from the best practices?
- What are the major challenges and risks associated with the harnessing of natural resources?
- How can accountability to citizens be promoted in countries endowed with natural resources, especially where they do not rely on taxes?
- How can tri-sector partnerships that can have a positive impact on the governance and management of natural resources be established?
- How can the APRM further widen political space to involve citizens in assessing the strengths and weaknesses of governance systems in the various areas?
- How can the APRM and other tools be used to support African governments take advantage of the opportunities provided by the current increased interest of investors in African natural resources, while ensuring its benefits to the local communities?



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Activity	Timing	Details	Speaker
Opening			
Introduction	09:30-10:00	Opening & Objectives of side event Welcome remarks	1 Moderator Uduak Amimo 2 H.E. President Festus Mogae, (Former President of the Republic of Botswana & CoDA Chairperson)
Session1: Overview			
Current situation	10:00- 10:10	“Natural Resources Governance and Development in Africa: Key issues”	Yao Graham (Coordinator of Third World Network-Africa (TWN))
	10:10-10:20	Multistakeholder Dialogue and natural resource governance in Africa	Prof. Kimani Njogu (Chairman of Kenya’s Legal Resources Foundation Trust)
Discussion	10:20-10:45	Questions/Comments from the floor	
Coffee break	10:45-11:00	Coffee break	
Session2: What is happening on the ground? Country & Regional Perspectives			
Case studies	11:00-11:40	“China and Resource Extraction in Angola: A New Player in an Old Game”	Rafael Marques de Morais (Founder, Angola’s watchdog website “Maka”)
		A perspective from Nigeria (10mn)	Prof. Soji Adelaja (John A. Hannah Distinguished Professor in Land Policy, Michigan State University & Economic Intelligence Adviser to the Government of the Federal Republic Of Nigeria)
		Natural resource governance in Africa: Towards A New Paradigm (10 mn)	Dr Mustapha Mekideche, Member of the African Peer Review Panel of Eminent Persons
		A perspective from Southern Africa (10 mn)	Claude Kabemba, Director, Southern Africa Watch
Discussion	11:40-13:00	Questions/Comments from the floor	
Lunch Break	13:00-14:15	Lunch Break	
Session3: Frameworks and Guidelines			
Existing frameworks and guidelines	14:15-14:55	How can accountability to citizens be promoted in countries endowed with mineral resources where they do not rely on taxes? (10 mn)	Dr. Siphso Moyo, (Africa Director, of “ONE” an international grassroots advocacy and campaigning organization)
		Partnerships between BRICs and African CSOs on mineral resource governance (10 mn)	Professor Garth Shelton, (Director of the East Asia Project at Wits University, Johannesburg)
		“Leveraging the APRM in the Context of Governing Mineral Resources for Africa’s Development” (10 mn)	Kojo Busia, Chief,APRM Support Section, ECA
Discussion	14:55- 15:45	Questions/Comments from the floor	
Coffee break	15:45-16:00	Coffee break	
Session 4: Way forward			
Conclusion	16:00-16:25	Reflections on key policy messages from the Forum ; way forward (15 mn)	Tawanda Mutasah (Director of Programs, Open Society Foundations & CoDA Board member) & Joan Kagwanja (Chief, LPI Secretariat)
		Final Comments from the floor (10 mn)	
	16:25	Closing remarks (5 mn)	H.E. President Festus Mogae, CoDA Chairperson
	16:30	Forum ends	
	16:35-16:55	Press Conference	