



Eighth African Development Forum (ADF-VIII) *Governing and Harnessing Natural Resources for Africa's Development*

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Governing and Harnessing Natural Resources for Africa's Development

CONCEPT NOTE



African Union



African Development Bank



Economic Commission for Africa

I. INTRODUCTION AND BACKGROUND

1. The African Development Forum (ADF), an Economic Commission for Africa (ECA) flagship biennial event created in 1999, is a multi-stakeholder platform for discussing the effectiveness of Africa's development policies and strategies. It is convened in collaboration with the African Union Commission (AUC), African Development Bank (AfDB), and other key partners to establish an African-driven development agenda that reflects consensus, and has the potential to yield specific programmes for implementation. The aim of ADF is to present the key stakeholders in Africa's development with the results of current research and opinions on key development issues to enable them to participate in developing shared goals, priorities and programmes, and the environment in which these will be implemented.
2. The Forum brings together a large number of participants including Heads of State and Government, African member State policymakers, development partners, other United Nations agencies, intergovernmental and non-governmental organizations, academia, practitioners, civil society organizations, the private sector, eminent policy and opinion leaders and other concerned stakeholders. The Forum includes plenary and high-level parallel panel sessions as well as side-events featuring keynote/lead speakers and presenters, media representatives and other participants.
3. The theme of ADF-VIII is "*Governing and harnessing natural resources for Africa's development*". The Forum will build on the outcome of the Fifth Joint African Union (AU) Conference of African Ministers of Economy and Finance and ECA Conference of African Ministers of Finance, Planning and Economic Development held in March 2012 in Addis Ababa under the theme "*Unleashing Africa's potential as a pole of global growth*" and the analytical work carried out in the *Economic Report on Africa 2012* under the same theme. The Conference endorsed the decision to focus the theme of ADF-VIII on "*Governing and harnessing natural resources for Africa's development*". The platform offers as much an opportunity to build partnerships as for the occasion to further deepen discussions on implementation of: the Africa Mining Vision (AMV); the AU Declaration on Land; the Framework and Guidelines for Land Policy in Africa (F&G); the Implementation Strategy for the Accelerated Industrialization Development for Africa (AIDA); Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests; and other frameworks for best practices in the management of mineral, land, fisheries and forest resources.
4. ADF-VIII will therefore underscore the importance of natural resources governance in the social and economic transformation processes in Africa to foster growth and poverty reduction. It will also emphasize the social, economic and environmental pillars associated with natural resources management, as well as institutional and policy frameworks within which natural resources can be effectively harnessed to meet development goals. Sharing best practices, innovative policies, operational frameworks, evidence-based knowledge and information and participatory arrangements for effective resource harnessing will be the focus of the Forum in 2012, along with showcasing appropriate institutional and governance frameworks for leveraging natural resources for Africa's development.
5. The theme for ADF-VIII could not have come at a more appropriate time, given the paradox of Africa's natural resource abundance, on the one hand, and its continuing poverty and

underdevelopment, on the other. Globally, the competition for access to and development of natural resources has intensified, partly due to the rising demand for natural resources from emerging economies. This trend has reflected on commodity prices, which are at historic highs, and on the terms of trade, altered in favour of commodities. A historic opportunity has opened up for Africa to effectively utilize its natural resources to fuel economic development. This opportunity is enhanced by positive developments on the continent, including governance gains, greater policy space, increased interest in exploring better platforms for development and raised aspirations among the citizenry for a better future. This is therefore an opportune time to deliberate on the roles and strategic importance of natural resources in Africa's transformation.

6. ADF-VIII will focus on mineral, land, forest and fishery resources, and the potential roles these resources play in the transformation of the continent. Despite their importance, water resources will not be an item on the ADF-VIII agenda for a number of reasons. First, water in itself is such a broad and major issue that sufficient discussion on it would require as many sessions as equivalent to the ADF itself. Second, inclusion of water as a specific resource for discussion during ADF-VIII would overshadow in-depth discussion and debate on the other resources. As a result, the crucial issue of water is left to be explored in full in future ADFs. Notwithstanding, as a cross-cutting issue for integrated natural resources management, discussions on water will permeate the entire Forum.

7. Mineral resources extraction and trade constitute major economic activities in many African States, supporting economic and social development. Recent global commodity price hikes and increased flow of foreign direct investment into mineral-rich States has caused the policy debate to resurface on how best to position the natural resources sector to enhance broad-based development. Moreover, the potential of marine mineral resources and urban mining are increasingly appearing on the development agenda and Africa's constituencies will have to respond accordingly. Debating emerging strategies on sustainable mineral resource development (for greater contribution to overall development) and appropriate governance structures is therefore timely.

8. Land resources provide a multitude of socio-economic, cultural and environmental services that solidify broad-based development. Land is therefore a crucial resource in Africa, defining economic and social values, while providing opportunities for asserting rights and promoting sustainable livelihoods. Women and youth often remain at the margins in terms of access to, control and ownership of land. The surge in global food and energy prices and the increased pressure on food and energy security have partly led to the resurgence of demand for high-value and productive land by global and local land investors.

9. With 60 per cent of the cultivable land in Africa not yet under production (see *Economic Report on Africa* 2012), the region has witnessed a proportionately higher share of the productive agricultural land being leased or sold to global investors who are anticipating greater gains from land deals. This increases the vulnerability of communities and groups, such as women and youth, currently struggling to access, utilize and own land. The growing concern about land rights, human rights, food security, environmental impacts, social dislocation and other issues on one hand, and the potential gains in terms of attracting much needed investment capital, technology and human capital in the agricultural sector on the other have sharpened the debate

about the costs, benefits and appropriateness of large-scale land transactions on the continent. Shedding more light on the economic, social, environmental, institutional and governance issues around land transactions has become timely.

10. Africa's forest resources, the mainstay of energy supplies, have economic and socio-cultural significance. Forests provide vital services which underpin economic performance, people's well-being and environmental sustainability. Forests also play a vital role in climate change mitigation and adaptation, thus making it critical to focus on supporting communities, in particular the interaction of women and men with forest resources. Alarming deforestation in Africa, the second largest loss in the world, is exacerbated by illegal logging, excessive reliance on fuel wood for energy use and uncontrollable bush fires. Besides the emerging opportunities for enhancement of forest carbon stocks in climate change management and the debate raised about the policy, legal, institutional, technical and economic constraints that impact on wider application of sustainable forest management. Such deliberation on emerging strategies for sustainable management and development of forest resources in Africa and for enhancement of their contribution to overall development is also timely.

11. Inland water and oceanic/sea fishery resources offer tremendous potential and opportunities for development. Fishery resources contribute to nutrition and food security, create employment and income opportunities and generate export earnings. However, widespread unsustainable fishing practices and illegal fishing by predatory fishers have left capture fisheries with a shrinking resource base, undermining food security, economic well-being and ecological safety. Based on current knowledge, debate about resource management, institutional and governance arrangements and economic enhancement of the sectors for broader contribution to development is long overdue, calling urgently for a transparent platform for discussion.

12. ADF-VIII will therefore highlight key aspects of mineral, land, forestry and fishery resource management and development. The focus areas will help provide a wider platform for various stakeholders to participate and will emphasize critical issues in each of these areas. Discussions will be organized around the following thematic focus areas:

- (a) Policy, legal and regulatory issues;
- (b) Economic issues, including participation and ownership;
- (c) Knowledge base, human and institutional capabilities;
- (d) Environmental, material stewardship and climate change; and
- (e) Governance, human rights and social issues.

13. Gender and youth empowerment will be taken into consideration as crosscutting issues in the discussion of all the above-mentioned areas.

II. ADF-VIII OBJECTIVES

Overall objective

14. ADF-VIII will raise awareness and cultivate deeper understanding of the role of Africa's natural resource governance in its economic transformation. It will also provide an opportunity to discuss frameworks, policy options and strategies to better integrate mineral, land, fisheries and forest management into national resource management programmes, strategies and policies.

Specific objectives

15. The specific objectives of ADF-VIII are to:

(a) Demonstrate the role that Africa's mineral, land, fisheries and forest resources could play in its broad social and economic development;

(b) Deliberate on the challenges that mineral, land, fisheries and forest resources mismanagement pose to Africa's development, and offer governance and management models that can best support the continent's transformation;

(c) Promote sharing of models, experiences, best practices and lessons learned in enhancing the role of natural resources in development in Africa;

(d) Identify actions that need to be taken in priority areas in minerals, land, fisheries and forest resource management that best support development;

(e) Give momentum to the AMV, the AU Declaration on Land, the F&G, AIDA, the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests, and other frameworks for best practices in the management of mineral, land, fishery and forest resources;

(f) Debate emerging strategies and appropriate governance structures for sustainable natural resource development that makes a greater contribution to overall development;

(g) Address equity issues, especially in relation to access to and use of natural resources; and

(h) Build and strengthen alliances and partnerships to advocate for implementation of action plans on natural resource governance to enhance development.

III. EXPECTED OUTCOMES AND OUTPUTS

16. A number of outcomes and outputs are expected from ADF-VIII. These include the following:

Outcomes

(a) Better-informed stakeholders about the role of natural resources in Africa's development;

- (b) Deeper understanding of stakeholders on how to translate frameworks and visions for natural resources management into practical policies and actions;
- (c) Strengthened capacity of stakeholders to advocate for prudent management of minerals, land, fisheries and forest resources to enhance their contribution to development;
- (d) Enhanced support for the implementation of the AMV, the AU Declaration on Land, the F&G, AIDA, Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests and other frameworks for the prudent management of fisheries and forest resources;
- (e) Strengthened partnerships for advocating the role of Africa's natural resource governance and management in the transformation of the continent;
- (f) Strengthened budgetary and other financial resources for the implementation of innovative strategies, policies, programmes and tools to support better natural resource governance; and
- (g) Better understanding of needs, and approaches to addressing women and youth concerns in the design of policies, frameworks and strategies for effective management of land, fisheries and forest resources.

Outputs

17. Key ADF-VIII outputs will include the following:

- (a) The Forum report
- (b) Issues papers
- (c) Policy briefs
- (d) A Consensus Statement
- (e) An Indicative Plan of Action
- (f) Press releases
- (g) Web publications.

IV. DISCUSSION THEMES, ISSUES AND TOPICS

18. Each natural resource considered has its own challenges in relation to: policy and regulatory challenges issues; economic and governance issues; environmental and social issues; and; human and institutional capacity limitations. These issues and challenges are discussed in detail in the issues papers. A summary for each natural resource sector is given below.

A. Mineral resources

19. Africa is endowed with immense mineral resources. Collectively, it has the largest concentration of bauxite, chromite, diamonds, cobalt and platinum-group metal. Its share of minerals like copper, iron and coal is also significant. While many of these minerals are being

exploited but their contribution to Africa's socio-economic development remains questionable, especially since 2002 when mineral commodity prices started rising except for a slight dip in 2008, at the height of the global economic and financial crises. Notwithstanding this, many mineral commodity prices increased by a factor of about four from 2003 to 2010, due to heightened global demand, supported by unprecedented economic growth in China, and to a lesser extent, India and Brazil. While profits for mining companies grew to unprecedented levels, - for example, net profits in 2010 grew by 156 per cent over 2009, this simply heightening perceptions of inequity as the share of windfall earnings accruing to African mining countries was comparatively insignificant.

20. This is due to the structural weaknesses that characterize the African mining sector in which the industry is poorly linked to other economic and social activities. Its characteristics are that of an enclave in which all inputs are imported and output is exported without much processing, earnings do not enter the national economy except for operational needs; and the most important skilled jobs are done by expatriate labour while nationals are excluded from the ownership of assets. Further weaknesses manifest themselves in poorly negotiated mineral concessions with fiscal terms that are sub-optimal and do not maximize the net present value of mineral investment, while stakeholder participation in the value chain is weak; the regulation and management of environmental and social impacts are especially weak, while a large power asymmetry does not make for equity in the distribution of benefits to stakeholders. Clearly, such an industry cannot underpin Africa's economic and asocial transformation.

21. In positioning the mining sector for a greater role in Africa's transformation, the Africa Mining Vision (AMV), adopted by the African Union Heads of State and Government in February 2009, offers a blueprint for spring-boarding the continent to sustainable resource-based industrialization and broad-based development. The Vision calls for judicious and prudent use of mineral revenues to build up the capital stock necessary for diversifying and unleashing economic transformation on the continent. The second AU Conference of Ministers Responsible for Mineral Resource Development further adopted a decision to establish the African Mineral Development Centre as a one-stop facility to anchor implementation of the AMV and its Action Plan.

22. ADF-VIII will discuss:

(a) Policy, legal and regulatory issues –Role the mining sector can play in Africa's economic and social transformation and the legal and regulatory barriers that might prevent this role being fulfilled;

(b) Economic issues – How mining could facilitate broader economic and social linkages, including infrastructure development, cluster formation and industrialization;

(c) Governance, human rights, and social issues – Including enhancing stakeholder participation along the mining value chain; the institutional and policy space for mineral sector governance to contribute to economic and social transformation, and the role that African Peer Review Mechanism (APRM) could play;

(d) Environmental, social and material stewardship issues – The management of environmental and social sustainability through judicious impact assessments and prudent material stewardship; and

(e) Knowledge base, human and institutional capabilities – How to build broad human and institutional skills that support a development oriented African mineral sector in a multi-sectoral and holistic manner.

B. Land resources

23. Land is a crucial resource for development. It supports land-based economic activities which form the basis for wealth creation for African economies. Land has additional value that derives from its diverse life-supporting functions, including ecosystem services and climate regulation. These functions are increasingly being valued due to the impacts of climate change and environmental degradation. Land is also tied to religious and social values, making it constituting it as a cultural and ontological resource and offering vital inter-generational linkages. These myriad services position land as a core resource capable of anchoring broad-based economic transformation.

24. The AUC-ECA-AfDB report on Framework and Guidelines on Land Policy in Africa report flags disparities in land access, particularly by women, as a major problem in rural Africa, putting a constraint on development. Indigenous and customary land management practices often co-exist with an overlay of statutory and even religion-based management systems and institutions leading to *dualistic* or pluralistic land tenure and property rights regimes. The limited definition and recognition of customary and religious practices in modern law, coupled with the overlapping roles of land-management institutions often lead to land-related conflicts whilst entrenching existing marginalization and discrimination in terms of access and ownership by some groups. Other challenges include domestic pressure on land resources due to population growth in population, industrialization and urbanization; large scale land acquisitions leading to high levels of inequality and marginalization of local communities; and the inadequate policy environment which fails to clarify and recognize land rights of local communities or legitimize traditional land management institutions.

25. Against this backdrop, there has been a sharp rise in global food and energy prices in recent years and this has led to a rush to secure productive land to meet food, raw material and energy needs. The Food and Agriculture Organization of the United Nations (FAO) estimates that from 2007 to 2010, more than 20 million hectares of African agricultural land were acquired by international land investors, with many such acquisitions involving more than 10,000 hectares, and several others involving more than 500,000 hectares. These pressures have been magnified by the impacts of climate change which have placed a premium on water and land resources. The spike in land transactions in Africa has raised policy debate about the appropriateness of land deals and how to maximize the development outcomes of potential opportunities. The concerns include: long-term food security challenges related to large-scale productive land acquisitions; property right protection concerns for investors and local communities, particularly the rights of vulnerable and marginalized groups including women and youth; inadequate capacity in structuring complex land deals; and lack of transparency and potential for corruption.

26. ADF-VIII will discuss:

(a) Policy, legal and regulatory issues - What policy frameworks and guidelines should Africa adopt to manage the costs in posed by large-scale land investments in order to enhance the potential beneficial effects to development?

(b) Economic issues – This will explore the costs and benefits related to large scale land transactions in Africa on the well-being of small holder farms and food security, and taking into account the need to empower vulnerable and marginalized groups, as well as socio-cultural and gender disparities;

(c) Governance, equity, human rights and social issues – This will explore key governance issues that undermine the role of the sector in economic and social transformation. This includes issues of property rights, customary rights, social justice, and land use rights in lands allocated to investors, and how to mainstream the Land Policy Initiative at the continental, regional and national levels to play a meaningful role in Africa’s land policy architecture;

(d) Environmental and material stewardship issues – The issues relate to how the enforcement of social and environmental codes and standards can be made more effective for large-scale farm operators; and

(e) Knowledge base, human and institutional capabilities - With the intensification of international land deals in Africa, what human and institutional development initiatives will be required? How can foreign direct investment in agriculture be utilized to enhance the knowledge base and human capital in Africa’s agricultural sector?

C. Fishery and aquaculture resources

27. Aquatic resources, particularly fishery and aquaculture, can contribute to sustainable broad-based development in Africa. Fishery and aquaculture are a source of nutrition and food security. They also create employment and income opportunities and generate export earnings. Fish is a food of excellent nutritional value, providing high quality protein and a wide variety of vitamins and minerals. FAO figures for 2007 show that fish provides 13 per cent of animal protein in industrialized countries, and well over 21.5 per cent in low-income food-deficit countries. Fish exports are a valuable source of foreign exchange for many African States. The fishing industry contributes a valuable source of foreign currency for many African countries. It contributes as much as 15 per cent to the GDP of some coastal countries. For instance, fishery exports account for 86 per cent of Senegal’s agricultural exports and 46.9 per cent of Mauritania’s. Africa’s fish exports increased in the 1980s and 1990s, and reached \$2.7 billion in 2001, which was about 5 per cent of the global fish trade. In 2009, 20 African countries registered a surplus of more than \$3.2 billion. FAO estimates that for 11 African countries, fishery exports account for over 10 per cent of total export earnings.

28. Despite these contributions, fishery resources in Africa face numerous challenges from local and global pressures. Widespread unsustainable fishing practices have left capture fisheries with a shrinking resource base which translates into a diminishing contribution to food and economic security. As valuable fish stocks are depleted and harvests shrink, fishermen turn to

species of lower value, and licensed foreign industrial fishers encroach on areas supposedly reserved for local fishermen. Annual losses to West African countries due to illegal fishing are estimated at \$100 million. Compounding the problem of increased large-scale illegal fishing, is the lack of enforcement of agreements that aim to strengthen strategic investment in infrastructure, skills and know-how transfer.

29. A complex interplay of factors such as overfishing, alternative livelihoods for local fishing populations, direct and indirect costs of illegal fishing, and potential conflict between an expanded fisheries trade, access agreements and private joint ventures, on one hand, and efforts to promote sustainable fisheries management all call for much needed policy coherence in the fishery sector. There is need for collective action, at the subregional and regional levels. Recognizing the importance of addressing some of these challenges and having developed a framework for promoting the fisheries sector, African leaders met in August 2005, in Abuja, for the Fish for All summit to launch the New Partnership for Africa's Development (NEPAD) Action Plan for the Development of African Fisheries and Aquaculture. The NEPAD Action Plan supports, among other measures, improved fisheries governance; sustainable production practices improving market access; preparation and implementation of fisheries management plans; development of aquaculture; and regulation of the access of foreign fleets to African fish stocks.

30. ADF-VIII will discuss:

(a) Policy, legal and regulatory issues – What are the legal, institutional and policy barriers and opportunities in fishery resources development? Is an African fisheries resources development vision desirable?

(b) Economic issues – This will explore issues related to enhancing the linkages between aquatic resources and the rest of the economy; improving the contribution of fisheries to food and nutrition security; accelerating the transition from subsistence to commercial fisheries enterprises; and improving community participation and ownership of the resources with a focus on marginalized groups;

(c) Governance, equity, human rights and social issues – What governance barriers exist in fishery resources development in Africa, and how can the role of the sector in economic transformation be enhanced and the legal and institutional responses to illegal fishing be strengthened?

(d) Environmental and material stewardship – These issues relate to the social and environmental sustainability in the management and exploitation of open-water fishery resources and facilitating best practice; and

(e) Knowledge base, human and institutional capabilities – This focuses on building the human and institutional capacity required to address the limited knowledge of the resource base within policymaking institutions; the lack of coherence in the main policy domains and a near-total absence of a long-term vision on the potential and use of these resources for economic and social transformation.

D. Forest resources

31. Africa has diverse types of natural and plantation forests which cover about 675 million hectares or 23 per cent of the land area of the continent. These forests make an important contributions to national and local economies in the region. The value of wood removals (fuel-wood and industrial round-wood) increased in the region from \$2.6 billion in 1990 to about \$2.9 billion in 2005. Fuel-wood, which accounts for about 90 per cent of the energy used by African households, is the most important forest product for many countries in the region. Forests also provide other vital services which underpin economic performance and the viability of other sectors, people's well-being and environmental sustainability. These services include the vital role of forests in climate-change mitigation and adaptation. While forests account for about 17 per cent of global greenhouse gas emissions, they are important in the storage of carbon. Other services provided by forests include stabilizing soils, protecting land from erosion by wind and water and maintaining a steady supply of clean water.

32. Despite the crucial role and importance of forests in Africa's socio-economic development and overall sustainable development, the rate of loss of the continent's forests is alarmingly high and a source of serious concern. With an annual loss of about 3.4 million hectares of forests from 2000 to 2010, Africa recorded the second largest net loss of forests in the world. Most forests are threatened by the clearing of forest land for agriculture and settlement, illegal logging, extraction of wood for firewood and charcoal and uncontrolled bush fires. Competing initiatives for land, such as growing of bioenergy crops, also continue to pose a challenge for realising policy targets that include having a certain amount of land cover under trees. In addition, most African countries have forest laws and regulations with provisions on quarrying and small-scale mining within forests. Beyond the threat that mining poses to sustainable forest development and management, Governments will continue to be under pressure to grant mining concessions on large areas of forests even as small-scale illegal mining expand.

33. The above challenges have led to a rethinking of pathways to enhance economic growth. This underlies the emergence of climate-change schemes, in particular reducing emissions from deforestation and forest degradation (REDD) and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (REDD+). It is also against the above backdrop that the role and importance of transitioning to green growth or a green economy has surged in the recent past. The challenge is to harness the opportunities offered by REDD+ as well as by the transition to a green economy to foster sustainable forest management and to expand economic and social gains taking into account equity issues into account.

34. ADF-VIII will discuss:

(a) Policy, legal and regulatory issues: How current policy, legal and regulatory barriers are impairing the development and enhancement of the contribution of the forest sector to economic development;

(b) Economic issues: The key issues relate to enhancing backward and forward linkages between the forest sector and the rest of the economy, especially in regard to small and

medium forest enterprises; capturing opportunities offered by REDD+ initiatives to enhance economic gains and achieve sustainable forest management; and harnessing opportunities offered by the transition to green growth to enhance economic gains and achieve sustainable forest management;

(c) Governance, equity, human rights and social issues: This includes an exploration of the major forest governance and rights barriers in the region and how can these can be overcome, especially to favour indigenous and local community and women's participation, and equitable sharing of forest-related benefits along the forest industry value chain;

(d) Environmental and material stewardship issues: This will explore the role of ecosystem services underpinning the economic, social and environmental sustainability. This includes schemes for Payment for Ecosystems Services; and

(e) Knowledge base, human and institutional capabilities: Issues relate to barriers and challenges to strengthening institutional and human resources capacity to enable Africa's forest to play a transformative role in its economic and social development.

V. PARTNERSHIPS

35. ADF-VIII is organized in close partnership with United Nations agencies, the private sector, civil society, natural resources stakeholders, non-governmental organizations, and agencies with proven leadership and contribution to natural resource management and economic development.

VI. Participants

36. The Forum brings together a large number of participants including Heads of State and Government, policymakers from African member States, development partners, other United Nations agencies, intergovernmental and non-governmental organizations, academia, practitioners, civil society organizers, the private sector, eminent policy and opinion leaders and other concerned stakeholders.