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MINERALS AND AFRICA'S DEVELOPMENT

An Overview of the Report of the International Study Group on Africa's Mineral Regimes

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Chapter 1 Introduction

Between February 2007 and February 2009, a recognition of the continuing challenges of Africa's mining sector prompted a series of meetings involving organs of the African Union (AU), the African Development Bank (AfDB) and the United Nations Economic Commission for Africa (UNECA) and led to a number of declarations and resolutions. The "Big Table" was held in February 2007, followed by the First Conference of AU Ministers responsible for Minerals Development in October 2008 and then the AU Heads of State meeting in February 2009. The Africa Mining Vision (AMV) was adopted by the Ministers at their meeting in October 2008 and endorsed by the Heads of State in February 2009. In response to one of the recommendations of the Big Table, an International Study Group (ISG) to review Africa's mineral regimes was established in September 2007.

In the course of its deliberations, the ISG decided to separate formulating a framework report setting out fundamental perspectives from developing detailed tools dealing with particular aspects of mineral regimes. This framework report seeks to contribute to the elaboration of an updated strategic policy framework for developing Africa's minerals as called for by the Lagos Plan of Action, the Big Table and the subsequent meeting of African Ministers Responsible for Mineral Resources Development, as well as the Heads of State. The report is based on the central premise of the AMV 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".

The ISG hopes that this report contributes to the implementation of the AMV and that it will influence the development of the Action Plan by the AU Commission, the AfDB, and UNECA, as called for by the AU Heads of State and Government at their Summit in February 2009. We expect that the Action Plan will entail, among others, the production of toolkits, templates, guidelines, briefing notes and other instruments for use in the formulation or revision of mineral regimes in Africa.

Chapter 2 Africa's Minerals: History and Search for Direction

The paradox of Africa's mineral (and indeed, natural resource) wealth, on the one hand, and the pervasive poverty of its people, on the other, remains a deep and oft-noted feature of its economic landscape .

Mining's contribution as a supplier of strategic minerals to industrialized countries, the focus of policy on those minerals that play that role, the inadequate returns to the continent and the enclave nature of mining industries have, since colonial times, been and remain central features of the African landscape today.

This chapter sets out the processes by which these features became entrenched. It describes some of the attempts by post-colonial governments to respond to the limitations of the mining regimes that they inherited as well as the outcomes of the radical changes in policy that dominated the second half of the 1980s and the 1990s.

The centrality of mining often influenced the way in which the colonial state developed. That state was active in creating the political and legal security for mining investment; providing political and legal support to mining firms for acquiring and controlling the requisite African labour; and developing the necessary transport infrastructure.

On independence, the political economy of mining epitomized the limits of the political power and economic control gained by newly sovereign African nations. In economies dominated by mineral exports, this most important sector was an externally oriented enclave only narrowly linked with the rest of the domestic economy through the taxes paid to the state by the mining companies and their small pool of mainly lower level African workers.

African governments took policy steps straight after independence alongside steep drops in investment by mining companies in exploration and development at existing mines, and huge increases in dividend repatriation by foreign shareholders. For many governments, vesting minerals in the state, setting up state mining enterprises and taking substantial shares in existing mining companies were the principal instruments for enhancing their share of returns from the nation's mineral resources.

Yet the performance of the state mining enterprises then established has been mixed. The new management and procurement arrangements simply meant that basic control of running the business remained unchanged, though new avenues for repatriating revenue took on increased significance. Most state mining companies functioned poorly, starved of investment in plant and machinery, and denuded of exploration activities. They also suffered from a general lack of research and development to keep mining and processing operations competitive.

Even in those countries that proclaimed a strategy of local processing of their raw materials and import-substitution based industrialisation, domestic minerals were seldom processed locally and converted into industrial products.

Many African countries in the early 1980s were severely indebted, leading the World Bank to become increasingly involved in designing reforms that were introduced into Africa's mining industry. The key elements of African mineral policies that emerged in the late 1980s and in the 1990s, based on World Bank prescriptions, may be summarized as follows. African governments:

- Reduced or eliminated state participation in mining enterprises.
- Provided a wide range of incentives, causing foreign direct investment (FDI) into the industry to surge.
- Made tax regimes more competitive relative to those in other developing regions, particularly Latin America.
- Liberalized exchange controls and exchange rate policy.
- Introduced investment-protection assurances, including those on the stability of the fiscal regime for a specified length of time (the "stabilization period"), dividend repatriation and non-expropriation.

Although the extensive reforms of regulatory and legal frameworks thus introduced helped to create a more favourable environment for foreign investment in African mining, their contribution to social and economic development objectives has been far less certain—even contested in many countries. Within the past decade a very visible civil society movement, protesting about the costs and questioning the benefits of the re-vitalized mining sectors, has emerged in many mineral-rich African countries.

The African Mining Vision (AMV) seeks to shift mineral policy beyond a focus on extracting minerals and sharing revenue. It relates such policy to the demand for structural transformation of Africa's economies and, premised on the abundance and significance of its minerals, proposes (or re-affirms) an industrialization strategy anchored on minerals and other natural resources as critical for achieving the Millennium Development Goals, eradicating poverty and securing sustainable growth and development on the continent.

The AMV insists that mineral operations need not—and should not—be activities of an enclave. It acknowledges the governance challenges that must be overcome for Africa's minerals to contribute to sustainable development. However, unlike several other proposals for exploiting the mineral resources and collecting and managing the revenues of the continent, it recognizes governance as only part of the range of challenges that have to be addressed in formulating a comprehensive framework of policy to nurture a development-oriented sector.

The Africa Mining Vision

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

- A knowledge-driven African mining sector that catalyses and contributes to the broad-based growth and development of, and is fully integrated into, a single African market through:
    - Downstream linkages into mineral beneficiation and manufacturing.
    - Upstream linkages into mining capital goods, consumables and services industries.
    - Sidestream linkages into infrastructure (power, logistics, communications and water) and skills and technology development.
    - Mutually beneficial partnerships between the state, the private sector, civil society, local communities and other stakeholders.
    - A comprehensive knowledge of its mineral endowment.
- A sustainable and well-governed mineral sector that effectively garners and deploys resource rents and that is safe, healthy, gender and ethnically inclusive, environmentally friendly, socially responsible and appreciated by surrounding communities.
- A mining sector that has become a key component of a diversified, vibrant and globally competitive industrializing African economy.
- A mining sector that has helped to establish a competitive African infrastructure platform, through the maximization of its propulsive local and regional economic linkages.
- A mining sector that optimizes and husbands Africa's finite mineral resource endowments and that is diversified, incorporating both high value metals and lower value industrial minerals at both commercial and small-scale levels.
- A mining sector that harnesses the potential of artisanal and small-scale mining to stimulate local/national entrepreneurship, improve livelihoods and advance integrated rural social and economic development.
- A mining sector that is a major player in vibrant and competitive national, continental and international capital and commodity markets.

The implications of the Vision for developing African mineral policy may be summarized in the following objectives:

- Enhancing retained value by promoting linkages.
- Obtaining an adequate share of mineral revenue.
- Improving public participation and accountability.
- Pursuing an integrated view of rights of various stakeholders.
- Valuing environmental resources.
- Using mineral revenue efficiently.
- Promoting local development.
- Encouraging regional cooperation and harmonization.
- Strengthening institutions: building capacity and developing networks.

Chapter 3 Global Trends

Following a long period of decline, mineral commodity prices and investment experienced a boom that began in 2003 and is projected to continue for some years yet. Unprecedented demand driven by large developing-country industrialization, particularly China, has created an anxious global environment over security and reliability of mineral supply. The historic mineral-importing countries in Europe, Japan and the United States, alongside newcomers China and India, have begun to focus—in competition—on ensuring access and security of supply for strategic mineral resources. Many governments have politically and financially backed investment in mineral resources globally, including those in Africa. The capital cycle is showing an upward trend, with multi-national mining companies making large investments in new and existing capacity.

Chapter 4 Mining in Africa: Managing the impacts

Africa retains the environmental burden of mining, whose effects also reduce whatever it receives from the benefits of its minerals.

Developing a framework that adequately incorporates environmental issues into the evaluation of the costs and benefits of a mining project has evolved significantly in the last 20 years. But applying standard instruments for assessing and regulating impacts has not developed much in many African countries.

Methods for evaluating less visible impacts, such as on groundwater systems, are not as well elaborated or incorporated as those for more obvious impacts, such as relating to surface land or emissions into the atmosphere. Strategic impact assessment, which involves the effect of proposed policy measures on a cluster of projects (actual or potential) as opposed to individual identified projects, is also in rather rudimentary state in Africa.

Developing discharge and emission standards, mine closure obligations to be applied to mining and mineral processing in Africa and a cadre of professionals with the needed skills to conduct impact assessments still present challenges.

There is usually a mismatch between the expression of public participation rights in formal instruments and its implementation. Redressing the weight of existing power relations, especially for marginalized and vulnerable groups, addressing deep-seated authoritarian elements of local cultures and reducing the resource constraints (human and material) of public institutions and those affected by or actively concerned about projects with environmental implications are some of the major challenges faced in pursuing public participation.

Addressing conflict minerals situations such as those in the Democratic Republic of the Congo has involved initiatives that focus on strengthening governance capacity, transparency, certification processes, security reform and regulation of multi-national companies.

The UN Protect, Respect and Remedy Framework offers a useful and comprehensive set of principles which can be applied to the duties of states and the responsibilities of mining firms in respect of the human rights impacts of mineral operations.

Chapter 5 Artisanal and Small-Scale Mining in Africa

ASM activities are widespread in Africa, employing a large number of people directly in mining and associated services, as well as supporting large numbers of dependants.

ASM policy has to be formulated and implemented as part of a broad rural development strategy, and should include:

- Regularizing informal ASM.
- Simplifying and decentralizing procedures for acquiring ASM rights.
- Providing a realistic implementation plan, including institutional capacity enhancement.
- Assisting miners to graduate from subsistence to sustainable businesses.
- Assuring a legal regime that gives ASM right holders enough viable land, adequate duration of rights and security of tenure.
- Providing accessible institutional, technical and financial support.
- Encouraging support for ASM from the more established private sector (including LSM).
- Expanding exploration work that leads to the designation and allocation of areas for ASM.
- Ensuring regional and international cooperation to address the challenges of conflict minerals.
- Raising capacity locally to run tracking and certification schemes before enforcing bans on transporting non-compliant minerals.
- Enforcing international norms prohibiting child labour.
- Exploring and launching measures to redress discrimination against women, whether due to the law or operation in practice.
- Promoting sub-regional cooperation in technology development, research, construction of appropriate plant and machinery, technical standards, compilation of a database of local capacity and generation of financial resources.

Chapter 6 Corporate Social Responsibility initiatives

The past couple of decades have been marked by initiatives designed to acknowledge and expand the social responsibility of business entities. The premise has been that the roles and impacts of these entities go beyond providing revenue and employment and maximizing profits, that they have power and influence (actual and potential) beyond their formal location within legal and political structures, particularly those of developing countries, and that they should be recognized as conscious and influential participants in activities with a broad range of consequences.

CSR norms, frameworks and reporting requirements applying to mining firms are from multiple sources and a combination of the legislated and the voluntary. The efficacy of voluntary codes as opposed to mandatory codes is one of the most important debates over CSR, with its predominantly voluntary nature being seen as a growth of corporate power and retreat of the state.

Not all voluntary codes or guidelines are without legal effect. Certain voluntary CSR initiatives can become legally binding as de facto minimum standards.

It is no longer possible or feasible for mining companies to treat their contributions to social issues in communities and other CSR issues as peripheral to their core businesses. Whether from an assessment of measures required to be taken in the enterprise's own judgment to maintain a sustained and viable business, or as a precondition for obtaining an essential licence or financing, or to avoid liability for breaches of the law, the pressures to comply with norms regarding socially responsible conduct are becoming increasingly important. While significant attention is focused on addressing community issues, more remains to be done to meet expectations by communities and to respond to other issues such as trade union concerns about casualization and the larger decent work agenda.

From a policy perspective, CSR initiatives should not be considered a substitute for government responsibility towards its citizens in providing basic infrastructure and other public goods. Indeed, CSR initiatives should complement government efforts through local government institutions and local authorities. The framework that a government chooses to entrench CSR should be clear about the responsibilities of mining companies and which responsibilities should be matched with and communicated to mining communities.

The different types of frameworks should be considered part of a national policy debate on the mining industry's obligations regarding social development objectives. Without such debate, there is a danger that the CSR requirements in a jurisdiction will be left to the industry to determine. This ad hoc approach can lead to uncertainty of how much should be spent on CSR and what types of CSR projects should be developed as well as the mechanisms for their development. Indicators around assessing the impact of good CSR projects must be built into the framework and applied by a range of stakeholders, including civil society. The framework must focus on stakeholder consultation and allow for review of obligations and commitments. This review must be based on reporting requirements that should be part of the CSR framework.

Chapter 7 Capture, Management and Sharing of Mineral Revenue

This chapter presents perspectives on capturing, managing and sharing mineral revenue. It looks at the often conflicting objectives of mining companies and governments in resource-rich countries. It discusses various tax instruments available for the mineral sector, the need for fiscal policy to be linked to development options, the management of mineral revenue, and the equitable allocation of a portion of such revenue to communities close to or affected by mining projects.

The adequacy of revenue obtained by African governments from mineral exploitation is a subject of controversy. No precise or uncontested measure for determining adequacy exists. But the widespread sense that Africa has not obtained commensurate compensation from exploitation of its mineral resources is impossible to ignore. This sentiment has become particularly pronounced since the early years of the current mineral commodity price boom, which has substantially lifted profits for mining companies.

Determining the level of revenue from mineral sales can be a challenge. Many economically important minerals have a published price and for those it is relatively easy to determine the appropriate sales revenue. Even with no published price, it is often possible to find a reference price to determine mining company income. Controversy can arise over the proper valuation of by-products, depending partly on how easily they can be separated from the main value minerals. Particularly where the mineral is supplied to project sponsors, shareholders or other related entities, it is necessary to prevent transfer pricing, that is, to ensure that the valuation of the mineral produced is transparent and at an arms-length competitive price. The agreements relating to production and sale must therefore include the price references to be used in determining revenue.

Transfer pricing of inputs and equipment constitutes a complex problem for governments and one harder for them to handle than transfer pricing of production. Prices are often less transparent and tax evasion may take place through the use of non-arms-length suppliers based in tax havens.

Duties on imported inputs, particularly those used during exploration or mine development phases, tend to be limited, if imposed at all. Unless properly monitored, this approach can prevent local supply systems from developing, where economically viable, and hence deny the country the benefits of enhanced local linkages.

African states should consider imposing a capital gains tax on any mineral property sold before mining operations begin. Even if statutes have provisions for capital gains tax, enforcement—when companies dispose of their assets and leave the country—imposes challenges that can be addressed by requiring companies to settle tax obligations as a pre-requisite for any transfer of their mining rights.

In many large-scale projects in Africa, sponsors and their lenders have sought and obtained assurances that there would be no additions to the total tax package agreed to initially. During the recent period of high prices and profits, however, existing tax regimes have not earned African mining countries a commensurate share of the large additional profits. Stability clauses facilitate capital raising for large projects, but they are often unnecessarily extensive. One factor in determining their duration should be the period required for repaying the initial loans to the project from outside lenders, if any. Such clauses, inserted with others requiring most favoured tax treatment for the beneficiary company, risk causing unforeseen losses to government revenue if the authorities grant similar concessions to later entrants.

One of the most important elements of a mineral regime that attempts to optimize the development impact is setting a fair market value of resources—"price discovery". Transparent and competitive concessioning of known mineral assets can help. Public tender will clearly have sub-optimal results for terrain with no known assets or areas of low prospectivity.

Revenue from mineral operations offers governments, among other things, the financial resources to fund physical and social infrastructure, including human capital. A persistent concern, however, is the potential impact of large revenue from the extractive sectors on other parts of the economy. The main risk is that the inflow of revenue from mining, whether to the public or private sector, results in real exchange rate appreciation, which tends to undermine the competitiveness of other sectors exposed to international competition—called "the Dutch disease". In addition, a dominant natural resource export sector can destabilize a nation's socio-economic system, especially in countries with non-democratic political institutions.

The effective use of mineral revenue in long-term physical and social infrastructure marks the prudent transformation of finite mineral capital into other forms of long-term capital—to ensure inter-generational equity—and is enhanced by transparency in collection, as well as in use. Systems that allocate part of the mineral revenue to communities near mining areas should be designed to ensure lasting benefits beyond the life of the mine.

Chapter 8 Optimizing Mineral-based Linkages

Examples of failed attempts across the continent over the years have caused some scepticism about the capacity of mining-related projects to catalyse growth and development. Recent thinking has once again, reawakened interest in linkages for economic development, including corridor development and clustering, to facilitate growth in depressed economic environments.

African countries have diverse development experiences, mineral endowments and economic needs, yet share common impediments that prevent mineral-based linkages from developing. These include inadequate capture and management of resource rents, poor resource infrastructure; trade barriers and regional market constraints; centralized strategies of resource extraction multi-nationals; human capital constraints; limited access to capital for the domestic business sector; and weak innovation and technological capacity among firms. Collective emphasis needs to be placed on harnessing opportunities and minimizing weaknesses.

Minerals with largely local and regional potential have received less attention and investment than those for export. Yet replacing imports by locally sourced mineral products and facilitating the expansion of local and regional markets for these products would require as much attention as beneficiation for international markets.

Linkages based on inputs to the national and regional economy (such as manufacturing, agriculture and construction) therefore need to be prioritized.

Successful linkage development relies on simultaneous multi-factor promotion: skills, savings, business performance, governance, pricing, policy making and implementation capacity. It is also premised on maximizing the development impact of a resource endowment by optimizing potential investor market interest in realizing wide-ranging linkages, given the demand for specific resources at a given time.

Building backward and forward linkages thus requires creating the business environment and public sector institutions that foster growth. It also requires—as far as governments can—setting terms on access to mineral resources that both impose linkage conditions on mineral rights holders and provide incentives for investors to structure projects in ways that deepen the integration of mineral projects into the broader national and regional economy. Reasonable national local content and value-addition milestones need to be incorporated in mining regimes.

The pursuit of downstream processing of minerals before export should not be placed at the top of the national agenda for the minerals industry in isolation. Beneficiation contributes to growth and diversification only when it generates above-average upstream and side-stream linkages, and should not be pursued merely because a country is endowed with mineral resources. Although some countries have used export taxes to promote downstream processing, experience is mixed and such taxes need to be applied judiciously, possibly only after an independent study has indicated that investment in the next value-addition step is feasible. (New trade agreements, particularly the Economic Partnership Agreements with the European Union, are likely to complicate use of this instrument.)

Directing attention to developing upstream capital goods and service industries is critical for employment generation and for generating new products and processes.

Many benefits can flow from local participation and empowerment models.

Funding and driving the establishment of economic infrastructure, particularly power and transport, is critical in prudent mineral development.[i] Policymakers need to maximize the beneficial spillover effects of infrastructure triggered by mining through resource corridors. Planning needs to explore the collateral or integral use by other economic sectors. Mineral infrastructure needs to allow third-party access at non-discriminatory tariffs. Expanded infrastructure will also promote rural development.

Effort needs to be directed to expand higher technical skills required by the minerals industry. Public support is required for innovation in fields related to natural resource exploitation through national innovation systems, such as tax incentivization of local R&D and technical human resource development, as well as the allocation of some resource rents to developing technological linkages.

The gradual movement towards regional integration would go some way in overcoming barriers to establishing linkages, through creating regional common markets (customs unions). African governments need to dismantle the numerous impediments to intraregional trade in order to realize the larger regional markets and to overcome the high barriers to entry that are related to poor economies of scale for many mineral backward and forward linkage opportunities.

Chapter 9 International Trade and Investment Issues

Historically, the space and flexibility of international rules on tariff application, subsidies, export restrictions, performance requirements for foreign firms and intellectual property were exploited by countries implementing national industrial development policies.

The current international trade and investment regime has accentuated developing countries' difficulties in advancing their national interest and sustainable development objectives. International agreements have progressively reduced the scope for national development strategies and policies of the type that were employed for the transition of today's industrialized countries, including producers of natural resource-based mineral commodities.

As the number of trade and investment agreements continues to expand, a new generation of agreements is emerging with sophisticated and complex provisions in which countries and multi-national companies have to work. Developing countries may face two main challenges.

First is a challenge of capacity. Many lack the resources to participate fully in writing and implementing international investment rules. Without the necessary knowledge, negotiators from African (and other) developing countries may find it hard to take part in talks to obtain concessions, or may engage in them without fully grasping the consequences of any agreement they reach.

Second is a challenge of content. Countries may find it difficult to link the goal of creating a stable, predictable and transparent FDI policy framework that enables international firms to advance their objectives with their own objective of retaining the margin of freedom needed to pursue their development goals.

It is of overriding importance for African and other developing countries to maintain a consistent eye for the full implications of the specific provisions of any treaties into which they are invited to enter, and not to sign them on the basis of what could turn out to be a naïve faith in these treaties' objectives and significance.

Chapter 10 Mineral Management: The Power of Institutions

One of the central themes in this report is the need for a shift in policy focus from a concentration on extracting minerals to a broader framework that integrates policies for mining, industry and development. This follows from the goals in the Africa Mining Vision (AMV) of a sector that is not only "a key component of a diversified, vibrant and globally competitive industrializing African economy", but is also "knowledge-driven" and "catalyzes and contributes to…. broad-based growth and development".

This chapter seeks to explore the implications for institutional policy of this central theme and these goals, as well as those relating to fulfilling the vision of a sustainable and well-governed mining sector. Key among these are that:

- The development agenda has to be central to establishing and evaluating institutions and their arrangements.

- The promotion of linkages between mining and other sectors must be a critical part of institution building in Africa, nationally and regionally.
- Important institutions on the continent urgently need capacity enhancement in many areas.
- A concrete analysis of the context—rather than reflexive adoption or imposition of models—is vital to institution building.
- Attention has to be paid to improving the criteria by which different aspects of governance are evaluated to make them more meaningful, objective and representative.
- The African Commission of Human and Peoples' Rights and the African Peer Review Mechanism offer serious possibilities to improve governance.

The idea of a Spatial Development Initiative (SDI), with an indicative list of development corridors across the continent, mainly anchored on mineral resources, has been proposed as "a practical way to achieve a regional approach to development, encouraging a sustained process of integrated development within a region defined by its economic potential rather than its political boundaries" (Annex 2 of the AMV).

Chapter 11 Regional and Sub-regional Strategies in Mineral Policy Harmonization

Incremental, sector-based regional economic integration has been accepted for decades as a central component of any forward-looking and all-encompassing development strategy for Africa. Cooperation in minerals through policy harmonization is thus part of the overall process of strengthening intra–regional economic community (REC) harmonization and their eventual integration as intended by the African Union.

Africa's integration landscape consists of an array of RECs, including the eight that the African Union Commission (AUC) recognizes as the building blocks of an African Economic Community. Dual or multiple membership is common.

African countries have pursued sub-regional policy harmonization through their RECs. Initiatives in SADC, ECOWAS, WAEMU, EAC and MRU reveal varying experiences in instigating or mapping out sectoral strategies for strengthening economic integration, including the many challenges involved.

Strategies generally fall along three lines: policy alignment, the adoption of common standards and the enactment of common codes or common elements of mining legal and regulatory regimes. Many analysts have noted, however, that adopting these common codes or common elements is likely to be effective only after policy has been aligned and common standards promulgated.

As African integration deepens, the content, focus and implementation strategies of these regional approaches need to be harmonized to ensure that they are in conformity with the aspirations of the AMV. The current initiatives towards the rationalization of regional economic communities and their programmes augur well for sectoral policy harmonization as embodied in the AMV.

The completion of these processes would eventually lead to a harmonized policy environment at the continental level, in which the minerals sector contributes to sustainable development—as envisaged by the AMV.

The regional and continent-wide harmonization of policies, laws, programmes and strategies offers other benefits. To cite just one example, harmonized approaches for attracting foreign investment would curtail the mutually destructive incentive competition to attract investors. It would also facilitate cooperation in developing mineral resources, especially where these run across borders.

In addition, regional economic integration that creates larger markets, easing the movement of factor flows and boosting intra-African cross-border economic cooperation, would greatly facilitate "the development of mineral resources (especially industrial minerals) for local production of consumer and industrial goods"—one of the goals of the AMV. Mineral-based industrialization in Africa will benefit from the transformation of fragmented small economies, the expansion of national into regional markets, the overall widening of regional and continental economic spaces and the resultant economies of scale for both production and trade.

The regional and sub-regional experiences are key building blocks for a continent-wide framework as they represent policy convergence at a lower level. Sharing experience is thus key to the overall process. Capacity to execute these initiatives will need to be developed at national, sub-regional and continental levels.

Chapter 12 Looking Ahead: Key Challenges and Policy Messages

Optimizing mineral linkages needs a conscious policy approach

The global mining industry: opportunities still exist

Boosting the contribution from artisanal and small-scale mining

Regulating and managing mining impacts

Strengthening corporate social responsibility

Improving governance: towards a democratic developmental state

Paying attention to implications of international trade and investment regimes

Harnessing the benefits of regional cooperation and integration

Final words

The AMV envisages mining becoming "a key component of a diversified, vibrant and globally competitive industrializing African economy"—without doubt, an ambitious long-term goal. Yet commitment to realizing the goal does not require Africa to ignore today's realities or wish them away. Indeed, much is happening today that reveals not only challenges, but also the potential that a shift in focus—as recommended by the AMV—could offer.

The experience of the Lagos Plan of Action reminds us that policy design works best when instruments are available to carry it out. For much of Africa, that plan remains part of the rhetoric of official declarations, dissociated from real policy. Such policy—discernible in budget statements, mining legislation and agreements as well as similar instruments—has often expressed either short-term responses to immediate concerns or maintained a focus on extracting and exporting unprocessed natural resources.

The institution of mining as an enclave was the result of a particular phase of Africa's history, but should not be taken as an inevitable part of its destiny. The AMV and this report propose that the continent faces up to the challenge of working towards its "new directions". This will require looking beyond the limiting horizon of its colonial and recent history and embracing the AMV as part of a planned process of sustainable long-term development.