

Resource Governance

The ticket out of aid for resource rich countries?

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Photo: Washing copper and cobalt ore in DR Congo's Katanga province.
Source: Bas van Abel, FairPhone, www.fairphone.com

Background and objectives

Having an abundance of natural resources and raw materials is often considered an asset for countries. However, research has demonstrated that possessing valuable resources often proves to be a source of conflict, government corruption and environmental devastation. This phenomenon is known as the ‘paradox of plenty’ or the ‘resource curse’. First stated by Richard Auty (Auty, 1994) the resource curse phenomenon has since been firmly substantiated by research of Paul Collier (Collier and Goderis, 2007) and is also acknowledged by the African Union (2009). Others have been more critical about the existence of the resource curse (Lederman, 2006; Gelb, 2010 and Luong, 2010), but all agree that it is a challenge to govern the protection of natural resources and the sustainable extraction of natural resources in such a way that it contributes to sustainable economic growth. The resource wealth needs to be translated into tangible progress with a view to creating “new Norways” in Africa. In that perspective a proper governance of resources might even be considered a decent alternative to development aid.

This input paper accompanies a unique policy seminar that explores the question of how the EU could assist in supporting governance capacities to better manage resource policies in African countries. In this respect it is analysed if and how aspects influencing a sustainable resource management are included in current EU-Africa policies, how the transparency directive might help in avoiding the resource curse, and how support to African governments could contribute optimally to improving resource governance. The contribution of the emerging economies, notably China, to resource governance is also taken into account.

The seminar complements and builds upon the Dutch Government Policy on Raw Materials (2011). Bringing together senior officials from the EU member states and established experts from academia and international organisations, the seminar aims at exploring views of EU actors on the issue of resource governance, without prejudice to the apparent need for dialogue with African governments on this issue. Mirroring the structure of the seminar, this paper provides a brief overview of existing knowledge on the issues of the seminar agenda. It also poses questions that the organisers hope will be discussed at the seminar.

1. Provisions on resources in EU-Africa cooperation

In 2003, the EU's European Security Strategy identified "competition for natural resources" as a global challenge. In this regard Africa is a key region that comes to mind, as research has demonstrated that a considerable number of conflicts in Africa is related to competition over resources (Mildner et.al., 2011).

Relations between the EU and Africa are to a considerable extent shaped by the Cotonou Agreement – or the African, Caribbean and Pacific (ACP)-EC Partnership Agreement – of which the first version dates back to 2000 with updates in 2005 and 2010. The Agreement is based on three complementary pillars: development cooperation, economic and trade cooperation, and the political dimension. The objective is to reduce and eventually eradicate poverty. Other objectives are sustainable development and the gradual integration of the ACP countries into the world economy. In its latest adjustment (among other things) the importance of trade adaptation strategies and aid for trade were underlined.

The EU's aid and trade policies towards Africa increasingly take account of the EU's desire for a sustainable extraction of natural resources, access to raw materials for European industries and resource extraction contributing to poverty reduction. According to the Joint Africa-EU Strategy Action Plan for 2011-2013 a coherent vision on development, mining and raw materials is needed. Available cooperation instruments should among others focus on governance, on investment, geological knowledge and skills (Africa-EU, 2010). Below we will discuss a number of EU policies that affect resource extraction and its governance in Africa.

Provisions on resources in trade agreements

The system of trade preferences with ACP partners to date has been regulated by the General System of Preferences (GSP) scheme or the updated Special Incentive arrangement for Sustainable Development and Good Governance (GSP+). Since 1971, the GSP scheme allows exporters from developing countries to pay lower duties on what they sell to the EU. These preferences are linked to efforts of developing countries to ensure core human and labour rights, reduce poverty and promote sustainable development and good governance in developing countries (EC, 2011a: 2). For the poorest countries there is also the Everything but Arms (EBA) arrangement, which guarantees duty free access to the EU on all items except weapons.

The GSP scheme will expire by 2014, but is still very popular among African countries. In a proposal for revision of the scheme that was presented by the European Commission in 2011 the number of countries that can use the GSP is brought back from 175 to around 80 countries (EC, 2011a). The GSP+ scheme would apply to 15 vulnerable developing countries (Stevens, 2011). In the original GSP system no specific comments were made on raw materials, but these are included in the proposals for a revised GSP(+). They will also be included in the Economic Partnership Agreements (EPAs), which the EU is negotiating with specific regions. The EPAs can be considered superior to GSP(+) as they aim to suit specific regional circumstances and to grant (preferred) access to the EU in line with these circumstances (Bartels, 2007: 2). According to the Commission in the new (proposed) regulations "it has been made explicit that unfair trading practices include those affecting the supply of raw materials" (EC, 2011a: 3).

This is in line with provisions the EU made in other bilateral trade agreements, for instance in the recently concluded Free Trade Agreements (FTA's) with South Korea and Chile. These FTA's include provisions prohibiting export restrictions on raw materials by

these countries. Provisions on export duties on a series of raw materials, including wood, were also agreed upon in the context of Russia's WTO accession (EC, 2011b: 12). To date, from all ACP regions only the Caribbean (CARIFORUM) region has yet signed an EPA (Nyomakwa-Obimpeh, 2012, 4). This EPA includes provisions on resources, stating that: "any procedures for the allocation and use of scarce resources [...] shall be carried out in an objective, timely, transparent and non-discriminatory manner" (EPA, 2008: 36).

Despite all efforts in renewing the trade agreements with the African countries, including the 2014 deadline, the progress of negotiating new EPAs has been far below expectation. ACP countries have been hesitant as they are concerned about import and export revenue loss, their competitiveness position and them being unable to implement European standards. As a result, in Africa only interim EPAs have been signed with 19 countries (Nyomakwa-Obimpeh, 2012: 5). Being interim EPAs, it comes as no surprise that not all of the intended provisions have been agreed upon. One issue of contention concerns the use of export taxes, which according to the EU restrict the supply of raw materials to its industries. Several ACP countries are opposed to limiting the use of export taxes, and claim these taxes may even assist them in the transparent management of minerals, forestry and other resources (Bilal, 2009: 72). In the agreement the EU signed with the CARIFORUM countries, the EU, after tough negotiations, accepted that the export taxes would not be immediately removed but gradually phased out (Bilal, 2009: 71). This compromise might also be applied to other EPAs.

Raw Materials Initiative

In recent years concerns have been abound about the scarcity of certain non-energy raw materials, also called 'rare earths', that are used in the high tech industry. According to the European Commission "from a global geological perspective there is no indication of imminent physical shortage of the majority of raw materials in the world" (EC, 2008: 4). Spurred by technology change and strong market conditions, the discovery of new reserves has even proved to be substantial for most minerals (Gelb, 2012). Nevertheless, flaws in the functioning of global markets (or protectionist trade policies) threaten their availability to European industry, thereby decreasing their competitiveness, as published by the Commission in its Raw Materials Initiative (EC, 2008). It emphasises that "securing reliable and undistorted access to raw materials is increasingly becoming an important factor for the EU's competitiveness [...]".

In line with the initiative the EU drafted a list of 41 essential raw materials that were becoming scarce and increasingly difficult to access (EC, 2010a). Out of those, 14 were labelled critical. New provisions on access to raw materials, such as these now included in the FTAs, and in the revised GSP(+) would be necessary in the future. And the EU should also more assertively seek to ensure compliance with provisions prohibiting export restrictions under WTO and other trade agreements. This inter alia already resulted in a WTO dispute with China over raw materials in 2009, that was won at the expense of China on the 30 January 2012. In 2011 a second WTO case was started in which China is accused by the EU and the US of unlawfully prohibiting exports of certain rare earths (EurActiv, 2011).

In 2011 the Commission reviewed progress on the Raw Materials Strategy (EC, 2011b), and suggested future action within three pillars: i) to boost resource efficiency and promote recycling (linked to the Commission flagship on Resource Efficiency); ii) to foster sustainable supply within the EU, and iii) a fair and sustainable supply of raw materials from global markets. On the third pillar, the Commission proposes to enhance support for EITI;

share best practice with among others the World Bank, IMF and the African Development Bank; improve transparency throughout the supply chain, promote disclosure of financial information by country-to-country reporting; promote application of EU standards by EU countries; support OECD on due diligence in the mining sector and continue to assess the feasibility of assisting in geological surveys and promoting co-operation in UNESCO geosciences (EC, 2011b: 16).

EU development cooperation

To revise its development cooperation policy the Commission proposed the Agenda for Change in October 2011 (EC 2011c). The Agenda requests the EU to focus its development aid where it can have the greatest impact. It concentrates on inclusive sustainable growth for human development and good governance in (among others) human rights and democracy (EC, 2011c). It mentions that the EU should “continue to back governance reforms that promote the sustainable and transparent management of natural resources, including raw materials and maritime resources, and ecosystem services, with particular attention to the dependence of the poor on them, especially smallholder farms” (EC 2011c: 6).

The question is how the EU’s policy objectives regarding sustainable extraction of resources and its contributing to poverty reduction as outlined in the Africa-EU Strategy Action Plan for 2011-2013 will be taken into account the policy documents that specify on which items EU aid is to be spent. Thus far, the seven years Country Strategy Papers (CSPs) of resource rich African countries did not include many projects that aim at strengthening resource governance. This is not surprising as they are nearing the end of their seven years mandate for they are near the end of their seven years mandate, and at the time they were written resource governance was not yet a policy priority. Nevertheless a trend could still be witnessed for the EU’s Annual Action Programmes (AAP) to increasingly take measures on resource governance and transparency in African countries into account (EC, 2011e). This has been reinforced by specific EU developed policies on the environment and sustainable management of natural resources (EC 2011d). The question is now how much priority will be given to resource governance considerations in the future ‘European Responses’ that are expected to replace the CSPs from 2014 onwards. As these are supposed to be based primarily on own development strategies of developing countries it could be expected that this will be influenced strongly by how much African countries will prioritise resource governance in their own policy documents.

Questions for discussion:

- To what extent are provisions on governance of natural resources included in EU trade and aid policies, and are they effective?
- Is the incorporation of resource and governance aspects in EU-Africa agreements likely to contribute positively to reversing the resource curse?
- What can be done to secure the availability of raw materials to the European industry?

2. Transparency directive as safeguard for conflict-free resources?

The premise of transparency is that opening up financial flows of extractive industries would prevent the use of natural resources for financing conflicts or inappropriate government behaviour. Over time various initiatives have been established that aim at providing more transparency of financial flows (see table 1). Most of the initiatives are voluntary schemes, such as the Extractive Industry Transparency Initiative (EITI), or funding instruments that are used to encourage governments to establish transparency policies. Others, like the Joint Oil Data Initiative, devise standards that resource-rich countries can resort to. Also a number of specific NGOs were established, such as Revenue Watch Institute and Transparency International, to actively campaign for transparency.

Direct regulation for companies has recently been adopted in the United States (i.e. the Dodd-Frank Act) and is currently being discussed in Brussels (i.e. the so-called “Transparency Directive”). Key questions with regard to this new EU initiative are: i) to what extent transparency is an effective cure to a bad use of resource extraction; ii) what the advantages of regulation are when compared to a voluntary scheme, such as EITI; iii) what we can learn from the Dodd-Frank Act and to what extent compatibility of the two is desirable, and; iv) whether a project-by-project approach, as proposed by the European Commission, should be preferred.

Table 1 Overview of Transparency Initiatives

| Initiative | Commitment | Initiator | Year |
|--|-------------------|----------------------------|--------------|
| Transparency International (TI) | n.a. | NGO | 1993 |
| IMF - Special Data Dissemination Standard (SDDS) & General Data Dissemination System (GDDS) | n.a. | International Organisation | 1996 1997 |
| OECD - Global Forum on Transparency and Exchange of Information for Tax Purposes | Voluntary | International Organisation | 2000 |
| Joint Oil Data Initiative (JODI) | n.a. | Multi stakeholder | 2001 |
| Publish What You Pay (PWYP) | Voluntary | NGO | 2001 |
| Revenue Watch Institute (RWI) | Voluntary | NGO | 2002 |
| U4 Anti-Corruption Resource Centre | Voluntary | Multi stakeholder | 2002 |
| Extractive Industries Transparency Initiative (EITI) - EITI++ | Voluntary | Multi stakeholder | 2003 |
| Global Integrity | n.a. | NGO | 2005 |
| International Budget Partnership (IBP) - Open Budget Initiative | n.a. | NGO | 2006 |
| Department for International Development (DFID) - Governance and Transparency Fund (GTF) | Voluntary | Government | 2008 |
| OECD - Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas | Voluntary | International Organisation | 2010 |
| Dodd-Frank Wall Street Reform and Consumer Protection Act | By Law | Government | 2010 |
| EU Transparency & Accounting Directives | By Law | Government | 2011> |

Transparency was originally promoted by voluntary schemes, but since the entry into force of the Dodd-Frank Act this has changed. The proposed EU regulation is also likely to supersede (aspects of) the voluntary initiatives.

Extractive Industry Transparency Initiative

In comparison to other transparency initiatives, the EITI stands alone as a rather unique fusion. The initiative has its headquarters in Norway and is composed as a multi-stakeholder group, in which businesses, governments and NGOs are represented together. EITI was launched by Tony Blair in 2003 and was in its first years strongly promoted by the UK. The Advisory Group that structured EITI included (among others) the United States, France, World Bank, BP, Chevron, Petrobras, Global Witness and the Revenue Watch Institute.

Originally piloted by Ghana, Nigeria and Azerbaijan, today 12 countries are 'EITI Compliant'. Compliancy means that payments by companies to governments and revenues received by governments are published regularly and independently by all (including state owned) companies in the extractive industry. Another 23 countries are on route of compliancy. Even though EITI is still financed mainly by European countries (notably the United Kingdom, Belgium, France, Germany, and the Netherlands), not a single EU country is among the total of 35 implementing countries. In fact Norway and Albania are the only western countries that have implemented EITI.

At the launch of the Open Government Partnership (OGP) in New York, on 20 September 2011, Obama declared that the United States will implement EITI. EITI would help the US States to see how much they recover from the resource extraction in their region. On a global scale it could help push EU member states towards compliancy. The European Commission recently addressed its support for EITI in the concluding declaration of the G8 Summit in Deauville, May 2011 (EC, 2011f: 8). It did not openly call for EU member states to become EITI compliant, but expressed its interest in presenting legislation on the disclosure of payments.

Dodd-Frank Act

The Dodd-Frank Wall Street Reform and Consumer Protection Act aims at providing financial stability in the United States. Only a small section of the Dodd-Frank Act addresses transparency. Section 1504 promulgates that all companies registered at US stock exchanges will have to detail and publicly publish any payment they make to governments concerning the access to oil, natural gas or minerals. This Section, which before merging into the Dodd-Frank Act was known as the Energy Security Through Transparency Act (ESTTA), largely mirrors the EITI initiative. Except for the mandatory disclosure of information, the same primary object is pursued, of enlightening shadowy financial arrangements to mitigate the effects of the resource curse (Firger, 2010: 1050).

Section 1502, on conflict minerals originating from the Democratic Republic of the Congo (DRC), describes due diligence measures on the source and chain of custody of minerals. It obliges companies that manufacture or contract to manufacture in the DRC to prove that the minerals they use are conflict free and will not directly or indirectly finance the armed groups that devastate the country. The trade in conflict minerals is not explicitly included in the more recent EU legislation amendments.

EU legislation on transparency

On 25 October 2011, the European Commission proposed two new directives that would oblige EU-based mining and logging companies to disclose their payments to countries and projects all over the world. The first proposal (EC, 2011f) would amend the Transparency Directive 2004/109/EC and is mainly on the harmonisation of transparency requirements. It would furthermore prevent companies to have a “hidden ownership”, with investors needing to notify all financial instruments to avert them from secretly building up a controlling stake in companies. The second proposal (EC, 2011g) amends the Accounting Directives 78/660/EEC and 83/349/EEC, and consist (as one of four objectives) of the request to increase transparency on payments made to governments by the extractive industry and loggers of primary forests.

In the EC's effort of increasing transparency the payments made by the extractive industries, the Commission proposed to introduce a system of Country-by-Country Reporting (CBCR). Every major privately-owned company registered within the EU, active in the oil, gas, mining or logging industry, will be subject to the new legislation. First calculations suggest a total of 600 companies will be asked to report all the taxes, royalties and bonuses these companies paid to the governments in all countries they operate in (EurActiv, 2011a). To effectively include both stock-exchange listed as well as non-listed companies in these industries under one CBCR system, the Commission had to revise both the Transparency and the Accounting Directives.

To soften the overall regulatory burden for affected companies, the Commission proposed the abolishment of publishing quarterly financial information and the simplification of accounting rules in the proposals. The two proposals for amending the Transparency Directive and the Accounting Directives, are currently subject to negotiations in the Council of Ministers and the European Parliament¹. By applying to a larger category of companies and by including the logging sector, the proposed EU legislation goes beyond the US plans. This raises the question if the EU is not taking unnecessary risks in its effort of achieving a common goal, by formulating a transparency act that differs on key points from the US Dodd-Frank legislation?

Transparency as an effective way to reverse the resource curse?

In 2009, general doubts on the effectiveness of transparency measures were signified by Kolstad and Wiig, openly questioning if transparency was the key in solving the resource curse (Kolstad & Wiig, 2009). The access to information could indeed reduce corruption, by helping to make politicians more accountable. But the impact and effectiveness of the published data would depend on the circumstances: the level of education, the extent to which stakeholders can hold a government to account and the private or collective nature of the goods about which information is provided (Kolstad, 2009: 529). The initiatives may have overlooked the fact that just publishing revenue data will not necessarily be effective in addressing corruption. Focussing on expenditure instead of revenue could be a step in the right direction, but the best results might come from establishing proper institutions that constrain rent-seeking and patronage.

In 2009 the OECD Development Centre highlighted some of the major problems concerning EITI effectiveness (Ölcer, 2009). Problems included: i) EITI not improving the corruption perceptions of the countries implementing it, ii) the minimum standards not

¹ Parliament rapporteurs are Arlene McCarthy on Transparency and Klaus-Heiner Lehne on the Accounting Directives.

ensuring the level of transparency that is necessary to enable control by outsiders, iii) EITI missing to address problems at the heart of the extractive industry, such as non-adherence to environmental and labour standards, and iv) the initiative taking for granted that a strong free civil society and media already exists in the countries joining (Ölcer, 2009: 36).

Doubts on the effectiveness of transparency initiatives, and the Dodd-Frank Act more specifically, were also expressed by Firger (2010). According to him the Dodd-Frank Act targets foreign corruption only indirectly, as it regulates a small number of companies which has little or no effect in the grand corruption and international failures that cause the resource curse. Finger addresses the US act as being stuck in an unfortunate no-man's land: "[...] unable to lift the resource curse through transparency alone, but also incapable of imposing effective anti corruption sanctions."

In Canada the lobby against planned transparency legislation won the argument, with the Responsible Mining Bill (or C-300) being voted down in parliament in the autumn of 2010. The bill was designed to promote environmental best practices and ensure the protection and promotion of international human rights standards in respect of the mining, oil or gas activities of Canadian corporations in developing countries. In practice C-300 would assign the Minister of Foreign Affairs and the Minister of International Trade to investigate and report on the activities of Canadian extractive industries in a developing country; to investigate matters on their own initiative and to publish the investigations' results.

Challenges in implementing the directives

The proposed EU transparency directive has quite some overlap with the EITI, but the EU can only force EU-registered companies to open up their books, whereas EITI asks the same to every firm operating in a country. The main difference and Achilles heel in the comparison of EITI and government based initiatives like Dodd-Frank and the EU Transparency Directives is that EITI only requests to publish data. The EITI Secretariat in Norway demands each year to report, but countries or companies can by no means be enforced to publish, which results in difficulties in maintaining countries to continue on the right track. On top of that the initiative does not yet cover the initial contracting stage, where much of the revenue leaks (UNECA, 2011: 97). Combating this critique, the small step EITI sets towards more transparency in the resource extraction could very well be considered a first step. Increasing, not intending to finalise, the accountability of governments to their citizens.

Questions for discussion:

- Are transparency initiatives effective in reducing the risks of abuse of resource extraction profits for war or bad government practice?
- To what extent is the EU's transparency law, that is currently being negotiated, different from the US Dodd-Frank legislation, and is this problematic?
- What are the benefits of legally binding initiatives on transparency in comparison to voluntary initiatives, such as EITI? To what extent are they complementary?

3. New Players, New Rules? Different Models on Resource Extraction for the Benefit of Development

In 2009 the African Union acknowledged the resource curse and its relationship to weak governance, more specifically, to ineffective institutions (African Union, 2009: 18). According to Ethiopian Minister of Mines Sinknesh Ejigu: “the major challenges confronting our continent in developing the mineral industry are lack of significant geoscience information [...], lack of capacity in negotiating, administering and monitoring the mining contracts, low level of upstream and downstream value addition and poor economic linkages between the mining sector development and other sustainable economic sectors, lack of investment due to mainly the capital intensive nature of the mineral industry, lack of capacity in assisting and managing artisanal and small scale mining, environmental degradation and negative impacts on the local communities [...]”²

Africa is not likely to combat these issues alone, lacking critical governance and expertise in resource extraction. Lured by raw materials extraction, the helping hand in resource governance issues is not only stretched from the West. The emergence of new donors in Africa, notably China, has prompted questions with regard to what model of development cooperation is most effective, and most beneficial for a sustainable extraction of raw materials and natural resources. Moreover economic interests, such as smooth access to (potentially) scarce resources, seem to be increasingly important both for new and the traditional Western donors.

The striving for environmental and labour standards to be implemented in African countries is considered primarily a concern of Western donors. They would aim for this on the basis of ethical considerations, but also to enhance the competitiveness position of their industries, which prefer to compete with non-Western industries that face similar standards as they have to meet. By African countries and the new donors this is sometimes perceived as neo-imperialistic. At the same time, it is widely acknowledged that standards can increase the stability of African regions, as bad labour conditions and environmental pollution can be a source of conflict. In this final section of the paper we will briefly address what Western donors can learn from China when it comes to resource extraction and what the African Union and Multilateral Development Banks are considering good approaches to deal with the matter of resource governance.

The Chinese approach to resource extraction in Africa

The economic boom of China and its exponential aid and investment in Africa has been received as a mixed blessing. The pros and cons were stringently summarised by Ali Zafar (2007: 125-126). On the positive side, China has helped accelerate Africa’s economic growth by investing in transport, education and infrastructure, giving the continent access to low-cost consumer goods, winning support by non-interference in international affairs and overall creating competition in the aid market. Competition may be the greatest asset of Chinese involvement, reducing the dependence on Western assistance.

On the negative side, Chinese investments may not contribute to the generation of local employment and are unlikely to reduce corruption and good governance practices. However, recent research indicates that the new scramble for Africa by China and the plundering of natural resources might be over-exaggerated. Here headlines on the new

² Sinknesh Ejigu, Ethiopian Minister of Mines, at the High-Level Conference EU-Africa Partnership on Raw Materials “*Translating Mineral Resource Wealth into Real Development for Africa*”, 26 January 2012.

scramble for Africa and the plundering of national resources have done violence to the reality. On closer inspection none of the Chinese preferences for its own workforce nor the land-grabbing picture seems to be true. Although China's involvement in Africa through loans, investment and building-projects is on the rise, it still is only a small donor in comparison to the West.³

New risen 'development-competitor' China is increasingly visible as a partner in Africa's development, thereby using an approach that clearly differs from the European approach. According to Deborah Bräutigam (2011) the Chinese approach differs from Western approaches in at least four ways. First of all, the Chinese have different core ideas on development, by focusing their investments on infrastructure and on agriculture, which they consider the backbones of industrial development and success. Western donors traditionally focus more on "soft" issues, such as health, education, good governance and human rights. Second is China's experience from working with Japan and from its own experiences as aid recipient. This has influenced its thinking on aid donation leading to mutual benefits. The third reason for a different approach by the Chinese, is their set of foreign policy principles, including non-interference and the mutual beneficial nature of its bilateral relations. And the fourth reason is that China is becoming a East Asian developmental state, with state interventions to promote economic prosperity. Something that is not new, but was never seen on this scale in Africa.

The African continent is at a turning point, Bräutigam concludes, where most development financing is not going to come from aid, but from companies, banks and even export credit agencies of the BRICS. The West has lost its monopoly over development and should alter its voice to maintain influence in building the African continent (Bräutigam, 2011: 16), and avert the insurmountable inconvenience of touching on the precarious matter of sovereignty. This voice alteration is not yet visible in the various transparency initiatives suggesting new sector standards (i.a. Due Diligence, listed in Table 1) or in the EU partnerships with Africa.

The EU does appear to be uneasy with the rise into prominence and the growing confidence of China, that raises questions on the future engagement between the EU and Africa (Qobo, 2012). The EU has a two-fold objective in Africa, both helping African countries to escape from the resource curse and securing European access to raw materials in Africa. The promotion of democracy in Africa through transparency initiatives even can be considered as a third less explicit objective. The EU often indirectly defends its economic ties through aid, transparency and good governance, whereas the Chinese have a more focussed approach based on greater economic involvement. In comparison the development approach by China is similar to that of Western private companies, acting primarily as an economic partner of African countries. Therefore it will not be easy for the EU to learn from China how to combine the dual identity of bringing aid and buying raw materials.

African Visions on Resource governance

The African Union highlighted some of the failures that have prevented African states in making the critical linkages to underpin diversification, growth and development, in its African Mining Vision of February 2009. Resource rents would not be reinvested, but put into short-term (imported) consumption, leading to the so called "resource curse". African countries would fail in downstream value-addition by having the benefits from making

³ In the OECD definition of aid donation, China is only has commitments up to \$3 billion annually, in comparison to the UK aid budget of \$8 billion a year (De Haan, 2011: 210).

processed resources. They often sell the extracted resources to monopoly processors for minimal prices (African Union, 2009: 19).

One of the main flaws identified in the African Mining Vision is the lack of governance infrastructure. African countries fail to gather critical geosciences information and lack capacity to negotiate contracts. They lack critical governance in the upstream value-addition, building capital, capacity, human resource and research and development in creating a knowledge-intensive (resource) industry. In order to address this, the Vision stresses the need for improvement of the negotiating capacity for African states when speaking with multinationals in the extracting industry.

Development Banks pooling assistance on governance of natural resources

Striving to realise the goals set in the African Mining Vision, the African Union and the United Nations Economic Commission for Africa (UNECA), wrote a firm international report on Africa's mineral regimes in 2011 (UNECA, 2011). Briefly touching on the campaigning by civil society organisations in recent years on revenue transparency: "[campaigns that] brought revenue transparency to the fore as an essential component to promote mineral wealth for socio-economic development" (UNECA, 2011: 97). Discussed in this study is also the broad range of governance initiatives that have followed in the wake of the African Mining Vision. The African Development Bank for instance, has established the Africa Legal Support Facility which can provide specialist legal assistance and help resource-rich countries in negotiating extraction contracts. Based on the African Mining Vision the UNECA itself is initiating a course specified to the mineral-contract negotiations and policy development, that will be offered to Africa's senior policymakers.

On a global scale the IMF and World Bank have been teamed up as active promoters of effective resource management by both national companies and governments, thereby strongly supporting revenue transparency initiatives. In the past their teams have worked closely together on projects in (inter alia) Nigeria. And after EITI acquired the international organisation status, IMF and World Bank became strong supporters, advising EITI (IMF, 2007: 8). In addition the UN Development Programme now assists African countries through its Regional Project for Capacity Development for Negotiating and Regulating Investments Contracts. UNECA does advice that stronger coordination between the initiatives might be needed, to avoid duplicating and avoid conflicting programmes (UNECA, 2011: 136).

Questions for discussion:

- What can the EU learn from new donors? Are their objectives in the area of resource governance in comparison admirable, neo-imperialistic or not so relevant?
- To what extent are African visions on resource governance compatible with EU objectives?
- In what way can the EU support initiatives of the multilateral development banks and African governments that promote a more sustainable governance of resources?

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