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Ibrahima Thiam and  
Andreas Bohne (Editors)

# Fields of Gold?

Deliberations on Natural Resource  
Politics in Africa



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## INTRODUCTORY REMARKS

African countries are characterised by an abundant supply of resources including (agricultural) land, recently discovered oil and gas reserves or deposits of gold, platinum and others. However, what seems to be a blessing for the some can turn out to be a curse for others. Resource politics in various countries is highly contested and results in power struggles and violence. Key elements of the debate around natural resources are transparency, benefit sharing schemes, evictions, compensations, environmental effects, job creation, growth rates, privatisation, the role of multinational companies and involvement of communities. Debates on resource politics are omnipresent and offer a complex – often dichotomous – picture. And debates and discourses often centre around the term ‘development’: the (alleged) contribution of industrial mining and investments in agricultural production for economic development emphasised by proponents of these large-scale and cost-extensive activities. Nevertheless, reality reveals another picture: poverty levels remain high even in countries with a resource-based economic model like Zambia, Mozambique or Nigeria.

Discussions around resource use and resource politics are of course not new as protracted debates around ‘Dutch disease’ or ‘resource curse’ demonstrate. Nevertheless, growing interest and revived attention from civil society, science, industry and political actors are visible nowadays. The main reasons behind this engagement are secure resource access in times of price volatilities, the responsibility on the part of multinational companies for human rights violations and the associated socio-economic and ecological conflicts. Hence, political intervention is required.

For several years, the regional African offices of the Rosa-Luxemburg-Stiftung in Dakar (Senegal), Dar es Salaam (Tanzania), Johannesburg (South Africa) and Tunis (Tunisia) have supported and cooperated with communities, human rights and environmental groups who are affected by or working in the resource sector, in particular on land and mining issues<sup>1</sup>. While the Rosa-Luxemburg-Stiftung offices were working on resource issues, inter-regional corporation was weak. An intensive exchange with the aim of building up a comprehensive approach had never taken place. Therefore, a workshop was organised in July 2016 in Dakar a) to start a more intensive dialogue between the offices and strategic partners, b) to enter into a strategic process regarding partner activities and self-implemented activities and c) to find a common position as a left political foundation. We are aware that building a strategy and common understanding which reflects our similarities but at the same time acknowledges our differences is a process and something which is not easy to accomplish. In addition, more questions will pop up during the discussions and debates.

This online publication contains presentations which were held at a Stiftung-internal workshop in Dakar. It illustrates some aspects of the discussion on resource politics in Africa. The publication is divided into three sections.<sup>2</sup> The first section provides background papers on resource politics. *Allan Kalangi* describes the recent developments regarding oil politics in Uganda and touches on topics like dispossession or low transparency standards. He sees a continuity in political actions from colonial times up to the situation today. *Joan Leon* shifts the geographical focus to the neighbouring country of Tanzania. While the Tanzanian government make mining resources accessible and extractable for accumulation, a multitude of social and political challenges exist. *Andreas Bohne* takes a look at EU resource politics and their dominant aim to secure access to raw materials. While several cases studies and reports reveal negative impacts on communities and the environment at local level, European politicians and companies oppose binding legal regulations. The need for binding regulation, the role of solidarity along global supply chains and the entry points for a political foundation is broached by *Stefanie Kron*. This chapter provides the link to the second section of the publication with *Ibrahima Thiam* and *Fredson Guilengue* who discuss the West African region and the Southern African region respectively. They describe the main challenges of resource use in both regions and sketch out how the Stiftung’s regional programme and its partners are endeavouring to tackle the situation. While the situation in the different countries is diverse, it becomes obvious that civil society actors play an important role within the political arena with regard to mining.

The third and final section covers the main results of the workshop focussing on forthcoming joint activities and topics for strategic development. We look forward to continuing the discussion.

Ibrahima Thiam and Andreas Bohne

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<sup>1</sup> To some degree, the Rosa-Luxemburg-Stiftung supports fishing communities.

<sup>2</sup> Thanks to Arndt Hopfmann and Tanja Tabbara for critical comments on various papers. The views and positions presented in this publication are not necessarily those of the Rosa-Luxemburg-Stiftung.

# OIL CURSE LOOMS LARGE IN EAST AFRICA AS LEADERS CONTINUE COLONIAL EXPLOITATION OF NATURAL RESOURCES

By Allan Kalangi (National Association of Professional Environmentalists – NAPE/Uganda)

## 1. Introduction

In the last 20 years, the East African countries have intensified efforts in prospecting for oil and gas in addition to other minerals. The results have not been disappointing. By June 2018, 6.5 per June 2016, 6.5 billion barrels of oil had been confirmed in Uganda according to the website of the Ministry of Energy and Mineral Development. Kenya's ministry in Charge of petroleum also says 600 million barrels of oil have been confirmed. Tanzania on the other hand has discovered quantities of natural gas and helium gas beyond the expectations of many. Tanzania has discovered an additional 2.17 trillion cubic feet (tcf) of possible natural gas deposits, raising the east African nation's total estimated recoverable natural gas reserves to more than 57 tcf. (Reuters, Feb 25, 2016). And that is not all; according to a CNN Report of June 28, 2016, over 54 billion cubic feet of helium gas had also been discovered in Tanzania.

In addition to oil and gas, the East African region is also rich in other minerals such as gold, uranium, cobalt, tanzanite and copper. The region is home to large natural forests, rivers, lakes, mountains and grasslands that support both domestic animals and wildlife. Tourism is one of the leading foreign exchange earners of the East African countries. The rich soils and fairly stable rainfall enable the cultivation of a variety of food crops such as maize, rice, millet, bananas, ground nuts and cassava among others. Cash crops such as coffee, tea and cotton are also grown in the East African region. All this means that land is a crucial asset in the region.

Political stability and economic prosperity in East Africa will largely depend on how the rich natural resources are managed. Collier (2010: 1105-1106) in "The Political Economy of Natural Resources" says that the political economy of natural resources is about the interplay between politics and valuable natural resources. *"The interplay is potentially in both directions: politics can affect the exploitation of natural assets and natural assets can affect politics"*.

### 1.1 Oil and gas, the newcomers

Oil and gas can be looked at as newcomers on the political economic scene in East Africa since the other resources have been exploited for years and have still not put the people in the region into middle income status. My concentration in this brief paper will therefore be on oil and gas and using mostly Uganda as an example.

### 1.2 Why oil now?

Despite the fact that oil was discovered in East Africa during colonial times, it is only recently that the countries in the region have taken the step to exploit the natural resource commercially. It can therefore be argued successfully that there are external forces that have motivated East African countries into moving in this direction. One reason that has been put forward is the conflicts in the Middle East and North Africa. Countries that have been involved in the wars in Iraq and Syria such as the US, Britain, France and Australia are directly or indirectly involved in oil exploration and production in East Africa. This move has been seen by many as a way of looking for alternative sources of oil for the global market and the East African countries may therefore not be fully in charge of the process. Moyo et al. (2012: 196) argue in their article, "Imperialism and Primitive accumulation: Notes on the New Scramble for Africa" that *"In relation to energy resources, the 9/11 attacks on US targets was a turning point for it raised the prospect of prolonged instability in Western Asia, setting off a policy debate on the possibility of expanding oil production in Africa as proposed by the Cheney Report on Energy (NEPDG 2001)"*. One big question that has been asked time and again is whether oil will take the East African region up on the ladder of economic and political stability or whether it will act as a trigger for undermining good governance and accountability leading to more political turmoil and civil strife. I will therefore attempt to address this question by looking at the current trends.

## 2. The colonial legacy in East Africa

It is my considered opinion that one reason why East African countries have not yet developed to middle income status more than 50 years after attaining independence is because they have continued to pursue political economic policies similar to those of their former colonial masters which are not empowering to majority of the population.

After the Second World War, Uganda and Kenya, which were once under British rule and known as British East Africa, were later joined by Tanzania, formerly known as German East Africa. These three countries took part in the struggle for independence from British colonial rule, and when they gained self-rule in the early 1960s, attempted to keep closer ties with one another. This continued until the 1970s, when Uganda's elected government was overthrown in a military coup by General Idi Amin. Idi Amin's policies paralysed the political relationships between the East African countries for 8 years, and this eventually led to war between Uganda and Tanzania between 1978 and 1979.

The war began after the Ugandan Army had seized a chunk of territory from Tanzania. More than 30 years after the fall of Idi Amin, these three East African countries understood the need for closer economic and political ties. This led them to persuade Rwanda and Burundi to join them to form the East African Community, which promises the benefits of free movement of goods and people. South Sudan, the youngest country in Africa, and an oil producer, has also since joined the block.

### 2.1 *The land question: land grabs, forced evictions and displacements*

One of the key things the European colonisers took away from the native East Africans was land. They needed land for commercial agriculture, tourism and mineral exploitation. They turned land which was previously communally owned into private property which they divided amongst themselves and collaborating African Kings and chiefs. In all this, they never consulted the ordinary people who were staying on and utilising this land but turned many of them into squatters on what was otherwise their land. The current East African governments are faced with a similar demand for land in their bid to exploit natural resources. Both direct and indirect land grabbing methods are being applied by the governments and the companies they contract to exploit natural resources. In the Albertine region in Western Uganda and in the Turkana area in Western Kenya where oil has been discovered, conflicts over land are now a daily occurrence.<sup>3</sup>

The governments seem not to care about the peasant land owners. The Daily Monitor Newspaper of October 2, 2014 reported that, *"President Museveni has said the government will change the law to allow intending investors in the mining industry to access private land that contains minerals without negotiating with the land owners"*.<sup>4</sup> If this law is passed, many more Ugandans risk being dispossessed of their land. Over 2,000 people are already living in camps for internally displaced people in Hoima District in Western Uganda having been displaced to make way for oil-related activities.

### 2.2 *Lack of accountability, participation of the majority population in natural resources management debates and environmental degradation*

Just as used to happen during colonial times, the governments in East Africa currently do not attach a lot of importance to involving the population in natural resources management debates especially oil. The British using indirect rule created a group of African chiefs and elites whom they ruled through and who were not accountable to the people they were supposed to serve. They saw themselves as knowing everything and saw no need to consult the masses in development processes. Heldring and Robinson (2013) wrote in their paper, *"Colonialism and development in Africa" that "Colonialism not only blocked further political development, but indirect rule made local elites less accountable to their citizens. After independence, even if these states had a coherence others lacked, they had far more predatory rulers."* These elites created by colonialism took over leadership of the East African states after independence and they are still using the methods of the former colonial governors and see no need to share information or consult the population widely in development processes. In the case of Uganda the people's representatives in parliament and local district councils do not have adequate information on the oil and gas resources. At one time the Ugandan government was sued to

3 <http://www.oilinuganda.org/features/land/oil-fuels-land-grabs-in-the-albertine-region.html>, <http://www.landgovernance.org/resources/ugandaland-grabbing-and-its-effects-on-the-communities-in-th-oil-rich-alb>, <http://www.observer.ug/business/38-business/38987-oil-rich-hoima-struggles-to-solve-the-land-question>

4 <http://www.monitor.co.ug/News/National/Owners-will-lose-rights-over-mineral-rich-land---Museveni/688334-247>

provide information to the public on oil contracts.<sup>5</sup> All this points to lack of transparency in natural resources management processes which is likely to lead to more abuse of revenues, human rights and the environment.

As far as the environment is concerned, it should be noted that oil has been discovered in ecologically sensitive areas. In Uganda it has been discovered in the Albertine region and some of it deep under Lake Albert. In addition to the Lake, most of the oil wells have been sunk in areas such as Murchison Falls National Park, Kabwoya, Buseruka and Bugungu wildlife reserves. In Kenya, oil is all around Lake Turkana, which is an important source of fresh water for communities and animals in the area. There is concern that unless there is transparency and adherence to environmental guidelines, these sensitive ecosystems will suffer because of oil extraction just as happened in Ogoniland in Nigeria.

### **2.3 Infrastructure development**

Infrastructure development during colonial times was aimed at easing administration and also transporting raw materials from outlying areas to export centres. A good example is the Uganda Railway that began in Mombasa in Kenya and ended at Kilembe mines in Western Uganda. It was not meant to develop the countryside but rather to ease the export of raw materials from the interior and importation of processed goods from the mother countries. Professor Sir Nicholas Stern, former director of policy and research at the Commission for Africa told the BBC in July 2005 that *"In Africa, it's fair to say the colonial system was particularly focused on exploiting and extracting the continent's natural resources – and infrastructure was built to export the copper, timber, oil, gold or whatever."* I agree with Stern entirely. He further argues that *"Africa is still reliant to a large degree on mining, whereas China has grown because it has invested in manufacturing – especially for exports"*. The current governments in East Africa seem to be bent on maintaining the colonial focus on infrastructure development. It is not aimed at promoting manufacturing as in the case of China but rather the exportation of crude oil and other raw materials. In recent years, East African countries have signed agreements on the construction of a standard railway gauge all the way from the coast in Kenya and Tanzania deep to the interior in Uganda, Kenya, Rwanda and Burundi. Recently Uganda and Tanzania signed a contract for the transportation of crude oil from Hoima in Western Uganda to Lamu Port in Tanzania. Kenya, which was left out of the deal, quickly announced that it would transport its own crude oil by road and railway to the coast. The fate of valuable natural resources from East Africa seems to be already determined. Extract them and ship them out for value and then import the processed/finished products.

## **3. The influence of natural resources on local politics**

The discovery of oil has excited politicians the most in East Africa who see it as a way of generating wealth which can help them address the poverty problem in their countries but also give them more means of controlling the people they lead. In Uganda, Mr. Yoweri Museveni who has been in power for 30 years has openly been saying he cannot hand over power now before Uganda becomes an oil producing country because he fears some other leader may mess up the process. He has on several occasions been heard to call it, "my oil".<sup>6</sup>

The East African leaders are finding it imperative to have close cooperation in exploitation of natural resources in order to make it a profitable venture. The desire for common infrastructure and a common market is one of the key drivers for the East African Federation initiatives. However, cracks have already started to emerge due to irreconcilable priorities of the East African leaders. When Uganda opted to construct a joint oil pipeline with Tanzania and not with Kenya as most people expected, it caused some tension in the region.<sup>7</sup> The Kenyans felt betrayed by Ugandans and the Tanzanians felt grateful that Uganda had given them first priority status. On the whole, this does not improve the political and economic cooperation of the East African countries. It creates more suspicions especially as it builds on previous conflicts such as that between Uganda and Kenya in 2009 over the ownership of the tiny Migingo Island in Lake Victoria.

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5 [http://www.newvision.co.ug/new\\_vision/news/1298506/ngo-sues-government-oil-deals](http://www.newvision.co.ug/new_vision/news/1298506/ngo-sues-government-oil-deals)

6 <http://www.theinsider.ug/museveni-ill-not-let-opposition-touch-my-oil/>, <http://ntv.co.ug/news/local/17/jul/2015/museveni-vows-not-let-ugandas-oil-wealth-fall-wrong-hands-7457#sthash.nHQXtFDP.dpbs>

7 <http://www.nation.co.ke/business/Kenya-to-loss-out-as-Museveni-Magufuli-strike-pipeline-deal/996-3099962-aacis1z/index.html>

#### **4. Why oil and gas may not put East Africa into middle income status**

There are high expectations mostly from political leaders in East Africa about the wealth to be generated from oil and how this wealth will quickly transform their countries. During political campaigns, leaders and all those aspiring to be leaders talk of getting rid of poverty and increasing the per capita income as well as the GDP and GNP of their countries. Despite this political rhetoric over more than 3 decades after independence, the countries in East Africa remain at the bottom of the poorest countries in the world. With the discovery of oil and gas in the region, the leaders are now saying that finally a solution to the poverty problem has finally been found. The talk from the leaders about using oil money for infrastructure development, creation of jobs and improving social amenities has excited the people in the region and raised their hopes that finally things are going to get better. Civil society organisations on the other hand are already seeing dangers associated with the oil industry and have started pointing them out. Conflicts have already come to the surface amongst the oil host communities especially in the Albertine Graben in Uganda and in the Turkana area in Kenya. The conflicts are mostly brought about by methods of acquiring land from the local communities for oil and gas activities which have variously been described as land grabbing.

##### **4.1 No technology, no funds**

Tapping into the oil resource is still a new phenomenon in the East African region and there are hardly any experts in the field. This means that these countries have to rely on expertise from other countries which makes cost of production high.<sup>8</sup>

The East African countries are mostly relying on foreign companies such as Total, CNOOC and Tullow and foreign banks for funding. The foreign companies would of course be interested in recouping their money after commercial production begins and it may be years before the contracting governments get any tangible financial gains from the deals. The governments are entering into poor agreements with the companies with clauses that protect the latter from making any losses under any circumstances. The companies are in other words 'holding the governments at ransom' with contracts that guarantee their returns on investment irrespective of whether profits or losses are being made.

##### **4.2 Private-public partnerships**

As they have no money for investments, the East African countries are now promoting private-public partnerships. In this arrangement, the government which holds in trust for its people the natural resources to be exploited offers it to a private developer who invests money to add value to it. As we have seen above, the investing private company's only interest is to get money from its investment and usually it is the one running all the operations. Governments are also less likely to compel partner companies to adhere to human rights and environmental conservation guidelines. Experience has shown that ventures taken where the governments rely purely on private investors for funding have turned out to be very expensive.

##### **4.3 Secrecy in Production Sharing Agreements (PSAs) breeding mistrust**

In the case of Uganda, the government has not expressed willingness to share contents of the Oil Production Sharing Agreements (PSAs) despite the fact that many of their contents have now been made public through media and CSO leaks. In 2012, the African Institute for Energy Governance (AFIEGO) together with a team of some other CSOs filed a case in the High Court demanding that Governments make public the PSAs.<sup>9</sup> The case was dismissed but later Parliament picked up the campaign and demanded that the PSAs be shown to MPs. Under pressure, copies were brought to parliament for MPs to read and were immediately withdrawn before the MPs could make any copies. In 2014, Global Witness released most of the contents of the PSAs thus making government efforts to keep them secret futile. The unofficial leaks of the PSAs have done little to stop Ugandans from questioning why the government is bent on keeping these documents a secret. There are suspicions that there were either mistakes made by the government in the PSAs or clauses that are not in the interests of Ugandans.<sup>10</sup> In 2016, the government of Uganda issued eight oil production licenses but up to now, the contents are still unknown and they have not been officially released. The government of Uganda needs to stop hiding behind the "confidentiality clauses" and disclose the PSAs to the public to avoid undue anxiety and fears that all is not well in the oil sector.

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8 <http://www.oilinuganda.org/features/companies/ugandans-not-ready-for-oil-jobs.html>, <http://www.observer.ug/component/content/article?id=33642:-why-ugandans-could-miss-out-on-oil-jobs>

9 <http://www.afiego.org/publications/case-files.html>

10 <http://www.oilinuganda.org/features/opinion/secrecy-only-breeds-suspicion.html>



## 5. Conclusion

Based on what has been discussed above, I share the opinion of organisations such as Friends of the Earth International (FOEI) that oil should be kept in the soil in East Africa. The land grabs already taking place and neglect of the environmental concerns all suggest that the seeds of the oil curse are already being planted in Uganda. This, added to the bloody conflicts in oil rich South Sudan, all paints a gloomy picture concerning the future of oil producing East Africa. Mr. Frank Muramuzi, the Executive Director of the National Association for professional Environmentalists (NAPE), known as Friends of the Earth Uganda, said on October 3, "Based on what we are witnessing, we don't believe that oil will be exploited in the region without serious negative consequences on communities and the environment. We are much safer if oil is kept in the soil".

The East African countries can still get rich if they sustainably use natural resources other than oil. The pursuit of colonial-like policies which do not allow for transparency or bring people fully on board to discuss how natural resources can sustainably be utilised is a major hindrance to the eradication of poverty in East Africa. East African countries need to work together to develop the internal market for their natural resources other than working as exporters of raw material with the hope that the little money generated will help develop their economies.

## 6. Literature

**Collier, Paul (2010):** The Political Economy of Natural Resources, in: *Social Research*, Vol 77 (4): 1105-1132.

**Heldring, Leander; Robinson, James (2013):** Colonialism and development in Africa (<http://voxeu.org/article/colonialism-and-development-africa>)

**Moyo, Sam; Paris, Yeros; Praveen, Jha (2012):** Imperialism and primitive accumulation: Notes on the new scramble for Africa, in: *Agrarian South: Journal of Political Economy*, Vol. 1 (2): 181

# THE PARADOX OF NATURAL RESOURCES IN TANZANIA

By Joan Leon (Rosa-Luxemburg-Stiftung Dar es Salaam)

How can citizens accrue the benefits from their country's abundant natural resources? Tanzania is endowed with a vast and very valuable extractive resource industry consisting of forestry, petroleum and minerals. The country is ranked fourth in terms of its diverse and rich mineral deposits in Africa after South Africa, DRC, and Nigeria. The country started experiencing a mineral exploration and exploitation boom following the liberalisation and privatisation of the economy especially from the early 90s.

Despite this massive natural wealth and stronger economic growth over the past decade, Tanzania is still one of the world's poorest economies with average per capita income levels of USD 950 per annum (2015, World Bank). Until now, the mining sub-sector has accounted for about 3.5% of GDP (National Bureau of Statistics). Even at this level, the mining sub-sector was the leading growth sector contributor until it was overtaken by tourism in 2013.

Africa is the world's top producer of numerous mineral commodities and has the world's largest stocks of many more, but most of Africa still lacks systematic geological mapping which could bring to light a much greater resource base. Unfortunately, most of Africa's minerals are exported as ores, concentrates or metals, without significant value-addition thus a large potential is lost. Africa also has significant known resources of fossil fuels (oil, gas and coal) and has large biomass and bio-fuels potential (ethanol, bio-diesel), especially in the tropics. In addition, it has massive hydro-electric potential (e.g. Inga 45GW, Congo River 200GW) and largely un-assessed geothermal potential along the Great African Rift. As such, Tanzania has enormous natural resource wealth, with limited benefits being realised. Different countries on the continent have different experiences but generally the African nations cannot boast about the best or improved livelihoods as a result of natural resource exploitation and use.

The National Vision 2025 envisages that by 2025 the mining sector should make up more than 10 per cent of the GDP, but if the trends seen over the past decade are to prevail, it is unlikely that this goal will be attained.

Focussing on the economies, in capturing revenues, the Local Government Finance Act of Tanzania No. 9 of 1982 stipulates the requirements and procedures to be followed by local government authorities (LGA) in preparing annual estimates of revenues and expenditures. It requires all business entities (including mining companies) operating in the local authority pay 0.3% of the annual turnover as local government levies. But, most mining companies do not pay this fee while others pay USD 200,000 per year or its equivalent, due to overriding clauses put in the Mineral Development Agreements (MDA).

It is also worth noting that most local government authorities do not receive this levy due to insufficient information regarding the mining projects. This information is based on understanding how much the mining companies have produced and how much has been sold. This information is not readily available to the public but the Tanzania Extractive Industries report annually publishes this information. Further, local governments in Tanzania face the problem of how to hold mining companies to account due to low analytical skills which hamper the interpretation of mining production data; lack of independence and confidence in political leaders and poor financial and administrative systems. So, how does a local government officer or an ordinary citizen access this information?

It is understood that in Tanzania, the right to be informed, to access and disseminate information is recognised in the Constitution as in other parts of the world. Quoting Article 18 (1) "Without prejudice to expression the laws of the land, every person has the right to freedom of opinion and expression, and to seek, receive and impart or disseminate information and ideas through any media regardless of national frontiers, and also has the right of freedom from interference with his communications". Article 18 (2) states that "Every citizen has the right to be informed at all times of various events in the country and in the world at large which are of importance to the lives and activities of the people and also of issues of importance to society" (URT, 1998).

However, access to mining contracts is restricted by Government citing the conditions in Mineral Development Agreements (MDAs). The confidentiality clauses in the MDAs make them inaccessible to the public without company and government approval. Despite the growing global recognition of the importance of improved transparency in the extractive industries (EI), Tanzania lags behind in that regard.

In the presence of policies, laws and regulations, lack of information about them can be due to lack of public dissemination of laws and policies and the technical nature of the documents themselves, which impacts on the local community. The majority of community engagement is characterised by inadequate information and knowledge of mining laws and policies; thus limiting their ability to demand for their rights and/or hold their government accountable. Also, communities are less effective in playing a role in the governance and management of mining operations due to capacity and systematic marginalisation compared to other natural resource sectors such as fisheries and forestry. Other reasons include, weak organisation and less capacities to participate in policy design, economic, social and environmental management processes that impact their lives and the lack of a harmonious relationship between local communities and companies as a result of inequitable sharing of benefits and constructive dialogues between companies and communities.

As regards revenue and losses relating to the production of gold, the expectation has been that mining would contribute significantly to economic development. This expectation has not been met. The International Monetary Fund (IMF) notes that gold exports have risen from around USD 500 million to USD 1.5 billion in the last five years due to rising gold prices, but that government revenues have remained at around USD 100 million per year. This is largely because of the corporate income tax breaks provided to mining companies. Revenue losses from tax incentives granted to mining companies are significant, although the overall figures have never been calculated.

For those that comply with this corporate tax, the only difference is when companies are exempted under the Tanzania Investment Centre agreements. Apart from paying attention to the corporate tax, how can natural resource exploitation and use be captured and/or linked in the broader economy? There is also potential in the agriculture, industry and other sectors, if the government is creating an enabling environment for such sectors to grow. Such options also have a great potential for creating employment opportunities.

In addition to highlighting all the challenges, we must look at the subject of artisanal miners. This group still has the opportunity to be part of the value chain. For example, recently, the government through the Ministry of Energy and Minerals has worked out a strategy to upgrade the capacity of small scale miners. For many years, small scale miners have been using traditional methods to process minerals. These methods are unfriendly to the environment and artisans' health.

Further, according to the Tanzania Extractive Industries Transparency Initiative (TEITI), extractive sector revenues were 11.91 per cent and 12.39 per cent of total government revenue in 2012 and 2013 respectively. However, civil society organisations contend that these figures would be far higher if it were not for illicit financial flows and tax incentives. According to their estimates, Tanzania may have foregone USD 1.07 billion in revenue in recent years due to tax incentives, illicit financial flows, inflated claims for expenditure, mis-reporting of sales and losses and so on. While these are only estimates, it is clear that the challenge for the government of Tanzania will be to manage its new natural resources for sustainable growth, unlike the mining industry where governance has been poor. Although a new Mining Act was passed in 2010, existing gold mines remain governed by their respective agreements signed prior to the law currently in force. Other problems affecting the industry include an opaque contractual process that has bred mistrust between the various stakeholders; rising social tensions around mining areas; complaints from the mining sector that the costs of doing business not only remain high, but are also increasing as well as insufficient energy supplies.

The extractive industry in Tanzania has a poor reputation amongst citizens and public officials alike. In particular, there is a perception that the benefits of the mining sector have failed to materialise due to bad deals and poor management. A bit of background: when the mines were state-owned, there was limited mineral development. Privatisation came at a time of low gold prices so the government offered generous fiscal terms to investors. Six large gold mines started production and while they continue to make a significant contribution to the balance of payments, revenue has never really materialised. Consequently, mining is regarded as having lined the investors' pockets while citizens failed to benefit.

This view of the mining industry has been substantiated by numerous reports from civil society and parliament. Generous tax incentives provided to companies were required to attract investment but were also the result of high levels of corruption. According to one civil society activist: "The preferential tax treatment of mining companies is due to vested interests, people in power influence policies to favour companies. It is clear that political heavyweights provide protection to companies." It is difficult to refute these allegations when mining and petroleum agreements are not yet public, making monitoring by civil society and the media virtually

impossible. Rather than attempting to dispel concerns about corruption, the government's recent negotiations with a handful of new extractive industry investors have continued to be opaque.

Along with the growing awareness of the problem of tax avoidance, the current government has been very harsh with tax evaders and since the new government came in a year ago, the revenue authority continues to collect and surpass their targets. There is a ray of hope if the government maintains this commitment. Ministries and agencies responsible for regulating the extractive sector had been regularly interfering with the implementation of anti-tax avoidance rules. Corruption in the extractive sector undermines the technical competence of government officials charged with regulating the industry. The revenue authority has skilled staff, capable of doing the work, but they were hamstrung by the system.

Only recently in a bid to curb revenue losses, the president banned transporting mineral sands from gold mines for smelting outside the country. The ban was long overdue because the government was losing the much deserved revenue due to poor follow-up on the amount and value of minerals recovered from the sands. Gold miners should invest in smelters right here in the country instead of "exporting" sands to recover minerals in them that include tin, copper and silver. But economists, in addition to commending the President's ban, said care should be taken to guarantee maximum benefit from domestic investments in the smelters and establish markets for the minerals that are recovered from the sands to ensure investors recover the costs of their undertakings.

In Tanzania conflicts between the communities and the mines have been largely intensifying with respect to land use. The conflicts have evolved at almost all mining sites since the re-emergence of the mining industry. The main reason for the state of affairs has been the displacement of people and the very low compensation level that have left many dissatisfied – it has affected labour relations and security at the mines. Good governance at the mines must be established as the mines operate within neighbourhoods. These characteristics have always caused conflicts and disputes and have been exacerbated especially with regard to gold, and to some extent tanzanite and diamond mining. The conflicts occur in various phases of the mining operations, from mineral exploration to marketing. These conflicts involve communities and mining companies, small and large scale miners, mining companies and the government, the government and communities, mining companies and the environment. The issues causing conflict and discontent include: (i) land access, its acquisition and use; (ii) safety in and around mines; (iii) environmental and land degradation; (iv) value for money in compensation for loss and damage; (v) mining contracts including the aspects of royalties and taxation; (vi) corruption and the rule of law; (vii) the process of making and implementation of policies and laws; (viii) inadequate social corporate responsibility of mining companies and the sharing of natural non-mineral resources such water rights and forests that mining activities impinge upon.

Overcoming all these weaknesses in the mining industry will require hard work and investment, focusing particularly on improving various aspects of the industry. Specifically, these should include: accountability and transparency (with particular regard to the nature of contracts and agreements signed with investment partners); respect for human rights; and careful management of the environment.

The president has also proposed a new directive that artisanal miners should not be removed to make way for only one investor during his tour in Mwanza region. The justification for this is why should so many livelihoods be destroyed because of one investor? Artisanal miners should become part of the value chain and have their activities regulated, furthermore they should not be destroying nature. If the small miners are to be supported, there should be strict measures for environmental restoration. Communities surrounding mining areas have been characterised by poverty having to live in areas with polluted water and air and in some cases they have been displaced. This is where the real paradox lies as the value of minerals coming out of those areas is making people in other parts of the world very rich.

Civil Society Organizations (CSOs) in Tanzania have been at the forefront of pushing for greater reforms in the extractive sector but have they been good (strong) enough to achieve their goals? What resources in terms of labour, time and money can be invested so that communities, local government and central government can all admit that they are benefiting and changes have happened? We see CSO efforts in sector specific, zone specific, region specific areas. Good examples were during the constitutional reform process and the tabling of the oil and gas petroleum bill in Parliament where CSO inputs were incorporated. There is still a huge task to be done by CSOs and it remains to be seen how they can mobilise communities, join them and represent them fully in the objectives they are mandated with.

# SECURING ACCESS AND EXTERNALISING ADVERSE EFFECTS AS TWO SIDES OF THE SAME COIN: THE EU RESOURCE POLICY AND AFRICA<sup>11</sup>

By Andreas Bohne (Rosa-Luxemburg-Stiftung, Berlin)

The European Union is a major importer of raw materials. Since 2007, several initiatives, strategies and policies on EU and at German state level have been introduced, often summarised under the label “raw material diplomacy”. The following provides an initial brief overview of current German and EU policies and initiatives on commodities. The second aim is to point out the impacts of mining and extractive activities on African countries. Thirdly, a few political demands will be introduced.

Both the EU and German concepts and political strategies (e.g. the raw material dialogues) are shown to be industry-centric and mainly focussed on investment conditions and trade-related measures (in particular to prevent or reduce export taxes). The unilateral focus on access to raw material on the one hand and weak institutional frameworks in the exporting countries on the other tend to stall structural economic transformation in those exporting countries. While European companies’ profits increase, several local case studies reveal an externalisation of ecological damage and human rights violations to raw material exporting countries and to communities affected by mining in Africa. To prevent these impacts, a growing number of diverse political demands have been put forward in the past few years, e.g. legally binding regulations for transnational corporations with regard to entire supply chains, awareness of social and ecological impacts of industrial mining or the promotion of policies to counter tax evasion.

## 1. EU: Raw materials trade and resource consumption

The EU is the world’s biggest net-importer of raw materials<sup>12</sup> and in most cases, all European countries are net importers.

	2004	2008	2012	2015
Trade balance for raw materials/EU 28 (in million Euro)	-27,397	-43,330	-33,168	-28,809
Trade balance of selected countries (in million Euro)				
Germany	-8,786	-13,350	-17,008	-15,732
Netherlands	4,543	4,319	5,144	5,005
United Kingdom	-4,673	-6,093	-3,482	-6,190
EU imports from developing countries (in billion Euro)	26.6	44.6	42.6	37 (2014)
Imports from developing countries (in billion Euro)				
Germany	4.1	6.6	7.8	6.7 (2014)
Netherlands	4.7	8.4	7.9	6.4 (2014)
United Kingdom	2	3.6	3.2	2.5 (2014)
EU imports from least-developed countries/EU 28 (in billion Euro)	1.4	1.9	2.0	1.9 (2014)

Source: Eurostat

The above-mentioned figures provide some general assessments for the EU-28 and three selected countries. Trade increased in the 2000s reaching a peak around 2008. In the subsequent years, trade balances and imports

<sup>11</sup> In the following the term ‘resources’ covers all kinds of (metallic, mineral and energy) resources (but excludes agrarian resources).

<sup>12</sup> ‘Raw materials’ encompass SITC sections 2 and 4, including non-manufactured goods such as oilseeds, cork, wood, pulp, textile fibers, ores and other minerals as well as animal and vegetable oils.

decreased without falling back to the level of the 2000s. At country level, Germany has the highest value of imports from developing countries.

However, there are large disparities between different types of mineral resources:

1. energy minerals (oil, gas, uranium and coal) – while the EU has oil and coal deposits, it is also dependent on importing coal and heavy crude oil.
2. metals (e.g. copper, gold, silver and aluminium) – the EU is highly dependent on imports of metallic minerals.
3. building material – here the EU is self-sufficient.
4. industrial minerals (e.g. sand, graphite) – despite the fact that the EU is one of the world's largest producers of certain industrial minerals, it remains a net importer (Küblböck, 2013: 3-4).

In the long-run, prices of primary goods declined due to the exploration of new deposits and falling demand (improvement of technologies). Nevertheless, in the short term, the prices for raw materials have increased since the early 2000s. Rising demand from “developing and emerging countries”, the BRICS countries especially China and continuous technological innovations created a growing demand for minerals. The multi-year gap between exploration and the start of exploitation, the size of the necessary investments and profit considerations prevent a short-term adjustment of supply. In addition, deposits are restricted to a few regions (e.g. rare earth in China, cobalt production in the DRC), difficult to access (e.g. deep sea mining, mining in remote areas) and the importance of a small number of highly specialised corporations is increasing (Klennert 2016: 24-25; PowerShift 2016: 12).

## 2. EU: Resource policies

Due to its situation as an importer, the European Union is highly dependent on low importing and purchase prices and continuous secure access to raw materials. Therefore, several initiatives – pushed by state and non-state actors – aim to ensure access to resources.<sup>13</sup>

In November 2008, the former EU Vice-President Günter Verheugen launched the EU Raw Materials Initiative<sup>14</sup> (RMI) which was passed by the European Commission the same month. While focusing on non-energy and non-agricultural raw materials, the aim of the RMI is to ensure ‘*sufficient access to raw materials at fair and undistorted prices*’ (p 5). According to Küblböck (2013: 6-7), the RMI is also a response to the rising economic performance of countries like China and India in Africa.

The RMI is based on three pillars (European Commission 2008: 5-6):

- 1st pillar: Access to raw materials on world markets under undistorted conditions;
- 2nd pillar: Sustainable supply of raw materials from European sources;
- 3rd pillar: Reduce consumption of primary materials.

The EU in particular emphasises the first pillar which includes:

- a. an active raw materials diplomacy to secure access to raw materials. For African countries this means specifically “*reinforcing its dialogue and actions in the area of access to raw materials and on natural resources management as well as transport infrastructure, within the implementation of the Joint Strategy and Action Plan 2008-2010*” (European Commission 2008: 6).
- b. the promotion of international cooperation within the G8, OECD or UNCTAD or with organisations such as the World Bank as well as supporting corporate social responsibility instruments or transparency initiatives (like EITI).
- c. prioritising secure access at bi- and multilateral level.
- d. and a coherent EU development policy targeting mainly African countries (European Commission 2008: 5-9).

In contrast to the US Critical Materials Strategy, the EU RMI makes specific provisions for using investments and trade policy for securing access to raw materials (Küblböck 2013: 6). In order to reduce export restrictions in raw materials, the EU launched cases against at the WTO (2009<sup>15</sup>, 2012 and 2016<sup>16</sup>).

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<sup>13</sup> This short overview only focuses on the most prominent strategies and leaves other strategies or policy papers such as ‘Horizon 2020’ out of consideration.

<sup>14</sup> Full title: The Raw Materials Initiative – Meeting our critical needs for Growth and Jobs in Europe.

<sup>15</sup> <http://trade.ec.europa.eu/wtodispute/show.cfm?id=457&code=1> (Last access: 15.12.16)

<sup>16</sup> <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1530> (Last access: 15.12.16)

In 2010, the Ad-Hoc Working Group on Defining Critical Raw Materials (a sub-structure of the Raw Materials Supply Group) released a list of critical raw materials for the EU for the first time and refers partly to the RMI. "Critical" is defined with three criteria:

1. economic importance in the EU;
2. supply risks in producer countries (low political and economic stability, small number of suppliers);
3. environmental policy risks (i.e. risk of protective measures in producer countries).

In 2014, a revised list was published by the European Union (COM 2014 297 final). 20 critical commodities primary goods were identified out of a list of 54 non-energy, non-agricultural materials.<sup>17</sup> While China is the main supplier of raw materials, with South Africa and the Democratic Republic of Congo (DRC), two African countries were identified as suppliers of cobalt (DRC, 56 per cent EU import dependency), chromium (South Africa, 43 per cent EU import dependency) and platinum metals (South Africa, 61 per cent EU import dependency) (European Commission 2014).

In 2011, the RMI was extended to "Tackling the challenges in Commodity Markets and on Raw Materials". Having considered the critique of the previous RMI, the new policy paper uses more careful language and includes considerations of the energy and financial markets, agriculture and a stronger emphasis on transparency (Küblböck 2013: 7-8). The paper applies its own definition of "critical resources". Nevertheless, the definition does not cover adverse social and/or ecological effects but focuses on supply risks for products which are of high economic relevance for the European industry (PowerShift 2016: 19). In September 2011, the European Parliament adopted a resolution (see Küblböck 2013: 8 for a short summary) and, in 2013, a report on the implementation of the RMI was released (COM 2013 442 final).

Authors from STRADE<sup>18</sup> assess that a "short review of EU initiatives and programmes indicates a shift in approach from provisional assistance in the early 1990s to a more broad-based approach by 2015. The EU has moved from the early years of concentrating on contingency support for ACP mineral-dependent countries (through instruments like SYSMIN and FLEX), to providing capacity support (through NIPs and funding partner organisation programmes) and establishing partnerships (joint Africa-EU strategy)" (Farooki et al. 2016: 6). Despite a broad and more coherent political approach within the revised RMI in 2011 (Feldt 2012: 2) which might be advantageous, as well as the stronger consideration of governance issues, more transparency (support of EITI) or attention to the role of financial markets, the unilateral focus on secure access through several measures and the reduction of trade barriers still remain the priority. Civil society organisations criticised the EC for not acknowledging any conflict between foreign investment and development policies (Küblböck 2013: 7-8; PowerShift 2016: 18). The fact that 'industry' is mentioned as a third party to the European Union and EU member states indicates the ascribed importance of the economy from a political perspective (PowerShift, 2016: 18). In general, NGOs understand the documents as lobby efforts by the European and in particular the German metal and metal processing industry (Küblböck 2013: 7). While civil society welcomed the reduction of resource consumption in the EU, this point remained very vague within the RMI.

One additional aspect of the RMI is its commitment to undertaking diplomatic efforts to establish strategic partnerships and policy dialogues (raw material diplomacy). However, compared with Latin American countries, the "diplomatic efforts" regarding the African countries are of a remarkably low intensity. The North African countries of Morocco, Tunisia and Egypt and the EU only signed general 'Letters of Intent and Missions of Growth' in 2012.<sup>19</sup> The actual status and upcoming activities are not yet known. In addition, there are talks with the African countries of Algeria, Egypt, Morocco and Tunisia (as EuroMed countries)<sup>20</sup> which also address topics such as raw materials, trade and recycling.

Over and above these strategies, Free Trade Agreements (FTAs) seek to guarantee access to resources at low prices.<sup>21</sup> The aim is also to tackle regulatory gaps within WTO treaties. In the past few years, the EU has concluded or is currently negotiating various FTAs. In 2014, Economic Partnership Agreements (EPAs) between the EU and various sub-Saharan regional groups were finalised and are now waiting to be ratified. Although the final version of the EPA with the East African Community (EAC) does not explicitly mention raw materials,

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17 The first list covered 14 critical goods out of 41 non-energetic and non-agricultural materials. The extended list of 2013 encompasses additionally abiotic and biotic materials.

18 "Strategic Dialogue on Sustainable Raw Materials for Europe" (<http://stradeproject.eu/index.php?id=3>)

19 [https://ec.europa.eu/growth/sectors/raw-materials/specific-interest/international-aspects\\_en](https://ec.europa.eu/growth/sectors/raw-materials/specific-interest/international-aspects_en) (Last access 15.12.16)

20 [https://ec.europa.eu/growth/industry/international-aspects/cooperation-regions/eu-mediterranean\\_en](https://ec.europa.eu/growth/industry/international-aspects/cooperation-regions/eu-mediterranean_en) (Last access 15.12.16)

21 [http://ec.europa.eu/growth/sectors/raw-materials/specific-interest/trade/index\\_en.htm](http://ec.europa.eu/growth/sectors/raw-materials/specific-interest/trade/index_en.htm) (Last access 15.12.16)

Article 14 'Export duties and taxes' states under paragraph 1 *'a party shall not institute any new duties or taxes in connection with the exportation of goods'*. Paragraph 2 states that *'the EAC Partner States can impose, after notifying the EU, a temporary duty or tax in connection with the exportation of goods'* for three reasons (to foster the development of domestic industry; to maintain currency stability; to protect revenue, food security and the environment). Compared to other FTAs, the EU has not applied the same rigorous in bargaining: firstly, because the EU never accorded the EPAs the same significance as FTAs with Latin American countries. Secondly, it is possible to influence the resource market and policies in African countries by using tools of development cooperation programs (PowerShift 2016: 49). Recently, African Union Chairperson Dlamini Zuma emphasised that the question of raw materials within the EPAs has to be reviewed.

How the resource market is influenced by development cooperation becomes obvious when taking a closer look at the EU programme into the mining sector in African countries. National Indicative Programmes (sponsored under the European Development Fund) focus on promoting the transparent management of mining activities in the DRC, Sierra Leone, Ghana and Nigeria. In addition, the European Investment Bank (EIB) provides loans for mining projects. In 2015, several projects have been funded in countries like Mozambique (aluminium, rutile and ilmenite), Zambia (copper and nickel) or Kenya (soda ash) (Strade 2016: 3, 5).

EU member states are obliged to follow a number of principles so as not to cause or to contribute to human rights violations under the European Convention on Human Rights. In addition, EU countries have to respect the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises which set clear standards. Regarding conflict-minerals, the OECD has established the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk-Areas (OECD Due Diligence Guidance) (SOMO 2015: 1-2). The EU regulation on conflict minerals is an intensely debated regulatory framework which was announced by the EU in 2013 and adopted by the European Parliament in 2016. While the EU regulation commits to respecting the standards in the OECD Due Diligence Guidance on Responsible Supply Chains, only four minerals (tin, tantalum, tungsten and gold) have been considered. Companies along the entire supply chain are not included (only upstream and metal importers, not downstream). The report entitled 'There is more than 3TG' published by SOMO (2015) shows that further mineral extraction is linked to conflicts (e.g. Sudan for copper; SOMO 2015: 6). This reveals that a focus on these four minerals is not sufficient.

### 3. German Resource Policies

A number of EU member states have developed their own policies to secure the long-term supply of raw materials, to identify critical materials and to try to promote resource efficiency. In Germany, industry played a significant role in lobbying to push the federal government towards a more aggressive raw materials policy. The German Government's Raw Materials Strategy (2010) – for the first time presented on the 3rd BDI resource congress (CIR 2016: 21) – aims to secure a sustainable supply. Core elements of the strategy are:

- reducing trade barriers and distortions in market competition;
- assisting German traders to diversify their sources;
- creating synergies between sustainable economic activities and efficiency;
- developing technologies and instruments to improve recycling;
- establishing bilateral raw materials partnerships with selected countries;
- doing research into substitution and materials in order to open up new options;
- supporting research programmes related to raw materials;
- creating transparency and good governance in raw materials extraction;
- integrating national measures with European policies on raw materials (BMW 2010: 7).

As neither affected communities nor civil society organisations have been consulted, the strategy is only a wish-list for industry (CIR 2016: 21). Several German NGOs – mainly organised at the Working Group Resources – have criticised the focus on trade-related and economic measures to liberalise the markets through the reduction of tariffs (AK Rohstoffe 2010) and companies' neglect of the responsibility to maintain human rights standards (CIR 2016: 23).

The focus on industry becomes obvious through various measures of direct support: Germany has started "raw material partnerships" (*Rohstoffpartnerschaften*). Up to now, four partnerships with Mongolia, Kazakhstan, Peru and Chile have been agreed upon. As a result, German firms may have better access to raw materials, can



buy shares in some deposits in the longer term and are granted a favourable position to sell mining equipment. The German government offers special non-repayable subsidies, export and investment guarantees or assistance from experts (for example, geological experts from state-controlled institutions) to German firms.

Although it is industry's responsibility to ensure the supply of raw materials, raw material policies aim to improve competitiveness and resource efficiency, while promoting research and innovation. In 2010, the *Deutsche Rohstoffagentur* (DERA) under the umbrella of *Bundesanstalt für Geowissenschaften und Rohstoffe* (BGR) was founded to consult, serve and support German companies (PowerShift 2016: 17).

Regarding the Raw Material Strategy, German foreign chambers of commerce in cooperation with the Deutsche Rohstoffagentur (DERA) and the Germany Trade & Invest (GTAI) are currently establishing a "resource network" (*Netzwerk Rohstoffe*) comprised of several local institutions of competence which are supposed to consult and support German enterprises. One of these competence centres is run by the Southern African – German Chamber of Commerce and Industry: the Competence Centre Mineral Resources (CCMR). It covers the markets of South Africa, Zambia, Zimbabwe and DRC. The main responsibilities of the Centre include:

- gather, structure, analyse and provide market information;
- provide a platform for networking and communication;
- offer services required by the industry;
- promote German technology in the market.<sup>22</sup>

The German government supports companies through credit, investment and export guarantees (CIR 2016: 24-25; Klinert 2016, p 26). Misereor (2016) revealed that the German government-owned development bank KfW IPEX-Bank is providing loans to and export guarantees for the Medupi and Kusile coal power plants which are currently under construction in South Africa. The building of the power plants will lead to a further conversion of agricultural land into mining areas, including an increasing risk to food safety (Misereor 2016: 5-6). Information about such guarantees is difficult to acquire (CIR 2016: 25). Creating awareness about German private banks which facilitate loans for or hold shares in mining companies responsible for human rights violations is one objective of NGOs like *urgewald* or *Facing Finance* (2016).

Also bilateral programmes of German development corporations are linked to economic interests, in particular the aims to create an economy and investment-friendly climate within bilateral investment and trade relationships.<sup>23</sup> The CONNEX initiative, launched during the German G7 presidency in 2014, goes in the same direction. The aim of this initiative is to strengthen partner countries in negotiation and contract procedures and to create an investor-friendly legislative framework.

#### 4. Impacts

Exploitation and trading of resources is often linked to human rights violations either at community level (affecting land rights, water access and health services) or as physical attacks on individuals and adverse ecological impacts worldwide (see e.g. *Danwatch* (2016) on copper mining in Zambia or *War on Want* (2016) for the QMM-Project in Madagascar). Resource exploration can act as a catalyst for and in sustaining violent conflicts and militarisation. In the past few years, this has become particularly obvious regarding "conflict minerals".

A 2008 UNHRC report claims that activities of the extractive sector are responsible for one-third of human rights violations of the global economy (PowerShift 2016: 1). A recent analysis of the Max Planck Foundation for International Peace and the Rule of Law (Human Rights Risks in Mining – A Baseline Study, 2016) documents and summarises several case studies of human rights violations and risks along the stages of mining. A recent report by *War on Want* (2016) shows how the mining activities of British companies listed on the London Stock Exchange impact on African countries – regarding environment, tax evasion, lack of compensation and labour rights violations. Another example is the activities of Anglo American in South Africa not delivering on commitments to communities (*Facing Finance* 2016: 12).

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22 <http://suedafrika.ahk.de/en/competence-centre/mineral-resources/> (Last access 15.12.16)

23 <http://www.subsahara-afrika-ihk.de/blog/2015/04/20/interview-mosambik-hat-eine-strategisch-gute-lage/> (Last access 15.12.16)

German companies are also linked to human rights violations in the mining sector but mainly as buyers of minerals. A study by CIR (2016) based on an investigation by Danwatch revealed that suppliers of the steel company ThyssenKrupp are responsible for evictions to exploit coking coal in Mozambique. Victims were not compensated or merely received a symbolic compensation. The case of BASF is similar: as a main consumer of platinum from the British company Lonmin. Lonmin became “famous” because of its direct involvement in the Massacre in Marikana in South Africa in 2012. Although BASF emphasised its efforts to take up responsibility for the supply chain, the company rejects all responsibility regarding their suppliers. In addition, BASF refers to confidential company audits and the South African government’s investigation to justify their denial of responsibility. It seems to be the position of (some) companies to deny any responsibility along the supply chain by pointing to the complexity of the supply system and their commitment to confidentiality (CIR 2016: 16; Misereor 2016: 10-11).

The Dirty Profits report by Facing Finance (2016: 24) mentions the German company Heidelberg Zement as being responsible for the harmful effects of cement dust on communities in several African countries.

Until now, the critique of “extractivism” and mining activities has mainly looked at local social conflicts. A wider analysis of macro-economic effects and impacts on structural transformation/development is often missing. Trade disputes over natural resources deal with export restrictions and the battle for revenues for economic development and public investments of exporting-countries. A Danwatch analysis (2015: 5, 7) on copper mining in Zambia identified the role of illicit cash flows due to transfer mispricing by mining companies as a reason for poverty (which goes hand in hand with poor tax regulations). The Swiss company Glencore International has gained £76 million per year through its tax practices (Danwatch 2015: 7).

## 5. Demands and alternatives

A stronger recognition of social, labour and environmental standards has made its way into the political arena and has played a more prominent role within international resource policies over the last few years. Several position papers or reports – especially by civil society and political actors – have raised demands and offered recommendations (see for example AK Rohstoffe 2016; CIR 2016: 32-38; Facing Finance 2016; Misereor 2016: 14-16). There are basically four kinds of demands:

### **1) Reduction of consumption**

Reducing domestic consumption through binding reductions – including more efforts at recycling – and phasing-out fossil fuels (e.g. coal, gas and oil through fracking) (e.g. AK Rohstoffe 2016: 2-3; CIR 2016: 32)

### **2) From voluntary to binding regulations along the entire supply chain**

Pressure from civil society organisations in the last few years has advanced political developments, mandatory codices and initiatives such as UN Global Compact, UN Global Reporting Initiative or specific approaches like the Better Coal Initiative. Besides the ITSCI-Initiative or the Aluminium Stewardship Initiative as an example of certification systems (see CIR 2016: 36-37), the OECD has developed a Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. In addition, the “UN Guiding Principles of Business and Human Rights” (“Leitprinzipien für Wirtschaft und Menschenrechte”) introduced in 2011 should be mentioned as offering minimum requirements for states and companies. Nevertheless, the “codices” and “principles” are voluntary and merely call for more corporate responsibility. Reality shows that voluntary initiatives are often not enough to tackle the problem. Voluntary standards or Corporate Social Responsibility approaches are often not or insufficiently applied by companies as studies show (e.g. BICC 2015: 5-6). Therefore, legally binding standards along the entire supply chain (raw material extraction, processing, manufacturing) are prerequisites. The initiative of Ecuador and South Africa to establish a working group “to elaborate an international legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises” (keyword: UN Treaty) is a major step forward (see Martens/Seitz 2016). Nevertheless, mandatory obligations on due diligence commitments have to be expanded to banks and other financial institutions.

The German government started a broad consultation process to transfer the UN Guiding Principles into the National Action Plan (“Nationalen Aktionsplan – NAP”). In December 2016, the NAP was adopted. After several hearings instead of an open consultation process with civil society actors and diverse political and lobbying efforts, the NAP became a very weak document. The final plan is based on action being voluntary without

any form of obligation or sanctions. The German government simply formulates expectations for German companies to include in their due diligence and their activities.

In March and April 2017, the European Parliament and Council adopted a new legislation on conflict minerals. Civil society has welcomed the law as a “step into the right direction” but as “missed opportunity” (PowerShift 2017). Yet they criticised the inclusion of only four minerals (tantalum, tin, tungsten and gold) and the limited reference to firms of the upstream sector and raw mineral importers. Consequently, an expansion to the downstream sector (e.g. automotive or electronic industry) is fundamental to making companies accountable in their due diligence (Stop Mad Mining 2016). A stronger orientation closer to the US Dodd-Frank-Act would be more favourable.

### **3) Support of global civil society**

Activists from civil society, journalists or researchers are confronted with oppression and, in the worst case, murder. Therefore, NGO representatives and critics of mining activities need legal protection (AK Rohstoffe 2016). In addition, low level compliant systems for local communities should be introduced.

### **4) Beyond the project level: Discussion on resource-based “development”**

Discussions must move beyond case studies and projects. It is important to discuss the contribution of mining activities for structural development and transformation (calling for a pro-active “development state”). Alternative mining legislation and regulations have to be proposed, developed and introduced. Pro-active political regulations to prevent tax evasion and tax havens have to be implemented. We have to think about what kind of extractive industry we want – which role post-extractive models can play. Our African partners’ perspective is fundamental to these discussions – tensions between profiting from mineral wealth, the potential of the mining sector to contribute to economic development (Botswana and South Africa are mentioned often as positive examples) and social transformation on the one hand and complete refusal of ‘extractivism’ on the other have to be balanced.

EU trade politics have to ensure more transparency in trade negotiations and agreements, civil society consultation and involvement from the very beginning (instead of privileged industrial bodies) up to enabling space for macroeconomic adjustment (e.g. implementation of export taxes). Investor State Dispute Settlements and other juridical procedures favouring companies have to be rejected. On the contrary, clauses to protect civil society actors and/or vulnerable groups have to be included.

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# NATURAL RESOURCE POLITICS AND SOLIDARITY ALONG TRANSNATIONAL PRODUCTION CHAINS

By Stefanie Kron (Rosa-Luxemburg-Stiftung, Berlin)

In the past few years, we have been observing an increasing acceptance of the growing transnational dimension of production and supply not only by trade unions, NGOs and other civil society organisations but also by governments, international organisations (UN bodies) and transnational companies. All these actors agree that there is a need to develop global standards regarding social and human rights, environmental protection etc. As a result, we are also finding an increasing raft of international agreements and legal frameworks for companies regarding the protection of human and labour rights as well as compliance with environmental and social standards in transnational production and supply chains. These are primarily the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

The UNGPs define a global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity. On 16 June 2011, the United Nations Human Rights Council unanimously endorsed the Guiding Principles for Business and Human Rights (United Nations 2011). The OECD Due Diligence Guidance, in turn, provides detailed recommendations to help companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices. This Guidance is for use by any company potentially sourcing minerals or metals from conflict-affected and high-risk areas (OECD 2013). In addition, the International Labor Organization (ILO) has put the subject of “decent work in Global Supply Chains” on the agenda of the Conference this year (ILO 2016). Recently the Rosa-Luxemburg-Stiftung has started an interdepartmental working group, entitled “Solidarity along Transnational Production Chains” on the topic too. The leading question for the Rosa-Luxemburg-Stiftung’s working group is the following: how can people from the North support labour struggles as well as other social struggles (such as community struggles against mining companies) in the South, not in the paternalistic sense of humanitarian or development aid, but in the sense of defining common interests?

This paper aims to briefly outline and discuss the Solidarity along Transnational Production Chains approach (STPCA) and to connect this approach to the subject of natural resource politics in the Global South. I argue that the STPCA constitutes a possible response for international left-wing actors such as progressive trade unions, NGOs, social movements, grassroots organisations and left-wing parties to the rather business-focused debates on “Responsible Supply Chains” (RSC) and the individual consumer-focused Fair Trade discourses and politics. The STPCA tends to constitute a response from worker and civil society actors to business, state or consumer focused debates on RSC and Fair Trade.

The paper is structured as follows: in the next part, I will briefly outline the definition, approaches and crucial points for discussion regarding RSC and Fair Trade. Finally, I will discuss the STPCA approach and sketch out how the RLF is working on this topic.

## 1. Discussing “Responsible Supply Chains” and “Consumption Awareness”

The idea of RSC includes the respect or protection of Global standards at all stations of a supply chain, for instance in the areas of the clothing and electronic devices industries. In the case of electronic devices, this includes all production sites and supply from the mining of rare minerals such as tantalum to the recycling of a smartphone. The International Journal of Business and Management defines “a responsible supply chain as a link of business actors who jointly adopt, implement and coordinate values, strategies and tactics in order to connect all levels of corporate social responsibility to the business processes in the chain” (International Journal of Business and Management 2012: 159).

We could set out two different approaches to regulate supply chains. For a start, these are legally binding regulations which put legal pressure on companies to respect and manage human, social and labour rights as well as environmental standards at all stages of their supply chain. Some examples of legally binding regulations are the Dodd-Frank-Act, which entered into force in the US in 2010. It requires companies to audit their supply chains and report their use of conflict minerals (see AK Rohstoffe 2014). Another example is the Modern Slavery Act & Transparency in Supply Chains Clause that came into force in the United Kingdom

in 2015. This Act requires companies to audit their supply chains and report risks or practices with regard to forced labour (see <http://corporate-responsibility.org/issues/modern-slavery-bill/>). The second approach to regulation is voluntary forms of self-control by the transnational companies themselves. This approach is also called Corporate Social Responsibility (CSR). The EU Commission has developed a proposal for CSR, based on voluntary forms of monitoring the supply chain (see AK Rohstoffe 2014).

NGOs in the North in particular tend to focus their Fair Trade campaigns on the idea of the 'aware' consumer as an important actor. NGOs assume that if the conditions under which an item is produced, transported and sold within a global supply chain are more widely known, individual consumers might feel able to boycott it and buy another more fairly produced one. Most NGO campaigns based on the idea of consumer awareness refer to the supply chains for clothing, food and electronic devices. The most well-known examples of Fair Trade campaigns are the Clean Clothes Campaign (CCC)<sup>24</sup> and the Fair Phone Campaign.<sup>25</sup>

Most criticism of the RSC might be to do with the fact that, with few exceptions such as the Dodd-Frank-Act and the Modern Slavery Act, the respective regulations are not legally binding. They tend to be based on voluntary forms of self-certification, monitoring, audits as well as moral or ethical beliefs on the part of the respective companies. A second argument is the fact that the general idea of RSC puts the onus on the state, the companies and the consumer as main actors of responsibility in the global production and trade. Types of transnational solidarity and organising by workers and social movements themselves, however, are rarely taken into account. A third argument might focus on the limitations of campaigns like the CCC since they devote too many resources to public relations and only a few to supporting how garment workers are treated along the supply chain.

## **2. Solidarity and organising along transnational production chains (STPCA)**

The STPCA in turn emphasises labour and social struggles as well as organisation and solidarity along transnational supply and production chains. Natural resource politics might be embedded within the labour relations and social struggles of the whole production chain (e.g. from mining to recycling). Actors and partners in projects which follow the STPCA approach are trade unions, NGOs, workers councils, local communities and grass roots organisations in the North and the South.

In addition, the STPCA aims to support knowledge production about labour and living conditions within these chains as well as transnational forms of organisations and solidarity of workers and other civil society actors. The STPCA aims to encourage, organise, and facilitate international political consciousness and cooperation among workers and their organisations in a transnational space, that is to say along the production and supply chains.

Since 2015 the Rosa-Luxemburg-Stiftung has conducted various focal point projects in the area of the STPCA or has been cooperating with partners who work in this area. The first step was the organisation of a two-day workshop emphasising the main challenges for the Internationalization of the Trade Union Movement. Representatives of the trade unions which are partners from Africa, Latin America and Asia participated in this workshop which took place in the Tunisian capital Tunis during the 12th World Social Forum (WSF). The following common challenges were identified: mobile work and migrant workers, the out-sourcing of parts of the production around the globe, the precarious nature of labour and labour leasing as well as the lack of transparency in the production chains. Moving on from this diagnosis, the question of what kind of trade unions would correspond to these challenges was discussed.<sup>26</sup>

Besides debating approaches to the Internationalization of the Trade Union Movement, the RLF working group on STPCA identified two more focal points: these are firstly types of organisation along the highly volatile and feminised production chain of clothing. The working conditions within this chain are characterised by very poor wages and precarious labour conditions. In this area the RLS cooperates with the *Transnational Center for Information and Exchange* (TIE). TIE implements workshops in order to bring together workers' councils in the garment industry in South and South East Asia with organised shop assistants from textile retail trade brands

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24 [www.cleanclothes.org](http://www.cleanclothes.org)

25 [www.fairphone.com](http://www.fairphone.com)

26 <https://www.rosalux.de/news/41580/internationale-arbeitskaempfe-solidaritaet-und-organisierung.html>

such as H&M, ZARA etc in Germany. One important aim here is to define common interests such as improving health care etc.<sup>27</sup>

The second focal point is transport and logistics. While, by now, there are many campaigns and NGOs dedicated to putting pressure on the transnational garment industry, the area of transport and logistics could still be considered a blind spot for RSC and Fair Trade campaigns. It is, however, an area where the workers theoretically have quite a strong strategic position. Why? Here is a simple image: it is far more difficult to move a port than to move a garment sweat shop to another country if the workers start to fight for their rights. Within this focal point, the RLS is conducting two projects in areas that might be considered important logistic hubs for global trade. On the one hand, the Rosa-Luxemburg-Stiftung supports the protests for improving the working conditions of the employees of the world's biggest online retailer AMAZON at European level. The RLS encourages and facilitates the cross-border networking between AMAZON workers and workers' councils, e.g. from Germany, Poland and Spain, as well as the knowledge production among them.<sup>28</sup> On the other hand, the RLS has started to explore labour conditions and labour struggles in European commercial port sites (e.g. Rotterdam etc.).<sup>29</sup>

### 3. Natural resource politics and the STPCA

The production or extraction of natural resources of any kind (oil, gas, minerals or agricultural products) constitutes the starting point for any (global) supply and production chain. Therefore, in addition to other approaches such as the "keep the oil in the soil" campaigns, the STPCA could contribute to the development of progressive and alternative natural resource politics in Africa and elsewhere. Moreover, since the STPCA focuses on working conditions and labour struggles along the transportation routes and at logistic hubs, such as ports, among other topics, the strategic strength workers have at these sites could support the workers (and other social struggles of local communities for social and human rights as well as for environmental protection) at the places where natural resources are extracted and produced for export.

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27 <http://www.tie-germany.org/>

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29 <https://www.rosalux.de/news/42341/auf-umgekehrten-gueterwegen.html>

# **THE CHALLENGE OF NATURAL RESOURCES IN WEST AFRICA (NIGER, MALI AND SENEGAL): A SHORT OVERVIEW OF THE ROSA-LUXEMBURG-STIFTUNG'S WEST AFRICA PROGRAMME**

By Ibrahima Thiam (Rosa-Luxemburg-Stiftung, Dakar)

The economic crisis in West Africa in the 1980s forced West African countries into adjustment programmes that led to reduced services and economic control. The trade gap led to an increase in imports and the destruction of existing industries. Today, the export statistics of West African countries are no longer dominated by agricultural products but by exploited mineral resources. Instead of accumulation's core, the resource extraction forms an economic enclave. Even where high growth rates are achieved, the raw material export is highly dependent on economic development (demand) in industrialised countries. The run on resources is associated with a ruthless exploitation and the violation of the rights of the local population.

The following comments exemplify the contradictions of mining activities in three West African countries and demonstrate the need for civil society intervention.

## **1. 40 years of uranium mining in Niger**

The contradiction is particularly striking in the Republic of Niger. Uranium in Niger provides between 40 to 80 per cent of France's electricity. However, only a very small percentage (6 per cent) of the revenue is available for the country's budget and consequently for its socio-economic development. Benefiting more from the natural resources would help Niger to address the social demands of various sectors of the population. In addition, it could reduce Niger's dependency on foreign aid and the many challenges the country is confronted with.

45 years of uranium mining has delivered neither growth nor development for the nation as a whole. Instead, it has been left with environmental and health problems and has consumed large amounts of fossil ground water in a region where water is a precious commodity. In Niger, over 250 exploration permits were awarded to companies including 200 in the Agadez region.

The main challenges are the redistribution of financial resources, protection of the environment and sustainable development. To meet these challenges, the communities must be constantly informed and aware of their rights in the context of the exploitation of natural resources. Given the current situation of the exploitation of natural resources in Niger, it is necessary that CSOs mobilise and increase pressure on the government and the miners with a view to enabling the population to benefit from their natural resources.

## **2. Mali: Faléa still has a choice**

In Mali, the discovery of significant mineral deposits, including uranium and bauxite between 2006 and 2007 has forced the government to make a decision on its industrial commissioning. Since then, the Malian State has continued to grant mining titles of first stage to foreign companies. Today companies occupy virtually all land within the municipality where they are pursuing exploration (surveys, drilling, and sampling).

The region of Faléa is located in a part of the Guinean mining basin. With important deposits of gold, bauxite, copper, silver, uranium, diamonds and other minerals, it is a 'geological scandal' in West Africa.

Several large mining consortia (CAMEC, ENRC, Delta Exploration/Rockgate previously DENISON Mines) and other operators (I AM GOLD, SOMAGECO, Kimberyadine, XYING-Gold, Touba Mining, MERREX Gold, NED-Gold, ROBBEX, LONG FLEX, etc.) are venturing into this tiny unchartered area and doing so in the utmost opaque way. Furthermore, successive governments of Mali have issued these mining titles to foreign companies in preparation for the opening of mines without any consultation or information-sharing. The populations concerned are local authorities responsible for local development (Municipal Council and Board of circle), services techniques commissioned for the protection of the health of populations and the environment, traditional authorities, customary leaders of professional organisations, associations; in short, all the local development actors. These new industrial players invade protected areas even those which are protected as well as wildlife reserves.



The possible implementation of gigantic industrial mining projects to open up the area, will also result in profound changes to the social, health, environmental and economic spheres. The lifestyle of the indigenous peoples will be destabilised (movement of populations, creation of modern infrastructure and urbanisation).

### **3. Senegal: the way to minerals**

In Senegal, the question of extraction is gaining in importance and stimulates debates all around the country. The recent discovery of major deposits of petrol and gas in different parts of the country may be added to the gold, iron, phosphate and zircon deposits. Today, 11 of the 14 regions of the country are covered in raw materials which could ease the country's social problems. However, given the experiences of many African countries which produce oil, many questions remain unanswered. Can the country really profit from these resources? One step towards resolving this question is the need for appropriate mining legislation and a powerful civil society monitoring the government and addressing its shortcomings.

In fact, once on the fields, mining companies are driven by their interests and the sector is very susceptible to corruption. The work of advocacy, awareness, training on environmental issues, human rights and the well-being of the people is therefore a necessity or even a social requirement. The creation of a working group containing representatives from civil society, mining companies and the government for the implementation of the Extractive Industries Transparency Initiative (EITI) has produced a test report. To achieve these goals, there should be a civil society that applies the EITI standards in order to make sure the government and the companies examine the details as operating conditions still pose problems.

### **4. Rosa-Luxemburg-Stiftung: supporting CSOs and watchdogs**

The Rosa-Luxemburg-Stiftung's regional programme in West Africa contributes to greater social justice and solidarity. The objective is to achieve sovereignty over all social matters concerning the people and to put them in the position where they can actively participate in the process of democratic decision-making and self-realisation.

Given these challenges, such as lack of transparency and participation of civil society, insufficient supervision by the administrations, systematic misuse of natural resources in some parts of the region, non-democratic developments and government whims due to the degradation of natural resources, the Rosa-Luxemburg-Stiftung is committed to a transparent, inclusive and sustainable use of natural resources in West Africa and is pushing for alternative development models. In conclusion, it is the objective of the Rosa-Luxemburg-Stiftung along with its partners in the region and civil society organisations to strengthen the security of the communities' and the livelihoods of the people who live in them.

## **NATURAL RESOURCES, VULNERABILITY AND ALTERNATIVES: A SHORT OVERVIEW OF THE ROSA-LUXEMBURG-STIFTUNG'S SOUTHERN AFRICAN PROGRAMME**

By Fredson Guilengue (Rosa-Luxemburg-Stiftung, Johannesburg)

Important natural resources include minerals, forests, fisheries, water and wildlife. The Southern African region is very rich in most of these resources. In terms of minerals, the region possesses the world's largest deposits of platinum (chromium, vanadium, and cobalt), uranium, gold, titanium, iron and diamonds. In Southern Africa, there are also considerable deposits of gas and coal and vast areas of wildlife species. Yet arable land remains the main and the most important resource the Southern African region has in abundance with the biggest impact on its local majority rural and peasant communities. Some resources are particularly important in countries which are directly targeted by the Rosa-Luxemburg-Stiftung – Southern Africa “Natural Resources, Vulnerabilities and Alternative Programme” Component. The programme falls under the overall 2015-2017 “Socio-political measures for a peaceful, democratic political culture and socio ecologically-friendly development in Southern Africa Programme.” These countries are Mozambique (coal and gas), Zimbabwe (diamonds), South Africa (coal) and Mauritius (fisheries).

The governments of these countries regard these resources as being vital for poverty reduction and socioeconomic development. However, to achieve the “development goal”, these governments give large concessions to transnational corporations to explore for natural resources without involving or gaining approval from the local communities. The exploitation of natural resources is generally accompanied by a continuous degradation of livelihoods, affecting and further marginalising these communities' interests. The Programme expectation is that 'marginalised groups will increasingly organise themselves and articulate and advocate their interests in public more effectively. The Rosa-Luxemburg-Stiftung assumes that the tendency towards forming organisations and their capability to effectively defend their interests will have increased from 2015 to 2017.'<sup>30</sup>

The negative impact of the current use of the natural resources in the region includes opening up the community's vulnerability to land grabs, poverty, violence, gender violence, corruption and political instability. This is the background against which Rosa-Luxemburg-Stiftung formed an approach on the question of natural resources that will empower communities to reduce their vulnerabilities to the negative consequences of exploitation of natural resources. Therefore, the Programme assumes that only when communities are more aware and actively engaged with governments, companies, stakeholders and civil society organisations will they be able to reduce their vulnerabilities to the negative consequences of exploitation of natural resources. The process of raising awareness that contributes to sustainable livelihoods in affected communities must be accompanied by enhancing civil society's capacity to effectively influence processes and decision-making on allocation, development, use and commodification of natural resources. Moreover, the Programme also assumes that these communities and their respective organisations have and are still developing specific alternatives to the current mode of production and consumption which increases their vulnerabilities. However, the actors involved are not only confined to community organisations and academia and progressive NGOs are also a complementary group at community level.

The alternatives targeted by the Programme among many others include food sovereignty, which is understood to be the right of small producers at the centre of the food production process and consumption policies which take their local interests, including their major pillars into consideration. Some of the major pillars of food sovereignty include peasant-led-agroecology and an effective agrarian reform. Agroecology offers an alternative to the destructive capitalist and industrialised agriculture which has led to very negative environmental impacts, and effective land reform guarantees that local farmers should not only have access and control over land but should also be provided with all the necessary means to use their land to produce food. Regionally, the Food Sovereignty approach has been advanced with more emphasis in Mozambique due to the particular role of the National Union of Small-Scale Farmers (UNAC), a very important member of La Via Campesina (LVC) and also because of the significance small farmers play in the country's economy. However, the Co-operative and Police Alternative Centre (COPAC), in South Africa, has also embraced Food Sovereignty and annual food sovereignty festivals are held in Johannesburg.

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30 Rosa-Luxemburg-Stiftung – Southern Africa. Monitoring Plan; Programme: Socio-political measures for a peaceful, democratic political culture and socio ecologically friendly development in Southern Africa. Programme line: Natural Resources, Vulnerability and Alternatives, Annex Monitoring plans 2015.

It is in the context of Food Sovereignty that UNAC's struggle against the controversial triangular agricultural programme of Mozambique, Brazil and Japan ProSavana (involving up to 10 million hectares in 19 districts within 3 provinces of Northern Mozambique – Nampula, Niassa, and Zambézia; over 4 million people live and farm in this area) has gained considerable attention by the Programme, particularly because of the high risks ProSavana poses to local farmers' control over land and water sources.

The Programme also has an important focus on extractives. The extractive industry, with its long history in South Africa, is expanding considerably in other countries like Mozambique and Zimbabwe. In Zimbabwe, the major focus has been on empowering artisanal miners through unionisation and advocating sector legalisation. In Zimbabwe, an estimated 500,000 people are directly involved in the artisanal mining of gold, diamonds, tantalite, tungsten and tin. Over 150,000 of them are women and children.<sup>31</sup> These people are marginalised, disorganised and often suffer human rights violations without any government protection mainly because artisanal mining is criminalised in Zimbabwe. In partnership with the Centre for Natural Resources Governance of Zimbabwe (CNRG) and the Association for Women Empowerment in Mozambique (HIKONE), the Programme is undertaking capacity building, advocacy and lobby actions to help formalise artisanal mining in Zimbabwe and to empower women in Mozambique to better understand and benefit from the existing legal rights relating to community governance of natural resources.

In South Africa, repeated government announcements to expand urban coal-fired power stations in Gauteng, Johannesburg and Pretoria or to bring them into full service (Pretoria) have also raised concerns about the environmental and social impact of such plans in the local communities who are already vulnerable because they live near power stations. It is this context that Earthlife Africa-Johannesburg, in cooperation with Rosa-Luxemburg-Stiftung, has been expanding the communities' capacity to resist this expansion through engagement with local communities, high-profile messaging on coal's health impacts (billboards and other mass media in front of the power stations) and investigations into the status and finances of each power station. This initiative has been accompanied by a continuous push for alternatives such as solar and wind energy with less of a negative impact on the environment.

Finally, despite its vast coastline, Mauritius has for many years seen fishing agreements permits and/or concessions allocated to European and other foreign entities, and a form of land grabbing through special land acquisition permits allocated to rich foreigners to take over agricultural and/or residential land and the coast line to the detriment of the local fishing communities. Nevertheless, the massive exploitation of the tourism sector has led to social tensions and ecological imbalances. Therefore it has progressively destroyed the local fishing community, increased cheap labour in the Freeport and sea-food sector, prevented local people from land accessibility and caused a housing crisis for the ordinary people.<sup>32</sup> It is in this context that the Programme, in collaboration with Centre for Alternative Research and Studies (CARES), is seeking to intervene at regional (Indian Ocean) level to mobilise and build a coalition of grassroots, trade unions, small planters, fishing community movements, ecologists, academics and engaged citizens towards a radical paradigm shift in terms of natural resource policies in Mauritius and the wider region.

However, the implementation of the Programme has not been immune to challenges. Politically, the region is characterised by the narrowing of space for civic engagement. There are particular incidences of this in Mozambique and Zimbabwe and there are similar moves being planned by the South African government. In Mozambique, for example, the civil society platform against ProSavana has recently seen a press communiqué in which the Programme is condemned and rejected by the newspaper *Jornal Noticias*.<sup>33</sup> This is coupled with other previous claims of intimidation and false accusations against anti-ProSavana campaigners by some government officials.<sup>34</sup> Economically, the limited financial capacity of the partners involved reduces the scope of the project initiatives considerably. Claims by the programme partners that more transformation would have been attempted if more resources were at their disposal are very common.

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31 Centre for Natural Resources Governance (CNRG). Formalising the work of artisanal and small scale miners in Zimbabwe (Project Proposal). Rosa-Luxemburg-Stiftung – Southern Africa, 2015.

32 Centre for Alternative Research and Studies on Economic Social and Environmental Issues (CARES). CARES Reclaiming natural resources programme (Project Proposal). Rosa-Luxemburg-Stiftung – Southern Africa, 2015.

33 "Mozambique: Government not sincere about ProSavana," Pambazuka News, last accessed November 12, 2016, <http://www.pambazuka.org/land-environment/mozambique-government-not-sincere-about-prosavana>

34 "Ministro Moçambicano vê 'conspiração' em críticas ao plano de produção de alimentos," Folha de S. Paulo, last accessed November 30, 2013, <http://www1.folha.uol.com.br/mundo/2013/11/1378733-ministro-mocambicano-ve-conspiracao-em-criticas-ao-plano-de-producao-de-alimentos.shtml>

# INTERNAL WORKSHOP: SUMMARY OF RESULTS

By Andreas Bohne (Rosa-Luxemburg-Stiftung, Berlin) and Ibrahima Thiam (Rosa-Luxemburg-Stiftung, Dakar)

## Background

As a resource-rich continent, Africa is attracting the interest of international mining companies, especially for energy and mineral resources. Northern countries endeavour to secure their access to raw materials through trade and investment regulations. Target countries are often characterised by low transparency and participation standards as well as weak regulatory frameworks for extraction activities. Therefore, local communities are often unprotected and affected by the negative consequences. Up to now, African countries have hardly benefited through employment and increased government revenue from export earnings. In addition, discussions both in Africa and Europe about “resource use models” are coming increasingly into the spotlight.

The Rosa-Luxemburg-Stiftung Africa Department is currently employing a strategic process for self-implemented and partner activities for the next few years. For several years, “natural resources” have been one major subject in the regional programmes of all three Sub-Saharan regional offices. In subsequent years, “natural resources” will continue to play an important role. However, the programme activities should be more focused and run parallel between the three offices and reflect the Stiftung’s activities in Germany.

The points mentioned below were discussed at a Stiftung-internal workshop in Dakar in July 2016. We would like to thank the following participants (in alphabetical order) for their valuable input and for taking time to join these in-depth discussions:

- Almoustapha Alhacen/AGHIR’INMAN (Niger)
- Matthews Hlabane/AIDC (South Africa)
- Allan Kalangi/NAPE (Uganda)
- Stefanie Kron/Rosa-Luxemburg-Stiftung Berlin (Germany)
- Joan Leon/Rosa-Luxemburg-Stiftung Dar es Salaam (Tanzania)
- Issa Ndiaye/AFSA 21 (Mali)

## Aim

In keeping with the general framework sketched above, the overall aim of the internal workshop was to identify major topics and points of interest for partners and staff members. Therefore, the workshop represented an initial step in the strategic and content planning process of the Africa Department over the next few years. The main objectives were:

- to get a comprehensive overview of resource policies and forthcoming challenges mainly in the mining sector in order to analyse “extractivism” within the project regions;
- to benefit from our partners’ views and external assessments;
- to examine (current and future) project activities and to identify needs of partners, the African regional offices and head office;
- to stimulate discussions within the RLS and to assess how debates in Africa can be reflected adequately in Europe;
- to translate ideas into actions taken by the Africa department in 2017 and 2018.

## Synthesis of discussed topics

### **a) General:**

It has become clear that the mineral/mining industry is increasingly important in several African countries where it impacts the local economic, political and environmental situation. We have seen similar processes in various countries after years of mining activities (e.g. struggles against uranium in Niger and coal in South Africa) and parallel processes of new explorations/exploitation activities in East, West and Southern Africa (e.g. uranium, oil and gas).

Furthermore, debates, wording and arguments by decision makers are often similar (mining as preferred tool for development); as well as demands by civil society organisations (CSOs) (transparency and accountability).

Nevertheless, participants confirmed that improvements have been made in the past few years (creating awareness among communities, CSOs and decision makers; marches and protests).

It has become clear that there are four players involved: the North (investment, trade policies), national African governments (weak regulations, poor economic performance), transnational companies (TNCs) (assessment of subsidiaries, illicit trade flows) and (affected) local communities. The participants agreed that mining activities/resource policies have to be treated as widespread issues without picking just one or two topics. For example, with regard to raw materials, it is possible and necessary to discuss the question of land, policy interventions (e.g. compensation), self-organised political actions for “own development” (people-centred approach) and economic models etc.

The group of workshop participants was guided by their focus on mining activities. However, other resources were also taken into account such as the question of land (e.g. through evictions), while agribusiness and land grabbing as individual activities were not discussed. It is still an open question as to whether the Rosa-Luxemburg-Stiftung Africa Department will focus exclusively on mining or natural resources in general (including water, raw materials, soil, land, seeds and biodiversity).

#### ***b) Fair resource use and industrialisation***

Mining activities have to be beneficial for the industrialisation of the local and regional economy in order to avoid the controversial term “economic development”. Participants felt the need to discuss the question of how “resources” can or could contribute to structural transformation in terms of (local/regional) development. The extraction of resources should contribute to local incomes, government revenues (mainly through taxes and royalties) through fair benefit-sharing schemes. Basic requirements have to be transparency, participation and compliance with laws and regulations (e.g. presentations of and compliance with Environmental Impact Assessments). Partners are not per se against mining activities; rather they are against aggressive mining models and therefore favour approaches similar to a post-extractivism model (without mentioning that term) of local mining activities while considering the economic, ecological and social conditions.

The extraction of uranium is, however, completely dismissed. But as this cannot be stopped at the moment (i.e. Niger), benefits should be used to improve the plight of local people and reduce harmful effects on health and the environment.

While it was agreed that a transition was needed, the mode of transition was only marginally debated. Some participants demanded a “new development debate”, whereas others supported a hard and a soft strategy of transition (i.e. against uranium, but oil exploration should continue to avoid middle class protests) and the inclusion of alternatives as a prerequisite.

#### ***c) Artisanal/small-scale mining***

All partners have referred to the importance of artisanal (ASM) or small-scale mining for livelihoods in their countries on several occasions (e.g. traditional gold mining which started in Arlit in 2015, in Mali or in South Africa). However, small-scale miners are confronted with various challenges and transformations, e.g. a new capitalist class of middlemen (of Arab origin in Mali), criminalisation due to the extraction of coal in abandoned mines in South Africa and unhealthy and dangerous working conditions (e.g. the use of mercury).

#### ***d) Role of TNCs and subsidiaries***

All participants demanded an analytical investigation into the role of TNCs and the role of mining companies (e.g. Areva in Mali). The concept of Corporate Social Responsibility (CSR) was assessed as crucial and critical (companies must take on the responsibility of delivering on their promises, like the provision of social services). Additionally, participants asked for a critical review process of national mining laws which provides space for TNCs and neo-liberal resource exploitation (e.g. characterised by benefit-sharing schemes) to give TNCs an advantage. Participants have pointed out the non-transparent activities of subsidiaries; further assessments of illicit trade flows are necessary for example.

#### ***e) Alternative laws and regulations***

Within the past few years, various African countries have implemented and revised mining codes and laws. In several cases, legal assessments have gone missing or have not been possible due to a lack of transparency or legal expertise. Alternative regulations, mining laws or political approaches are limited or not well-known – particularly in the countries of the North. Participants discussed self-created alternative mining codes after a population-based consultation process (e.g. MACUA resolution in South Africa).

#### ***f) A rights-based assessment of mining***

While ecological conditions played a minor role within the discussion, participants focused more on calling for and defending human rights (e.g. the right to land) and decent labour conditions of workers in mining industries (link to point g) and flagged up labour conditions/struggles around Marikana in South Africa for instance or the uranium mines in Niger.

#### ***g) Trade unions and organisations of labour***

Regarding the above-mentioned labour rights, the participants highlighted the role of trade unions in the mining sector. Yet they also rejected prioritising the role of traditional trade unions and emphasised the importance and potential of locally-based, self-established types of organisations (e.g. labour forums or workers' councils) because trade unions are often linked with political parties in power. In general, all the participants emphasised the importance of mobilising and sensitising workers and trying to establish linkages between workers and communities.

With this in mind, we must take into account the rights of other affected groups who are not directly involved with the mining activities but are faced with the consequences (e.g. pastoralists in Niger or peasants in Mali). Trade unions do not represent the interests of other affected groups such as pastoralists (selective approach).

#### ***h) Role of local communities as actors***

Partners emphasised the role of communities as being vital and that of political actors which should be strengthened. The communities are seen as empowered actors for fighting for and maintaining livelihoods and playing a crucial role in creating grassroots movements (e.g. MACUA is a strong anti-mining movement in South Africa).

#### ***i) Role of migration/migrant workers***

Migrant workers are seen differently: when TNCs recruit non-local people, migrants are seen as taking (limited) job opportunities from local people in mining which creates social conflicts between the indigenous people and newcomers and – in some cases – incoming capitalist groups. On the other hand, participants recognise and criticise the migrant workers' poor living conditions (migrant workers from Mozambique or in Mali), inhuman, often unhealthy and risky working conditions, the ban on joining trade unions and hire-and-fire practices (link to point g) and also with ASM (link to point c).

In addition, resource policies are linked to forced migration, displacements and evictions of local people and communities (e.g. in Niger).

#### ***j) Uranium***

Although the local population is mainly confronted with the impact of uranium exploitation, uranium has to be treated as a global issue. Therefore, civil society organisations should be actively involved on a global scale. In addition, participants highlighted the "logistics" around uranium, in particular the transportation (including accidents) of materials to the harbours of Lomé and Cotonou. Workers at the harbours are not aware they are handling such materials.

#### ***k) Oil and gas (and other specific resources)***

Several participants underlined the increasing importance of gas, oil and gold in West Africa (Mali, Niger and Senegal) and East Africa (Tanzania, Kenya and Uganda). Gas and oil are gaining prominence as well in Southern African countries (e.g. Mozambique). The exploitation of gas and oil can threaten the local population and, in case of offshore exploitation, the local fishermen.

#### ***l) Need for networking and organising***

Partners emphasised the need to improve networking and organising amongst CBOs at local and global level. Conferences, dialogue forums or workshops should be restricted to one specific topic (not necessarily to a particular region like French-speaking West Africa) with external expertise (because of poor capacity for legal opinions/assistance). Currently participants see the Rosa-Luxemburg-Stiftung more as a mediator for facilitating exchange processes and to provide space and to a lesser degree as a supplier of expertise.

On the one hand, participants highlight the importance of more efforts to create awareness and inform decision-makers like members of parliament about the negative effects. On the other hand, they continuously emphasise the "negative" role of politicians who adhere to harmful regulations.

All participants agree on the need to influence European parliamentarians (with regard to corporate legislation), they complain about the lack of awareness of Northern trade unions and politicians concerning the struggles in African countries (link to point f) and suggest a kind of database to link struggles, experiences and resistance.

***m) At project level***

At a project level, the participants identified the following priorities:

- Support for local conflicts
- Need for networking and exchange between civil society actors and parliamentarians
- Training and capacity building (e.g. citizenship training centres for local resources)
- Role of media (radio, newspapers) for information dissemination (equipment)
- Evaluation of CSR policies of the companies
- Creation of an observatory
- Creating a data bank for publications
- Action Day throughout Africa

Following feedback from our partners, it appears that activities are working very well (e.g. community discussions, flyer, workshops). It is difficult to get content into the (state-owned and free commercial) media (TV and radio) as journalists only publish if they are paid to; this creates a lack of visibility in the national political and public arena. Printing journals is expensive and therefore cannot be done very often; similar problems are related to using the Internet in Mali.

More involvement of national and international parliamentarians is required. There is a need to get in contact with youth groups.

***n) Gap between community-based conflicts and academic discourses***

It has become clear that there is a gap between insights and views of community-based activists and academic discourse, e.g. discussions around imperialist lifestyles, de-growth or post-growth, different debates on “extractivism” are limited to a few academic and university circles.

## ABOUT THE AUTHORS

**Andreas Bohne** is Project Manager East Africa at the Rosa-Luxemburg-Stiftung in Berlin.

**Fredson Guilengue** has many years' experience in the field of agriculture and rural development. He is a Project Manager at the Rosa-Luxemburg-Stiftung in Johannesburg. His main topics are natural resources, agriculture and development economics. He is taking a master's degree in development studies (University of Witwatersrand, South Africa).

**Allan Kalangi** is the Manager of the Sustainability School Programme at the National Association of Professional Environmentalists (NAPE) in Uganda. He is also the officer in charge of Uganda Community Green Radio. He is a trained journalist and worked in print and broadcast media before joining the NGO sector. He has over 10 years' experience in doing advocacy work especially in the fields of environmental justice and human rights.

**Stefanie Kron** is Head of Division of International Politics at the Department of Political Education of the Rosa-Luxemburg-Stiftung. Stefanie Kron holds a PhD in Sociology from the Freie Universität Berlin. She has been working, researching and publishing on the topics of migration and border regimes, transnational social movements and labour struggles. Recent publication: "Nacimos de la Nada: Border Struggles and Maternal Politics in Mexico", *Citizenship Studies* 20/5 (2016), pp 579-594.

**Joan Leon** has a background in Agricultural Education and Extension. She has been involved with political work due to her position at the Rosa-Luxemburg-Stiftung for more than four years. She mainly works with the partners dealing with natural resources issues in the East African region.

**Ibrahima Thiam** holds a PhD in Political Sciences and studied influence of religion on economy and politics in Senegal. Since 2010 he has been working as a Project Manager at the Rosa-Luxemburg-Stiftung in Dakar (Senegal) responsible for projects on natural resources and climate change.