

UNU-WIDER BOOK PROPOSAL TO
OXFORD UNIVERSITY PRESS

Extractive Industries

*Can the management of resources be a driver of sustainable economic
growth and poverty reduction?*

December 2016

1. Working title

Extractive industries: Can the management of resources be a driver of sustainable economic growth and poverty reduction?

2. Authors and editors

This will be a multi-author book with the contributors selected on the basis of their specialized knowledge of the sub-themes. Reflecting the multi-faceted nature of the topic, contributors will be drawn from academia, government, international development agencies, NGOs, and those with experience in working with companies in the extractives sector. The volume will be edited by Tony Addison, UNU-WIDER Chief Economist-Deputy Director, and Alan Roe, UNU-WIDER Non-Resident Senior Research Fellow, Oxford Policy Management, and the University of Warwick. The editors will contribute a substantial overview paper.

3. Synopsis: key messages

The book will document that extractive resources (minerals, oil, gas) have in the last twenty years become far more important to the economies of low- and middle- income countries, and therefore to their prospects for economic development. Since the volume of resources in these countries are huge, and their exploitation is attractive to both companies and governments, they offer considerable potential to support inclusive development. The poverty-reducing potential of a well-managed and regulated extractives sector is extremely large.¹ Consequently, the potential role of extractives in the development agenda is at the very least much more important than was previously thought. At the same time, there are risks and uncertainties. A sharp sell-off in oil and metals is putting considerable fiscal pressure on producing countries, and companies have delayed some investments. Climate change, and responses to it, will profoundly affect the extractives sector, especially as renewables replace fossil fuels in the energy mix. Managing the

¹ See in particular, McKinsey Global Institute (2013: 33).

sector, with all its complexity, opportunity, and risks, is therefore highly challenging – especially when institutions are weak, which is often the case in low-income countries.

Realizing the potential of extractives for inclusive development agenda therefore entails building and strengthening local institutions to design and implement effective strategies for the sector in an accountable manner. Achieving state effectiveness and transparency then helps countries attract more private investment into the industry, and a better quality of investor (more concerned to achieve economic and social benefits from the investment). Much of the suspicion of the extractives sector has come from country experiences in which weak institutions (often associated with divisive governments and violent conflict) have combined with ‘rogue’ companies to create outcomes that exclude rather than include the majority of the population from the sector’s development benefits. Action is therefore necessary at multiple levels, and the resulting agendas and actions can no longer be locked into rigid separated silos.

There is however a big open question. Can the extractive industries — big as they are in many developing economies — be used as the kick start to for what are variously referred to as the new ‘structural policies’ or the ‘modern industrial policies’ that are increasingly advocated by influential economists such as Justin Lin, Dani Rodrik, and Joe Stiglitz? There is ambiguity on this matter — manufacturing industry is commonly seen as the core element of these new approaches to industrial policy with the extractive industries regarded as a somewhat questionable and peripheral activity in spite of the wide range of demands for manufacturing products to which their presence gives rise. Additionally, the academic literature continues to be heavily influenced by the strong ‘resource curse’ results of the 1980s, and there is still great scepticism that extractive resources can ever truly become the drivers of rapid and sustainable development. The book will re-examine these results in the light of more recent findings in order to provide some counter-balance to the more fatalistic negative conclusions.

The book then turns to the practical possibilities for the improved management of extractive resources: the improvements needed to generate positive and sustainable economic and social outcomes for local populations. It will, above all, adopt a comprehensive approach as a counter to the common view that it is only through the spending of the taxes and royalties emanating from the extractive industries that any developmental benefits may be realised. So for example, this aspect of the book will consider both the macroeconomic management problems, including the sound use of tax revenues but also the management problems that arise at local and community levels. The *conceptual* dimensions of these topics will present up-to-date reviews of the key literature. The *practical* aspects will be developed by the generous use of country-specific case examples and by wide recourse to good and successful practical experiences from individual countries and extractive companies. In order to sustain a continuous narrative throughout the book, the detailed case studies will be made available as web-based materials with concise summaries of these mainly presented in text boxes. The necessary governance arrangements will be featured prominently. The specific institutional arrangements for improved management of extractives will also be central in several parts of the volume. These arrangements in turn will cover the *national* government arrangements for regulating and taxing the industry and also for managing the interface with individual corporations. It will also embrace the increasing number of *international* initiatives on standards, good practice and legal arrangements.

The volume will not seek to define a clear formula for ‘success’. It will instead seek to offer a comprehensive but integrated account of the multiple ingredients that are needed to turn the potential of extractives wealth into the reality of sustained improvements in living standards and social wellbeing.

4. Draft Table of Contents and authors

The volume will be organised in eight main parts building from general principles, concepts and frameworks, through policies and institutions at macro/national and international levels, down to the practicalities and realities involved in trying to capture benefits at local and community levels.

Table of Contents (see annexe with chapter abstracts)

PART I	OVERVIEW
Chapter 1	Historical Context and Main Issues <i>Tony Addison and Alan Roe</i>
PART II	MINERALS AND OIL AND GAS IN THE GLOBAL CONTEXT
Chapter 2	Minerals and Oil and Gas in the Global Context <i>Alan Roe and Samantha Dodd</i>
Chapter 3	Minerals in Low- and Middle-Income Countries <i>Magnus Ericsson</i>
Chapter 4	Oil and Gas in Low- and Middle-Income Countries: A Global Perspective <i>Paul Stevens</i>
PART III	THE ACADEMIC LITERATURE AND THE RESOURCES CURSE
Chapter 5	The Curse of the One-Size-Fits-All Fix: Re-evaluating what we know about extractives and economic development, <i>Paul Stevens and Glada Labn</i>
Chapter 6	Political Economy and Governance <i>Evelyn Dietsche</i>
Chapter 7	Implications: New Structural Economics and the Role of Extractives in Development Strategies <i>Evelyn Dietsche</i>
PART IV	POLICY CHALLENGES IN THE MACRO-MANAGEMENT OF EXTRACTIVES
Chapter 8	Fiscal and Monetary Management: An Overview <i>Mark Henstridge</i>
Chapter 9	Fiscal and Monetary Management in Chile <i>Andres Solimano</i>
Chapter 10	Fiscal and Monetary Management in Ghana <i>Mahamuda Bawumia</i>
Chapter 11	Short- versus Longer-Term Considerations <i>Rick Van der Ploeg and Tony Venables</i>
Chapter 12	Assessing the contribution of extractives and the ideas of sustainability and sustainable development <i>Anthony Hodge</i>
PART V	NATIONAL INSTITUTIONS OF EXTRACTIVES MANAGEMENT
Chapter 13	Regulatory Structures: Brief Overview <i>Alan Roe and Tony Addison</i>
Chapter 14	Regulatory Structures: Some Practical Observations <i>Toni Aubynn</i>
Chapter 15	Taxation of Extractives: Mining <i>James Otto</i>
Chapter 16	Doubling Down: National Oil Companies as Instruments of Risk and Reward <i>Patrick R. P. Heller</i>
Chapter 17	Environmental Protection <i>Ruth Greenspan Bell</i>

Chapter 18	Enhancing Sustainable Development from Oil, Gas and Mining: From an ‘all of government’ approach to Partnerships for Development <i>Kathryn McPhail</i>
PART VI	INTERNATIONAL REGULATORY CONCERNS AND STRUCTURES
Chapter 19	Principles and Standards for Industry set by Financial Institutions and Other External Agencies <i>Jim Cust</i>
Chapter 20	Guidelines from Corporations <i>Kathryn Tomlinson</i>
Chapter 21	Extractives and Gender <i>Catherine McDonald</i>
Chapter 22	The Climate Change Agenda <i>Tony Addison, John Drexhage, and Nadia Ouedraogo</i>
PART VII	LEVERAGING THE DIRECT IMPACTS OF EXTRACTIVES INTO SUSTAINABLE DEVELOPMENT
Chapter 23	Framework: The Channels for Indirect Impacts <i>Jeffrey Round and Alan Roe</i>
Chapter 24	Local Content, Supply Chains and Shared Infrastructure <i>Olle Ostensson</i>
Chapter 25	Downstream Activities: the Possibilities and the Realities <i>Mark Beare</i>
Chapter 26	Downstream Activities: Possibilities and Realities: further analysis <i>Anton Lof and Olle Ostensson</i>
Chapter 27	Choices for Spending Government Revenue: the New African Oil and Gas Economies <i>Maja Jakobsen and Sophie Witter</i>
Chapter 28	Addressing the Political-Economy Challenges: Nigeria and Ghana (the FOSTER and GOGIL models for Improving Governance) <i>Nick Travis, Joanna Buckley, and Neil McCulloch</i>
PART VIII	CAPTURING ECONOMIC AND SOCIAL BENEFITS AT COMMUNITY LEVEL
Chapter 29	Approaches to Supporting Local and Community Development: a View from the Companies <i>Catherine McDonald</i>
Chapter 30	The Social Cost and Benefit of Artisanal and Small-Scale Mining in Africa <i>Wisdom Akpalu</i>
Chapter 31	Approaches to Supporting Local and Community Development: The view from Zambia <i>Angel Mondoloka</i>
Chapter 32	Brazil and the Vale S.A. Model of Corporate: Community Interaction <i>Liesel Filgueiras, Andreia Rabetim, and Isabel Ache</i>
Chapter 33	Approaches to Supporting Local and Community Development: View from a Leading NGO <i>Keith Slack</i>
Chapter 34	Legislating for Community Development Agreements <i>Jim Otto</i>

5. Market and readership

The comprehensive approach of this volume, and its balanced discussion of the issues by acknowledged experts, should attract a broad readership, not only by economists, but also within the development practitioner community (national policy makers, aid donors, NGOs, civil society etc.), and those working in the extractives industry (e.g. companies in the mining, oil and gas sectors, ministries of energy and mining, and in international bodies monitoring and regulating the sector). Given its synthesizing approach, the book can be either core or subsidiary reading for undergraduate and postgraduate courses in development and mineral economics, development studies, and in courses on corporate social responsibility. Its academic readership is therefore not confined to economics or development studies, but should be attractive to programmes offered by business schools and mining colleges. Researchers will find it a good starting point for their own work, as it provides an authoritative view of where the debate currently sits. It is written in an accessible and largely non-technical style, and is supported by a UNU-WIDER website offering further material and reading, including video interviews with many of the book's authors as well as other international experts.

6. Possible competition

Although there are many books that focus on individual aspects of the extractives industries (e.g. those devoted to particular minerals, or oil and gas), we are not aware of a book that pulls together so many different strands of the debate and links them systematically to the development agenda, including the ideas of the 'new industrial economics'. The previous 2001 UNU-WIDER volume edited by Richard Auty is still widely cited, and contains some important papers but it is mainly case studies, which have inevitably dated. Several recent monographs by the McKinsey Global Institute have some of the same synthesising objectives as does the proposed volume but with significantly different coverage of sub-issues, and much less perspective from development economics. A recent 50-page monograph by Chatham House provides detailed reflections on the resource curse and makes a number of important points that overlap with the narrative of the proposed volume. Similarly, Oxford University Press have published Paul Collier's book entitled *The Plundered Planet* that provides a useful polemical complement to the proposed UNU-WIDER book. The same is true of the 2007 volume edited by Macartan Humphreys, Jeff Sachs and Joe Stiglitz entitled *Escaping the Resource Curse* (Columbia University Press). Tony Bebbington's *Extractives, Development and Social Conflict* (Routledge 2011) is focused on only a sub-set of our issues and concentrates on Latin American. Routledge published a 2014 book by Simons and Audrey Macklin, *The Governance Gap* that has a relatively narrow human rights focus. Springer for many years has had a handbook on the *Taxation of the Extractive Industries* but this has a very narrow focus. The ICMM has published many specialised monograph-style reports in the past ten years on specific aspects of mining including a number of useful country case studies and good practice guides about matters such as community development, indigenous peoples, etc. But these have not been brought together in any synthesised volume and are essentially available as web-based materials that speak mainly to the industry. There are also other specialised research-based books that deal in depth with particular issues — for example Deborah Bryceson (2014) on artisanal mining and social transformation in Africa (Routledge 2014), a large number of short pieces from campaigning NGOs, and some in-depth country reports by Global Witness. None of these have the range and the objective focus that the proposed volume expects to offer.

7. Length

The target length for each chapter will be 8,000-9,000 words — fully inclusive of footnotes, references, figures and tables — which will mean that the book content (excluding the additional web-based materials) will be circa 325,000 words including front matter.

8. Artwork requirements

We envisage charts/figures, and possibly some maps, but no especially challenging artwork.

9. Timeline to submission

December 2016	Submission of book proposal
January 2017	Complete first drafts received by editors
February 2016	Editors review draft chapters
March-April 2017	Authors revising draft chapters to address editors' comments/critique
May 2017	Compilation of draft book manuscript
June 2017	Submission of draft book manuscript

10. Sample chapters

The following chapters are attached to this proposal:

- Chapter 2 Minerals and Oil and Gas in the Global Context
Alan Roe and Samantha Dodd
- Chapter 5 The Curse of the One-Size-Fits-All Fix
Glada Labn and Paul Stevens
- Chapter 11 Short- versus Longer-Term Considerations
Rick Van der Ploeg and Tony Venables
- Chapter 16 Doubling Down: National Oil Companies as Instruments of Risk and Reward
Patrick R. P. Heller
- Chapter 18 Enhancing Sustainable Development from Oil, Gas and Mining
Kathryn McPhail
- Chapter 24 Local Content, Supply Chains and Shared Infrastructure
Olle Ostensson
- Chapter 31 Approaches to Supporting Local and Community Development: The view from Zambia
Angel Mondoloka

11. Editors' short CVs

Tony Addison has more than 30 years' experience as an academic economist, and a policy adviser with governments and international development organizations. He is the Chief Economist-Deputy Director at the United Nations University World Institute for Development Economics Research (UNU-WIDER) in Helsinki, Finland. He was previously a Professor of Development Studies at the University of Manchester, and Executive Director of the Brooks World Poverty Institute (BWPI) University of Manchester, an institute chaired by Professor Joe Stiglitz. During his time at Manchester University he was also an Associate Director of the Chronic Poverty Research Centre (CPRC). He held the lectureship in quantitative development economics (QDE) at the University of Warwick, and was director of the QDE programme at Warwick, and previously held a lectureship at the School of Oriental and African Studies (SOAS, University of London) and was a research fellow at the Overseas Development Institute (ODI) in London. He began his career as an ODI fellow in the Ministry of Trade and Industries in

Tanzania. He has undertaken considerable advisory work with governments in Africa and Asia through the World Bank and the UN agencies. His edited books include: *From Conflict to Recovery in Africa* (Oxford University Press); *Making Peace Work: The Challenges of Economic and Social Reconstruction* (with Tilman Bruck, Palgrave Macmillan); *Poverty Dynamics: A Cross-Disciplinary Perspective* (with David Hulme and Ravi Kanbur, Oxford University Press); *Fiscal Policy for Development: Poverty, Reconstruction and Growth* (with A. Roe, Palgrave Macmillan); *Debt Relief for Poor Countries* (with Henrik Hansen and Finn Tarp); and *Development Finance in the Global Economy: The Road Ahead* (with George Mavrotas, Palgrave Macmillan). He was a lead author for *The Chronic Poverty Report 2008-09: Escaping Poverty Traps*. He published in the following journals: *Journal of Development Economics*; *Journal of Development Studies*; *Journal of International Development*; *African Development Review*; *Conflict, Security and Development*; *Defence and Peace Economics*; *Journal of African Economies*; *Journal of Peace Research*; *Journal of Agricultural Economics*; *World Economy*, and *World Development*.

Alan Roe has worked for more than 45 years as an academic economist and as a policy adviser. He has degrees from the Universities of Leeds, Wales, and Cambridge. Early in his career he was a research economist at the University of Dar-es-Salaam and then at the University of Cambridge (Economic Growth Project) and later a Visiting Professor of Economics at Washington University in the USA. He then taught economics for many years at the University of Warwick where he was also for a period the Chairman of Department. In 1994 he was appointed Principal Economist at the World Bank where he worked for seven years to design and implement large financial sector reform projects in the economies of the former Soviet Union. After retiring from the Bank in 2000, he returned part-time to Warwick University but also joined Oxford Policy Management (OPM) as Principal Economist and a Board Director. In this capacity he helped to initiate OPM's involvement in both financial sector reform and development and in natural resources issues. Now retired he remains as a Senior Associate at OPM and a Senior Non-Resident Research Fellow at UNU-WIDER. He has undertaken a number of case studies on the impacts of mining and oil and gas for both the International Council of Mining and Metals (ICMM) and a number of extractives companies. He was also a lead author of the Toolkit now employed by the ICMM and their corporate members for analysing the economic and social impacts of large mining projects in low- and middle-income economies. Ten country case studies utilising this Toolkit have now been completed – the latest in Brazil and Zambia. He has written extensively in both books, academic journals and for other outlets.

12. Chapter authors' affiliations

Isabel Ache, Vale Foundation, Brazil.

Wisdom Akpalu, Research Fellow, UNU-WIDER.

Hernan Araneda, Fundacion, Chile.

Toni Aubynn, CEO of the Minerals Commission of Ghana.

Mahamuda Bawumia, former Deputy Governor of the Central Bank of Ghana.

Mark Beare, Technical Manager for Extractives (oil and gas), Oxford Policy Management.

Ruth Greenspan Bell, Public Policy Scholar, Woodrow Wilson International Center for Scholars, and Research Associate, Center for Decision Sciences, Columbia Business School; formerly at the US Environmental Protection Agency, and a Director at Resources for the Future in Washington DC.

Joanna Buckley, Oxford Policy Management.

Jim Cust, Chief Economist, Africa Region, World Bank.

Evelyn Dietsche, Associate Fellow, Chatham House.

Samantha Dodd, formerly a consultant at Oxford Policy Management.

John Drexhage, formerly Director for Climate Change Management at ICMM.

Magnus Ericsson, Partner and co-founder of the Raw Materials Group, Sweden.

Liesel Filgueiras, General Manager of Human Rights, Indigenous Community Relations and Socioeconomy, Vale Foundation, Brazil.

Patrick Heller, National Resource Governance Institute (co-author of *Reforming National Oil Companies: Nine Recommendations*).

Mark Henstridge, Chief Economist, Oxford Policy Management.

Anthony Hodge, formerly President of the International Council on Mining & Metals.

Maja Jakobsen, Head of Extractives Portfolio, Oxford Policy Management.

Glada Lahn, Chatham House.

Anton Lof, Associate Director, Product Research and Development SNL Metals & Mining, Sweden.

Neil McCulloch, Independent Consultant, formerly Principle Economist, Oxford Policy Management

Catherine McDonald, Independent Consultant and lead author of the ICMM Community Development Toolkit.

Kathryn McPhail, formerly Vice President, Sustainability, East Africa for BG Group.

Angel Mondoloka, Managing Partner, Abner Bright International, Zambia.

Olle Ostensson, former head of Commodities Division, UNCTAD.

James Otto, Independent Natural Resources Economist and Attorney, formerly Professor at the Colorado School of Mines.

Nadia Ouedraogo, Research Fellow, UNU-WIDER.

Andreia Rabetim, Vale Foundation, Brazil.

Jeffrey Round, University of Warwick.

Keith Slack, Global Program Manager, OXFAM Extractives Industries Team, USA

Paul Stevens, Chatham House.

Andres Solimano, Founding President, International Center for Globalization and Development, Santiago, Chile.

Kathryn Tomlinson, independent consultant (oil and gas) for BG Group and other majors; expert on sustainable and best practice approaches to dealing with social impacts and risks surrounding private sector energy and infrastructure projects.

Nick Travis, Oxford Policy Management.

Rick Van der Ploeg, University of Oxford.

Tony Venables, University of Oxford.

Sophie Witter, Professor of International Health Financing and Health Systems, Queen Margaret University, Edinburgh.

13. Suggested reviewers

Alan Gelb, Senior Fellow and Director of Studies, Center for Global Development; agelb@cgdev.org

David Humphreys, former Chief Economist at RTZ; dh@daiecon.net.

Robert Osei, Associate Professor, Institute of Statistical, Social and Economic Research, University of Ghana; rosei@ug.edu.gh

14. References

- McKinsey Global Institute (2013). *Reversing the curse: maximising the potential of resource-driven economies*. McKinsey Global Institute Report. December.
- Findlay, R., and M. Lundahl (2001). 'Natural Resources and Economic Development: The 1870-1914 Experience'. In R.M. Auty (ed.) *Resource Abundance and Economic Development*, UNU-WIDER Studies in Development Economics. Oxford: Oxford University Press.
- P. Stevens, G. Lahn, and J. Kooroshy (2015). 'The Resource Curse Revisited'. The Royal Institute of International Affairs Research Paper. Chatham House London. August.
- Van der Ploeg, F., and A. Venables (2011). 'Harnessing Windfall Revenues: Optimal policies for resource-rich developing economies'. *Economic Journal*, 121: 1-31.
- P.R.P. Heller, P. Mahdavi, and J. Schreuder (2014). *Reforming National Oil Companies: Nine Recommendations*, New York: Natural Resources Governance Institute. June.

Annexe: chapter abstracts

PART I	OVERVIEW	
1	<p>The Historical Context and Main Issues</p> <p><i>Tony Addison and Alan Roe</i></p>	<p>Part I will provide an introduction to the role of extractives in development including some of the historical context. It will also set out the main themes and conclusions from the later chapters. It will outline the stream of narrative that will run through the book and explain the evolution of thinking about the resource curse over the past 30 years. However, it will precede this focus on the contemporary situation by offering reflections of some of the main historical aspects of mining, the conquistadors and other colonial forces, and the gradual emergence of a more socially-conscious set of arrangements. This will pick up some of the themes of the monograph on the same topic.²</p> <p>The summary of <i>conceptual issues</i> will then outline the main arguments associated with the contemporary developmental challenges of extractives, running from the early resource curse econometrics of the 1980s, through the associated governance and institutional aspects of the alleged curse and several other dimensions of the curse as recently re-assessed by Stevens et al. (2015) for Chatham House.³ This will include some attention to the specific problems faced by the newer oil and gas countries in the developing world. The summary of conceptual issues will also consider the various ways in which the new structural (modern industrial) policies that now recommend an enhanced role for the state, albeit a selective one, can now be argued to represent a credible approach to extractives given that some explanations of the resource curse attach considerable blame to state failure as a contributory factor. In other words it will consider the credibility of what might be termed an ‘extractives-led growth model’.</p> <p>The summary of practical policy matters will cover the issues involved in the macroeconomic management of the sector including the design and implementation of a sound tax regime, the fiscal and monetary management needed to address both the short — term volatility and the inter-generational issues involved. It will also embrace the regulatory issues that run all the way through the value-chain from licensing through contracting and then production-period controls and enforcement. It will also examine the policy choices that host government face in seeking to use extractives to achieve structural changes and the longer-term diversification of their economies (away from a dependence on natural resources). Arguably, a main test of whether extractives policy has or has not been successful will be whether or not it achieves over time a broadened economic structure with extractives merely as one significant component of the ‘new’ economy.</p> <p>The narrative will then drill down to the multiple issues that interact with national policy-making at both the <i>local and the community level</i>. This will include a summary of the different approaches that host government might adopt in managing and supporting company level initiatives at local and community level whether through tax transfers to sub-national governments and empowerment of the affected local areas, or by way of specific expenditure policies that can complement the large dollar-spend of the companies themselves on their social and local development programmes. An important sub-issue will be the extent to which the presence of a large extractives activity in one particular region of a country might/should be used as the pole for the active promotion of extractives-led regional development. This part of the summary will include some attention to the guidelines of good practice that are utilised both by commercial extractive companies and also by international organisations such as the IFC.</p> <p>This part of the book will not seek to provide full blanket coverage of all the issues that emerge from the core chapters of the book but rather to provide a narrative that fits together and complement each other. A judgment will be made once the component materials have been collated as to whether Part I might be subdivided into two parts at the end.</p>

² Findlay and Lundahl (2001).

³ Stevens et al. (2015).

PART II	MINERALS AND OIL AND GAS IN THE GLOBAL CONTEXT	
2	A Statistical Perspective on Extractives and Developing Economies <i>Alan Roe and Samantha Dodd</i>	This chapter will provide an up-to-date statistical analysis of the scale of the current dependence of low- and middle-income economies on both types of extractive resources (minerals and oil & gas). It will do this in a limited set of dimensions for which comparative data is available for most extractive countries: for example exports; government revenues; foreign direct investment. It will also assess how country levels of both oil & gas and minerals dependency have changed in the past twenty years. It will show a strong underlying tendency for the level of dependency to rise from 1996 through the commodity boom that ended in about 2011. It will also provide some initial evidence of how the ending of the super-cycle is so far affecting levels of dependency. In doing this it would also include an initial assessment about how these tendencies are likely to evolve in the medium term future given that the super-cycle of commodity prices is over.
3	Minerals in Low- and Middle-Income Countries <i>Magnus Ericsson</i>	This will elaborate the analysis in Chapter 2 by interrogating the richer data sets maintained by the former Raw Materials Group of Sweden and examine in greater detail the recent global tendencies in mineral production. It will address three basic questions namely how large today is the magnitude of the statistical dependence on mining industries in low- and middle-income developing countries? Has that level of statistical dependency changed over time — in fact over the past 20 years from 1996? Has the level of dependency changed as a result of the sharp drop in the prices of most extracted commodities in the past 3-4 years — after the end of the so-called ‘super cycle’? In addition it is hoped to make use of additional data on exploration activity to address some basic questions about the future prospects: for example: what can we say about the likely future implications of extractives dependency given both the current softness of prices, and some obvious global structural changes such as the phasing-down of global dependency on fossil fuels?
4	Oil and Gas in Low- and Middle-Income Countries: A Global Perspective <i>Paul Stevens</i>	This chapter will provide an overview of the changing role of extractives in the recent economic development of the global economy and especially in its larger economies, and in the developing economies. It will include an assessment of the supply: demand balances and how these are changing and are likely to change as a result of improved technologies, actions to address climate change and rising incomes in emerging market economies and in other erstwhile poorer economies. The analysis would also factor in the apparent ending of the super-cycle of commodity prices and assess whether and to what extent this will undermine the global supply : demand trends in oil & gas that had been apparent before commodity prices — and especially the price of oil — began to decline.
PART III	THE ACADEMIC LITERATURE AND THE RESOURCES CURSE	
5	The Resource-Curse Literature: A Synthesis and Overview <i>Paul Stevens and Glada Labn</i>	This would be a tour d’horizon explaining the now multiple interpretations that have been associated with the term ‘resource curse’. Because there has been a very recent and comprehensive review of this literature published by Chatham House in August 2015, the lengthier detail can be presented as web-based materials with this chapter being a shorter readers’ guide mainly to the already published materials. These will be subdivided as between the mainstream <i>economic arguments</i> and the more diffuse <i>political-economy arguments</i> .
6	Political Economy and	This chapter will provide a review of the published papers on this topic including some conclusions about the current consensus about the role of

	Governance <i>Evelyn Dietsche</i>	political economy in the resource curse debate. As such it will seek to identify the main strands of thinking about political economy and extractives and how these strands get translated into practical policy. The analysis will draw on country cameos to illustrate key points. It would also identify the variety of practical political economy and governance challenges that countries that are newly entering the category of extractives-dependent countries face in dealing with their new resource wealth. It would also synthesize what we have learned over the past 10-15 years as development agencies have sought to introduce 'governance' into the debates about extractives and what we/they still need to address in order to do this effectively.
7	Implications: New Structural Economics and the Role of Extractives in Development Strategies <i>Evelyn Dietsche</i>	This chapter will assess the role of extractive industries in the context of debate around what is variously referred to as the 'new structural economics' or the 'modern industrial economies' as expounded by Lin, Stiglitz, Rodrik and others. It might do this by reviewing the manner in which the perceived developmental role of extractives has changed over time. For example in the 1980s there was a main emphasis on extractives as a leading force for attracting otherwise-limited foreign direct investment. By the 1990s the emphasis had shifted to concern about the anti-developmental implications of extractives (e.g. as captured in the concept of the resource curse). Today we have an emerging view that extractives, given appropriate policies can have positive developmental benefits. The chapter will seek to assess this latter point by scrutinizing the mechanisms and success-conditions that the advocates of the new approaches have in mind. These mechanisms include selective government policies that only work in sympathy with comparative advantage; that have strict arrangements to withdraw subsidies from failing activities; and that try to take national advantage of global industry shifts as labour costs in erstwhile lower cost countries (such as China) begin to rise. At the same time it is recognized that extractives have inherently sparser linkages with, say, manufacturing complexes and so can more easily become isolated enclave activities. The chapter would seek to assess if and how these ideas can fit with the advocacy of a leading developmental role for extractive industries in at least some developing economies.
PART IV	POLICY CHALLENGES IN THE MACRO-MANAGEMENT OF EXTRACTIVES	
8	Fiscal and Monetary Management: An Overview <i>Mark Henstridge</i>	There are numerous problems that host governments face in organising their macroeconomic policies to deal with the presence of extractives activities. This chapter will provide a framework of analysis to define the overall problem of macroeconomic management in extractives-dependent economies. The chapter will be organised around the framework of choices that governments need to make in managing these resources. It will seek to explain issues such as the macroeconomic consequences of any resource boom; the case for countries with newly discovered resources introducing clear legal and administrative frameworks to safeguard the use and management of these resources; why the influx of natural resource revenues carries the risk of 'Dutch disease', what this is and how these risks can best be managed; the policy-makers dilemma about whether to bring forward new resource revenues through borrowing; the balance between immediately spending versus saving; and the importance of expenditure allocation choices as a key part of the macro/fiscal management of larger resource wealth.
9	Fiscal and Monetary Management in Chile <i>Andres Solimano</i>	This chapter will comment further on the general issues of macroeconomic management but from the vantage point of a successful middle-income mining-dependent economy. The core of the chapter will be an in-depth examination of the various instruments that have been employed in Chile over the past 15-20 years to help manage the macroeconomic challenges of a large extractive industry based on copper. It would explain the component elements of Chile's macro policy framework that have resulted in the general consensus that Chile has out-performed most other extractives economy in this dimension of economic management. It will likely include some background on the methods/problems of macro management in Chile prior to the early 2000s. This historical background might then be linked to the Chilean decision to introduce a formal set of fiscal rules including a Stabilization Fund and then a Fiscal Responsibility Law in 2006. The paper will discuss the manner in which these restraints were designed; how they worked in

		practice especially during the global financial crisis of 2008; the uses to which the stabilisation funds were put; and some of the political economy pressures that had to be resisted in order for the fiscal rules to work effectively.
10	Fiscal and Monetary Management in Ghana <i>Mahamuda Bawumia</i>	This will further elaborate the macroeconomic discussion by considering in greater detail the dilemmas associated with this aspect of extractives management in an African context. As well as revisiting some of the general issues and good practice principles from Chapter 8, this chapter will also look in detail at the experiences in Ghana since oil was discovered there in 2007. It will consider the relatively sound arrangements that Ghana put in place through laws and new institutions to manage the large expected flow of new extractive revenues, but also some of the things that went wrong in practice to undermine the good intentions.
11	Short- versus Long-Term Considerations <i>Rick Van der Ploeg and Tony Venables</i>	This chapter will complete the discussion of macro policies by providing an overview of the choices about the timing of government expenditures derived from extractives revenues. This chapter would have both a conceptual and a more practical dimension. The conceptual element would be a non-technical explanation of formal intertemporal models such as that by Van der Ploeg and Venables (2011) ⁴ that compare choices related to how much spending should be increased over time; whether funds should be invested in the domestic economy or in foreign assets; and the optimal balance between private and public domestic investment. The more practical element would assess inter alia in what circumstances should host governments establish Sovereign Wealth Funds? This element would include a brief overview of the practicalities, successes and failures of SWFs in lower and middle-income economies.
12	Assessing the ‘contribution’ of extractives and the ideas of ‘sustainability’ and ‘sustainable development’ <i>Anthony Hodge</i>	This chapter provides a link from the specific technical issues around macro management to the broader question of the sustainability of the development impulses coming from extractives. Its focus will mainly be on the mining sector. Mining is subject to much criticism regarding its contribution to developing economies. In response, industry stalwarts have actively defended mining’s role. At the same time, in an attempt to strengthen mining’s contribution, various initiatives have been implemented over and above local, national, and international systems of law and regulation ⁵ . This chapter briefly describes and then tunnels under these various initiatives to explore the concept of ‘contribution.’ The analysis is guided by an overarching value set invoked by the joint concepts of sustainability and sustainable development. At the heart of this value set is a fundamental commitment to both human and ecosystem wellbeing together, not one at the expense of the other. In turn, this commitment serves as a kind of fundamental two-dimensional design criteria for all human activity, something that is simple to express but complex to un-bundle in a practical way. Four specific questions are then examined: (1) what comprises contribution? (2) which interests could or should be recipient of such contribution? (thus the distributional issue)? (3) over what timeframe should contribution be assessed? and (4) given that ‘assessment’ is a values-driven exercise, how can we assess that contribution from the perspective of each potential interest within the theatre of local, national, and international values that are at play?
PART V	NATIONAL INSTITUTIONS OF EXTRACTIVES MANAGEMENT	There are several dimensions of the regulation of the extractives sector below the level of macroeconomic management. These components are also extremely difficult to implement well given the limited capacities that are commonly experienced in lower-income economies. This part of the book will be selective in assessing the role of national regulation and the evidence of good practice that is available.
13	Regulatory Structures: A Brief Overview	The objective of this short chapter would be to provide a brief taxonomy of the main components of a sound legal regulatory structure for extractives including the institutional requirements at different stages of the value chain including licensing; contracting; ongoing monitoring and contract

⁴ Van der Ploeg and Venables (2011).

⁵ These include certain examples that are discussed more fully later in the volume: for example, the Natural Resource Charter (NRC), and the Extractive Industries Transparency Initiative (EITI) and the ten sustainable development principles and related policy framework of the International Council on Mining and Metals (ICMM).

	<i>Alan Roe and Tony Addison</i>	enforcement; tax implementation, environmental monitoring and enforcement; and monitoring of and support to social obligations. The taxonomic approach will be enlivened by inserting some country-specific cameos into the text.
14	Regulatory Structures: Some Practical Observations <i>Toni Aubynn</i>	This chapter will be prepared by an experienced regulator who will offer his own perspectives on the purposes, and challenges involved in practical regulation — both design and implementation — in a low- or middle- income country context with a particular focus on Ghana. The chapter will include a description of the legal and regulatory frameworks in Ghana tracing the changes that have been involved in the move from colonial and postcolonial regulatory and policy dynamics, and then from state control to private sector dominance. It will examine today’s main regulatory challenges including the issues associated with multiple regulations and inter-institutional conflicts; whether regulation should be reactive or proactive; the capacity of regulators; the challenges coming from political interference; and the balancing acts involved in dealing with both large scale multinational and local small-scale mining sectors. It will also offer a perspective on how national regulators work can with, and may be supported by international regulations and standards such as the EITI, the IFC Sustainability Principles, and ICMM’s Sustainable Development Framework.
15	The Taxation of Extractives: Mining <i>James Otto</i>	This chapter will focus on arguably the most important single instrument of extractives regulation namely taxation. It will trace the evolution of actual practice in the use of different structures of extractive taxes for the <i>mining sector</i> in the developing world — including the diversity of practice - and comment on how effectively the design of tax systems is currently handled. It would include an assessment of the key conclusions from the mainstream literature concerning the evolving best practice in the taxation of extractives: for example the merits of a royalty system versus one involving greater reliance on mainstream taxes such as corporation tax and VAT. Some case examples to illustrate good and less good practice could be woven into the text. The paper would also include comments on some of the remaining areas where his tax arrangements for mining need to be further improved: including the further steps needed to address problems of transfer pricing and other illicit evasion techniques. ⁶
16	Doubling Down: National Oil Companies as Instruments of Risk and Reward <i>Patrick R. P. Heller⁷</i>	This chapter will put the telephoto lens on one of the most significant components among the national regulatory structures of many oil and gas-dependent economies. Specifically, it would assess the contribution that an effective NOC can play in improving financial returns to the state, building national technical capacity, and enhancing environmental and social commitments. It would include comments and cameo examples to illustrate the positive potential contributions of NOCs. It would also discuss and example the reverse case of mismanaged NOCs that can waste scarce resources, and encourage corruption thereby depriving the country of valuable resources. In anticipation of the discussion in later chapters it would also identify possible ways in which a NOC could contribute to the agenda of structural deepening and diversification in an economy and what also are the pitfalls in this area of work.
17	Environmental Protection <i>Ruth Greenspan Bell</i>	It is well understood that environmental regulation is among the most difficult practical challenges of regulation in the developing world. Many of the ingredients needed to regulate successfully are either missing or weak. These include transparency, accurate monitoring, a working legal system, and realistic incentives that could make market-based systems (e.g. pollution pricing) effective. Corruption, favoritism, and poor environmental enforcement are common as is the scarcity of both trained personnel and also appropriate equipment for monitoring and data gathering. Basic data are often unreliable. At the same time civil society pressures for improved environmental standards especially from activist NGOs are often strong — even

⁶ The materials in the chapter would be supplemented by selected country examples on the project website illustrating the magnitudes of dependence on extractive revenues with reader guidance to the sources of the underlying statistical information. One country case study (on Zambia) would be used to illustrate several points including the substantial changes in both the total tax take and its composition that can occur over time; the practical difficulties of accurately assessing the tax that is due to be paid; and the ambiguities in interpreting data about alleged tax avoidance by large multi-lateral companies.

⁷ Heller et al. (2014).

		aggressive, while international conventions are increasingly relevant as well. In this general context this chapter would review the principal challenges, the various ways in which these get addressed together with some accepted recommended good practices. Contributions would come both from experiences regulators and also from those who need to respond to regulation from inside large corporations.
18	Enhancing Sustainable Development from Oil, Gas and Mining: From an 'all of government' approach to Partnerships for Development <i>Kathryn McPhail</i>	For resource development to realise its full potential, its management and regulation has to involve very many different line agencies of government who in turn need to engage with a variety of corporate and other stakeholders. Earlier chapters in this volume address some of the actions needed by individual ministries: for example ministries of finance, economy & planning, energy & mining, environment, and others. Later chapters address actions undertaken on the initiative of extractive companies and various international agencies. This chapter will focus on an 'all of government' approach beginning with a first problem namely that the evidence base to guide effective policy-making is not always widely known, shared, or indeed even agreed upon, across different line ministries and other players. This is especially true of the forward looking data (projections) which guide many policies. This sobering fact has been demonstrated in a number of recent country case studies on which the chapter will draw. The chapter will also address a further regrettable truth that in some countries, there is serious lack of trust between different stakeholder interests: for example, between companies and NGOs (Ghana), between companies and government (Tanzania), between Government and NGOs (Lao PDR), between federal, state and municipal government (Ghana and Brazil). Finding ways to bring all these interests together in various ways is an important dimension of the overall governance challenge associated with extractive industries. The chapter will use the example of multi-stakeholder workshops (focused by some prior in-depth and objective synthesis of the facts around the industry) to show how a good evidence base can be used to achieve improved coherence around possible actions for enhancing the sector's contributions at the same time helping to build greater trust.
PART VI	INTERNATIONAL REGULATORY CONCERNS AND STRUCTURES	
19	Principles and Standards for Industry set by Financial Institutions and Other External Agencies <i>Jim Cust</i>	This chapter would offer a brief review of the objectives and actual workings of, in particular the Equator Principles (revised 2013), the Natural Resources Charter and the Extractive Industries Transparency Initiative. It would include some analysis and examples of how these principles and standards actually impact on corporate and government behaviour in the host economies in areas such as environmental management, workers' rights, community health and safety and land acquisition. The chapter would also assess the role that international standard-setting generally can play in reinforcing effective regulation by national authorities. Can it do this? Does it in fact do this? ⁸
20	Guidelines from Corporations <i>Kathryn Tomlinson</i>	In addition to the regulatory and standard-setting pressures from national and official international organisations there is an additional self-regulation pressure coming from large mining and oil and gas companies and from their representative agencies. This chapter will offer an overview of the objectives and main content of the various guidelines issued by major industry associations such as the International Council on Mining and Metals (e.g. the ten principles of the ICMM and its Community Development Toolkit) and IPEQA (the industry body for oil and gas) and by individual extractives companies such as Anglo American (e.g. its Socio-Economic Assessment Toolbox (SEAT)).
21	Extractives and Gender <i>Catherine McDonald</i>	In recognising that women's participation and gender equity is a precondition for the achievement of acceptable development outcomes, extractives industries are increasingly committed to integrating gender equality, inclusion and women's economic empowerment into all aspects of their operations: albeit with some notable exceptions. The AusAID-funded International Mining for Development Centre (IM4DC) commissioned detailed analysis of

⁸ In addition recent contacts with IFC may lead to additional materials assessing the impact of the IFC Sustainability Framework (contact is Veronica Nyhan-Jones, IFC).

		<p>this issue in 2015 in order to assist it in better understanding the current mining industry view of the impacts of mining on women and girls and especially gender-based violence (GBV). The results of that work will be used in this chapter as the basis for a more extensive chapter on the topic to also include the oil and gas industries, and an updated the literature review. The chapter will consider the following questions: are there differences in the impacts of extractive industries on males and females both within extractives projects and in their surrounding communities; has GBV been observed to exist in the various countries and communities where extractives projects are situated; has there been any connection perceived between the extractives industries and GBV; how could the extractives industries internationally play a stronger leadership role in mitigating gender-based impacts generally?</p>
22	<p>The Climate Change Agenda</p> <p><i>Tony Addison, John Drexhage and Nadia Ouedraogo,</i></p>	<p>Climate change is arguably the central problem facing our planet. The various international agendas in this area, as well as climate change itself seem likely to have profound implications for countries dependent on extractive resources. This chapter will review several aspects of this reality and try to identify some of the main consequences and policy responses that may be called for. For example, mining companies will be affected by the shifting pattern of demand for their various products induced by climate change; oil and gas companies will likely need to write down the value of their assets, an issue that is already worrying bank supervisors over the problem of the so-called ‘stranded assets’. Investment in the entire extractive sector will be more and more influenced by climate change action, but also by climate change itself, and its impact on economies and societies. While some predictions can be made, there are also a huge number of unknowns. On the upside, radical technological breakthroughs in renewable energy and its cost are possible in ways that we cannot at this stage discern. On the downside, there is much uncertainty as to how the planet’s climate reacts to the rise in temperature, the spatial distribution of those impacts, and the interaction of economic policy and climate outcomes (which includes many complex feedbacks). The chapter cannot seek to replay the whole of the climate change debate but it can selectively draw attention to those aspects that are most likely to impinge on extractive-dependent economies.</p>
PART VII	<p>LEVERAGING THE DIRECT IMPACTS OF EXTRACTIVES INTO SUSTAINABLE DEVELOPMENT</p>	<p>Having discussed in earlier parts, the various types of management and regulation that host country governments impose on their extractive industries and the efficacy or otherwise of these, Part VII turns to the more diffuse issues of how to leverage immediate extractive activities into structural change and longer term sustainability. This is a big topic which connects closely with the relatively recent literature on ‘new industrial policies’ for developing countries. This new proposed approach is controversial because it commonly advocates a return to a more activist role for the state albeit a selective one guided by the need for any state-supported activities to remain close to a country’s comparative advantage. This part will attempt to bring extractives more closely into this new mainstream thinking by identifying first a framework and then those state policies that may be able to contribute to various types of economic deepening and diversification.</p>
23	<p>Framework: The Channels for Indirect Impacts</p> <p><i>Jeffrey Round and Alan Roe</i></p>	<p>This chapter will launch the discussion by presenting a brief description supported by graphics of the various different routes through which the direct economic and social impacts of extractives activities might be enhanced. These routes include the one that always gains the most political attention namely the spending of government revenues (e.g. on health and education or on direct promotional activities). But it will also include other routes and channels that arguably are far more important such as the direct effects of corporate spend in their supply local chains; the immediate multiplier effects of these (through the input-out connections); the further multipliers that follows from significant wage growth in these supply chains as well as in the main extractive activity; the new downstream activities that may be built on the primary extractive activity and the externalities that can accrue from the direct boost to skills training that a large extractive investment is likely to provide. Above all, following the work of John Sutton, can extractives be seen as a route to linking an erstwhile agrarian economy into global supply chains for at least some manufacturing products.</p>
24	<p>Local Content, Supply Chains and Shared Infrastructure</p>	<p>This chapter will provide an assessment of the practical issues involved in building up high levels of local content and strong local supply chains and show the orders of magnitude of the income gains that can be associated with successful policies in this area. The chapter will also address the potential benefits of the shared-use of the infrastructure (roads, schools, ports, hospitals, rail tracks etc.) that may be built primarily to support the commercial</p>

	<i>Olle Ostensson</i>	activities of the extractive companies. It will set out also to detail some of the key elements of successful policies. It will be illustrated by cameos of specific country examples.. It will seek to show that infrastructure deficits in poorer regions can indeed be closed in part by virtue of this type of partnering between extractives companies, governments and maybe also aid donors: a partnering that can economise on the limited funds that governments typically have available to them. ⁹
25	Downstream Activities: the Possibilities and the Realities <i>Mark Beare</i>	This chapter is designed to build further on the possibilities of developing new industrial activity based on extractives. It would provide an assessment of some general propositions about the extent of downstream activity that may be possible based on some practical real world examples with which the authors are familiar. It is suggested that these could include, but not be confined to (i) downstream power generation and petro-chemical possibilities in Tanzania based on the large new gas finds in the Indian Ocean and (ii), copper processing in Zambia where there has been a much longer-lived possibility for downstream processing. The analysis of this chapter will complement the attention that will be given to the development possibilities around, for example, local content as presented in the previous chapter. Other country examples might be invoked as appropriate. Significant importance might be attached in this chapter to the social improvements that seem possible especially in Africa if new oil and gas finds can be utilised to both extend the coverage and lower the cost of electric power supply to a much larger proportion of resident populations — something that is already starting to happen on the basis of new gas in Tanzania.
26	Downstream Activities: the Possibilities and the Realities: further analysis <i>Anton Lof and Olle Ostensson</i>	The additional chapter is designed to provide a further perspective on the possibilities of developing new industrial activity based on extractives. First, it will provide a description of the economic geography of downstream processing, using examples from three industries: aluminium, copper and iron ore/steel, illustrating the degree of geographic and ownership vertical integration. It would use the extensive data available to SNL Metals (formerly the Raw Materials Group, Sweden) to study two aspects: the geographical and ownership distribution of mining and downstream activities, and include an attempt to study the evolution over time of processing margins. The aim would be to provide a factual background to policies intended to promote downstream processing by shedding some light on both the economic geography of mining and processing and the orders of magnitude of processing margins. This part is intended to make the point that, in the past, downstream integration has not always been chosen as a high priority strategy. The analysis will also provide an assessment of some general propositions about the feasibility of downstream activity and illustrate also that value adding through further processing is a more complex issue than is often realized. A second part of the chapter will be devoted to a critical review of policies pursued to promote downstream processing. The review will be based on practical experiences in a couple of countries where downstream integration has been accorded a high priority by successive governments. Most likely, the examples chosen will be India, for iron ore and steel, and Zambia, for copper. Other examples could include Indonesia (as example of a country that is pursuing an assertive policy) and possibly South Africa. A third part will focus on potential success stories.
27	Choices for Spending Government Revenue: the New African Oil and	This chapter will examine a broader range of opportunities for addressing the pressing needs of low income countries by using new oil, gas and mineral discoveries. It will present a numerical analysis of the various possibilities that have opened up to countries such as Ghana, Mozambique Tanzania, Uganda, as a consequence of their recent oil and gas finds. It will ask how much of an impact can these new oil and gas revenue make on the funding

⁹ There are by now many case examples of good practice in these areas. The materials in the chapter will be re-enforced by web-based materials showing at least some of these. These could include Anglo American's *Anglo Zimele Development and Empowerment Initiative* which has been operating in South Africa for over twenty years. A second more recent example is the *Zambian Mining Local Content Initiative (ZMLCI)* launched in July 2012 as a collaborative, public-private initiative comprising representatives of: the large-scale mining industry; the Zambian manufacturing and SME sectors; and, key Government agencies. A third significant example has been the *Maputo Development Corridor* in Southern Africa, where the initial upgrading of infrastructure and crowding-in of investment has led to further public and private sector investments and a deepening of the sub-regional economic base to support local economic development .These cases would rely on the same authors as for the chapter itself.

	Gas Economies <i>Maja Jakobsen and Sophie Witter</i>	gaps for health and education in these countries and what are some of the other uses of the revenue that seem likely to accrue? For example, what is the possible supportive role of cash transfer programmes funded by the new revenues in ensuring that the supply of new social and other facilities are matched by a genuine increase in demand for these facilities from lower income groups?
28	Addressing the Political Economy Challenges: Nigeria and Ghana (the FOSTER and GOGIL models for Improving Governance) <i>Nick Travis, Joanna Buckley and Neil McCulloch</i>	This chapter will provide an explanation and assessment of the approaches used in two large donor (DFID)-supported programmes in Nigeria and Ghana respectively. The Facility for Oil Sector Transparency and Reform (FOSTER) is an ongoing £14m donor project, which aims to reduce the many incentives for the misuse of power and the capture of oil revenues in Nigeria. The FOSTER team has set out to identify and then support ‘pockets of effectiveness’ - identifying the key players and institutions that have the potential to catalyse change, and then supporting them in their pro-reform efforts. The Ghana Oil and Gas Improvement Loan (GOGIL) is a more recent initiative that has similar objectives but rather different modalities. The chapter will describe and assess the activities and outcomes of these two innovative donor-driven programmes.
PART VIII	CAPTURING ECONOMIC AND SOCIAL BENEFITS AT COMMUNITY LEVEL	
29	Approaches to Supporting Local and Community Development: a view from the Companies <i>Catherine McDonald</i>	A central difficulty for almost all extractive activity is that although the total benefits may be large, these benefits accrue predominantly at the national level and are typically concentrated in the hands of those in power and in capital cities. At the same time the disruptions in terms of population movements, noise, air and water pollution etc. are invariably highly localised close to the resource. Local benefits in terms of new employment opportunities frequently disappoint in terms of their magnitudes. It has been recognised for many years at least by those inside the industry that these imbalances need to be addressed by adopting pro-active policies and programmes locally. Such programmes are in any case always needed to help retain a company’s social license to operate. Increasingly this corporate response is matched by complementary responses (either specific mandated requirements or discretionary approaches) by host governments). This chapter would set out the approaches to this issue adopted by the leading international mining and oil and gas companies. It would explain the frameworks that are used (e.g. ICMM’s Community Development Toolkit) with cameo examples of how these frameworks are applied in practice. It would also assess the practical difficulties that confront the application of these corporate approaches and the need for them to be well integrated with local policies and actions.
30	The Social Cost and Benefit of Artisanal and Small-Scale Mining (ASM) in Africa <i>Wisdom Akpalu</i>	This chapter will assess the social costs and benefits of ASM in Africa, drawing on the experience of Ghana. Although large scale mining generally makes significant contributions to export revenues, the sector only contributes marginally to GDP due to the fiscal incentives structure put in place to attract foreign capital and other factors. Moreover, although large tracks of mineralized lands, which are farmlands and residential areas, are under concession in the gold rich countries, leading to displacement of large numbers of rural families, the mining companies typically provide only limited employment to the unskilled labour force within such communities. One widespread consequence has been that artisanal small-scale mining (ASM) activities, a significant proportion of which is illegal, have flourished over the years. In addition to creating jobs and providing income, ASM provides alternative livelihoods, enable the miners to build their mining and entrepreneurial skills, and help them build a capital base to start other businesses. On the flip side, however, ASM is notorious for generating huge environmental opportunity costs, including destruction of forest stocks, rivers and streams, and landscapes and topsoil, as well as generate massive pollution due to the use of mercury in processing the gold. In spite of these damages, most government efforts are geared towards encouraging ASM as a job creation outlet, often without taking adequate account of all the key elements of the social costs of mining and whether or not these render the efforts at encouraging such activities worthwhile. The chapter will present and then assess the balance of these arguments.

31	<p>Approaches to Supporting Local and Community Development: View from a Mining Country: Zambia</p> <p><i>Angel Mondoloka</i></p>	<p>This chapter will parallel the materials in Chapter 30 but will provide an assessment based on a detailed examination of the modalities and results of community development programmes in one specific country — namely Zambia. Mining is the largest sector of the Zambian economy but, as has been the case elsewhere, the relationship between mining companies and their host communities has been fractious without a clear path towards sustainability. The severe social, economic and environmental impacts of mining have been compounded by perceived shortcomings in corporate social and environmental (CSER) programming by the industry and fragile regulatory capacity on the part of the government. The ZCCM era that preceded privatisation in 1995 created a legacy of unrealistic CSER expectations which continue to place mining companies at a disadvantage. This paper will examine the modalities and results of mining community development programmes in Zambia as part of the broader discussion on how large international mining companies can, and do, contribute to local and community development. It narrates the approaches adopted by five multinational mining corporates, two of which are Chinese-owned, and discusses the advantages and disadvantages of each.</p>
32	<p>Brazil and the Vale S. A. Model of Corporate: Community Interaction</p> <p><i>Liesel Filgueiras, Andreia Rabetim, and Isabel Ache</i></p>	<p>This chapter will provide an in-depth review and assessment of the unique model of engagement with local governments and communities as employed by Brazil's dominant mining company — formerly state-owned.</p>
33	<p>Approaches to Supporting Local and Community Development: View from a Leading NGO</p> <p><i>Keith Slack</i></p>	<p>This chapter would discuss the importance (and limitations) of civil society and community engagement in EI revenue distribution and local budgeting processes. It would also address local political dynamics, which often determine how revenues are used (in ways that are often not developmental) and undermine long-term development planning. It would assess how transparency and data (such as that provided by the EITI) may or may not be useful in improving accountability at the local level for EI revenue management. The chapter will reference recent OXFAM work in Ghana and Peru that has supported community engagement with local governments on development planning and budgeting processes in mining areas. It will also draw on recent OXFAM research commissioned with the support of the Gates foundation that examined the political economy of EI revenue management in Peru, Senegal, Ghana and Tanzania.</p>
34	<p>Legislating for Community Development Agreements</p> <p><i>Jim Otto</i></p>	<p>Historically, the primary objective of many governments has been to obtain fiscal revenues from an extractive project and to use larger projects as a means to build infrastructure that will benefit society. More recently, governments are additionally looking to achieve benefits for local communities both in the near-term while operations are ongoing but also on a sustainable basis. Cognisant of the possible limitations of voluntary community agreements (see Chapters 32 and 34) one means that regulators have to achieve benefits at the community level is to mandate extractive companies to enter into legislated community development agreements (CDAs). This chapter examines this emerging trend and the legislation that is being devised to regulate CDA requirements. The concept of a CDA, a contract between an economic enterprise and a community, can be applied to both the mining and oil and gas sectors, but at the present time, the use of CDAs for mining projects is much more common: they are rarely used in the petroleum sector. In this chapter, the emphasis will be placed squarely on mining sector CDA legislation.</p>
35	<p>Conclusions</p> <p><i>Tony Addison and Alan Roe</i></p>	<p>As noted in Part I above, the role and content of this final chapter vis-à-vis the Introductory Overview in Chapter 1, will be determined once the component materials for the other chapters have been written and assembled.</p>