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Book Review. 2015. Modes of Governance and Revenue Flows in African Mining

Felix Kumah-Abiwu



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Book Review: Modes of Governance and Revenue Flows in African Mining

Felix Kumah-Abiwu, Kent State University

Bonnie K. Campbell (ed.). 2013. *Modes of Governance and Revenue Flows in African Mining*. New York: Palgrave Macmillan. 253 pp.

Africa's natural resources such as crude oil, gold and other vital minerals have been at the center of global attention for several decades. For many, the continent's rich natural resources should be enough to positively transform many economies, but these economies, especially in mineral-rich countries, continue to face diverse socio-economic challenges despite the huge investments in them. The literature clearly underscores the trend of this argument, especially the debate over the lack of good resource governance in mineral-rich countries. In other words, poor resource governance, as Bonnie Campbell's edited volume has described it, is one of the main causes of limited revenue flows for development and poverty reduction in Africa. *Modes of Governance and Revenue Flows in African Mining* is not only timely, but a valuable addition to the field. The introduction draws on the main arguments from the five inter-related chapters to highlight the underlying objective of the book as the attempt to contribute to the understanding of the consequences of investments in the mining sector, revenue flows, and the way these revenues have been used to further development and poverty reduction strategies (p. 3). The rest of the chapters have been analyzed within the framework of the above objective.

The first chapter by John Jacobs provides an overview of the impacts, debates, and policy issues on revenue flows in the African mining sector. Grounded on specific mining strategies that were introduced by the World Bank in Sub-Saharan Africa (e.g., Ghana, Mali, Democratic Republic of Congo-DRC) in the 1980s/1990s, Jacobs argues that the mining sector reforms had increases in foreign direct investments (FDI) with high tax revenues, but these revenue flows were not generally beneficial in stimulating growth, development and overall poverty reduction in these countries. In fact, Jacobs' piece raised questions about the viability of these externally-driven policies for the continent's growth and development. For him, as other scholars have argued, a paradigm shift from the existing (foreign investment-led) resource development strategies (p.16) to a strategy of country-led development might be helpful to increasing economic capacity and capital accumulation (pp. 38-39). The chapter also examines some of the mining reforms that were introduced in Ghana, Mali and DRC.

Reforms such as the attractive tax policy regimes and private sector-led growth initiatives were discussed. Although these strategies have added significant FDIs to the mining sector, the lasting consequences for these mineral-rich countries can be observed from two perspectives. First, the economies of these countries, as Jacobs posits, have been tied to “a long-term, low revenue and externally-oriented development strategy dependent upon foreign investment” (p. 38). Second, through FDI-led development of the mining sector, the exploitation of Africa’s resources becomes integrated into the global capitalist system with focus on profit maximization strategies at the expense of sustainable development (p. 38).

The second chapter by Sael Gagne-Ouellet takes the reader to deeper levels by focusing on regulatory frameworks of mining policy reforms in Mali. Like Jacobs, Gagne-Ouellet reiterates the debates on the regulatory reforms that were introduced in mineral-rich African countries in the 1980s. In the words of Gagne-Ouellet, the main objective of these reforms was to stimulate growth and alleviate poverty through FDI. However, the soundness of these initiatives “is now being questioned and sometimes even criticized” (p. 47). For further analysis of these issues, Gagne-Ouellet employs the regime theory to examine the mining sector in Mali. The author traces the history of mining activities with focus on gold from the ancient era, through the colonial period, to the post-colonial (1960s-1990s) era and the post-1990s. In fact, one could perhaps describe Gagne-Ouellet’s in-depth analysis of Mali’s mining trajectory as a one-stop venue for those interested in knowing more about the sector. As revealed in the other chapters, the common theme that emerged in this chapter has been very well captured by Gagne-Ouellet when he noted that the liberal economic-inspired reforms of the Malian economy (private sector-led) did help somehow in reducing the country’s deficits, but the “population’s living conditions remained precarious” (p. 56).

Chapters three (Thomas Akabzaa) and four (Gavin Hilson and Godfried Okoh) are slightly different in content, but both chapters share common ideas on vital mining activities in Ghana. Focusing on the constraints to maximizing net retained earnings from the mining sector, Thomas Akabzaa, for example, argues that institutional and policy capacity constraints are some of the major problems facing Ghana and other African mineral-rich countries (pp. 107-08). The chapter provides a good diagnosis of these problems with viable treatment options in terms of policy solutions for effective domestic resource mobilization. The author’s suggestion on simplifying the calculation of retained earnings is a good case in point (pp. 112-32). Chapter four underscores the importance of formalizing artisanal/small-scale (ASM) mining industries in Africa. The chapter wonders why the ASM sector which constitutes an important economic base in many rural mining areas continues to occupy the periphery in development strategies across Africa (p. 139).

Drawing on Ghana's case (*galamsey*), the author discusses factors such as policy inertia, health concerns, safety, and environmental issues as some of the reasons why the sector has remained informal or illegal for many decades. Like the fourth chapter, the fifth chapter by Didier de Failly and colleagues looks at the dynamics of artisanal mining in the DRC with focus on revenue flows, governance, and development. The chapter provides an in-depth analysis of the role/interplay of pertinent issues such as armed militias, conflict minerals and the dynamics of foreign influence in shaping mining activities in the Southern Kivu region as compared to other provinces like Katanga (p. 165). As previously revealed, this last chapter also observes that the artisanal sector in the DRC lacks the needed support for positive transformation.

Generally, the book is useful in broadening our understanding of the issues, but there are two drawbacks to be noted. First, as revealed in the volume, both internal (policy inertia/corruption) and external (foreign-driven policy/excessive profit outflows) factors have contributed to the low revenue flows in African mining for development purposes. While these explanations are duly recognized, it is also clear that the book was unable to discuss extensively how the ills of historical legacies such as colonialism and the massive exploitation of Africa's resources have affected and continue to affect the current socio-economic conditions of the continent. Second, the long-term role and position of Africa in the global capitalist system with which the continent has little or no control and how this could be addressed have also not been adequately discussed in the volume. Nonetheless, I find the book is a significant asset to the literature on African mining, revenue flows, and issues of development in Africa.

Felix Kumah-Abiwu, *Kent State University*