

# **International Development Research Centre**

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## **Making the Most Commodities Program (MMCP)**

**Final Report 1<sup>st</sup> January 2009 – 30<sup>th</sup> November 2011**

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**University of Cape Town  
and  
Open University (as participating institution)**

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## 1. Synthesis

The MMCP/Africa is a collaborative research and policy programme between the University of Cape Town and the Open University. The Project Leaders are Prof Morris and Prof David Kaplan from UCT, and Prof Raphael Kaplinsky from the Open University. The MMCP is institutionally managed by Prof Morris, through the Centre for Social Science Research. Researchers on specific projects have been drawn from a variety of other African countries as well as the United Kingdom. The principal funders of the MMCP were the IDRC, with additional funding from the William and Flora Hewlett Foundation, Harry Oppenheimer Institute, and the Open University.

The general objective of the research and policy activities of the MMCP is to assist African countries to maximise the potential linkage opportunities emanating from the production of commodities so as to promote sustainable industrial growth, and to ensure widespread access to the fruits of this growth in a context of good governance. The research to achieve this general objective of the MMCP has been undertaken by engaging 16 researchers in Africa engaged in 14 research studies. Eight of the studies have been concerned with specific commodities in individual countries, three have been focused on cross-cutting issues, and three synthesis studies.

1. The country/commodity research studies are: Angola (oil), Botswana (diamonds), Gabon (timber), Ghana (gold), Nigeria (oil), South Africa (mining services), Tanzania (gold) and Zambia (copper).
2. The three cross-country studies focus on: Corridor Infrastructure and its Linkage Impacts (South East Africa – Tanzania and Mozambique), Chinese investment in infrastructure in Africa (focused on Angola), and Pre-Exploitation Mining Procurement Policies (East Africa).
3. The three synthesis studies have summarised the research results into reports on a general theoretical overview, a summary of the breadth and depth of linkages and a set of policy recommendations.

The MMCP is also a research, capacity building and policy initiative committed to producing research and policy relevant work for Africa, building research capacity of younger researchers, and creating a network between institutions focused on African economic development. The capacity building aspect is ensured through a substantial part of the research being undertaken by 7 PhD students, and through senior researchers from a number of other participating research institutions and universities. The current university partners of the MMCP are the Universities of Ghana, Ibadan, KwaZulu-Natal, Mzumbe, and Wolverhampton providing various forms of research assistance. The following websites at UCT and the Open University contain further information on the MMCP: <http://commodities.open.ac.uk/> and [www.cssr.uct.ac.za/prism/projects/mmcp](http://www.cssr.uct.ac.za/prism/projects/mmcp).

## **2. The Research Problem: Research themes of the MMCP**

The research problem for the MMCP has been refined over the past year into a general statement of the research problem and consequent specific hypotheses.

### **2.1 Framing problematic of the MMCP**

The prevailing view is that an extensive focus on the exploitation of comparative advantage in the commodities sectors undermines the development of manufacturing and associated services. On the contrary the MMCP view elaborated in various publications is that the exploitation of comparative advantage in the commodities sectors can be made to be synergistic with the development of manufacturing and associated services through a focus on backward and forward production linkages.

### **2.2 Specific Hypotheses of the MMCP**

The underlying research theme focuses on how commodities offer the possibilities for the local development of commodity associated manufacturing and service activities - both the breadth and depth of linkages between the commodities sectors and upstream and downstream industry and services, as well as the knowledge intensive activities servicing them. These are concerned with: ownership, infrastructure, national system of innovation, skills spillovers, regional linkages, policy impacts.

Six specific contextual hypotheses were identified to inform the research studies:

- Relations of ownership in the commodities sector affect the extent to which economies are able to make the most from commodities.
- The extent and quality of infrastructure affects the extent to which economies are able to make the most from commodities.
- The nature of linkages between the commodities sector and the NSI in the local economy affect the extent to which economies are able to make the most from commodities.
- Skills spillovers from the commodity sector affect the extent to which economies are able to make the most from commodities.
- Regional hubs for the supply of inputs and knowledge intensive services and technologies into the commodities sector affect the extent to which economies are able to make the most from commodities.
- Policy both in general and specific policies directed to each of the above factors affects the extent to which economies are able to make the most from commodities

### **3. Research Findings and Project Outputs**

The MMCP has completed its research activities. The major findings of the MMCP are contained in fourteen Discussion Papers available on the MMCP websites. These comprise 11 Discussion Papers focused on specific commodities, countries and cross cutting issues. In addition the MMCP findings have been integrated, synthesized and analysed in three concluding Synthesis Discussion Papers. The first (Discussion Paper 12) sets out the conceptual overview of the MMCP research and policy process approach and provides the analytic architecture of linkage industrial development from commodities. The second (Discussion Paper 13) summarises the MMCP research findings on the breadth and depth of linkages in Africa and discusses the impact of the contextual factors of ownership, skills/NSI, infrastructure, and policy on these linkage processes. The final (Discussion Paper 14) sets out the policy implication and recommendations derived from the MMCP research process. All the Discussion Papers are published and available on the MMCP websites:

<http://commodities.open.ac.uk/discussionpapers> or [www.cssr.uct.ac.za/prism/publications](http://www.cssr.uct.ac.za/prism/publications)

### 3.1 The Synthesis Discussion Papers (12,13,14)

- **“One Thing Leads to Another” – Commodities, Linkages and Industrial Development: A Conceptual Overview**, Mike Morris, Raphael Kaplinsky, and David Kaplan, MMCP Discussion Paper 12, October 2011

**Abstract:** *Sub-Sahara African commodity exporting economies have benefitted greatly from the commodities boom of the past decade. The conventional wisdom argues that resource extraction is corrosive of industrial development. This is due to a combination of the macroeconomic consequences of resource exploitation and the assumed enclave nature of capital- and technology-intensive mineral and energy extraction. The paper challenges this pessimistic ‘resource curse’ argument and argues that there are unexploited opportunities for promoting industrial development through the development of linkages from the commodities sector. In particular, these opportunities may be greater for backward than for forward linkages, particularly in the minerals and energy sectors. In making this case, this Discussion Paper draws on the experience of high-income countries which have resource-intensive economic structures, the geographical specificity of many resources and the growing interest of large resource-extracting firms in outsourcing the production of inputs which are outside of their core competences, It sets out a general model of linkages between industry and services and the commodities sector which distinguishes between win-win and win-lose outcomes. The paper concludes with a brief review of the reasons why Governments might wish to intervene to support linkages between the commodities and the industrial and service sectors. Companion Discussion Papers 13 and 14 report the results of a detailed empirical research focus on the extent and determination of linkages in nine African economies, and on policies which may promote the broadening and deepening of linkages from the commodities to the industrial sector in Sub-Saharan Africa and other low income regions of the world.*

- **Commodities and Linkages: Industrialization in Sub Saharan Africa**, Mike Morris, Raphael Kaplinsky and David Kaplan, MMCP Discussion Paper 13, October 2011.

**Abstract:** *In a complementary Discussion Paper (MMCP DP 12 2011) we set out the reasons why we believe that there is extensive scope for linkage development into and out of SSAs commodities sectors. In this Discussion Paper, we present the findings of our detailed empirical enquiry into the determinants of the breadth and depth of linkages in eight SSA*

countries (Angola, Botswana, Gabon, Ghana, Nigeria, South Africa Tanzania, and Zambia) and six sectors (copper, diamonds, gold, oil and gas, mining services and timber). We conclude from this detailed research that the extent of linkages varies as a consequence of four factors which intrinsically affect their progress – the passage of time, the complexity of the sector and the level of capabilities in the domestic economy. However, beyond this we identify three sets of related factors which determined the nature and pace of linkage development. The first is the structure of ownership, both in lead commodity producing firms and in their suppliers and domestic customers. The second is the nature and quality of both hard infrastructure (for example, roads and ports) and soft infrastructure (for example, the efficiency of customs clearance). The third is the availability of skills and the structure and orientation of the National System of Innovation in the domestic economy. The fourth, and overwhelmingly important contextual factor is policy. This reflects policy towards the commodity sector itself, and policy which affects the three contextual drivers, namely ownership, infrastructure and capabilities. As a result of this comparative analysis we provided an explanation of why linkage development was progressive in some economies (such as Botswana) and regressive in others (such as Tanzania). This cluster of factors also explains why the breadth and depth of linkages is relative advanced in some countries (such as South Africa), and at a very nascent stage in other countries (such as Angola).

- **Commodities and Linkages: Meeting the Policy Challenge**, Mike Morris, Raphael Kaplinsky and David Kaplan, MMCP Discussion Paper 14, October 2011.

**Abstract:** *The results of detailed empirical enquiry into the nature and determinants of the breadth and depth of linkages in and out of the commodities sector in eight SSA countries (Angola, Botswana, Gabon, Ghana, Nigeria, South Africa Tanzania, and Zambia) and six sectors (copper, diamonds, gold, oil and gas, mining services and timber) has shown extensive scope for industrial development (MMCP DP 13, 2011). A primary conclusion of this research was that policy in both the private and public realm was a prime factor holding back the development of linkages. Addressing this problem requires the closing of three sets of misalignments between policy and practice – within the corporate sector, within the public sector, and between the public sector and other stakeholders involved in linkage development. In addition, specific policies need to be developed, monitored and implemented in relation to the three contextual drivers of linkages from the commodity sector – skills and capabilities, infrastructure and policies towards ownership.*

### 3.2 The Country/Commodity Discussion Papers (1 - 11)

- ***The Drive to Increase local Procurement in the Mining Sector in Ghana: Myth or Reality?***, Robin Bloch and George Owusu, MMCP Discussion Paper 1, March 2011

**Abstract:** *This report contains the findings of research into the case of the gold mining industry in Ghana. By 2009, Ghana was the second-ranked African producer after South Africa, and had become the world's ninth largest producer of gold, at some 3.8% of global production, up from 2.6% five years earlier. Gold production volumes and revenues rose significantly over the decade, Yet gold mining tends to be perceived negatively in Ghana, and is seen as providing far less than it should in terms of public revenue, employment, skills development and spillovers, and localised economic development. Gold mining is often depicted as having an enclave status, disconnected and isolated from the rest of the economy. In contrast, our research findings demonstrate that after a period of strong investment and growth, gold mining can no longer be viewed as an enclave activity and is in fact more deeply linked into the Ghanaian economy than hitherto understood through a set of as yet under-researched, imperfect, but promising economic linkages, notably backward linkages, which can potentially be strengthened by policy and support measures.*

- ***'Chinese Construction Companies in Angola: A Local Linkages Perspective'***, Lucy Corkin, MMCP Discussion Paper 2, March 2011

**Abstract:** *China tends to spearhead its economic overtures to African countries through high-level bilateral negotiations. The prevailing view is that Chinese companies operating in African countries do not use local labour, materials or any other inputs in the undertaking of their contracts. Focusing on the strategic orientation of large Chinese companies state-owned enterprises (SOEs) operating in Africa's infrastructure sectors, the report seeks to focus on the determinants of their sourcing behaviour, the manner in which this reflected in their use of local inputs, and in their linkages to the national system of innovation (NSI) in an African country. Using the case study of Angola, the objective of this report was to firstly understand how Chinese construction companies develop their sourcing and procurement strategies in their African operations, what factors affect these strategies and whether there is anything unique in the way in which local linkages with the host country are developed or avoided. Secondly the research seeks to determine how Chinese construction companies can be further encouraged to pursue local linkages in their operations.*



- ***'Development and Knowledge Intensification in Industries Upstream of Zambia's Copper Mining Sector'***, Judith Fessehaie, MMCP Discussion Paper 3, March 2011

**Abstract:** *This research, part of the Making the Most of Commodities Programme, focuses on development and knowledge intensification in industries upstream of Zambia's copper mining sector. It explores the hypothesis that localisation and deepening of upstream linkages are driven by six factors: ownership, sectoral policies, the National System of Innovation, skills' spillovers, regional capabilities and infrastructure. In particular, the role of ownership in shaping value chain governance and in promoting industrialisation and knowledge-intensification of local industries is analysed in detail. Zambia represents an interesting case-study, with the recent, sizeable entry of China and India in its mining value chain. As China's investment in Africa attracts increasing interest from academia and Governments, this research on the effect of China's entry into Zambia's copper mining industry on the localisation of upstream linkages contributes to this debate from an evidence-based position. The report discusses comprehensively the policy implications of the empirical findings. The report is based on field research undertaken in the Copperbelt, North-Western Province and Lusaka in 2009.*

- ***'The drive to increase local procurement in the Mining Sector in Africa: Myth or reality?'***, Chris Hanlin, MMCP Discussion Paper 4, March 2011

**Abstract:** *There is a continued perception that Africa has not benefited proportionally from the exploitation of its natural resources and that this is perpetuated by the current endemic approach to the development of commercial mining operations. This approach has a direct and continued impact on procurement throughout the life cycle of a mine and serves to, by default, limit the percentage of the procurement potential that is available for exploitation by the local economy. Despite the obvious potential that such commercial developments could afford for local revenue generation and capacity building, relatively little is actually realised. Across the continent local suppliers are seldom used and an indigenous service and supply sector for the mining industry has not developed to any significant extent outside of Ghana and South Africa. Furthermore, despite the advanced capacity of the South African mining service sector and continued evidence of world leading innovation in this sector South Africa does not appear to be benefitting proportionally from the activities taking place on the African continent. The multi-national nature of the corporations currently engaged in*

*exploration and mining activities in Africa and the endemic systems that exist within these corporations that pre-determine the procurement route, from the design phase right through to the operational phase of the mine life cycle, effectively exclude the participation of the South African mining service sector from engaging in a significant percentage of the procurement process.*

- ***South African Mining Equipment and Related Services: Growth Constraints and Policy***, David Kaplan, MMCP Discussion Paper 5, March 2011

**Abstract:** *South Africa has the largest, most diversified and longest established mining sector in Africa. South Africa has developed considerable expertise in mining and mining related supply industries and it has a number of firms located at the global technological frontier. This report provides measures of South Africa's success in export markets and of the technological capacities that underpin that success. Although South Africa currently has a significant cluster of firms in mining equipment and related services which are at the global technological frontier, its competitive position is being undermined both as a site for production and for research and development. The report analyses the factors undermining South Africa's competitive position, as well as examining the policy failures in meeting these challenges.*

- ***Linkages in Botswana's Diamond Cutting and Polishing Industry'***, Letsema Mbayi, MMCP Discussion Paper 6, March 2011

**Abstract:** *The paper aims to investigate whether Botswana is succeeding in developing a viable and sustainable diamond cutting and polishing industry as part of the Government's mineral beneficiation policy. This paper also aims to examine the nature and extent of forward linkages in the cutting and polishing industry and what role the linkage drives are playing in the widening and deepening these linkages. The research questions are addressed through by primary and secondary data collection. The research found that despite the weak economic rationale for the beneficiation policy, in the last 5 years Botswana has succeeded in developing a diamond cutting and polishing industry with significant local linkages. The forward linkages are policy driven and their progress is being hindered by the limited downstream skills amongst locals. Botswana's cutting and polishing industry appears to be viable as secondary data suggests that the manufactures are either breaking-even or making*

*a profit. The sustainability of the cutting and polishing industry hinges on viable rough diamond supply to the manufacturing firms. Significant prospecting activities, the expansion of mines and the current strategy by the biggest producer to optimize revenue (by only mining diamonds when demand exists) could increase the life diamond mining past the Government's current forecast of two decades.*

- ***The Nature and Determinants of Linkages in Emerging Minerals Commodity Sectors: A Case Study of Gold Mining in Tanzania***, Vuyo Mjimba, MMCP Discussion Paper 7, March 2011

**Abstract:** This is a study of backward linkages in emerging mineral economies in Sub-Saharan Africa as a potential driver of industrial development in the region. The study covers two sub-sectors namely the exploration and production in a case study of Tanzania's large-scale gold mining operations. For data collection, the study used open-ended interviews, semi-structured interviews, observations and reviewed relevant secondary documents. Based on the two case-studies, the study makes the following broad findings: (i) the Tanzanian large-scale gold mining sector is dominated by multinational companies (MNCs), (ii) the MNCs source high critical and high complex goods and services mostly through long established external supply channels. Local content is limited to low critical products, such as food and beverages, (iii) there is virtually no local value-added in imported high critical and high complex goods and services, and (iv) there is higher volume of local content in the exploration sub-sector than in the production sub-sector. The study concludes that linkages are determined by both public and private sector policies. The main public policy problem is government failure to translate and implement long-term macro policy vision (Vision 2025) to sectoral policies (the mining sector policy) with appropriate sanctions and incentives. And the main private policy problem is the external suppliers driven outsourcing strategy.

- ***Enhancing Linkages of Oil and Gas Industry in the Nigerian Economy***, Ademola Oyejide and Adeolu Adewuyi, MMCP Discussion Paper 8 March 2011

**Abstract:** *The dearth of linkages between the oil sector and the other sectors of the Nigerian economy is a critical developmental problem. Thus, the primary objective of this study is to examine the extent of the linkages that the oil sector has created with the rest of the Nigerian*

economy. Based on an earlier study which identified areas where local servicing firms in Nigeria have technological and employment potentials, this study covers three of such areas; Fabrication and construction; well-construction and completion, and Control system and ICT. We have used both primary and secondary data and the methods of analysis are both descriptive and inferential. Survey results revealed that the degree of local sourcing of inputs (by local suppliers or servicing firms) in the Control system and ICT sub-sector is less than what obtains in the other sub-sectors. It was also found that linkage between first-tier and second-tier suppliers is weak, though information exchange is relatively higher. In the opinion of the servicing firms, their linkage with the oil sector is weak, but fair in the opinion of the oil firms.. Most servicing firms are national, but the control system and ICT sub-sector has highest multinational presence. Multinational firms dominate the oil sector, followed by joint venture, and few are national. Only public power supply was rated grossly inadequate by the servicing firms, On the average, about half of the servicing firms have agreements with foreign companies and local research centres. Import tariff and taxes are found to be the most inconsistent. Firms are involved in some innovations to survive stiff competition. Control system and ICT sub-sector with higher multinational presence suffer less liquidity problems, but liquidity falls over time. High price of imported raw materials is the largest raw materials problem that affects servicing firms. Based on a regression analysis, it was discovered that the MMCP drivers, other drivers and their interactions affect linkages. In all, availability of skilled labour (skill), policies (tax) and NSI stand out as the major drivers. Based on the above findings, some recommendations are made to the various stakeholders to promote linkages.

- ***The contribution to local enterprise development of infrastructure for commodity extraction projects: Tanzania's central corridor and Mozambique's Zambezi Valley,*** Dave Perkins and Glen Robbins, MMCP Discussion Paper 9, March 2011.

**Abstract:** *This report investigates in what way the provision and management of infrastructure (or shortcomings therein) has constrained or enabled mining investment and local firm linkages to this mining activity (with a primary focus on the recent experience on Tanzania's Central Development Corridor and the Zambezi Valley in Mozambique). The usefulness of the development corridor approach to enhance the scope for linked small enterprise development and more diversified economic development is explored in the context of increased minerals investment. The points of focus in the research demonstrate an awareness of the need to break away from the so-called "enclave" model of resource*

*extraction that characterized Africa's colonial past where infrastructure developed primarily to serve narrow interests and objectives of those seeking to exploit the continent's resources. For governments and other stakeholders managing the complexities associated with configuring and timing large-scale infrastructure investments to enable much needed foreign direct investment, the development corridor approach has been suggested as one which might offer scope for balancing the needs of large scale, largely foreign, investors with those of wider domestic economic and social interests. The study findings point to a variety of factors that have made the necessary coordination by different stakeholders hard to achieve: at best a process with limited and incremental gains in Tanzania but one with a higher degree of measured progress in Mozambique. By adopting progressive policies and creative solutions to the delivery of infrastructure upgrades in the Zambezi Valley, it appears that the prospects for leveraging mineral investments to enable diversified economic development have been enhanced. On the Central Development Corridor, the continuing dysfunctionality of much of the corridor infrastructure continues to constrain "anchor" mineral investments, wider domestic business growth and the appetite for greater local procurement by the mining companies. Issues associated with mining of different commodity types, political will and forms of regional collaboration and their impact on the potential utility of the development corridor approach are also discussed.*

- **'The Tropical Timber Industry in Gabon: A Forward Linkages Approach'**, A. Terheggen, MMCP Discussion Paper 10, March 2011

**Abstract:** *The breadth and depth of forward linkages in the tropical timber industry of Gabon is a result of three inter-acting drivers: the nature of final markets, ownership of production, and sector-specific policy. The Forestry Code set explicit domestic processing targets built on the trajectory of French processors. Still, while this is theoretically in line with European market demands for wood products, the forced beneficiation resulted in Chinese, Malaysian, and Gabonese producers, whose prime activity is the exploitation of logs for processing industries in China, to limit their participation in forward linkages to the sawnwood sub-sector, characterised by low entry barriers and negative producer margins. Gabon's comparative advantage lies in the exploitation of its natural resource tropical timber for export markets. Logging is also a 'superior' technology allowing the appropriation of resource rents. These are largely diluted in processing due to production cost penalties such as high reservation wages, inadequate infrastructure, lack of skills, and the political economy of*

*Gabon. The conflict between the envisaged forward linkages approach to industrialisation (in light of falling oil reserves), industry actors' market focuses, motivations, and capabilities, as well as conclusions drawn about comparative advantages and linkage-blockages, has significant consequences for industrial development.*

- ***'Backward Linkages in the Manufacturing Sector in the Oil and Gas Value Chain in Angola'***, Z. Teka, MMCP Discussion Paper 11, March 2011

**Abstract:** *This study looks at backward linkages to the manufacturing sector in the oil and gas value chain in Angola as a potential driver of industrial development. The study employs a sub-sectoral approach rather than an aggregate (entire industry) approach in order to better capture opportunities and challenges at micro or firm level. The sub-sectoral approach is based on primary empirical research and complemented with secondary research. The primary research employed semi-structured interviews and scale questionnaires, and secondary research was based on a desk-study of the Angolan oil and gas industry through databases of specialist oil and gas research agencies. The study finds limited local content in the localised manufacturing function. On the one hand, there is high volume of local content in terms of human capital at basic and semi-skilled levels driven by local content policy. On the other hand, there is limited local content in human capital at higher technical level. In addition, the study finds no material inputs (processed intermediate materials) from the local economy into the manufacturing function. This is due to weak local capability i.e. poor metallurgical sector and scarcity of skilled labour. This situation is compounded by an incoherent local content policy which is skewed toward forward linkages, and a disjuncture between the local content policy and the national industrialisation policy.*

## 4. Project Implementation and Management

### 4.1 The research team

The full MMCP research team operating comprised the following:

NAME	COUNTRY OF ORIGIN	UNIVERSITY/ INSTITUTE	COUNTRY RESEARCH	STUDY FOCUS
<b>MMCP Project Leaders</b>				
Kaplinsky, Raphael	South Africa	Open University	Overall	Synthesis
Morris, Mike	South Africa	UCT	Overall	Synthesis
Kaplan, Dave	South Africa	UCT	Overall	Synthesis
<b>Country sector studies</b>				
Adewuyi, Adeolu	Nigeria	University of Ibadan	Nigeria	Oil - upstream linkages of selected sub-sectors textraction
Bloch, Robin	South Africa	GHK Consulting	Ghana	Gold
Corkin, Lucy	South Africa	SOAS	Angola	Chinese FDI - infrastructure investment
Fessehaie, Judith	Eritrea/Italy	UCT	Zambia	Copper - upstream linkages
Kaplan, Dave	South Africa	UCT	South Africa	Mining sector knowledge intensive services into Africa
Mbayi, Letsema	Botswana	UCT	Botswana	Diamonds - downstream linkages, skills, upgrading
Mjimba, Vuyo	Zimbabwe	Open University	Tanzania	Gold - linkages from formal mining, local services
Owusu, George	Ghana	ISSER, University of Ghana	Ghana	Gold - Linkages from formal mining, local agglomeration
Terheggen, Anne	Germany	Open University	Gabon	Timber linkages to various global value chains
Tiko, Zeferino	Angola	Open University	Angola	Oil - servicing and maintenance of offshore oil
<b>Cross cutting studies</b>				
Hanlin, Chris	Tanzania/UK	Social Business Solutions	East Africa	Infrastructure development of mining operations
Perkins, Dave	South Africa	NEPAD	East Africa	Central infrastructure corridor facilitating linkages
Robbins, Glen	South Africa	University of KwaZulu-Natal	East Africa	Central infrastructure corridor facilitating linkages
Farooki, Masuma	Pakistan	Open University	Africa	Resource support on macro data for all studies

## **4.2 MMCP Workshops**

Throughout the project a total of four research workshops focussing on the research focus areas were held. All of these workshops were attended by the participating researchers, IDRC regional and national representatives. In addition, in line with the MMCP commitment to involve industry stakeholders from the outset, and not just at the policy dissemination stage, various industry stakeholders attended each workshop. They also made presentations and participated in the full proceedings of each workshop.

A summary of each workshop is provided below

### **4.2.1 Framework Launch Workshop 2<sup>nd</sup> – 9<sup>th</sup> March 2009**

This workshop had the following aims:

1. Melding the participating researchers as a team and creating a research network
2. Agreeing the basic research architecture and setting up the generic hypotheses
3. Identifying the sector/focus of each study and agreeing the basic research questions for each study

Three stakeholders from the private sector made presentations.

- Justin Barnes, Executive Director of Benchmarking and Manufacturing Analysts, focused on backward and forward linkages within value chains.
- Fortune Ntlhoro, Regional Supply Chain Manager of AngloCoal, addressed issues of supply chain management and developing backward linkages.
- Jonathan Horn, Divisional Director, International KV3 Engineers, spoke to knowledge intensive services from South Africa into Africa.

### **4.2.2 Methodology Workshop 21<sup>st</sup> – 25<sup>th</sup> July 2009**

This workshop focused on developing a common methodology, stressing the focus on linkages, sharpening each studies research questions and approach to researching the hypotheses.

Two stakeholders participated in the workshop.



- Alan Fine, Public Affairs Manager AngloGoldAshanti, spoke about AngloGoldAshanti's operations.
- Andres Rius (Uruguay), Program Leader IDRC/GGP presented on Latin American policy experience in the mining sector.

#### **4.2.3 Interim Findings Workshop 21-25 March 2010**

The researchers presented their interim findings on each of the study areas. These were subject to intensive discussion, with suggestions about filling gaps, further investigation in the field, and finally comments on writing their final Draft reports.

Three stakeholders participated in the workshop.

- Nicholas Garrett, Resource Consulting presented a report on the DRC: *Katanga Linkages and State Policy*.
- Fulvia Farinelli from UNCTAD presented on *UNCTAD's Linkages Program*.
- Nerys John Head of CSR programs in Barrack in Tanzania, presented on *Barrack Tanzania's Linkages and CSR Program*.

#### **4.2.4 Final Findings Workshop 17-20 January 2011**

This workshop marked the end of the research workshop process. The researchers presented the findings of their studies in their draft final reports for close scrutiny. The researchers were joined by Shaun Docherty, of CDC Development Solutions who presented on the Angolan linkage program. After the workshop the researchers had six weeks to take account of the various critiques and comments. Each researcher fulfilled his/her obligations and Final Reports for each of the studies were submitted in the last week of March.

#### **4.2.5 Synthesis Workshops: 27-29 March, 10-11 June, 7-10 August 2011**

In addition to the four research workshops, at the end of the detailed country research process and over the following six months the project leaders wrote a series of draft reports synthesising the research findings of the entire MMCP process. During this time a further three workshops were held. The workshops focused on the conceptual framework, drawing

together the various conclusions reached by reached by each study into one synthesis, and addressing the policy implications of the findings. The workshops were attended by the three Project Leaders, with research assistance provided by Dr Farooki and Ms Judith Fessehaie. The focus of each of these additional workshops was to produce a set of synthesis papers integrating the findings of all the studies. The final three Discussion Papers (12, 13, 14) were therefore a conceptual paper, a synthesis report of the breadth and depth of linkages in the study areas and the dynamics underlying these processes, and a set of policy recommendations arising from these studies.

### **4.3 Administration, human resources, expenditure.**

The administration of MMCP was well secured by the expansion of the institutional core of the CSSR where the MMCP has been institutionally housed. The time frame of the MMCP was originally set to run from January 2009 to December 2010. However this was extended in late 2010 on the basis of the interim results feedback without changing either scope or the total budget commitments of the MMCP. The MMCP research and policy process was extremely intensive and yielded excellent results. More research studies were able to be undertaken than originally intended. In order to meet all requirements and ensure an efficient and productive process, an agreement was reached with the IDRC regional representative (Paul Okwi) and GGP team representatives to extend the life of the MMCP until November 2011. All narrative and financial technical reports have been submitted throughout the duration of the project. A full Financial Report for the entire MMCP duration will be submitted in December 2011 as soon as the University of Cape Town financial ledger and accounting procedures for the MMCP have been finalised.

## **5. Capacity Building**

The major capacity building impact that has occurred thus far is in respect of a) progress of 7 PhD (5 are women) researchers and b) junior post PhD researchers (Dr George Owusu and Dr Adeolu Adewuyi). Both categories of researchers have benefitted substantially - methodologically as well as substantively – from their involvement in the MMCP. Four of the PhD students have been examined and passed – Dr Lucy Corkin, Dr Masuma Farooki, Dr Anne Terheggen, Dr Zeferino Teka. Mr Vuyo Mjimba and Ms Judith Fessehaie are in the final

stages of their PhDs and will complete in early 2012. Ms Letsema Mbayi is scheduled to complete in mid 2012. This is a very successful capacity building operation by any standards.

## **6. Dissemination of Research Results**

The dissemination process has taken five major forms.

1. The final reports were published on the two MMCP websites as Discussion Papers as set out in Section 3 above. This made them available to the general public. Each researcher was requested to ensure that their Discussion Paper was widely circulated to the necessary stakeholders.
2. The MMCP built engagement with industry stakeholders into its framework both in the individual research activity and the collective workshop process. Key industry stakeholders were invited to present at each of the four MMCP researcher workshops. These were drawn from private sector consulting companies operating in different regions in SSA, mining companies, and international associations. In addition Kathryn McPhail of the International Council on Mining and Metals was apprised of the MMCP progress throughout the duration of the process.
3. The research results and policy recommendations have been widely disseminated in engagements with stakeholders and policy makers in Africa and globally as a result of the innovative modality adopted by the MMCP and described in full section 7 below.
4. The project leaders are currently editing a Special Issue of the journal Resource Policy. The various study researchers have been invited to submit journal articles to be refereed as per usual journal practice. The Special Issue will be published in the mid 2012.
5. The three synthesis Discussion Papers (12, 13, 14) are being turned into a single monograph and will be published as a book in 2012.

The latter two dissemination activities will by necessity occur after the formal closure of the MMCP as an IDRC funded activity. However the IDRC's support will be fully acknowledged in the forthcoming Special Issue and book.

## **7. Policy Dialogue Recommendations**

### **7.1 MMCP Policy Dialogue Process**

Policy Dialogue reporting results and recommendations to key stakeholders and influential policy makers has traditionally taking a defined path. The conventional approach to policy dialogue has been to produce completed (or close to final) draft reports, call a Policy Dialogue Workshop to which key policy makers are invited, and present results and recommendations to them.

This underlying logic of the process assumes that policy makers are sufficiently interested to make the trip to come to the workshop to engage with the project. It also presupposes major convening power to get policy makers to attend. However most projects/institutions do not have such convening power, especially if the project extends beyond national boundaries and encompasses continental and international policy makers. The usual result is that a few policy makers come to the policy dialogue workshop and the result in terms of dialoguing with policy makers on scale is sub optimal.

Consequently, towards the end of 2010, the MMCP radically changed the modality of its policy dialogue. The standard one-off policy dialogue workshop set for the end of the MMCP in March 2011 was cancelled. Instead of expecting the policy makers to come to them, the MMCP project leaders embarked on a staggered process of going to the policy makers. It did so by arranging policy dialogue sessions with key international organizations in existing events which African and international policy makers/stakeholders would be attending in any case. This proved very successful and looks to produce policy impact on a broader scale than could have been initially expected.

A measure of this successful policy impact is that the MMCP project leaders have been invited on multiple occasions to present their research results and policy recommendations at events where senior government officials/ministers, industry stakeholders, industry policy makers were specifically in attendance. In total the MMCP project leaders presented their analysis, findings and policy recommendations to the following major events:

## 7.2 MMCP Policy Dialogue Activities

1. **Common Fund for Commodities (CFC)** – ‘Promoting Beneficial Financial & Commodity Market Synergies’, Brussels, December 12, 2010
2. **World Bank** – ‘Financial and Private Sector Development Forum’, Washington, 4-6 April 2011
3. **AERC** – ‘China’s Impact on Industrialisation’ special workshop for African government policy makers, Accra, April 27-29, 2011
4. **World Economic Forum** – ‘Industry Partnership Meeting for Mining & Metals’, Cape Town May 3, 2011
5. **African Development Bank** – ‘46th Annual Meeting of the African Development Bank: Towards an Agenda for Inclusive Growth in Africa’, Lisbon, June 9, 2011
6. **UNIDO** – ‘Workshop on Commodities and Linkages for African Ministers of Industry’, Vienna, June 23, 2011
7. **AFREXIMBANK** – ‘Advisory Group on Trade Finance and Export Development in Africa’, Luanda, June 24, 2011
8. **Austrian Foundation for International Development and Austrian Development Agency** – Special (half day) workshop on ‘Making Most of Commodities: Opportunities and Challenges for Commodity-based Industrialization in Sub-Saharan Africa?’, Vienna, November 8, 2011
9. **World Economic Forum** – ‘Mining & Metals Industry Partners Strategy Meeting’, hosted by Rio Tinto Headquarters, London, 16 November 2011.