

Terms of Reference for Research Paper 2 “The Political Economy of Mineral Resource Governance and Children’s Rights”

**Three papers to be commissioned for the UNRISD-UNICEF research collaboration
Mobilizing Revenues from Extractive Industries: Protecting and Promoting Children’s
Rights and Well-Being in Resource-Rich Countries**

The United Nations Research Institute for Social Development (UNRISD)¹ and UNICEF² are collaborating on a policy-relevant research project, *Mobilizing Revenues from Extractive Industries: Protecting and Promoting Children’s Rights and Well-Being in Resource-Rich Countries*, focusing on the following Asian countries: Mongolia, Papua New Guinea and the Philippines.

This project has multiple objectives: to contribute to knowledge creation and institutional learning processes within the partner organizations; to bring knowledge to national and international debates about channeling revenues from mineral extraction towards social policy and investments in children; and to examine the public finance mechanisms, economic and social policies, and political conditions that are conducive to this end.

UNRISD is responsible for the conceptualization and management of the research project. It will be closely aligned (in terms of conceptual, thematic and country case research) with the Institute’s ongoing multi-country, multidisciplinary research project, *Politics of Domestic Resource Mobilization for Social Development (PDRM)* (www.unrisd.org/pdrm), and informed by findings from previous UNRISD research on *Social Policy in Mineral-Rich Countries* (www.unrisd.org/mineral-rents).

¹ UNRISD is an autonomous research institute within the UN system that undertakes multidisciplinary research and policy analysis on the social dimensions of contemporary development issues. Through our work, we aim to ensure that social equity, inclusion and justice are central to development thinking, policy and practice.

² East Asia and Pacific Regional Office (EAPRO). UNICEF is mandated by the United Nations General Assembly to advocate for the protection of children’s rights, to help meet their basic needs and to expand their opportunities to reach their full potential. UNICEF is guided by the Convention on the Rights of the Child and strives to establish children’s rights as enduring ethical principles and international standards of behaviour towards children.

Research Background and Context

Vast mineral deposits in a number of developing countries present opportunities for economic and social development. Whether this wealth can be harnessed for poverty reduction and social development, including the progressive realization of children's rights as laid out in the Convention on the Rights of the Child (CRC), depends crucially on the political processes and policy choices that guide the capture and distribution of rents from the extractive sector.

Many developing countries that depend on natural resources such as agriculture or minerals have not been successful in transforming this natural wealth into growth and social development, a phenomenon that has been labeled the "resource curse". Overcoming this "curse" requires tackling the challenges associated with mineral-led development, in particular price volatility in the commodity sector, management of Dutch disease effects (inflationary pressures and the tendency towards exchange rate overvaluation), productive diversification, as well as distributional and governance challenges. UNRISD research has shown that in mineral-rich countries that performed more successfully, the state played a strong role. These countries used economic policies to provide incentives for productive investment and diversification while safeguarding macroeconomic stability; they showed a willingness and capacity to negotiate and establish consensus between different actors and social groups; and they invested in comprehensive social policies.³

A strong developmental case can be made for investing in children in mineral-rich contexts: Children are one key avenue to invest the revenue from the extractive industries (EI) in a strategic and sustainable way. Emphasizing children, and consequently those who constitute our future societies, in national strategies of mineral-led development brings in a long-term consideration to what is ultimately a finite source of national wealth. In this sense, it contributes to inter-generational justice and long-term growth prospects.

Children experience the economic and social environment of their communities differently from adults. For this reason, any negative impacts associated with productive activities or public policies need to be carefully assessed with regard to children, given their greater vulnerability, their specific needs—especially during crucial life stages such as early childhood and adolescence—and the potential implications for their future development. Understanding how EI and mineral-led development impact children's rights and well-being can in turn guide policymakers in their efforts to minimize harm and maximize benefits, including through equitable investments in social policies for children.

In looking at the impact of EI on children, three issues are of primary concern: mitigating the risks of harmful effects of EI development on children's rights and well-being; revenue generation for investments in children; and effective and equitable allocation of these resources.

The focus of this research is on the latter part: understanding the issues and processes that constitute revenue generation from EI with a focus on the implications for equitable social policies for children.

³ *Mineral Rents and the Financing of Social Policy: Options and Constraints*, UNRISD Research and Policy Brief 16, 2012 (www.unrisd.org/publications/rpb16e); and Katja Hujo (ed.), *Mineral Rents and the Financing of Social Policy: Opportunities and Challenges*, Palgrave Macmillan, Basingstoke, with UNRISD, 2012.

Project Objectives

The UNRISD-UNICEF research collaboration has multiple objectives: to contribute to knowledge creation and institutional learning processes within the partner organizations; to bring knowledge to national and international debates about channeling revenues from mineral extraction towards social policy and investments in children; and to examine public finance mechanisms, economic and social policies, and political conditions that are conducive to this end.

More specifically, it aims to:

- advance knowledge and understanding of the linkages between extractive industries and public policies as they relate to children's rights and well-being in Mongolia, Papua New Guinea and the Philippines; and
- advance knowledge and understanding of the political processes and institutions that impact on revenue mobilization in Mongolia, Papua New Guinea and the Philippines.

Project Deliverables – Research Paper 2

UNRISD will commission three research papers on **The Political Economy of Mineral Resource Governance and Children's Rights**. One paper will be commissioned on each of the following countries: Mongolia, Papua New Guinea and the Philippines.⁴

The paper will focus on the political economy of resource extraction and rent distribution as it affects children's rights and well-being. It will analyse the political processes associated with domestic revenue mobilization (negotiations with different actors, e.g. investors, donors and civil society; social mobilization around EI) including mineral rent capture and distribution. The role of the state in managing the socioeconomic and environmental impact of extractive industries entails putting in place mechanisms to build consensus between various actors (including private actors) and social groups with competing needs and interests. The analysis should provide data and information to assess whether participating actors represent child interests, directly or indirectly, or whether and how children are affected by political processes related to revenue generation from EI (within the process and through process outcomes). The paper will identify relevant actors and the changing relationships between them, as well as institutional development.

Key questions to be addressed:

- What are the political processes associated with EI and related fiscal policies? Domestic resource mobilization generates conflicts over types of resources to be mobilized (taxes, resource rents etc.), who pays, who and what is exempted, how much should be paid, and how the resources collected should be allocated across sectors, groups and communities. What is the nature of resource bargains, types of resources and social programmes involved in bargains; trade-offs among competing programmes and resources, and resource yields?

⁴ Country researchers will be able to draw on a UNICEF-EAPRO overview paper on *Extractive Industries, Children and Inclusive Growth* covering Mongolia, Papua New Guinea and Timor-Leste. They will also receive a short guidance note on the linkages between mineral-led development and child well-being and rights.

- How are children, their families and communities affected by political process of bargaining/negotiating around the extractive industries? What consultation mechanisms are in place and how effective are they? Are there immediate issues resulting in household displacements? Are there mitigation measures put in place by the state (such as cash-transfers or other social protection schemes funded from the state revenues from the extractives, or compensation schemes)?
- Are there changes in key relationships, for example a redefinition of state-citizen, state-investor or state-donor relations and does this have an impact on social development and child rights?
- Is resource mobilization linked to institutional development? Are social delivery agencies upgraded in response to (i) popular mobilization around fiscal issues and rent distribution, and (ii) institutional reforms related to economic governance of the extractive sector/economic institutions?

Methodology

Qualitative research (e.g. press articles, literature reviews, including grey literature, review of key policy documents, key informant interviews, group-focused interviews); conceptual framework specifying internal and external drivers of reform in the country context, process tracing and stakeholder mapping.

Specifications

- **Paper extent:** 10,000 – 12,000 words
- **Language:** English
- **Deadline for first draft:** 31 August 2013
- **Deadline for final revised draft:** 30 September 2013

Researcher Competencies, Experience and Skill Requirements

- Post graduate degree in Economics, Political Science, Development Studies or other social science disciplines (PhD desirable)
- Experience in development policy research
- Country expertise
- Proven publication record
- Solid methodological and research skills
- Fluency in English
- Ability to write clearly and concisely