

Terms of Reference for Research Paper 1 “Extractive Industries and the Financing of Child-Inclusive Social Development”

**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 1

UNRISD will commission three research papers on **Extractive Industries and the Financing of Child-Inclusive Social Development**. One paper will be commissioned on each of the following countries: Mongolia, Papua New Guinea and the Philippines.⁴

The paper will analyse the linkages between the extractive sector and public policy as it relates to children's rights and well-being. The paper will provide information on the general fiscal performance of the country and the specific contribution of the mining sector to the budget. In order to assess the impact of mineral-led development strategies on children, the paper will also provide data and simulations as the basis for an impact analysis on children's well-being and equity (impact on household income, impact on child labour, impact on child-relevant social services and infrastructure, impact on the environment, etc.). The paper will formulate policy recommendations in terms of public finance mechanisms and related public policies for channeling mineral rents into investments for children.

Key questions to be addressed:

- What are the main characteristics of the extractive sector in the country? What role does the mineral sector play in the overall development strategy of the country?
- What are the economic challenges associated with mineral extraction in the country and what public policies are in place (or envisaged) to address these issues, such as equity? Are benefits focused in specific geographical areas?
- What is the socioeconomic impact of EI at the community/household level? What are specific effects on children?
- What is the impact of EI on fiscal revenues (also in comparison with other revenues such as aid and tax revenues)? Are there mechanisms to channel the revenues for social sectors most pertinent to children (e.g., health, education, social welfare, child protection)?

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.

Methodology

Analysis of available macroeconomic data, including forecasts related to EI and evolution of fiscal revenues; analysis of child development indicators; analysis of micro-data sets for impact analysis; qualitative research (interviews, press articles, literature reviews) on development strategies, public policies, impact of EI on communities and social groups.

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