

Way Forward

Mineral Commodities, Governance and Development

“Turning Africa’s mineral wealth into development”

Section 1: Addressing Dissymmetry

1.1. Auditing, reviewing and, if necessary, redressing unbalanced mining contracts, in particular against the background of booming prices.

With the prospects of long term rising trends, mining presents today the main comparative advantage that Africa has right now in the global economy to contribute, through trade and foreign direct investment, to sustainable economic development, poverty reduction and the achievement of MDGs. Mining will contribute to these objectives only with fair deals and good governance at country level. A number of African countries are now renegotiating or contemplating renegotiation of their mining contracts.

African countries should take advantage of the upcoming UN High-Level meeting in NY to get the support of the international community for entering into contract renegotiation when audit and review reveal imbalances.

What	Who	When	Comments
Securing the support of world leaders.	African ministers/leaders attending GDTF.	Immediate	
	Ministers attending the AU meeting.	October 2008	
Auditing, review and redressing of unbalanced mining	AU Member States and African Legal	Immediate – On going	

contracts.	Support Facility		
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1.2. Towards fair and effective taxation

Setting-up of an African Forum on mining taxation in the area of commodities. The Forum would facilitate and promote exchange of information and best practices on taxation issues between OECD and African commodity dependant countries in particular with regard to corruption and tax evasion. The aim is to promote good tax governance in commodity dependant countries by fostering transparency of the tax systems, the effective exchange of information on tax matters and fair tax competition, extending to off shore financial centers. The Forum will lead to the preparation of an African owned code of conduct on taxation and commodities on the basis of existing international standards and best practices (e.g.: OECD work in the context of the Forum on harmful tax practises and with regard to transfer pricing issues) and to its transposition on a broad geographical area.

What	Who	By When	Comments
Adopt taxation standards on governance, including transparency of tax systems, bribery of government officials, the effective exchange of information, transfer pricing and tax competition.	AU, African leaders, OECD.	December 2009	
Set up of a mining taxation chapter in the African Tax Administration Forum.	AU, Regional Economic Communities, African countries, OECD....	Mar 2009	African countries can share best practices and work together.
Bringing Off Shore Financial Centres into more transparency and exchange of information.	African Leaders + OECD	Ongoing	

Section 2: Addressing Competitiveness

2.1. Regional infrastructures for mineral competitiveness and diversification

Ensure political support to the African Union infrastructure plans for Africa, to develop regional/continental infrastructures, at the occasion of the AU Conference of Ministers responsible for Mineral resources development, in October 2008 in Addis Ababa. This would help foster sustainable mineral resources exploitation, value-addition and trade. The plan should be given political priority and listed infrastructure projects should be subjected to careful environmental, economic and social impact assessment thereby demonstrating the viability of the proposed projects. Ultimately bankable projects should be disseminated to

a wide audience of mining sector stakeholders and development partners at the occasion of regular regional natural resource conferences organised on the continent. The opportunities offered by the increasing presence of emerging economies in the mineral commodities business should be discussed with relevant partners. The overall aim is to reduce transport cost, increase value added production in developing countries and revenues from exploitation/transformation of mineral resources within the constraints of sustainability.

What	Who	By When	Comments
Consolidation of current infrastructure initiatives into one NEPAD programme.	AU + Regional Economic Communities	Dec 2009	Set up a Task Force (link with the SDP Coordination Unit to be set up by Chairperson of AU Commission)
Ensure discussions at political level on priority infrastructure projects.	AU	October 2008	A. Pedro to ensure follow up @ Addis AU Meeting of Ministers of Mines.
Dialogue with Emerging Economies on infrastructure potentials at regional/African level	AU + regional organisations.	Dec 2008	
Explore beneficiation/local transformation potential in specific countries.	Countries, AU, Dev partners	Dec 2008	
Organise a Natural Resource & Infrastructure Investment Conference.	ADB	November 2009	Through Aid for Trade Conferences. Conference with Broad agenda including infrastructure @ regional level. Liaising with NEPAD Business Foundation.

2.2 – Enhancing Africa's Mining Competences

A – Developing a "world class" mining public administration

Because of the critical importance of the mining sector for the economy at large and for the public budget, commodities dependant countries need to develop "world class" public administration within relevant

government departments, including public representation on the board of Mining Companies. This would require innovative approaches, including a revised system of merits and incentives, revised terms and conditions of employment to allow the recruitment of competent staff and retention of the best officials at key positions in the public service. Support would include enhancing staff working environment (vehicle, computer, exposure to international environment, training, twinning with other countries administration, on the job training etc.) The aim of this activity is to reinforce the capacity of public administrators to ensure an effective administration of the mining sector, in particular revenue management and enforcement of mining policies, laws and regulations.

What	Who	By When	Comments
Retaining officials in Developing Countries Ministries: Develop a "world class" mining civil service	Countries, WB.	March 2009	Through existing reviews of Public Sector reform programmes. Pooling of best practices.
Make short-term scholarships available to African mining officials	Private Sector, OECD	Immediate	

B – Setting-up of an African Mining Institute

Establishing an African Mining Institute as the core of a network of national centres of excellence to train selected students and upgrade government officials' skills so as to manage efficiently mineral commodity sector development and ensure the effective collection of related revenues. A multidisciplinary approach is required aimed at providing students with administrative, legal, economic, fiscal and methodological background, as well as practical knowledge of geo-science subjects, land survey, negotiation of contracts, policy making, environment management, health and safety standards etc. Availability highly skilled officials will strengthen the ownership and the bargaining power of developing countries, as well as their capacity to formulate policies, negotiate contracts, etc. The Institute will ensure that high quality research programmes are conducted and will also develop tailor made short-term training for parliamentarians, media and civil society actors in order to reinforce their capacity to exercise their oversight responsibilities and fulfil their watchdog mandate. Finally, building from the experience of the Institute, a dedicated department will be set up to provide Technical Assistance to countries with a view of conducting geological surveys, assisting in mining contracts negotiation and providing strategic information on mining resources and potential, market perspectives, technological monitoring etc. The aim is to support and promote information systems and to stimulate information sharing on country mining resources and determine potential for commodity dependant countries.

What	Who	By When	Comments
Setting up an African Mining Institute to support a network of existing training facilities.	Development partners, Countries...	Sept 2009	

Ensure discussions at AU political level	AU	Oct 2008	A. Pedro to ensure follow up @ Addis AU Meeting of Ministers of Mines.
Mapping of existing capacity building initiatives in Africa	EC, ADB	Dec 2008	A. Pedro (UNECA) to provide contact details. J. Pons (EC), H. Minnaar (AFDB) to finalise mapping (based on Africa Capacity Building Foundation and NEPAD programme for centres of excellence.
Identification of supportive country(ies).	Guinée volunteered to be actively involved	Dec 2008	I. Soumah to liaise with Guinée Ministry of Mines
Consultant recruited to design ToR for pre-feasibility study + costing of initiative	ADB, EC, WB, EITI	Dec 2008	H. Minnaar to enquire about possible financial support for appointing consulting.

Section 3: Addressing Corporate Responsibility

Developing a Comprehensive Corporate Social Responsibility (CSR) Model for Mining Companies through the consolidation of existing voluntary (CSR) initiatives and guidelines with a proven track record in terms of concrete contribution to local development (environment protection, decent working conditions, human rights, relations with local communities, local companies and manpower, training programmes, reinvestment of profits...). Definition of CSR, including the quantification of targets, should be worked out and CSR models disseminated widely. The aim is to ensure that mining companies, local and international, are more transparent on the impact of their mining activities and their CSR initiatives are subject to public scrutiny (through independent evaluation, publication of reports...) by civil society groups and Parliamentary committees. The International Council on Mining and Metals (ICMM) is a key partner in that respect and should engage all stakeholders in a structured dialogue on these issues. Equally, the EITI++ should anchor this initiative.

What	Who	By When	Content
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<p>Set of a forum for a structured dialogue on CSR</p>	<p>ICMM</p>	<p>March 2009</p>	<p>Aim is for private firms to meet the highest CSR standards, establishing quantifiable targets and disseminating standards. These include modalities to ensure compliance. Bring emerging economies partners on board.</p>
<p>Mainstreaming of CSR into national policies, laws and regulations aiming at a level playing fields.</p>	<p>AU Member States</p>		