



Addis Ababa, ETHIOPIA P. O. Box 3243 Telephone 517 700 Fax: +251-1517844

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The Country Mining Vision—CMV



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The continent-level Africa Mining Vision (AMV) sets out an aspiration for mining to catalyse broader sustainable development. However, if this vision is to effectively support the contribution of mining to growth and development, it needs to be implemented at the country level. This note sets out a diagnosis of the challenges that face governments and extractives companies in countries that are resource-rich and mineral dependent but where people are poor. It summarises the experience from a range of initiatives that have sought to make the most of extractives, and the policy processes which an effective national vision could support. That experience points to some initial steps towards making the 'Country Mining Vision' (CMV) a reality. The CMV is a process which would identify where and how mining can align with national policy. It would draw upon the broad participation of all sectors of government, the private sector and civil society, to complement existing national frameworks for development policy. The overall purpose of the CMV is to mainstream the AMV at the national level in order to create broad-based, sustained and equitable growth.

1. Introduction: The Africa Mining Vision and where we are today

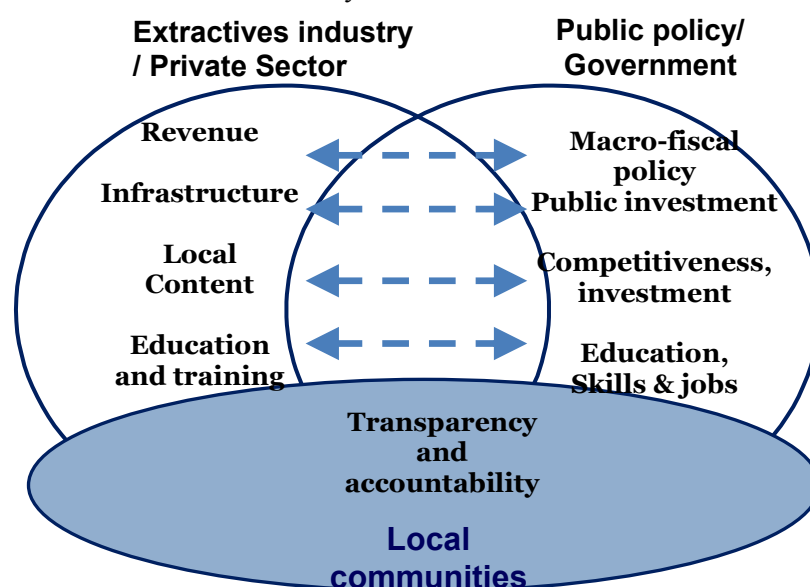
1.1 The Africa Mining Vision (AMV) defines an aspiration for mining to catalyse broad, transparent, equitable and sustainable growth and socio-economic development. It is backed by all African Heads of State and the African Union. Indeed, the AMV is the only continental initiative on mining, developed and led by African leaders. The challenge today is to translate and implement the vision at a national level.

1.2 Governments face challenges in making the extraction of mineral resources catalytic for broader growth and development. This challenge lies in the scale and complexity of the extractives industry, and its often weak linkages to the local economy. The industry is typically responsible for relatively little direct employment. Nevertheless, the sheer scale of the industry often makes it 'strategic' to national and regional governments. The extractives industry is reflected in the complexity of legislation, and the sophistication required for efficient administration and regulation. Yet, the impact of large-scale extractives is felt across the economy and a range of public policy agencies, including, for example: the Ministry of Finance for the management of resource revenues; the Ministry of Environment for administering environmental regulations; ministries, including planning ministries, responsible for deploying the necessary infrastructure (power, roads, rail networks, power) efficiently, reliably and at reasonable price; or the Ministry of Education for the provision of secondary, higher and technical vocational education and training – as well as, of course, the Ministry of Mining, or Energy, as the agency with the primary legal and administrative links to the industry.

1.3 Often the single biggest economic impact comes from the public revenue generated from taxation of the industry. However, the quality and breadth of the fiscal impact of these revenues is out of the control of the company. In addition, there is little legitimacy for a company to apply leverage on government-led fiscal policies or public investment programmes. Yet, the sector could contribute to broader national development from impacts rooted in a fully integrated mineral sector. Development viewed not just from the rather narrow revenue lens, but, from the holistic role of the sector through linkages.

1.4 The sector can, however, contribute more to national development through a broader range of economic impacts. Big extractives companies interact most directly with the growth and development of their host country through their business value-chain, which have deeper national presence. Due to the capital intensive nature of mining, the sector's strength is not in the provision of direct employment. Some mines do create a significant number of jobs, but such demand for labour varies significantly across different phases of a mining project. Where direct employment impacts are relatively small, the industry can have a much larger impact on indirect employment through the generation of jobs in the supply chain. This calls for deeper and stronger integration of the supply chain transactions of mining companies into national economic activities.

1.5 In addition, extractives companies often build infrastructure such as roads, rail, water and power. These infrastructure investments contribute to national development if they become available to other economic actors and are part of the long-term development plans of a country. When looking to catalyse the contribution of extractives industries to broad socio-economic development at a national level, it is important to note that the activities a business needs to sustain its own operations have the potential to also contribute to sustainable development including through opening opportunities in other sectors of a national economy.



1.5.1. There are a range of largely international initiatives that aim to support a stronger contribution of mining and other extractives to sustainable development. They include the *ICMM Mining Partnerships for Development* and the *Resource Endowment Initiative* – which has helped gather broad data to inform multi-stakeholder workshops; the *Natural Resource Charter* – which has been used to benchmark governance and public policy on natural resources in Nigeria; the *Norwegian 'Oil for Development'* programme – which focuses on partnerships between Norwegian agencies, such as the Petroleum Directorate, and host country counter-part agencies to help build capacity; the *EITI* and other transparency initiatives – which have supported publication of more data on resource revenues; as well as initiatives and projects from the *World Economic Forum (WEF)*, the *International Bar Association's Model Development Agreement*, and others. The experience of these international-led initiatives is instructive in developing a Country Mining Vision (CMV).

1.5.2. However, the Africa Mining Vision is the only African-led initiative which seeks to use mineral exploitation to underpin development. It is supported by all African Heads of State and Government and backed by the African Union. The Vision's governance thrust is rooted in the African Peer Review Mechanism (APRM), the main governance tool recognised by the AMV. The APRM, as a home-grown and African-owned mechanism, offers a great opportunity to improve Africa's governance standards in the extractive sector and the management of Africa's mineral resources. As an indigenous process, it encourages public discussion with all stakeholders through an inclusive, participative and consultative process that has the potential of assuring domestic accountability and of creating a real social compact. In adding a specific chapter on extractive industry governance to its country review questionnaire, the APRM has made a significant step towards deepening the ownership of the governance agenda in this important sector on the continent. The on-going mineral policy harmonisation initiatives (such as the SADC Mineral Policy Harmonisation Framework and ECOWAS Mineral Development Policy etc.) in the Regional Economic Communities (RECs) provide a route for the domestication of the AMV at the sub-regional level.

1.5.3. The Africa Mining Vision has a number of distinctive strengths that could enable it to be a robust basis for a contribution to country-specific policy and mining initiatives. The implementation plan of the AMV includes the translation of the continental aspirations into national level actions. This will integrate the vision to decisions in a national political context and will be key in ensuring that the Vision's aspirations are reflected concretely in member States. In other words, the AMV represents the continental aspirations and needs to be mainstreamed at the national level through a Country Mining Vision (CMV) in order to achieve the desired transformational change at member State level.

1.5.4. The challenges faced in translating the AMV into an effective CMV include:

- How to combine a broad range of stakeholders with the *legitimacy* and *capability* to take decisions, the *incentives* to enforce such decisions and the *willingness* to support such decisions beyond the political cycle – in pursuit of policy objectives that deliver positive broad-based development?
- Which frameworks and analytical tools can be used to identify the economic and social impacts of extractives industries, and help establish some widely-shared *common knowledge* on such impacts and development potential?
- How to combine the economic and social impact of extractives with both the activities that are *sustainable* in business terms, and the mandate and incentives of public policy agencies?

1.6 Answers to these questions will help define a practical CMV. In the remainder of this note, we explore some ways forward to help make the AMV a reality at a country level. We next set out the case for a CMV, and sketch what it might look like, before concluding with some next steps.

2. Why develop a 'Country Mining Vision'?

2.1 Mining could potentially play a transformational role beyond the confines of the sector in many mineral rich African countries. However, unlocking this potential has been a challenge to

many governments. One reason is because existing development frameworks do not adequately situate mining as a *catalyst for sustainable development*. A new and fully integrated institutional model in mineral dependent countries, which adequately reflects the importance of the sector and provides the necessary platforms for extractives to contribute to national development, is critical. The sectoral approach to mineral sector issues has to be dispensed with if African economies are to benefit fully from the exploitation of minerals.

2.2 Africa has an increasing number of resource-rich and mineral-dependent yet poor countries.

There is significant scope to leverage the benefits of extractives for a stronger contribution to sustainable economic growth and development. The AMV articulates a vision for the continent on how mining can act as a catalyst for socio-economic development. If that vision is to be fulfilled, it has to be crafted with country-specific structural, economic, social and political considerations in mind. The CMV will help mainstream the AMV into a country's development vision and policies. Specifically it will support Result Area 1 of the African Mineral Development Center (AMDC)¹ Business Plan, which focuses on Policy and Licensing.

2.3 A country's national development policy is made up of sector-specific policies, which collectively seek to achieve overall development goals. The structure of government is usually established with a key Ministry or Agency for each sector – taking the lead on the relevant legislation, regulation and administration. For extractives to play a transformative role in a country, policy coherence across several ministerial departments –i.e. *aninstitutional cohesiveness* - is needed to implement broad policy plans. The CMV would provide a road map for all sectorial ministries, reflective of their shared role in development.

2.4 The coordination of policy across sectors happens at a high level – sometimes through the workings of cabinet, or at the level of the office of the Prime Minister or the President. Most countries have developed national plans – some national 'visions' and others have both. In some countries, such national plans are linked to the annual budget cycle, which is usually the key driver of economic policy and reform. However, in many countries, the annual budget has become detached from the medium-term plan, and it is often difficult to keep multi-year perspectives on policy up to date and connected to the shifting political reality in which annual budgets are constructed. Medium term national level objectives may also be set at a level above that which establishes which concrete administrative actions would help to close the gap between the status quo and the desired medium term outcome.

2.5 The most frequently updated statement of national development policy in many countries is the 'Poverty Reduction Strategy Paper' (PRSP). Yet, the contribution of the extractive industry to reduce poverty is seldom referred in such papers. The PRSP is also the instrument that links the operations of the IMF and the World Bank to national policies, and so sometimes reflects the conditions that are negotiated with the International Financial Institutions when they finance part of government operations or sector-specific reforms. Similarly, 5-year national development plans and

¹ The African Mineral Development Center (AMDC) will provide overall strategic operational support for the implementation of the Africa Mining Vision and its Action Plan.

longer term country visions set out aspirational policy objectives, often with a greater focus on economic development objectives compared to poverty reduction targets. Equally, the role of extractives is often omitted in such plans.

2.6 Part of the case for developing a CMV is that it would be grounded in the political economy of the policy-making and reform process. It would be able to focus on relevant sectoral policies, and seek to help improve coordination across government agencies over a longer time horizon than the fiscal year. This is particularly the case for those economic and public sectors on which mining has some sort of impact, or which can impact the broader development impacts of mining. It can also provide a means to highlight and help resolve policy trade-offs – part of the justification for an overall mining vision is that it can show how a set of sector-specific policies can be optimised collectively, rather than just on an individual policy or individual project basis.

3. What might a CMV look like?

3.1 A CMV is an embodiment of national aspirations on the developmental role of the minerals sector and is aligned to a country's overall development vision. It is derived from a transparent and fully participatory multi-stakeholder and cross-sectoral process. As such a CMV is a means to an end – by helping to coordinate sectoral policies – and not an end in itself; indeed the CMV is as much a process as a product. The CMV will help countries articulate their respective vision statements of the potential contribution of mining to their national development goals. This integrated vision should be a vision that outlasts political cycles. The involvement of a broad range of stakeholders from society (communities), business and government in developing the CMV will create support rooted in collective national ownership, to ensure continuity beyond electoral cycles.

3.1.1. Catalysing the development potential of the mining sector will require an integration of the specific economic activities that link mining to the rest of the economy – revenue generation, hiring people directly or indirectly through the supply chain, and enterprise and industrial development associated with the supply chain.

3.1.2. At the same time, because it cuts across the specific sectoral responsibilities of government ministries, it will also need to be a high-level statement of government commitment to catalysing mining for broader growth and development.

3.2 The CMV process is a starting point for what countries believe mining can do for national development in a broad, holistic way. The tool will ultimately be owned and operationalized by the Minister of Mines to be used as a road map, but reflect the integrative thinking of the different sectors of government, the private sector and society. The CMV will offer a common vision on mining and development – including what can be exploited, what shared opportunities exist, what the challenges are and what does not work. The CMV will enrich and not replace country PRSPs and national development plans.

4. How would a CMV be developed and implemented?

4.1 With the CMV being a combination of high-level cross-sectoral commitment with sector-specific policies that make the most of extractives as a catalyst, then it would, in effect, be developed both from the top-down, and from the bottom-up. Cohesive government interest in making more of extractives industries, linked to specific sector policies with the business activities that drive positive linkages – downward and side-ways – into the economy and the support of a country's citizenry, will build a foundation for a robust CMV.

4.2 The CMV would support planning processes at the *national level* (such as national development plans, national visions, skills development strategies and PRSPs – if reasonably wholly country-owned); and would seek to promote connection with plans at the *regional level* (such as through plans for Resource Corridors; Spatial Development Initiatives), as well as at the *local level* (such as MDG-based mine sustainability strategies) which will demonstrate models for delivering measurable benefits to host communities.

4.3 There is also a positive role that companies can play in supporting the compilation of information, and development of a knowledge base. For example, a company taking a survey of skills can commission such work to be aligned with existing survey datasets.

4.5 Examples of linking government policies with business activities would include: making the most of feasible dual-use infrastructure, linked with government infrastructure investments; linking extractives local procurement with policy on private investment and industrial development; or developing broad and more differentiated training programmes that can develop skills for the economy at large as well as developing skilled people for the industry to hire during particular phases of project development.

4.6 A set of sector-specific initiatives that are aligned with a programme of complementary public policy reforms would add up to a substantial and potential catalytic contribution to growth and development from mining – or other extractives. At the same time, this would also provide a foundation for high-level ownership of a vision for extractives that is already delivering on the ground.

4.7 Rather than duplicating efforts or creating a separate policy on mining for development, implementation of a CMV would exploit existing sector-specific policy processes that advance developmental goals. The CMV process will be integrated into a country's current policy-making process to bring about consensus on the long-term vision of extractives' potential contribution to the country. The key questions to be answered include: What are the strategic issues? What are the objectives? How can they be implemented? Who will be responsible for the implementation? What are the realistic options? When can the vision be realized?

5. Next steps in establishing a CMV²

5.1 As noted above there are a number of steps that take the AMV forward in resource-rich countries in a way that can strengthen the ability of extractives industries to be catalytic in supporting development. This section draws on the diagnosis summarised in the first part of the note to outline the main next steps on how to go about making it a reality.

6. Initiative and implementation

6.1 An interest in supporting a CMV from the highest levels of government, and willingness or a track record for implementing the CMV in a way that makes the initiative sustainable, are both critical. As discussed, these criteria entail a combination of high-level buy-in – through a coordinating agency such as the Office of the Prime Minister or the Office of the President – and policy-specific components that relate directly to a ministry, an agency, or a decision-maker, with incentives for action aligned with the purpose of the CMV, as well as being consistent with business-sustainability.

6.2 Such demand for a CMV can be identified if a direct connection is made between the adoption and implementation of a CMV, the policy priorities of current governments and the interests of the private sector, local communities, labour and other stakeholders. For example, if job creation is an overarching goal in a country's PRSP or development plan, the mining sector's potential in terms of generating direct and indirect employment- and the various policy areas relevant for encouraging the growth that will lead to these job increases- could be emphasised. Support outside of government would also be important – a genuine demand from the private sector, with a strategic interest in building partnerships to enhance developmental outcomes of the mining sector, would be useful, as well as support from civil society and development partners with an interest in this area.

6.3 Concrete components with which to build a vision are needed that support policy coherence across government towards the extractives sectors. Experience shows that aspiration is not sufficient for action.

7. What to do next, and where?

Phase I: scoping

7.1 The purpose of an initial scoping phase is to test the hypotheses set out here and establish a foundation for a second phase, described below. A scoping phase would include, in effect, defining and testing a theory of change for this initiative, establishing the relationships necessary to draw forth high-level support, and identifying the specific intersections of the mining business and policy which have the potential to catalyse sustainable development. Importantly, this would be undertaken by countries and parties that have already expressed some level of commitment to developing a local CMV and would form part of the CMV process itself.

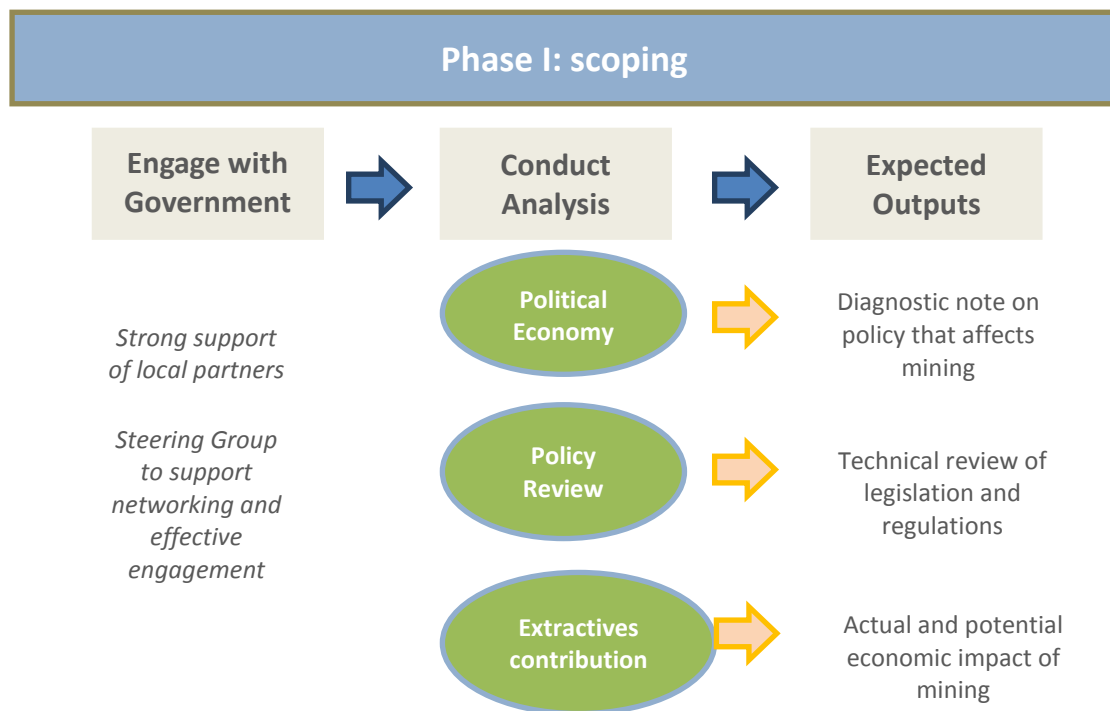
² These steps were discussed at a meeting in the Australian High Commission in Pretoria on February 1st, but have also been under broad discussion in a variety of fora.

7.2 The key steps in phase 1 would be initial engagement and some preparatory strategic analysis.

1. **Initiate engagement with government policymakers** – both in potentially coordinating bodies, such as the Office of the President, as well as line ministries or agencies with specific policy or administrative responsibilities. The purpose being to determine actual or latent demand for something along the lines of a CMV, and identify allies and potential national champions³.
2. On the basis of initial engagement, three linked preparatory pieces of analysis are envisioned:
 - a) **An applied political economy study:** to undertake a challenges mapping and identify the main agencies and actors in public policy: their legitimacy, capability and incentives for reasonably clear policy towards extractives. This would be a systematic follow-up of the initial engagement set out above, and would provide an applied institutional analysis of public institutions, their capabilities, and potential reform trajectories. The output would be a diagnostic note of around 20 pages.
 - b) **A review of the current state of policy that impinges on themining and extractives sectors:** the quality and relevance of legislation and regulations, and their fit with the political economy of policy⁴. In addition, a review of broader development policy and plans to establish which areas may have an interface with extractives and where linkages to extractives industry could play a stronger catalytic role in sustaining development. Involvement of private sector actors and community voices as part of the review process would strengthen the understanding of the strengths and weaknesses of existing policy areas.
 - c) **A consistent analysis of the actual and potential contributions of extractives to growth and development.** This work can be generic – such as looking at impact at a national, regional or local level – but would be more useful if it developed further the analysis of the linkages possible where there is an interface between extractives and broad priorities for public policy. The overall purpose is to provide reasonably well-founded common knowledge to a broad range of stakeholders with interests in extractives as a means for effective convening of workshop meetings. Such a study could draw on the experience of the WEF Tool for evaluating the economic impact of mining. Equally useful would be lessons learnt from APRM Country Review processes. The output would be a report of economic impact, both actual and potential, that would primarily be used as a tool for broad stakeholder engagement.

³ UNECA together with UNDP is for example working closely with the Government of the Kingdom of Lesotho to develop a National Mining and Minerals Policy (NMMP) in line with the Africa Mining Vision (AMV) and the SADC Harmonisation Framework.

⁴ One tool of some relevance is the Natural Resource Charter as a device for benchmarking public policy, but other analytical tools could equally apply.



7.3 The analytical work will need to fulfil the demand established by the initial engagement and will need strong local partners to support the work. A strong steering group would also support networking and effective engagement, as well as the maintenance of key relationships. Anchoring the analytical work on the existing national APRM machinery and embedding the work in a (local) African tertiary / research institution would give the process greater legitimacy and sustainability.

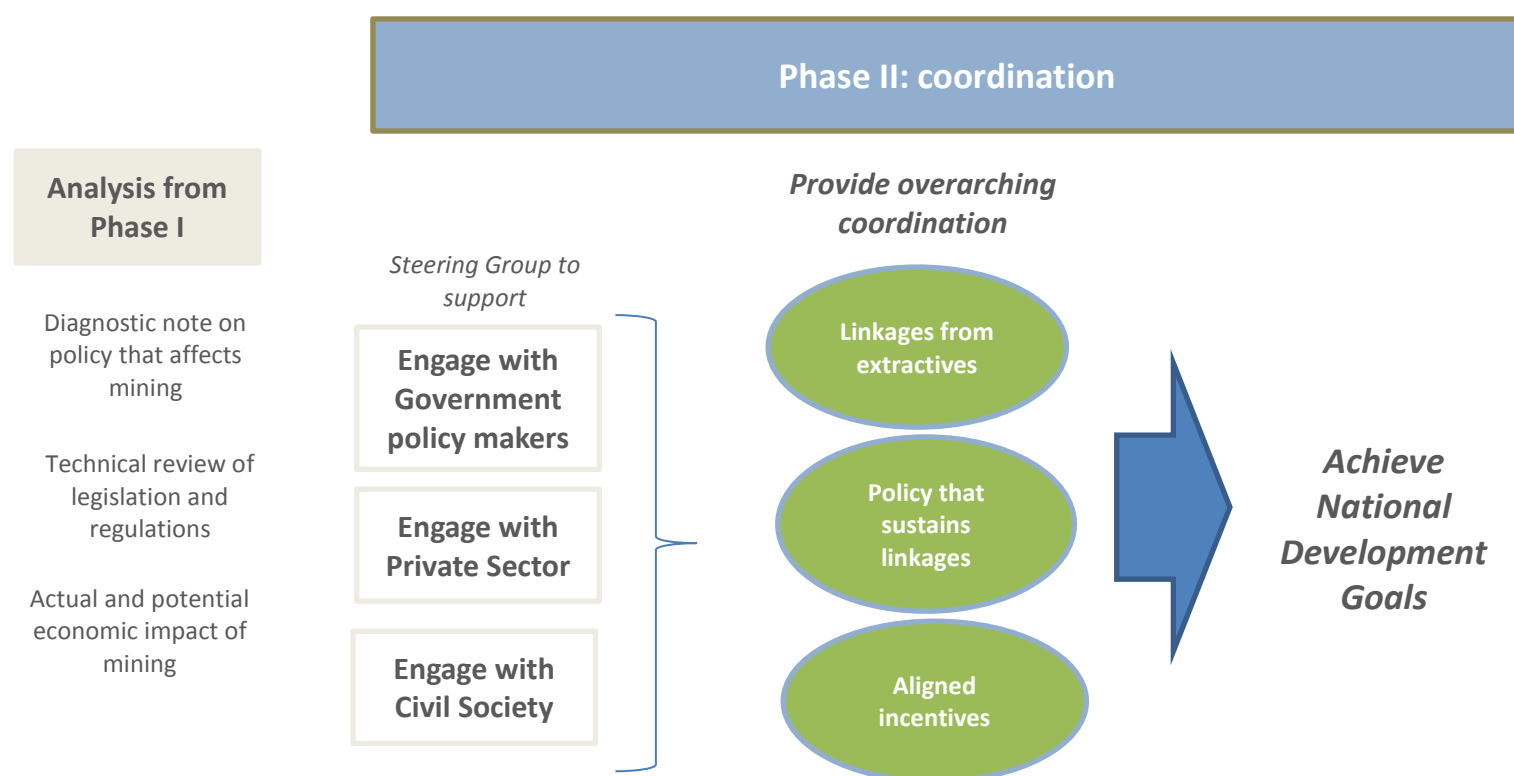
Phase II: coordination

7.4 Progress on a phase II would hinge on the achievement of phase I in combining well-founded analysis with the effectiveness of the engagement associated with this initiative. The purpose of phase II would be to establish over-arching coordination of policies and the initiatives of key stakeholders (private sector, CSOs, etc.) with an ability to achieve national development goals.

7.5 The details should be clearer on the strength of the preparatory work under phase I, together with a set of relationships that sustain demand for further progress. The logical flow of work would be something like this:

- Match policymakers with an opportunity for strengthened linkages from extractives;
- Focus on specific policy areas, and on the elements of the business value-chain, which together sustain these linkages; and
- Establish how incentives (both for state and non-state actors) can be better aligned to strengthen such linkages – and hence make it catalytic for stronger growth and development.

- 7.6. Finding two, three or four such areas where linkages can be strengthened – and achieving the coordination across government agencies – provides a concrete practical, yet holistic vision for a stronger, catalytic role for extractives.



7.7. A **performance management framework** would then be needed to show that a difference has been made – a key part of demonstrating a proof of concept. This would entail:

- A baseline survey covering the people and activities expected to be impacted – together with a control group. Such surveys might be gathered as a matter of course by the statistical bureau, but if not these data can be collected independently;
- A tracking of key performance indicators; and then
- A follow-up survey on a sufficiently rigorous basis to be able to show what has changed and why.

7.8. Next steps:

- Test the suggested steps in phase 1 (scoping) of the CMV process in 1-2 countries
- Solicit wide stakeholder input (government, society, private sector) into the proposed CMV approach and framework
- Understand how the CMV process can be integrated into a country's policy making process
- Define a methodology /model that is flexible enough to suit each country's circumstances

7.9. Annex I: the Africa Mining Vision

Africa Mining Vision:

“Transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development”

This shared vision will comprise:

- A knowledge-driven African mining sector that catalyses & contributes to the broad-based growth & development of, and is fully integrated into a single African market through:
 - Down-stream linkages into mineral beneficiation and manufacturing;
 - Up-stream linkages into mining capital goods, consumables & services industries;
 - Side-stream linkages into infrastructure (power, logistics; communications, water) and skills & technology development (HRD and R&D);
 - Mutually beneficial partnerships between the state, the private sector, civil society, local communities and other stakeholders; and
 - A comprehensive knowledge of its mineral endowment.
- A sustainable and well-governed mining sector that effectively garners and deploys resource rents and that is safe, healthy, gender & ethnically inclusive, environmentally friendly, socially responsible and appreciated by surrounding communities;
- A mining sector that has become a key component of a diversified, vibrant and globally competitive industrialising African economy;
- A mining sector that has helped establish a competitive African infrastructure platform, through the maximisation of its propulsive local & regional economic linkages;
- A mining sector that optimises and husbands Africa’s finite mineral resource endowments and that is diversified, incorporating both high value metals and lower value industrial minerals at both commercial and small-scale levels;
- A mining sector that harness the potential of artisanal and small-scale mining to stimulate local/national entrepreneurship, improve livelihoods and advance integrated rural social and economic development; and
- A mining sector that is a major player in vibrant and competitive national, continental and international capital and commodity markets.

