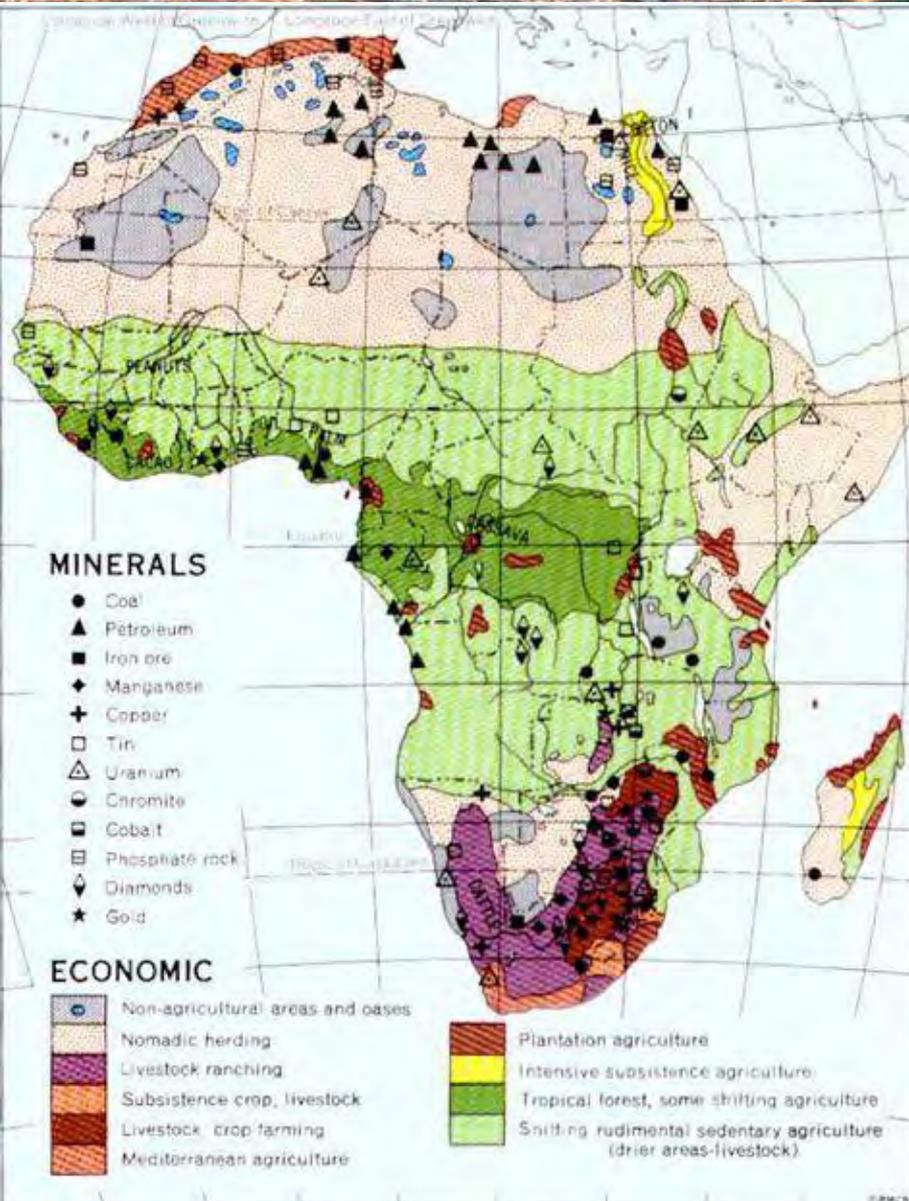


Extractive Industries Governance

EMEA Regional FlexiCadastre User Conference 2015

Keynote Address

The mining governance challenge in Africa is clear.



Huge potential from African minerals:

- › Africa: 1/3 of the world's mineral reserves
- › In an example African mining sector:
 - › Income: \$28 billion
 - › Tax: \$2 billion
 - › Wages: \$7 billion
 - › ForEx earnings: 50%
 - › GDP contribution: 20%
 - › Investment share: 20%

But:

- › African GDP per capita: \$2k
- › Population living on less than \$1 per day: 36.2%



What is the most important element of governance to get right to ensure maximum impact of minerals on all citizens' economic wellbeing?

1. Introduction

2. Case Studies by Adam Smith International

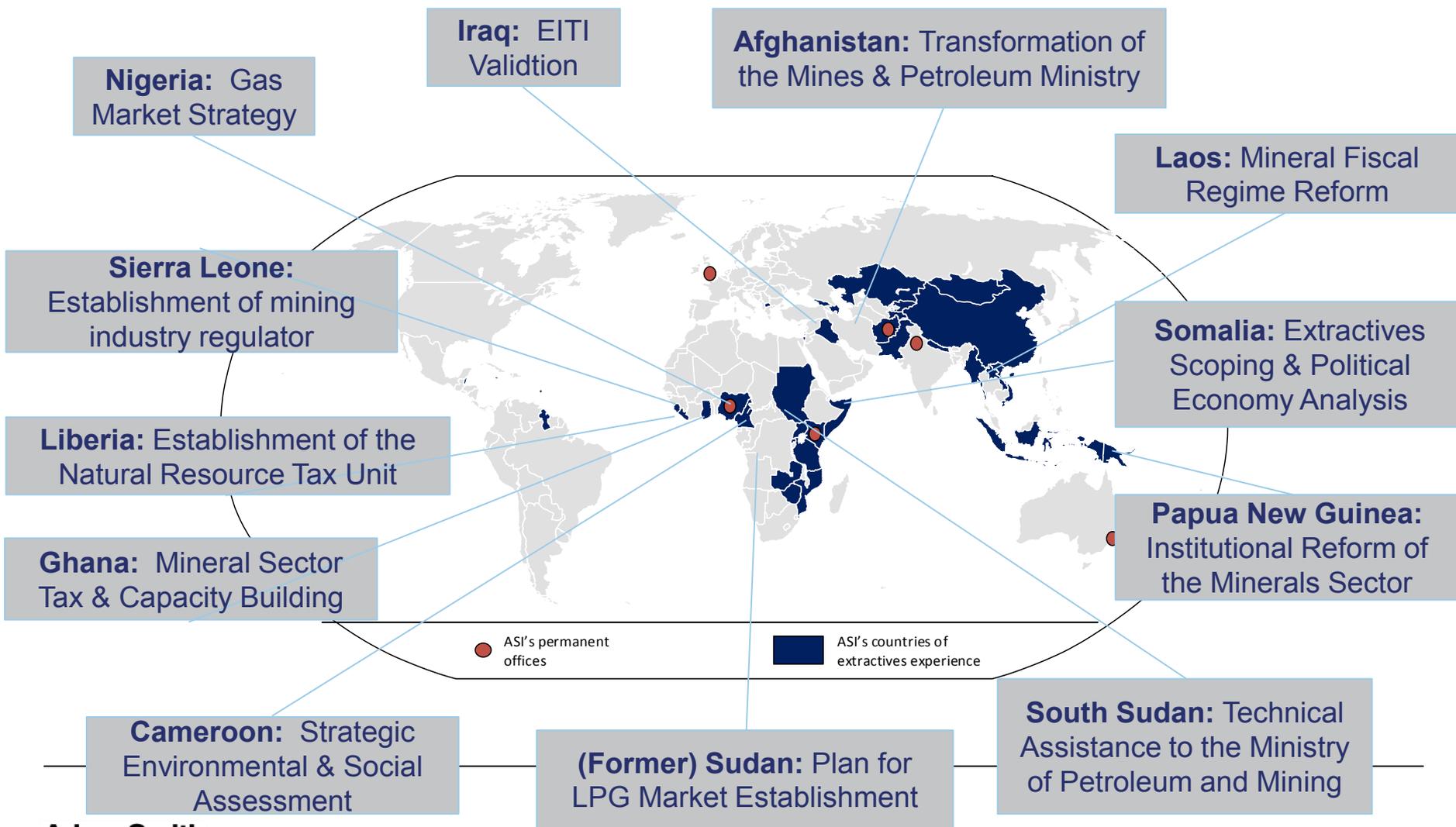
3. Discussion – Most Important Elements of Mining Governance?

4. Questions

A leading implementer of mining, oil & gas governance assistance

- › Adam Smith International is a **leading international authority** on the governance and development of the oil, gas and mining industries in the developing world.
- › With more than 10 years of experience in over 30 countries.

We have delivered extractive industries governance support in over 30 countries



Mining governance transformation & sector development

An Afghan Case Study:

Transition of the Ministry of Mines & Petroleum from owner-operator to policy-maker, investment facilitator and regulator

New mining law

Investment events around the world

New contract management system

Significant iron ore, gold, coal deposits

Major investors lined up



His Excellency, Afghan Minister of Mines Shahrani and ASI advisers, 2011

A Sierra Leonean Case Study: Institutional, Legislative & Operational Support to Ministry of Mineral Resources

New world-class primary mining law

New regulations – health & safety, environmental, social

New institutional arrangements for mining governance, including:

- › Environmental Protection Agency
- › National Minerals Agency

New cadastre system

EITI compliant



NMA Board, DFID SL Head of Office and PSD Adviser, ASI-facilitated inaugural NMA Board meeting, Sept 2012

25%:

Estimated 2012 growth in GDP, largely attributable to sound development and governance of the mining industry.



What is the most important element of governance to get right to ensure maximum impact of minerals on all citizens' economic wellbeing?

We recommend strongly an holistic approach based on 8 principles of extractive industries development

Underpinned by:

**Sound Political
Governance**

**Effective
Institutions**

We are the only organisation with the capacity to deliver the full range of required services

Strategy, Policy & Legislation

Sector Strategy & Policy

Primary Law

Administrative & Technical Regulations

Stakeholder Consultation

Institutional Strengthening

Institutional Audit, Design

Org. Start-Up & Transition

Org. Design & Process Engineering

Capacity Building

Revenue Management

Extractives Fiscal Policy & Modelling

Tax & Non-Tax Admin.

Tax Audit & Compliance

Sovereign Wealth Management

Comms & Communities

Investment Promotion

Strategic Comms y

Artisanal Mining Development

Community Outreach / Development

Transparency, Accountability

EITI Implmnt. Support

Certified EITI Validation

CSO, Media, Legislature Capacity Building

Certification Support

Environmental Sustainability

Strategic Environmental Assessment

Social & Environmental Regulations

Environmental Compliance

Economic Impact

Local Content / Procurement

Alternative Livelihoods

Resource Corridor Development

Sector Skills Strategy

A Kenyan Case Study: Sustainable, holistic extractive industries development is within reach

Led a scoping study to create discussion and consensus around needs for the sector.

Currently implementing an 18-month DFID programme that will help kick-start the sustainable development of Kenya's oil, gas & mining industries:

- › Positioning Kenya as an attractive investment destination.
- › Aligning **regulation** with the 2010 constitution
- › Setting a mineral sector country vision, supported on a new **Mining Bill** and policy
- › Rolling out **extractives 'primer' training** courses to communities
- › Identifying and supporting opportunities for early, tangible **benefits to communities**
- › Establishing a communications strategy
- › **And much more...**



ASI project team consultations with communities in Turkana, an oil-rich county in northern Kenya.

1%
↓
10%

Estimated medium-term change in GDP contribution from the extractive sector.

The 18 recommendations could lead to an holistic programme that maximises sustainable development

Report Recommendation		Program Component
1	GoK agrees on and implements a coordination mechanism	Coordination
2	Establish a compelling & inclusive national extractives vision	Vision
3	Design & implement communications strategy	Communications
4	Develop policy, legal and regulatory framework for extractives	Resource Policy, Legislation
5	Develop community development framework	Conflict/Community/County
6	Strategic Environmental and Social Assessments (SESAs)	Environmental & Social
7	Ensure transparency & accountability in extractives	Transparency, Accountability
8	Design an inclusive community investment framework	Conflict/Community/County
9	Design and implement tax regime	Revenue Policy, Legislation
10	Design & implement system for managing resource revenues	Revenue Policy, Legislation
11	Comprehensive skills & education programme	Local Content & Education
12	Develop policy framework for regional cooperation	[n/a, beyond program scope]
13	Design comprehensive wealth & job creation programme	Local Content & Education
14	Design Resource County Development Programmes	Conflict/Community/County
15	Strengthen environmental assessment & monitoring	Environmental & Social
16	Strategic focus on small-scale and artisanal mining	Resource Policy, Legislation
17	Establish a fit for purpose institutional framework	Institutional Strengthening
18	Capacity building in key institutions/organisations	Institutional Strengthening



What can you do?

Be very aware of the need for an holistic approach, including ALL elements!

Challenge your Cabinet and Leaders to recognise and implement this

Challenge development partners / donors to recognise and support this

Seek to work with your counterparts in other parts of Government



Thank You



We are committed to strengthening societies around the world and to delivering results beyond expectations

Founded 1992

Independent

- › Work exclusively for governments, and owned by management

Subsidiaries in Nairobi, Sydney, Islamabad and Delhi

- › Project offices in many other countries

The largest supplier of Technical Assistance to DFID

- › Significant programmes with others including the World Bank, SIDA, DANIDA, GiZ, Australian Aid, and to governments directly
- › Currently 60 live projects in 22 countries

Business model built around specialist teams and project managers

- › 1000+ international advisers
- › 500+ locally engaged employees
- › 150+ employees

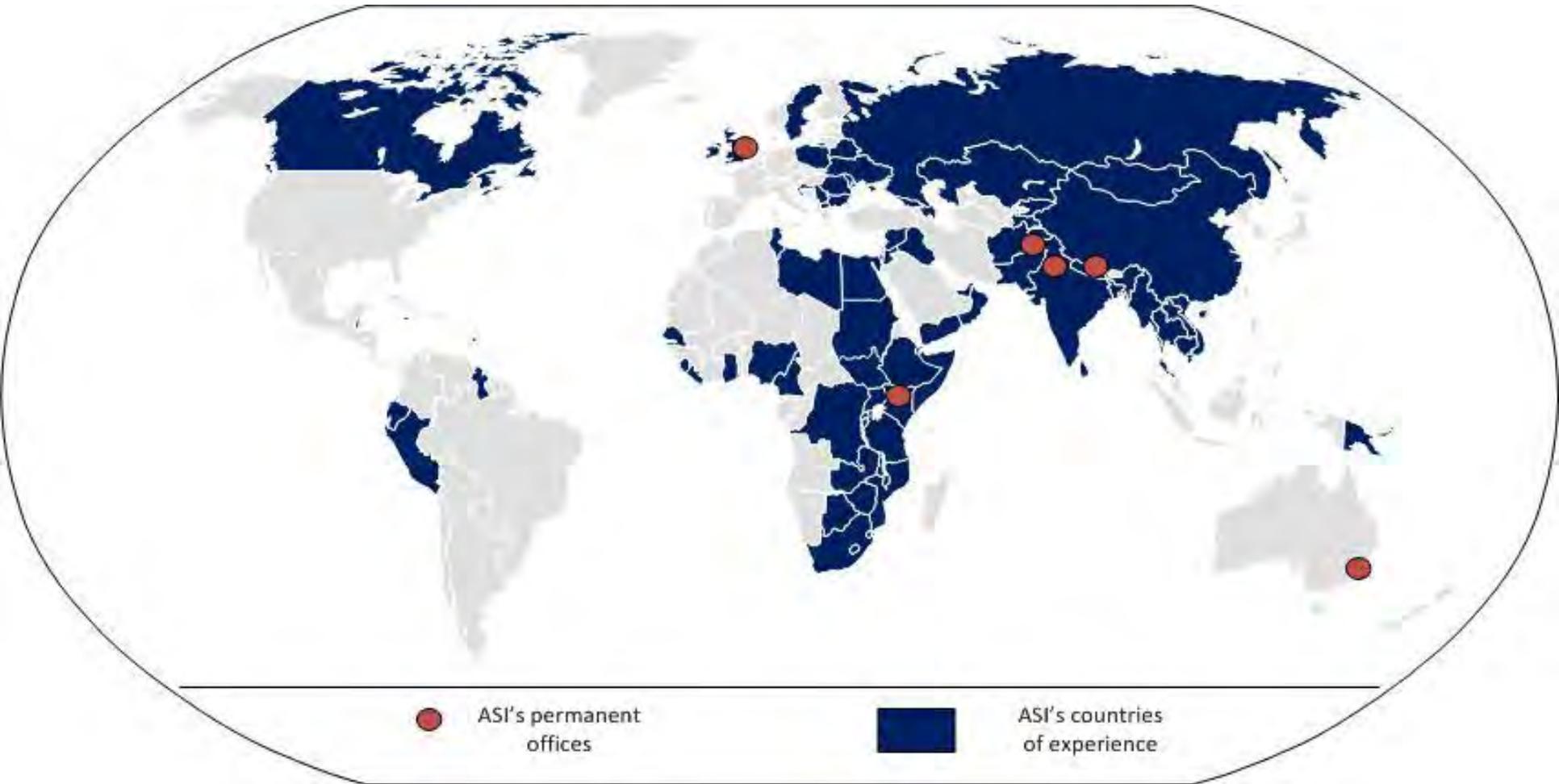


We offer a wide range of services to our clients

Our wide-ranging experience across economic growth and government reform initiatives is grouped into the following services.

- › Private Sector Development
- › Infrastructure Development
- › Public Administration Reform
- › Revenue Reform
- › Civil Society & Accountability
- › **Extractive Industries Governance**
- › Public Financial Management
- › Climate Change
- › Education Development
- › Justice, Security & Peacebuilding

We have implemented successful projects in most lower income countries in Africa and Asia



We have delivered extractive industries governance support in over 30 countries

