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BUILDING A SUSTAINABLE FUTURE FOR AFRICA’S EXTRACTIVE INDUSTRY: FROM VISION TO ACTION

REPORT OF THE MEETING OF SENIOR OFFICIALS
12-15 DECEMBER 2011
REPORT OF SENIOR OFFICIALS

INTRODUCTION

1. The Second Ordinary Session of the AU Conference of Ministers Responsible for Mineral Resources convened at Senior Officials’ level, at the AU Headquarters, Addis Ababa, from 12 to 13 December 2011. The meeting which was formally opened by Mr. Jean-Noël François, Acting Director of the Trade and Industry Department of the AU Commission, was preceded by addresses by Mr. Stephen Kariuki, Director Regional Integration, Infrastructure and Trade Division of the United Nations Economic Commission for Africa (UNECA) and by Mr. Masresha Gebre Selassie, Director General Geological Survey of the Ministry of Mines of Ethiopia.

ATTENDANCE

2. The meeting was attended by the following Member States: Algeria, Benin, Chad, Comoros, Congo, Eritrea, Ethiopia, Gabon, Ghana, Kenya, Lesotho, Libya, Malawi, Mali, Mauritania, Mozambique, Niger, Nigeria, Rwanda, Saharawi Arab Democratic Republic, Senegal, Sierra Leone, South Africa, Sudan, Tanzania, Tunisia, Uganda and Zambia.

3. The following Regional Economic Communities (RECs) attended the meeting: Common Market for East and Southern Africa (COMESA), Economic Community of Central African States (ECCAS), Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC). Also in attendance were the following International Organisations and non-African countries: Africa Practice French Development Agency (AFD), African Centre for Economic Transformation (AECT), African European Affairs Consultants, Africa Legal Support Facility (ASLF-AfDB), Australian Aid(AUSAID), Bundesaustrait fuer Geowissenschafer und Rohstoffe (BGR), BHP Billiot-Minerals Exploration, European Centre for Development Policy Management (ECDPM), European Commission (EC), Canadian International Development Agency (CIDA), Communities and Small Scale Mining-Africa (CASM Africa), Centre du Commerce International pour la Développement (CECIDE), Columbia University, Confédération National des Travailleurs de Guinée (CNTG), Extractive Industries Transparency Initiative (EITI), EuroGeoSurveys, Geological Survey of Finland (GTK),International Council on Mining and Metals (ICMM), Mintek, Mining and Industry Association of Southern Africa (MIASA),Network Movement for Justice and Development (MNJD), NEPAD Planning and Coordination Agency (NPCA) National Resources Agency-Canada (NRCAN), Publish What You Pay, Revenue Watch Institute, United Nations Economic Commission for Africa (UNECA), United Nations Environment Programme (UNEP), United Nations Conference on Trade and Development (UNCTAD), University of Dundee, Université du Québec à Montréal, University of the Witwatersrand, World Gold Council (WGC), Zambezi Mining Services, the World Bank, Third World Network-Africa, Canada, Sweden and USA.
Agenda Item 1: Opening Ceremony

4. The opening ceremony was marked by three statements.

1) Address by the Representative of UNECA, Mr. Stephen Karingi, Director of Regional Integration, Infrastructure and Trade Division

5. Mr. Karingi, on behalf of Mr. Abdouli Janneh, Under-Secretary General of the United Nations and Executive Secretary of the United Nations Economic Commission for Africa, expressed his gratitude to the Ethiopian Government for its hospitality. He welcomed the presence of all the participants and commended their availability, despite the many constraints to do with end of year management.

6. Touching on the general context of mineral resources in Africa, Mr. Karingi dwelt essentially on the six main minerals (aluminum, copper, lead, nickel, tin and zinc) for which Africa has substantial reserves, which currently dominate the London Metals Exchange and serve as raw materials for various Western industries. In reality, African reserves would be even higher than the estimates; the discrepancy is due to the insufficiency of geological knowledge, a direct result of low exploration capacity. The inconsistency between the development opportunities in the mining sector and the poverty levels on the Continent is more striking given the surge in mineral prices since 2003 from which Africa has not benefited due to numerous structural shortcomings.

7. Mr. Karingi outlined some of the structural shortcomings, namely: 1) non-optimal mineral taxes; 2) the poor links between the mining and other economic sectors; 3) inadequate governance processes; and 4) lack of the supportive framework for local small-scale mining. He stressed that the session is expected to provide clear and effective responses to the challenges. In conclusion, Mr. Karingi thanked members of the International Study Group on Africa’s mineral regimes and welcomed the cooperation between the AU Commission and the ECA.

2) Address by the Representative of the Ethiopian Minister of Mines

8. The Representative of the Ethiopian Minister of Mines, Mr. Masresha Gebre Selassie, warmly welcomed all the participants to the meeting. He recalled that the objective of the Conference, was to define the modalities for implementing the Africa Mining Vision Draft Action Plan, in an inclusive manner. He stated that Africa had an abundant resource potential which is not highly exploited due to insufficient capacities. The main challenge was to develop the mineral sector as a vehicle for broad socio-economic development.

9. He then outlined the key challenges facing the sector such as its poor integration into national economies, its governance, low level of technology, and environmental degradation. These challenges need to be addressed within the framework of the Draft Action Plan. He concluded his address by wishing all participants success in their deliberations and a pleasant stay in Ethiopia.
3) Address by the Acting Director of the Department of Trade and Industry, Mr. Jean-Noël François

10. Mr. Jean-Noël François welcomed all participants to the meeting. He extended to all participants the compliments of the Chairperson of the AU Commission, Dr Jean Ping, as well those of the Deputy Chairperson, Mr. Erastus Mwencha. He deplored the paradox that characterizes Africa, which possesses significant mineral resources, but remains poor and dependent on external aid. He stressed that the major challenge in Africa was to make the extractive industry a powerful tool for development. To this end, the commodity boom presented an opportunity for African leaders to develop a coherent and effective strategy for managing the mineral resources of the Continent. This led the inaugural Conference of Ministers Responsible for Mineral Resources Development held in October 2008, to adopt the African Mining Vision. The Vision, which seeks to use the mineral sector for broad-based socio-economic sector development was endorsed one year later by the AU Assembly of Heads of State and Government.

11. The Acting Director invited participants to thoroughly review the Draft Action Plan and submit concrete proposals for consideration by the Ministers. He underscored the timeliness of the session which was being held one and a half months before the AU Assembly of Heads of State and Government on the theme of "Intra-African Trade." He then declared the session open.

Agenda Item 2: Election of the Bureau

12. The meeting elected the following Bureau:

Chair : Ethiopia
1st Vice-Chair : Mali
2nd Vice-Chair : Congo
3rd Vice-Chair : Algeria
Rapporteur : Mozambique

Agenda Item 3: Adoption of the Agenda and Organization of Work

13. The meeting adopted its agenda without amendment. It also adopted the following working hours:

Morning: 09h00 to 13h00
Afternoon: 14h30 to 18h00


14. Mr. Fui Tsikata outlined the purpose and processes leading to the production of the International Study Group (ISG) Report. Recalling the key antecedents of the Report such as the Lagos Plan of Action, the February 2007 ‘Big Table’ meeting, and the Africa
Mining Vision (AMV) formulated in 2008 and adopted in 2009, he observed that the AMV was developed from elements of the ISG Report.

15. Mr. Tsikata stressed that the challenge of moving from extraction towards developing linkages between minerals and industrialization is one of the key cross-cutting themes of the Report. He added that other areas addressed in the Report include, among others, the importance of institutions, and management of impacts, revenue collection and management, as well as mineral policy harmonization. In conclusion, he highlighted that the way forward focused on building a critical mass around the AMV, the Plan of Action and leadership required at different levels for effective implementation.


16. Mr. Wilfred Lombe of the Regional Integration, Infrastructure and Trade Division at UNECA gave a brief overview of the Draft Action Plan for the Implementation of the AMV. He recalled the AU decision in 2009 to develop a Draft Action Plan, which has since been carried out by UNECA, AUC and AfDB. The Draft Action Plan includes elements derived from the ISG Report, the AMV itself, and the ACP Draft Action Plan.

17. Mr. Lombe indicated that the Draft Action Plan unpacks the critical elements of the AMV which include the need to optimize knowledge resources (geological information, technical knowledge and general capacity building, etc.), while giving due consideration to harnessing potentials of small-scale mining, the need for mining to contribute to broad-based economic and social development and the promotion of good governance. He added that the Draft Action Plan outlines nine programme clusters, each aiming at a particular goal. Each cluster further lists preliminary activities, suggested indicators and timeframes for achievement, and potential actors for its implementation.

Agenda Item 6: Presentations and Discussions on Programme Clusters of the Draft Action Plan

Mining Revenues and Mineral Rents Management

18. In introducing the session, Mr. Lombe stated that the issue of mining revenues had been of great concern to many stakeholders in the mineral sector. He recalled the just concluded Mining Taxation Workshop, which recounted that for decades, many African governments did not receive adequate revenue from the mining sector despite the boom of mineral prices in the world market. He outlined the concerns and issues relating to mineral revenue such as transfer pricing and tax leakages.

19. He expressed the need to build capacity for the collection and management of mineral revenue as well as building the technical skills of public officials involved in the negotiations of contracts and fiscal issues. He also underscored the need to assist the RECs as well as Member States in developing guidelines of optimal frameworks for
collecting mineral rents, adding that the goal is to improve on mineral revenues received by Member States. Mr. Lombe further underlined the need to also use revenues for development purposes and to establish funds to help the local communities in the mining areas.

20. The discussant, Mr. Silas Olan’g of Revenue Watch Institute underscored the importance of mining taxation for the socio-economic development of Africa and pointed out the need to reform the African mining regimes. The practice of good governance was also emphasized as well as the need to spend revenues intelligently and strategically to achieve broad-based development goals.

21. The Senior Officials made the following recommendations:

(i) Member States should reform the fiscal framework in order to optimize benefits from the mineral sector;
(ii) Member States should explore the possibility of renegotiating existing contracts to secure a fair share of the rent;
(iii) Member States should align their development strategies to their long-term national development goals;
(iv) Member States should ensure transparency in the collection and use of mining revenues;
(v) Governments could explore the use of equity participation in mineral ventures to capture a greater share of benefits;
(vi) Governments, in collaboration with partners, should build the capacity of oversight bodies.

Mobilizing Mining and Infrastructure Investment

22. Mr. Lombe introduced this item by underscoring the importance of infrastructure in boosting investment in the mining sector. He stated that the African domestic market is playing a limited role in promoting investment in infrastructure but that there was potential for infrastructural development in areas where large deposits of natural resources exist. He pointed out that the Draft Action Plan suggested actions to be taken for the improvement of investment in infrastructure, but stressed the need to identify natural resource corridors to facilitate public-private partnerships in the exploitation of the resources. He, however, pointed out the complexity of handling cross-border projects and the architecture that will ensure their viability.

23. Ms Claudine Sigam highlighted the key determinants for attracting foreign direct investment which includes supply side factors as well a policy and institutional factors. She emphasized the need for more policy space to align resources-based industrial policies with the more complex international trade and investment rules such as WTO agreements, regional and bilateral free trade agreements.

24. In the discussions, participants pointed out that the following should be included in the Draft Action Plan:
(i) The need to mobilize public and private sector resources for investment in mining and infrastructure projects;
(ii) Explore the use of equity participation in mineral ventures to capture a greater share of benefits;
(iii) Increase the participation of nationals in mineral projects through requirement for greater local content and enterprise development;
(iv) Explore what resources for infrastructure deals entail as their liabilities are not clear;
(v) The development of regional commodity markets;
(vi) Workers’ rights and benefits from mining enterprises;
(vii) Addressing political and other risks in order to increase levels of investment flowing into the mining sector;

GEOLOGICAL AND MINING INFORMATION SYSTEMS

25. Mr. Hudson Mtegha of Witwatersrand University of South Africa presented the programme cluster on Geological and Mining systems. He highlighted the importance of geological information in decision making both for the private and public sectors and pointed out some challenges that range from availability to accessibility of geological information. These in turn had led to improperly negotiated mining contracts. He concluded by listing proposed activities to be carried out at the national, sub-regional and regional levels, whose goal is to develop a comprehensive knowledge of Africa’s mineral endowment.

26. Mrs. Claudine Sigam, of the United Nations Conference on Trade and Development (UNCTAD) informed the meeting that progress had been made to create the network of African experts in data management in the natural resources sector, under the project of Natural Resource Information Exchange (NRIE). She stated that the pilot phase of the initiative had a membership of nine African countries and highlighted the need to consolidate similar initiatives within the framework of the AMV Draft Action Plan.

27. Mr. Marek Graniczny from EuroGeoSurveys, underscored the fact that geo-resources are important for the sustainable development of Africa and added that in this regard, the African-European Georesources Observation System (AEGOS) was established with the objective of designing a Pan-African infrastructure of interoperable data and user-oriented services to strengthen the sustainable use of geo-resources in Africa. He indicated that the AEGOS project associates African and European research institutes and organizations involved in Solid Earth data collection, conservation, processing and dissemination.

28. In conclusion, he informed the meeting that the first phase of (AEGOS), which focuses on infrastructure design, ended successfully and he called on Member States to subscribe to the second phase, which will focus on infrastructure development and implementation.
29. The participants noted that despite the progress that had been made, Africa’s mineral resources potential remains underinvested, and stressed the need to develop long term programmes for sustainable development in the sector.

30. The participants pointed out that the following issues should be addressed in the Draft Action Plan:

(i) The relevance of geological Information in other sectors of the economy in addition to the mining industry;

(ii) Development of clear processes for geological information systems from data collection, processing, analysis and storage;

(iii) The need for a geological information policy that clearly covers issues of access, among others;

(iv) The need for cooperation with relevant multilateral institutions, bilateral donors and other cooperating partners such as the World Bank and EuroGeoSurveys, especially in capacity building and other related technical support;

(v) The need to take into account both regional and global initiatives in developing geo information systems such as UNCTAD’s Natural Resources Information Exchange project which aims at providing transparency on the entire mineral value chain as well as the mining policy framework promoted by the International Study Group on mining mineral and metals ;

(vi) The need to address continuity of geological maps across country borders and continental shelves ;

(vii) The need for national geological surveys to improve their sustainability.

Artisanal and Small-scale Mining (ASM):

31. In his presentation, Mr. Benjamin Aryee of the Ghana Minerals Commission, highlighted the challenges faced by ASM, which include inadequate policy and regulatory frameworks, limited technical capacity and access to appropriate technology and consequent environmental degradation, lack of finance; inadequate access to exploration and mining areas; difficulties in accessing the market; issues associated with peace and security; and women and child labour concerns. He added that technical challenges facing ASM operators often stem from lack of knowledge of the legislative requirements on occupational health and safety, the environment, mineral rights and decent work requirements. In addition, the operators generally lack critical skills and access to appropriate and affordable technology.

32. He underscored that ASM is an integral part to the economies of many mining countries in Africa. Yet, it is identified as an illegal activity and environmental hazard
rather than as a generator of extensive employment and income. Mr. Aryee further highlighted that ASM policies in most African countries are seldom adequately supportive in vital areas such as access to appropriate financing mechanisms, provision of geological information and services, technical and marketing support or facilities for upgrading miners’ skill levels. He underscored the need to address the challenges faced by the sector holistically and to formulate and implement integrated ASM policies as part of a broad rural development strategy.

33. In the ensuing discussions, participants made the following recommendations:

(i) Decentralization of the management (registration, licensing, monitoring, control, marketing, technical assistance) of the ASM sector;

(ii) Develop a policy framework for ASM and its allied institutions for managing the sector;

(iii) Improve safety and environmental concerns in the sector;

(iv) Enhance the capacity of Governments at all levels in managing ASM;

(v) Address financing challenges of this sector through joint ventures and formation of associations;

(vi) Dissemination of best practices in ASM;

(vii) Address illegal mining and trafficking of minerals, as well as conflicts associated with this sector for example through certification mechanisms; and

(viii) Address issues arising from conflict between land rights and mineral

(ix) Simplify all laws and regulations for the sector.

(x) Develop mechanisms to promote value addition in Artisanal and Small Scale Mining sector.

(xi) Involve other stakeholders in the management of ASM

PLENARY DISCUSSION OF THE AMV DRAFT ACTION PLAN

Building Human and Institutional Capacities: Programme Cluster 3

34. Mr. Mtegha presented Programme Cluster 3 on Building Human and Institutional Capacities. He indicated that the Continent has a shortage of skills ranging from exploration to processing and mining, and also lack of institutional capacity in government departments charged with the management of the mining sector. He further noted that actions proposed in the Draft Action Plan are aimed at developing a
competitive skills base that is knowledge-based and capable of driving an African Industrial Economy.

35. Mr. Fui Tsikata underscored the importance of enhancing the capacity of public institutions. He added that due to limited resources, it was important to ascertain the funding requirements for the implementation of the Draft Action Plan and to develop a methodology to be used in the review process, monitoring and evaluation of the proposed actions.

36. Professor Bonnie Campbell of the University of Quebec in Montreal, Canada stressed that the proposed actions would require a paradigm shift in policy in order to achieve the desired results. To that purpose, African countries need to adopt the strategy of a development state where state interventions are aligned to development oriented industrialization. In this regard, African countries need to develop human resources capacity and return to the practice of economic planning. The Government should in addition promote policies that encourage public oversight, accountability and environmental conservation.

37. Mrs. Coumba Doucoure of the AfDB highlighted the complexities encountered in developing the legal capacity of African countries to deal with issues such as negotiating contracts. She stressed the need to identify the most effective way of providing training and to view capacity building from a global perspective and how the ASLF interventions on specific projects allows the transfer of knowledge and skills between international lawyers and local ones. She emphasized the need to update existing databases on capacity building and that responsibilities for the implementation of the Draft Action Plan should largely be led by African institutions.

38. Mr. Jacinto Rocha of Rocha & Associates noted that it was important to differentiate between lack of skills, the availability of poorly skilled manpower and the under-utilization of skills on the Continent, particularly in the ministries responsible for mining. He stressed the importance of strengthening existing institutions before establishing new ones. He further highlighted that developments within the multilateral trading system and the World Trade Organization (WTO) agreements could have an effect on the mining sector and the implementation of the Mining Vision. In this regard, the example of the prohibition of local content requirements under the Trade Related Investments Measures (TRIMS) was given.

39. In the discussions that ensued, Senior Officials made the following recommendations:

(i) The Draft Action Plan should have specific timelines for the achievement of the identified actions;
(ii) The monitoring indicators identified in the Draft Action Plan should be detailed, specific and allow for follow-up action;
(iii) There is a need carry out an evaluation of mining skills available in African countries and attract back African Mining Experts working in developed countries;
A methodology should be developed to facilitate review, monitoring and evaluation of the proposed actions;

African countries need to develop human resources capacity and strengthen economic planning and the role of the developmental state;

The Government should promote policies that encourage public oversight, accountability and environmental conservation.

Member States should take all measures to retain skilled workers and promote their movement of between countries;

Mining Companies and partners should assist Member States to build capacity in the mining sector;

Member States should promote and support the establishment of mining schools for the development of mining skills;

Research and Development (R&D):

Mr. Mtegha presented Programme Cluster 6 on Research and Development (R&D). He indicated that the Continent generates little new knowledge in mining products, technologies and services. The main thrust of the proposed actions was to develop a knowledge driven and globally competitive mining sector that is instrumental in industrializing the African economy. R&D is required to develop new technologies and methods that maximize benefits, reduce costs and improve the competitiveness of African mining companies in international markets. The main challenge in the development of strong R&D in the sector was the inadequacy and low level of skills in almost all African countries.

In her intervention, Dr. Marian Lydall of MINTEK emphasized the importance of undertaking an audit of current R&D institutions and their work to identify gaps that need to be addressed. She further stressed the need to align research outcomes to the needs of Member States.

In her intervention, Ms. Janet WARDEN-FERNANDEZ of Dundee University emphasized the need for knowledge sharing in the R&D sector, between Africa and Latin America. She further stated that the University of Dundee undertakes training for many students from Africa. Finally, she underscored the importance of the private sector in R&D and the need for cooperation between mining companies and governments.

The Senior Officials made the following recommendations:

- R&D should be driven by the need to solve problems and improve competitiveness. Africa should address the lack of critical mass of institutions that can drive R&D in the Continent;
- While developing strategies for human capacity building, it is equally important to ensure that institutions have the capacity to retain skilled employees after they are trained;
- The training programmes aimed at developing the skills of experts in the mining industry should be designed in such a way that trainees are versatile and are able to work in other sectors of the economy.
There is need for the private sector to be involved in funding R&D

Mineral Governance and Environmental and Social Issues

44. The two programme clusters were presented together as they addressed similar issues. On Mineral Sector governance, Mr. Lombe pointed out that public participation in governance issues is not entrenched in many African countries and that as a result, conflicts between mining companies and communities can arise. These conflicts are exacerbated by human rights violations. He indicated that the Africa Mining Vision proposes the strengthening of governance through the improvement of transparency and public participation processes. He further underscored the importance of monitoring and safeguarding human rights issues, and mainstreaming them in the impact assessments of the mineral sector.

45. In respect of environmental and social issues, Mr. Lombe outlined that while frameworks that incorporate these issues are developed, capacity to implement them is often lacking. He further stated that negative environmental and social impacts have fuelled criticism of the sector. There is therefore need to strengthen frameworks that govern environmental and social impact assessment, as well as the capacities for their effective implementation in respect of their corporate social responsibility (CSR). Mr. Lombe expressed the need for its broader integration into national social development agenda.

46. Ms. Loise Hooge of the Natural Resources Canada, emphasized the importance of aligning minerals governance with broader processes and policies. She observed that mining regimes ought to be viewed in the totality of how a jurisdiction governs and administers itself. She listed the use of measures such as the adoption of the Extractive Industries Transparency Initiative (EITI), anti-corruption mechanisms and incorporating public sector reform initiatives as possible approaches. Further, she stressed opening up the bureaucracy and decision-making in mining regimes. She underscored the need to ensure Civil Society Organizations (CSOs) are brought into the policy framework. Regarding institutions, she suggested making better use of the under-utilized skills of employees in existing mining institutions which are often overlooked. In addition, she alluded to the low salary structure causing difficulty in attracting human resources to mining institutions. While concluding, she informed the meeting that Canada has adopted a CSR strategy in its mining operations, with due consideration to environment and social issues in attempting to benefit communities.

47. Ms. Marie Ange Kalenga of EITI recalled that the initiative was launched in 2002 to increase income transparency in the extractive sector and that 21 countries in Africa are at various stages of implementing it. She stated that EITI wished to be involved in the Implementation of the AMV, including in the development of tools to strengthen transparency at the national and sub-regional levels. She also outlined the need to link EITI into the African Peer Review Mechanism (APRM) processes.
48. Ms. Kathryn McPhail of ICMM underscored three points relevant to the AMV Draft Action Plan. Firstly, access to information is critical for effective governance. Numerous countries in Africa lack information with respect to the economic and social costs related to mining activities, its relevance to Foreign Direct Investment (FDI), employment, revenues and so forth. As this is crucial in informing policymakers, measures should be undertaken to urgently address this information gap. Secondly, as local governments are the ones which implement policies, their capacity needs to be boosted. One powerful way of building this capacity is to institute measures that allow all stakeholders – companies, government, local government, CSOs etc. – to meet regularly. Thirdly, as mining is linked many sectors, linkages are key; aligning incentives around regional development planning is necessary.

49. Mr. Hany Besada of the North-South Institute highlighted the need to manage Africa’s deepening economic ties with the BRICs (Brazil, Russia, India and China), given their ever mounting interest in Africa’s mineral wealth, to ensure CSR and the inclusion of strong environment standards towards attaining sustainable development for the Continent. In addition, he stated that the safeguard of local communities’ rights was essential.

50. Ms. Bridget Bokoum of the World Bank stated that the current governance oversight mechanism was not adequate. Thus there is a need for the creation of a conducive policy space and a more constructive role of stakeholders. She added that the process should be self-owned and include the participation of all stakeholders. She recommended a system of checks and balances for the governance system.

51. The Senior Officials made the following recommendations:

   (i) The activities regarding corporate and social responsibilities should be split into two to capture corporate accountability in the broader governance framework and CSR on specific issues;

   (ii) The Extractive Industries Transparency Initiative (EITI) principles should be adopted by African countries;

   (iii) Countries should include mineral sector governance issues in anti-corruption legislations;

   (iv) Member States should enhance public participation in order to manage expectations among various stakeholders

   (v) Member States should improve access to information for effective mineral sector governance;

   (vi) There is need to emphasize transfer pricing and illicit financial flows in the Draft Action Plan;
(vii) While revenue transparency is important there is a greater need for disclosure of accounting information of mining companies;

(viii) There is need for reform and for the creation of policy space in the mining sector;

(ix) There is need to provide capacity building programmes to strengthen local government to make informed decision on mining projects,

(x) There is need to develop provisions for the implementation of the Protocol on Free Prior Informed Consent (FPIC) with respect to communities affected by mining activities

(xi) There is need for States to ratify and domesticate human rights conventions and instruments relevant to the mining sector.

(xii) Member States should apply APRM in the mineral sector and mainstream EITI principles in the governance of the mineral sector.

52. Ms. Nancy Kgengwenyane from UNECA stated that although the rules and regulations with respect to mining exist in many African countries, implementation issues are a key challenge. Capacity is one aspect of this challenge, but crucially, she stressed the importance of political governance. She explained that mining sector management and governance is firmly rooted in the political governance structure. The extent to which the various mining initiatives/conventions are executed is highly contingent on policies undertaken by governments. Furthermore, with respect to the debate on ownership, it is prudent to look beyond whether there should be private or public ownership, but crucially, the focus ought to be on the governance structure and their accountability to their constituents – the investment structures, how contracts are negotiated.

53. Mr. Patrick Mwesigye from UNEP accentuated the need for the AMV to focus further on artisanal and small-scale mining as this is widespread in Africa. He stated that tackling the numerous challenges in the sector should be prioritized. In this regard, he mentioned that the existence of appropriate institutional mechanism is key in upgrading the technical capacity of miners. With respect to health issues, he explained that numerous mining companies operating in Africa fund and establish hospitals, but that was inadequate in addressing prevalent health risk factors. Hence, companies should be compelled to contribute more to local communities. In addition, he stressed that UNEP can work with the AUC in formulating an appropriate regulatory framework as well as on enforcement and capacity related issues. Further, UNEP’s international resource panel, which includes a wide range of experts from different countries, can contribute on how mining cycles ought to be improved in mitigating environmental issues. He also stressed the need for the AMV to include compiling African best practices in mining as there are some exemplary mines whose practices can be replicated across the Continent. He also recommended the use of UNEP Awareness and Preparedness for Emergencies at Local Level (APELL) for Mining Handbook.
54. Peter Sinkamba from Citizen for Better Environment (CBE) agreed on the mandatory nature of social funds, but emphasized the need for more specificity. To this end, he highlighted the need for mechanisms such as decommissioning closure and post-closure fund, a social liabilities fund, future generation funds, etc. He observed the challenges in calculating environment and social liabilities, and the need to develop standards framework for doing this. He identified the challenge of securing liabilities in some countries.

55. The participants recommended the following:

(i) Member States should strengthen the development and implementation of impact assessment guidelines;
(ii) It is important to build the capacity of countries to negotiate social impact agreements;
(iii) Political governance and the development of safety standards are critical;
(iv) Issues of gender, youth, environment and indigenous population should be considered in making political decisions in mining;
(v) It is important to document and share best practices on the environmental and social issues;
(vi) Member States should consider appointing an Ombudsperson at the AU level to handle complaints relating to mining;
(vii) Member States should consider creating a fund that guarantees mining and social liabilities.

Linkages and Diversification

56. Mr. Lombe presented this programme cluster. He acknowledged that Africa does not have well developed linkages between mining and other economic and social sectors except with the transport and energy sectors. He enumerated the challenges that prevent linkage development which include the small market for mineral product, low levels of R&D, coupled with capacity constraints. He concluded by stating that the goal of the activities identified in the Draft Action Plan is to create an African Mining sector that catalyses and contributes to broad-based growth and development through backward, forward, and infrastructure related linkages.

57. Mr. Paulo De Sa of the World Bank cautioned that while economic infrastructure is important, there is need to focus on social infrastructure as well. He observed that there are good examples of backward linkages within the African mining sector and this should be highlighted to provide learning points. He stressed that regional integration is important for infrastructure development and that the key conditions for beneficiation include a large resource base and highly skilled human resources. He further cited beneficiation success stories in Africa such as gem cutting in Madagascar, Botswana and Namibia. In promoting local content, he stressed the need to identify quick win projects for linkage development. Finally, he enumerated the findings of the World Bank
study in Africa on local content which identified the need for stronger regional cooperation. In concluding he advocated for a multi stakeholder approach which includes regional organizations, governments, the private sector and CSOs in building linkages.

58. Dr. Paul Jourdan stressed the importance of fiscal and knowledge linkages in the mineral value chain. He cautioned against the emphasis on downstream value addition as opposed to upstream linkages which have the potential to generate local jobs. He highlighted the importance of linkages in iron and steel, polymers and fertilizers which are important for infrastructure, manufacturing and agriculture respectively. He cautioned that it is important to keep in view the economies of scale offered by regional approaches to linkage development. For example, while the consumption of mining chemicals is small at the national level, the aggregate regional demand might justify linkage development. He stated that forward linkages are generally more difficult to attend as conditions vary from mineral to mineral. One way to address this would be to set minimum local content requirements which include benchmarks and timelines.

59. The Senior Officials made the following recommendations

(i) There is need to identify opportunities for linkage development in sectors such as agriculture, construction, mining equipment, consumables and services;
(ii) There is need for actions that pool regional synergies and complementarities in developing linkages such as the creation of regional markets and promote economies of scale;
(iii) There is need to develop strategies that encourage and improve local content;
(iv) Member States should set aside some funds for Research and Development to help to create knowledge linkages.

Policy Regulations, Regional Cooperation and Harmonization

60. Mrs Maria Marcelina Joel observed that due to the crosscutting nature of this topic, it was not given a specific cluster in the Draft Action Plan. She further observed that developing regulation parameters is essential for implementing and enforcing policies in the mining sector. She also noted that Harmonization of policies in this sector has many challenges mainly based on differences in laws and monitoring adherence to the harmonized policies.

61. Senior Officials made the following recommendations:

(i) A cluster on Policy Regulations, Regional Cooperation and Harmonization should be created in the Draft Action Plan to cater for issues of policy coherence and coordination;
(ii) The **Draft Action Plan** should include the creation of a Peer Learning Group on mineral policies;

(iii) Harmonization of policies across sectors within each Member State should be prioritized before harmonization across borders.

62. Following the deliberations and the group presentations, the meeting recommended the Draft Action Plan to the AMV for the adoption of Ministers, taking into account all the proposed amendments.

**Agenda Item 7: Discussion on Other Issues**

**Financing infrastructure using Natural Resources**

63. Ms. Namukale Chintu presented the report on “*Exploiting Natural Resources for Financing Infrastructure Development: Policy Option for Africa*”. She identified Africa’s inadequate infrastructure as a major obstacle to unlocking the Continent’s development potential and underscored the importance of leveraging mining investment to develop partnerships that can finance economic infrastructure. She recalled the prominence gained by China’s resources for infrastructure swaps in spite of concern expressed about performance, debt and environmental sustainability. Private sector participation in infrastructure financing was shown to be highly concentrated in sectors with high profit potential and shorter time to achieve profitability. Financing mining investment is subject to various risks that include management risk, political risk and market risk, among others.

64. Ms. Chintu recommended that:

- African countries should consider:
  - i. Using natural resources as a nucleus for strategic infrastructure development;
  - ii. Mainstreaming strategic infrastructure development into national and regional development plans;
  - iii. Engaging the private sector in infrastructure development including through public-private partnerships;
  - iv. Pursuing institutional and financial reform programmes to develop longer term capital markets.

65. In the discussions that ensued, participants observed that some countries get into infrastructure development for mining concessions. They urged African countries to be strategic in the use of infrastructure swaps to take account of both social and economic infrastructure. In this regard, Governments should develop the capacity to understand the complexities of infrastructure swaps.

**B) Discussion of the Concept Paper on the Establishment of the Africa Mineral Development Centre**
66. Mr. Antonio Pedro of UNECA informed the meeting of the proposal to establish an Africa Mineral Development Centre (AMDC) a flagship project of the Joint AUC/AfDB/ECA Secretariat to provide technical capacity for implementing the proposed activities in the Draft Action Plan. The AMDC would complement and build on the work being done by existing organizations and further undertake work to support the implementation of the AMV.

67. In terms of architecture the Centre could operate along the same lines as the African Trade Policy Centre and the African Climate Policy Centre. Participants welcomed the initiative and called for ways to ensure the effective participation of stakeholders including the civil society. They also emphasised the need to ensure that the AMDC collaborates with existing institutions to avoid duplication.

C) Resourcing the Draft Action Plan

68. Mr. Lombe stressed the central role to be played by Member States in the implementation of the Draft Action Plan, and consequently the required significant amount of public funding that could be mobilised through well-structured tax and royalties regimes among others. He informed the meeting that a fully consultative scoping study would be required in order to cost the proposed activities.

D) Presentation on the Dodd-Frank Act

69. A representative of the United States Government made a presentation on the Dodd-Frank Act which became law in July 2010. Among other things, the Act requires all US listed extractive companies to disclose country-by-country information on gold, tin, tungsten, or tantalum sourced from the Democratic Republic of Congo (DRC) or an adjoining country, and on diligence measures performed on their supply chain. As a result, legitimate conflict-free mining has increased significantly from the Great Lakes Region, and Eastern DRC in particular. Efforts are being taken to ensure that gains outweigh the costs in the implementation of the Act.

E) EU Commission initiative on reporting by the extractive industry

70. A representative of the EC made a presentation on the new EU legislation on mandatory disclosure requirements for the extractive and forestry sectors. She highlighted that the new country-by-country reporting system requires European Multinational Corporations (MNCs) to disclose financial payments made in each of the countries where they operate on project by project basis. The main objective is to improve transparency of revenues obtained from mineral resources.

71. Following the presentation, participants called for consultations with them when developed countries enact laws and regulations that have an impact on the livelihoods of African people. They further called for an impact assessment of new laws and regulations before they are implemented.
F) Presentation of the Report of the Workshop on Mining Taxation

72. The meeting took note of the Report of the Workshop on Mining Taxation: Transforming Mineral Wealth into Sustainable Development, and acknowledged the consistency between the key messages highlighted in the report and some of the actions proposed in the Draft Action Plan.

Agenda Item 8: Consideration of the Draft Ministerial Declaration

73. The meeting considered the draft Ministerial Declaration and adopted it with amendments.

Agenda Item 9: Consideration of the Draft Agenda and Work Programme of the Ministers Meeting

74. The meeting reviewed the Draft Agenda and Work Programme of the Ministerial session and adopted them with amendments.

Agenda Item 10: Consideration and Adoption of the Report of the Meeting of Experts

75. The meeting considered its report and adopted it with some amendments

Agenda Item 11: Any Other Business

76. The Republic of Saharawi stressed on the respect of human rights principle and the rights of people to utilize their own natural resources according to the provisions of United Nations and pointed out the unacceptable practices of Morocco with respect to the mineral wealth of the Republic of Saharawi.

Agenda Item 12: Closing of the Meeting of Senior Officials

77. The Chairperson of the meeting thanked all the participations for their active participation during the meeting and brought the meeting to a close.