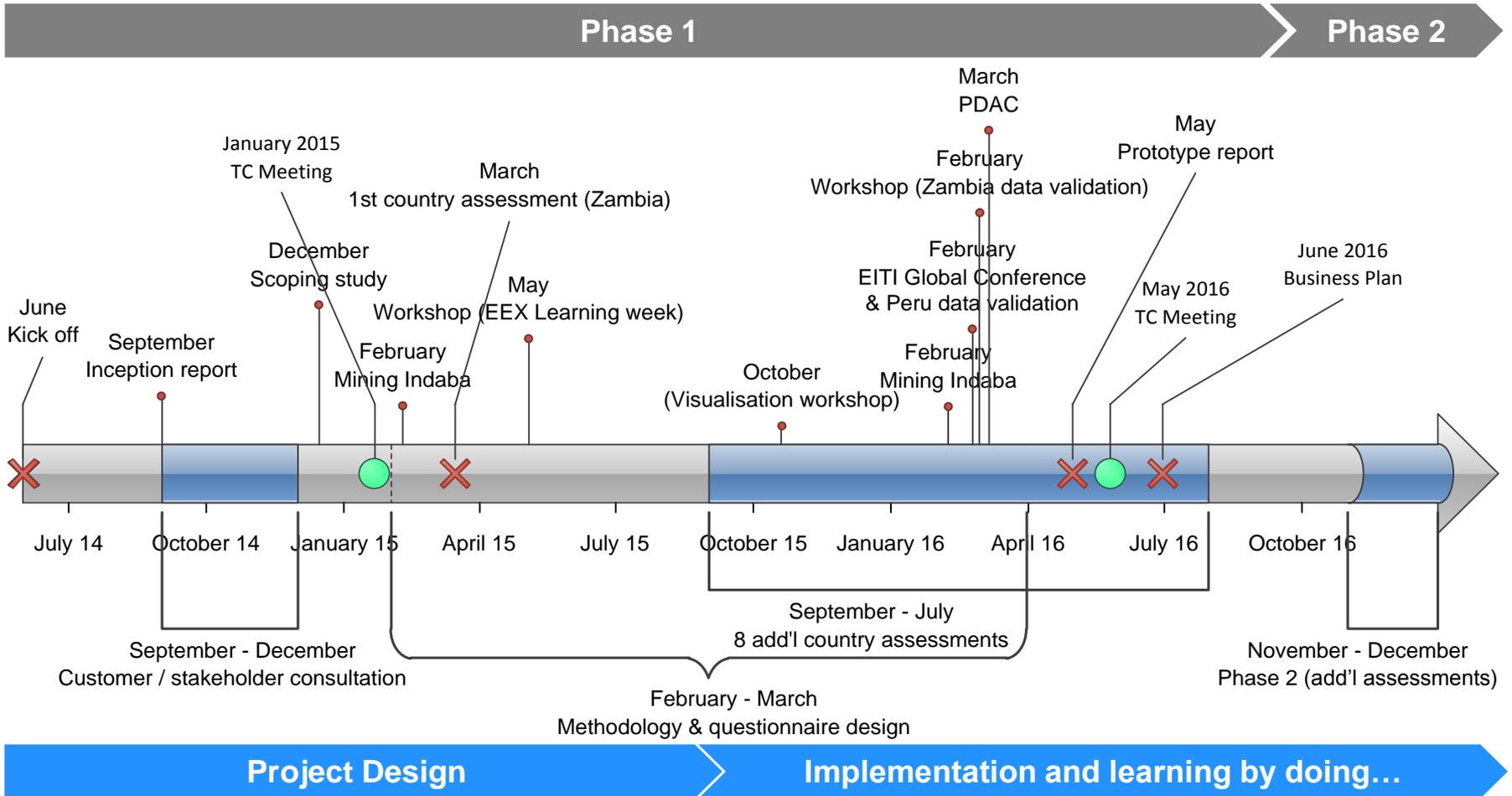


Meeting Agenda

9:15 - 9:30	Tea / coffee	
9:30 – 9:45	Welcome, introductions, acceptance of the agenda.	Paulo de Sa
9:45 – 9:50	Review of project at previous TC meeting. (i.e. recap of next steps from minutes.)	Martin Lokanc
9:50 – 10:50	<p>Overview of project development</p> <ul style="list-style-type: none"> • Methodology advancement • Questionnaire development • MInGov country review process • Review and discussion of Zambia prototype report. (TC decision to adopt as template for remaining Phase 1 countries and areas of improvement.) • Peru report – lessons learned • Online presence: webpage, data access, data visualisations 	Martin Lokanc / Julia Baxter / Michael Baxter
10:50 – 11:10	Tea / coffee	
11:10 – 11:30	Synergies with other initiatives and mining governance frameworks: IGF's MPF; AMDC; EITI; MOLAR Gov. Assessment (China); SDGs	Martin Lokanc / Helga Treichel
11:30 – 11:45	Way forward	Martin Lokanc / Team
11:45 – 12:30	Questions and discussion	ALL

Project timeline and where we are...



Critical transition point →

THE MINING INVESTMENT AND GOVERNANCE REVIEW (MInGov)

Update to the Technical Committee



WORLD BANK GROUP

May 25, 2016

TC, Washington DC

Martin Lokanc

The Mining Investment and Governance Review

Funded by:



Implemented with support from

Adam Smith
International



Outline

- I. MInGov: an introduction
- II. Methodology
- III. Country assessments
- IV. MInGov Zambia – overview of first pilot
- V. Exploring Synergies
- VI. What's next?

I. Introduction

I. MInGov: an introduction

Objective: Strengthen the mining sector's governance, investment environment and development impact.

Implementation: At globally, but at a country level through interviews with stakeholders across the mining value chain. Primary data (interviews) complemented by secondary data to create a complete picture of key features of mining governance and investment environment.

Market / gap analysis: Few that examine the entire value chain, have both governance & investment focus, civil society views and include actionable indicators.



I. MInGov: an introduction cont'd.

Audience: from within assessed countries and externally:

- **Governments** seeking to strengthen the governance of the mining sector and related sectors that impact on its effectiveness.
- **Miners, mining services and investors** seeking to make more informed investment choices.
- **Civil society** including communities and academics wishing to better understand the mining economy and how to ensure its greatest positive impact, nationally and locally.



I. MInGov: an introduction cont'd: Key points

- Measures *de jure* vs. *de facto* performance
- Designed to be **actionable by governments**
- **Neither a ranking nor index**
- Focus on **sector investment and bottlenecks** is a core value-adding element

II. Methodology

II. Methodology: demand driven design

- 34 potential end-users interviewed, Sep-Dec 2014, one-third in African public sector.
- Some variation in response by stakeholder group, but **strong shared preference for:**
 - Comprehensiveness
 - Neutrality and objectivity
 - Country level assessment reports and data access
 - Data representation that simplifies complexity
 - Summary information available as a public good.
- Gap analysis and consultations showed strong demand and space for a comprehensive, actionable country assessment of governance.



II. Methodology: MInGov framework core features

Two dimensions:

1. Themes:

- Policy, legislation, regulation
- Accountability, inclusiveness
- Institutional capacity and effectiveness
- Mining impact
- Economic environment
- Political environment

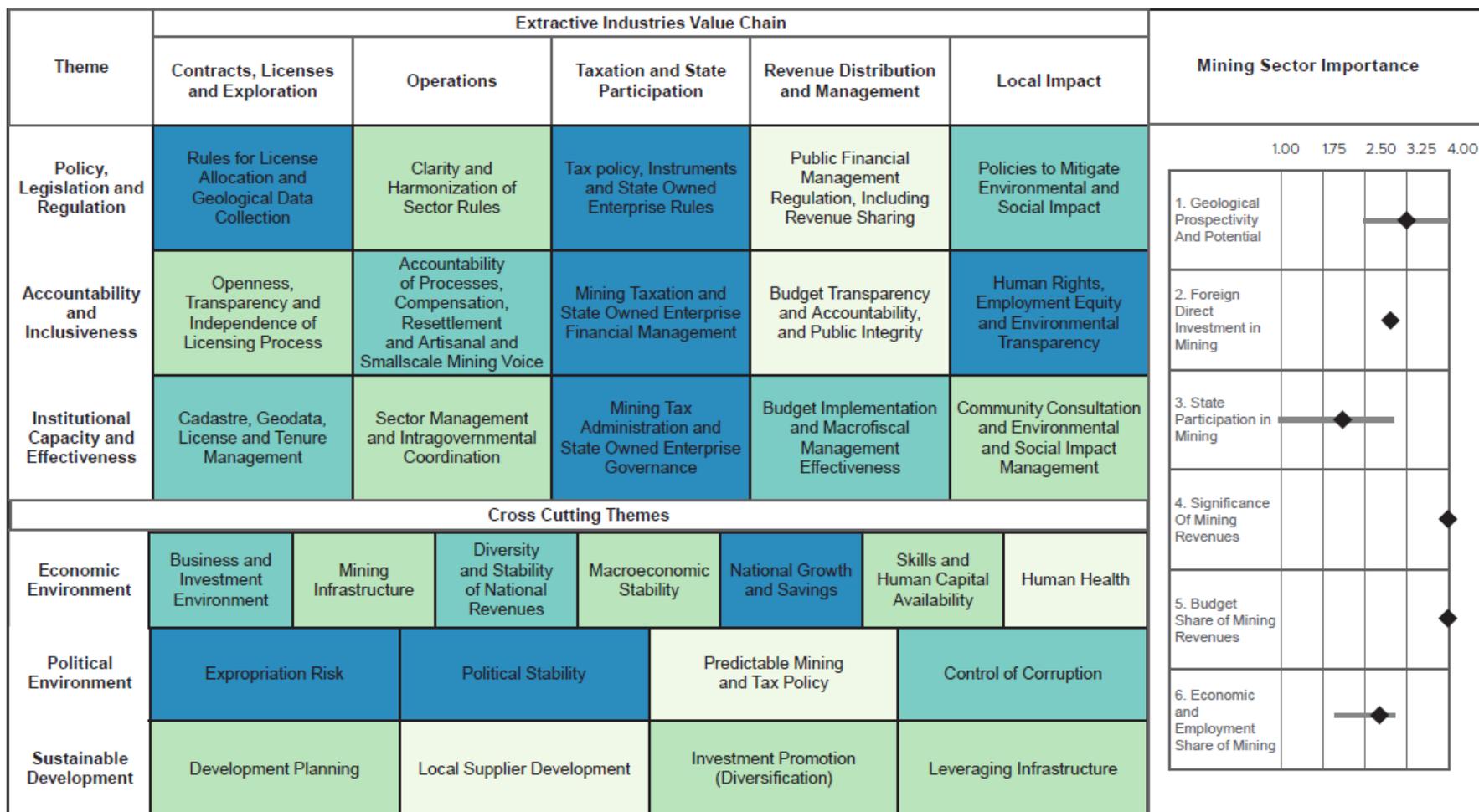
2. Extractives industries value chain.

Indicators for each theme completed from secondary and primary sources.

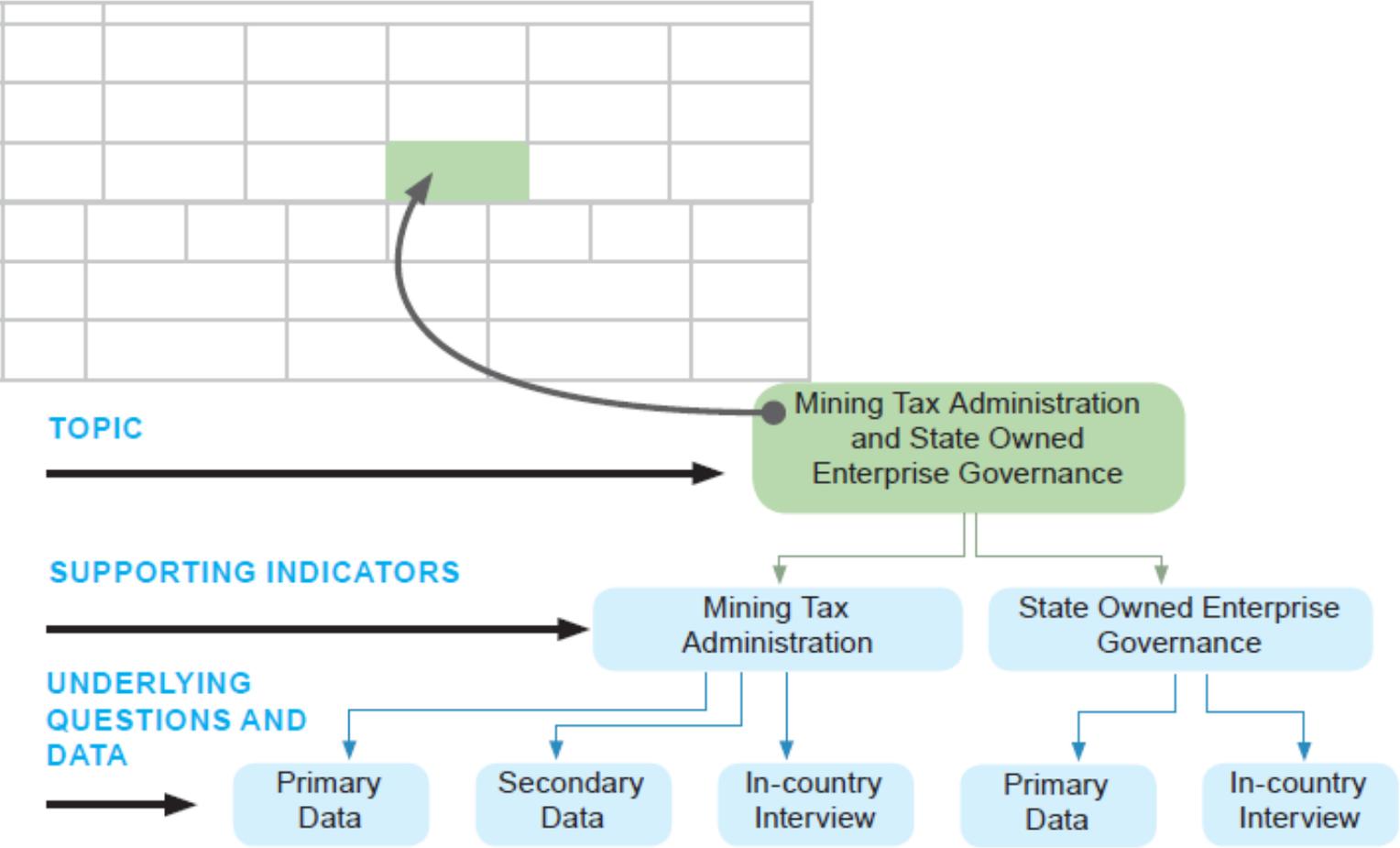
Challenge: find ways to evaluate, score and communicate a variety of information in an extensive range of topics for diverse stakeholder interests and perspectives.

II. Methodology: MInGov framework

Country results dashboard:



II. Methodology: indicator & associated questions



II. Methodology: Stakeholder perceptions

Country results dashboard:

- Allows users to explore priorities for each country and by stakeholder group.
- Absolute scoring of governance does not change – only size of the cells change.

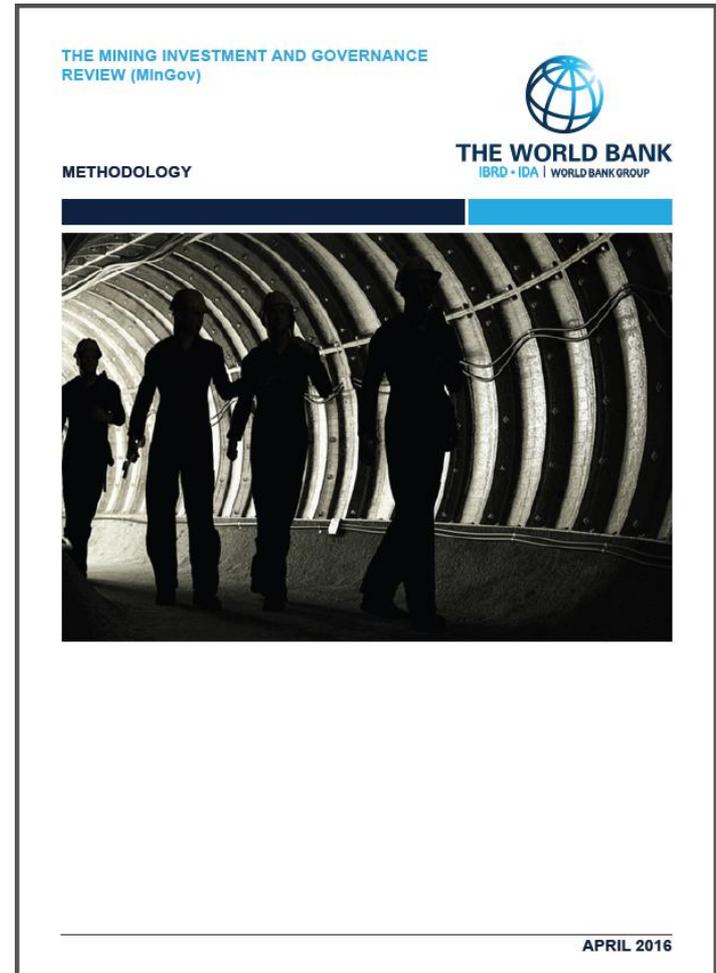
1. Contracts, Licenses and Exploration	2. Operations	3. Taxation and State Participation	4. Revenue Distribution and Management	5. Local Impact
Rules for License Allocation and Geological Data Collection	Clarity and Harmonization of Sector Rules	Tax policy, Instruments and State Owned Enterprise Rules	Public Financial Management Regulation,	Policies to Mitigate Environmental and Social Impact
Openness, Transparency and Independence of Licensing Process			Accountability of Processes, ...	
	Cadastre, Geodata, License and Tenure Management	Sector Management and Intragovernmental Coordination	Mining Taxation and State Owned Enterprise Financial Management	Human Rights, Employment Equity and Environmental Transparency
	Mining Tax Administration and ...		Budget Implementation and Macroeconomic Effectiveness	

Cross-Cutting Themes

D. Economic Environment	Business and Invest... Environ...	Mining Infrastr...	Diversity and Stability of National Reven...	Macroeconomic Stability	National Growth and Savings	Skills and Human Capital Availability	Human Health
E. Political Environment	Expropri... Risk	Political Stability			Predictable Mining and Tax Policy		Control of Corruption
F. Sustainable Development	Development Planning	Local Supplier Development				Investment Promotion (Diversificat...)	Leveraging Infrastructure

II. Methodology cont'd.

Comprehensive Methodology document completed and available [online](#).



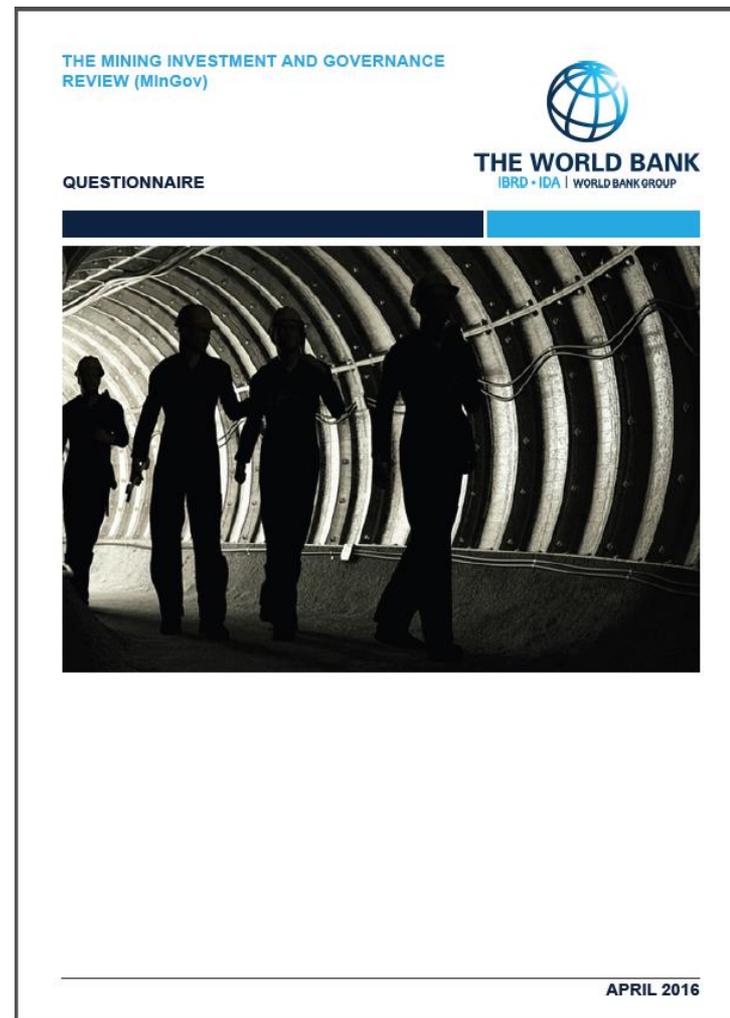
III. Questionnaire

III. Questionnaire

- Questionnaire with 64 indicators and over 300 questions created.
- Three types of questions: Primary desktop research (132), secondary sources (61), and in-country interview (121).
- Questions are asked to different stakeholders – industry, government and civil society. Not all questions are asked to all stakeholders. (Selective to reduce variation and to try to get the “*right*” (unbiased) answer.)
- Questionnaire should be read in conjunction with the report – it contains a detailed description of how a particular question is scored.

III. Questionnaire cont'd.

Comprehensive Questionnaire completed and available [online](#).



IV. Country review process

Country review process – example from DRC

Tasks	Staff day Assigned	23-May	30-May	6-Jun	13-Jun	20-Jun	27-Jun	4-Jul	11-Jul
DRC Assessment									
Primary data collection and entry	DRC A								
In-country interviews	DRC A								
Data entry	DRC A								
Initial data analysis	ASI								
Interactive score confirmation - team briefing	ASI								
Revise data analysis	ASI								
Produce visualisations	ASI								
Prepare Annex 2 (data compendium)	ASI								
Report draft	DRC A								
Adjust data analysis and visualisations	ASI								
Draft review and internal comments	MB								
Draft report for review by MInGov WB	DRC A								
Revise and integrate comments (one iteration)	DRC A								
Draft report for review by Country TTL	DRC A								
Report finalisation (one iteration)	DRC A								
Report Validation	WB								
Data Validation									

V. MInGov Zambia & Peru

V. MInGov Zambia (data accurate as of October 1, 2015.)

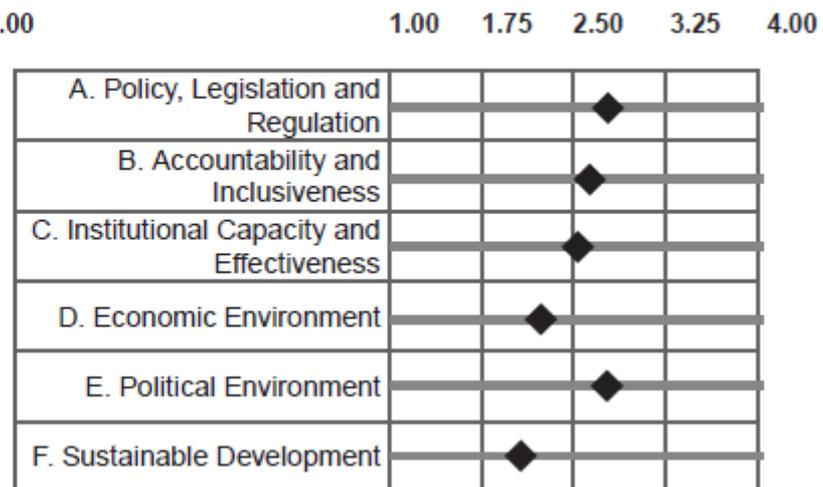
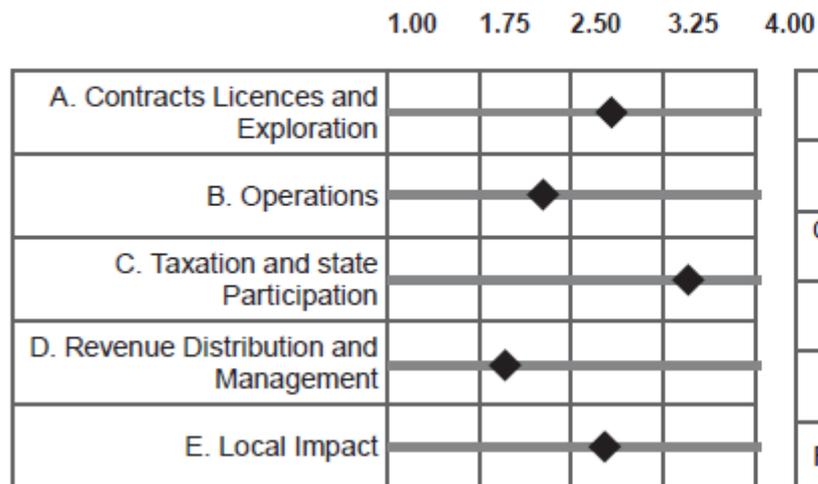
Theme	Extractive Industries Value Chain					Mining Sector Importance		
	Contracts, Licenses and Exploration	Operations	Taxation and State Participation	Revenue Distribution and Management	Local Impact			
Policy, Legislation and Regulation	Rules for License Allocation and Geological Data Collection	Clarity and Harmonization of Sector Rules	Tax policy, Instruments and State Owned Enterprise Rules	Public Financial Management Regulation, Including Revenue Sharing	Policies to Mitigate Environmental and Social Impact	<p>1.00 1.75 2.50 3.25 4.00</p>		
Accountability and Inclusiveness	Openness, Transparency and Independence of Licensing Process	Accountability of Processes, Compensation, Resettlement and Artisanal and Smallscale Mining Voice	Mining Taxation and State Owned Enterprise Financial Management	Budget Transparency and Accountability, and Public Integrity	Human Rights, Employment Equity and Environmental Transparency			
Institutional Capacity and Effectiveness	Cadastre, Geodata, License and Tenure Management	Sector Management and Intragovernmental Coordination	Mining Tax Administration and State Owned Enterprise Governance	Budget Implementation and Macroeconomic Management Effectiveness	Community Consultation and Environmental and Social Impact Management			
Cross Cutting Themes								
Economic Environment	Business and Investment Environment	Mining Infrastructure	Diversity and Stability of National Revenues	Macroeconomic Stability	National Growth and Savings		Skills and Human Capital Availability	Human Health
Political Environment	Expropriation Risk		Political Stability		Predictable Mining and Tax Policy		Control of Corruption	
Sustainable Development	Development Planning		Local Supplier Development		Investment Promotion (Diversification)		Leveraging Infrastructure	

V. MInGov Zambia: Value Chain Stage and Theme

A range of performance exists across the value chain and across themes,...

Value Chain Stage

Theme



...Relative strengths in the value chain stages of Taxation and State Participation and weaknesses in revenue management and distribution.

...Along themes, Zambian policies and laws (de jure governance) are marginally stronger than its capacity to implement them (de facto governance) or the inclusiveness of the processes.

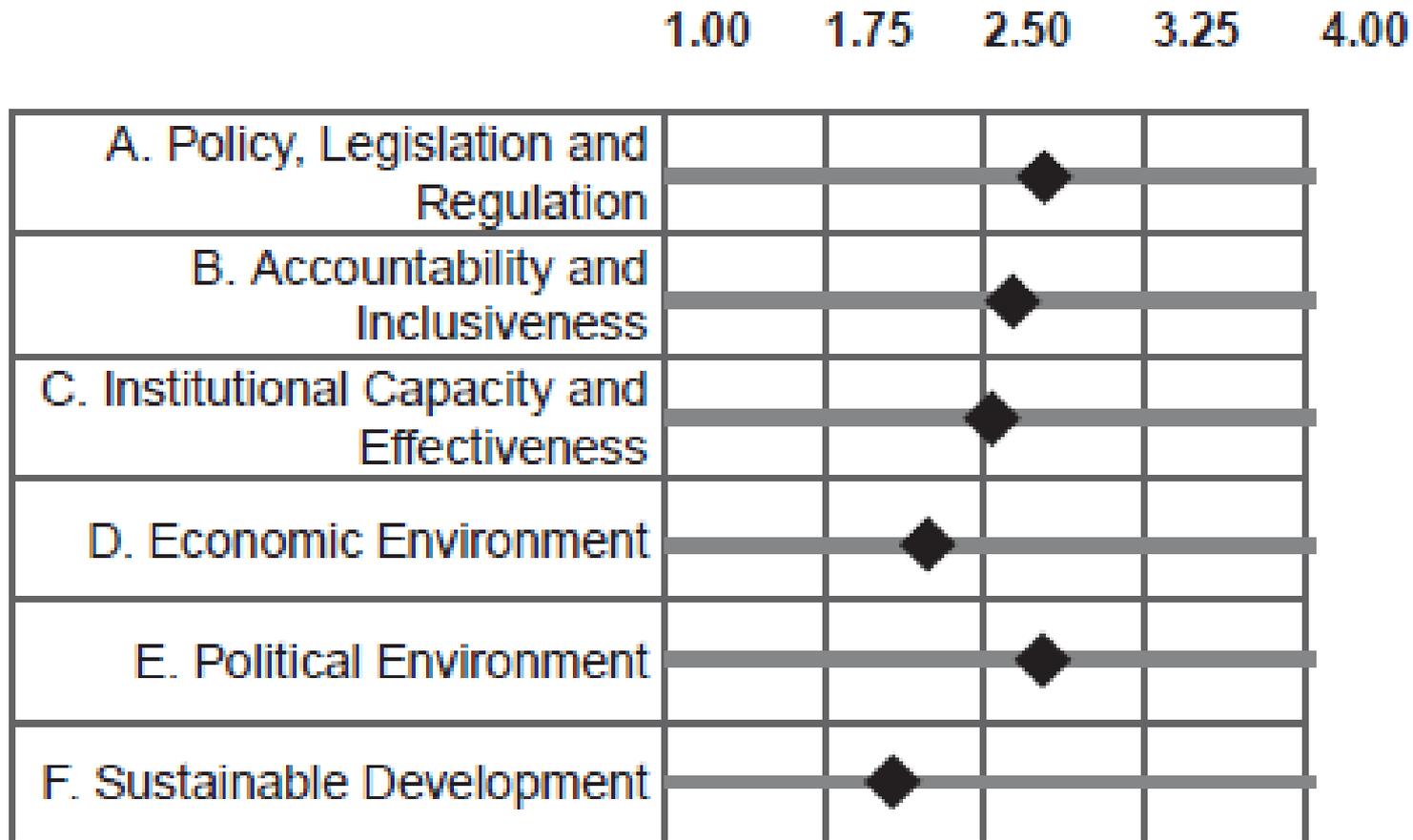
Value chain 1: Contract, Licenses, and Exploration

Value Chain Stage 1 - Contracts, Licenses and Exploration (2.86)		
Theme	Topic	Underlying indicator
Policy, Legislation and Regulation (2.77)	Rules for License Allocation and Geological Data Collection (3.71)	Clarity of rules for license allocation, conversion and transfer (3.83)
		Geological data collection rules (4.0)
		Modern mining cadastre (4.0)
		License approval and review timeframes (3.0)
Accountability and Inclusiveness (2.65)	Openness, Transparency and Independence of Licensing Process (1.99)	Openness and transparency of licensing process (2.99)
		Independence of licensing authority (1.0)
Institutional Capacity and Effectiveness (2.62)	Cadastre, Geodata, License and Tenure Management (2.88)	Collecting geological information (2.83)
		State of mapping and geological exploration (2.60)
		Mining cadastre effectiveness (3.13)
		Allocating licenses effectively (2.56)
		Transferability of licenses (3.63)
		Managing licenses effectively (2.56)

Contract, Licenses, and Exploration: Points for Consideration

- **Improved institutional performance.** Quick wins include (a) keeping the mining cadastre up to date, (b) facilitating public access to useful geological data, and (c) making mining contracts and license details readily accessible.
- **More efficient exploration rights.** Address the reasons that exploration rights appear to be more open to dispute and uncertainty in comparison to mining licenses.
- **Acceptable levels of transparent government discretion.**

V. MInGov Zambia: Theme scores



Cross-cutting theme: Economic Environment

Cross-Cutting Theme	Topic (and indicator)						
Economic Environment (2.36)	Business and Investment Environment (2.78)	Mining Infrastructure (2.0)	Diversity and Stability of National Revenues (1.75)	Macro-economic Stability (2.5)	National Growth and Savings (4.0)	Skills and Human Capital Availability (2.5)	Human Health (1.0)

Cross-cutting Themes: Points for Consideration

- **MInGov and Doing Business link with investment environment.** Use MInGov and Doing Business findings to monitor the business and investment environment from perspective of investors across the value chain.
- **Mining key to development planning.** Review the place of mining in national development planning and maximize its contribution to economic and social development.
- **National local supplier development policy.** Develop and implement a national policy on local supplier development for the mining sector.
- **Spatial planning perspective.** Introduce spatial planning into the national and sector plans.
- **Private-public partnerships for infrastructure.** Overcome constraints to public/private investment in the provision of infrastructure of value to the mining sector and communities around mining activities.

Topic: Artisanal and Small-scale Mining

		1.00	1.75	2.50	3.25	4.00
Clarity and Harmonization of Sector Rules	To what extent is there a regulation in place that allows the formalization of artisanal and small-scale miners? (76)					◆
	To what extent is artisanal and small-scale mining legally recognized in the mining law or regulations? (77)					◆
	To what extent do the laws and regulations allow for artisanal and small-scale and industrial mining activities to coexist? (78)			◆		
	To what extent are there detailed laws and regulations to settle disputes between ASM and other mining activities? (79)	◆				
Accountability of Processes, Compensation, Resettlement and ASM Voice	Is there a non-state association that represents artisanal and small-scale miners? (89)					◆
	To what extent do artisanal and small-scale miner associations participate in the monitoring, advocacy and enforcement of their property rights? (90)			◆		
Sector Management and Intragovernment Coordination	Is there a dedicated unit within the Ministry dealing with artisanal and small scale mining? (97)	◆				
	To what extent is support provided by government to artisanal and small scale miners concerning technical or business skills? (98)					◆
	To what extent is the government effectively using a dispute resolution system dedicated to ASM to tackle disputes between artisanal and small scale mining and other mining activities? (99)	◆				
	In practice, are there instances of coexistence of ASM and industrial mining activities? (100)			◆		
	To what extent are artisanal and small-scale miners legally allowed to operate? (101)					◆
	To what extent is artisanal and small-scale mining taking place under formalized procedures? (102)			◆		
Tax Policies and Instruments, and State Owned Enterprise Rules	Does the government have a simplified tax collection system for ASM? (111)	◆				
	In the law and regulations, is there a simplified environmental permit or impact assessment for artisanal and small-scale mining? (189)			◆		
	To what extent is the government monitoring compliance with environmental requirements for artisanal and small-scale miners? (220)	◆				

Stakeholder priorities: all stakeholders

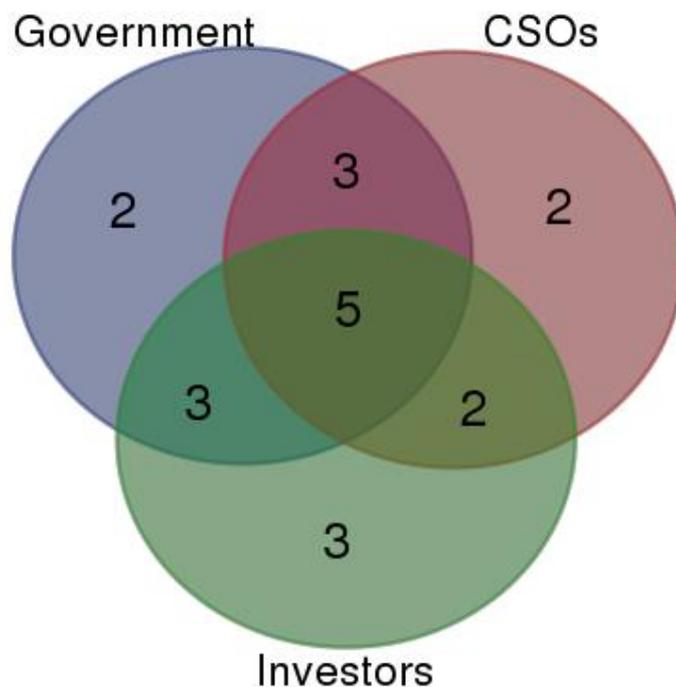


Stakeholder priorities: government stakeholders



V. MInGov Zambia: Where is the low hanging fruit?

Intersection of the following stakeholders	No. of items	Topics
CSOs, Government & Investors	5	<ul style="list-style-type: none"> Exploration and mining license processes Mining sector management and coordination Resource taxation consultation and accountability Exploration and mining license rules Mining tax policy and tax instruments
CSOs & Government	3	<ul style="list-style-type: none"> Political stability Human rights and employment equity Environmental and social impact management
Government & Investors	3	<ul style="list-style-type: none"> Cadastre, license, tenure and geodata management Mining policy, law and regulation Macroeconomic stability
CSOs & Investors	2	<ul style="list-style-type: none"> Mining tax administration and state owned enterprise governance Land access, compensation and resettlement
Government	2	<ul style="list-style-type: none"> Local content policies and practice National budget implementation
CSOs	2	<ul style="list-style-type: none"> Budget and public investment transparency and accountability National growth and savings
Investors	3	<ul style="list-style-type: none"> Skills and human capital availability General business and investment environment Inclusive development strategies



V. MInGov Zambia: Five easy wins

- Establish **policy stability** for the mining sector, particularly in the tax regime
- Ensure **meaningful consultation** among all stakeholders on all significant local, social and environmental issues, mining procedures, and fiscal issues and other policy affecting the mining sector
- Develop and implement **local content**, local employment and local development policies
- **Resource adequately sector regulatory and monitoring agencies** (e.g., ZEMA and geodata services)
- Treat **mining sector as an integral and driving force** in development planning and implementation.

V. LAC Pilot (MInGov Peru - a pilot within a pilot)

- Designed to test the application of MInGov framework outside Africa.
- Pilot was successful in demonstrating application outside Africa, but...
 - MInGov Peru did identify some “light” coverage on topics (environment and social factors);
 - Questionnaire required “reinterpretation” for local systems (i.e. types of commonly used licensing systems etc.)
- Project also learned things it did not expect to learn around the institutional model for future MInGov.
 - MInGov Peru was part of country dialogue using existing local consultants.
 - Run as decentralized from the center with two local TTLs reporting to a WB staff not on MInGov team and “dotted” line to lead Consultants (ASI).
 - Local consultants were very good. Report output is high quality. Data integrity is very good. However, process was not as efficient as other countries. Output was also less consistent.

V. LAC Pilot (a pilot within a pilot)

- Data gathering complete and validated by government.
- Data uploaded to website and raw data available for download.
- Report still requires some work to bring in line with others.
- A copy of report is not yet online.

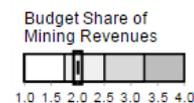
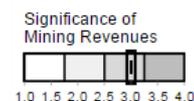
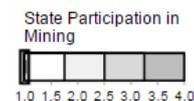
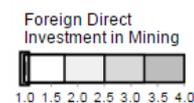
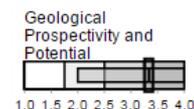
Value Chain Themes

	1. Contracts, Licenses and Exploration	2. Operations	3. Taxation and State Participation	4. Revenue Distribution and Management	5. Local Impact
A. Policy, Legislation and Regulation	Rules for License Allocation and Geological Data Collection	Clarity and Harmonization of Sector Rules	Tax policy, Instruments and State Owned Enterprise Rules	Public Financial Management Regulation, Including Revenue Sharing	Policies to Mitigate Environmental and Social Impact
B. Accountability and Inclusiveness	Openness, Transparency and Independence of Licensing Process	Accountability of Processes, Compensation, Resettlement and Artisanal and Smallscale Mining Voice	Mining Taxation and State Owned Enterprise Financial Management	Budget Transparency and Accountability, and Public Integrity	Human Rights, Employment Equity and Environmental Transparency
C. Institutional Capacity and Effectiveness	Cadastre, Geodata, License and Tenure Management	Sector Management and Intragovernmental Coordination	Mining Tax Administration and State Owned Enterprise Governance	Budget Implementation and Macroeconomic Management Effectiveness.	Community Consultation and Environmental and Social Impact Management

Cross-Cutting Themes

D. Economic Environment	Business and Investment Environment	Mining Infrastructure	Diversity and Stability of National Revenues	Macroeconomic Stability	National Growth and Savings	Skills and Human Capital Availability	Human Health
E. Political Environment	Expropriation Risk	Political Stability	Predictable Mining and Tax Policy	Control of Corruption			
F. Sustainable Development	Development Planning	Local Supplier Development	Investment Promotion (Diversification)	Leveraging Infrastructure			

Mining Sector Importance



VI. Online presence

Adam Smith
International

acet
analysis advice advocacy

African Center
for Economic
Transformation

Natural
Resource
Governance
Institute

Fraunhofer
IGD

german
cooperation
IGD

EI
TAF
Extractive
Industries
Technical
Advisory
Facility



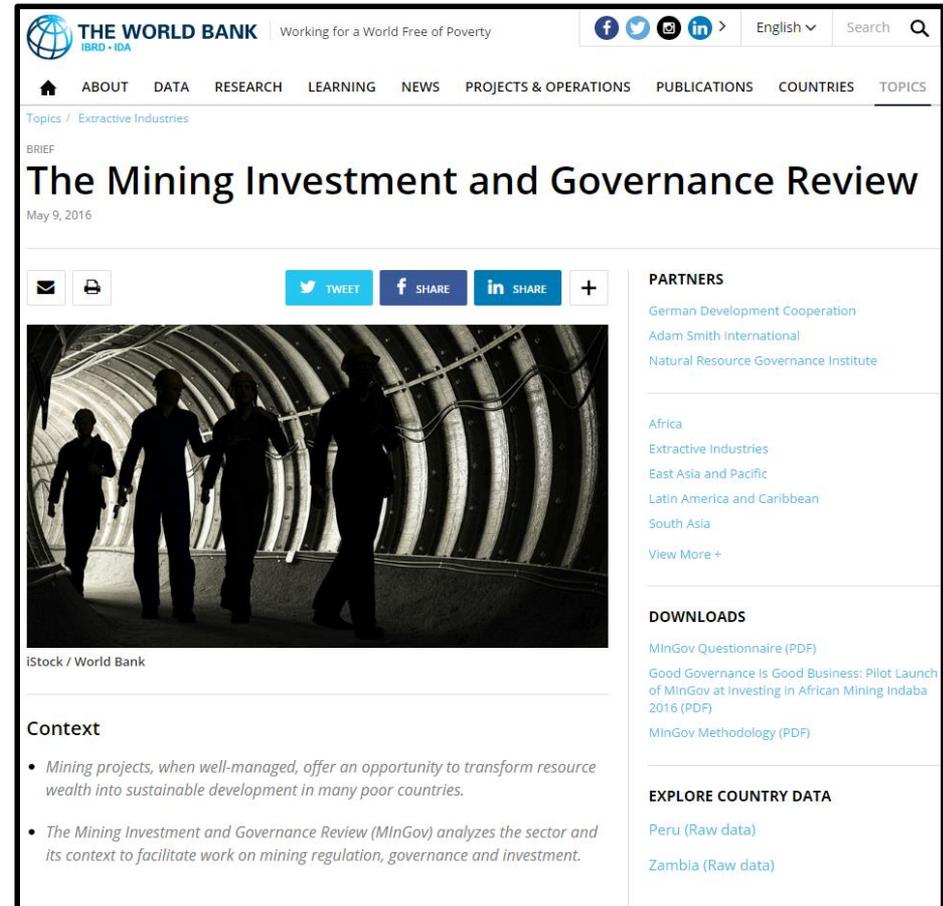
IDB



WORLD BANK GROUP

VI. Online presence – slowly growing presence

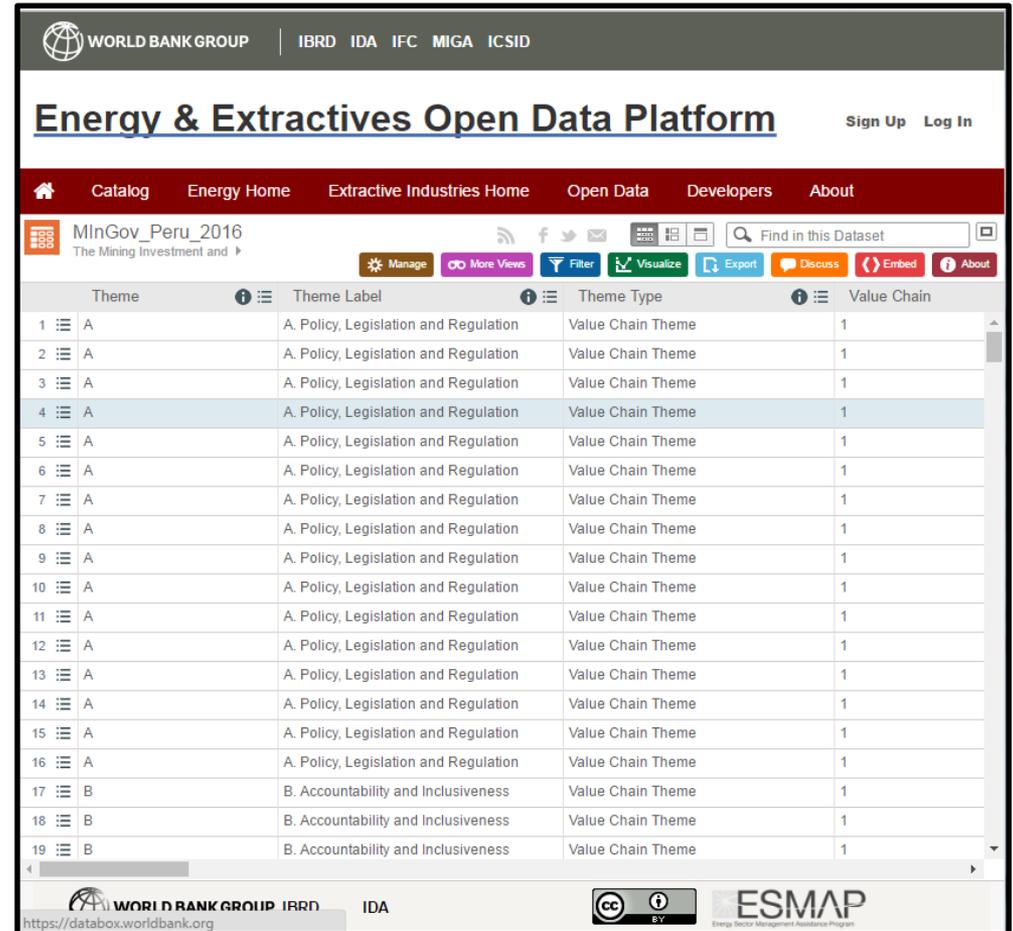
- Project “brief” webpage developed:
<http://www.worldbank.org/en/topic/extractiveindustries/brief/the-mining-investment-and-governance-review-mingov>
 - Key project information and contacts can be read and downloaded from the site.
 - Raw data in excel format also accessible.
- Expanded website under development (not live):
www.worldbank.org/mingov
 - Expanded site required to organize information as number of countries, key supporting documents and interest grows



The screenshot shows the World Bank website page for "The Mining Investment and Governance Review". The page features a navigation bar with links for ABOUT, DATA, RESEARCH, LEARNING, NEWS, PROJECTS & OPERATIONS, PUBLICATIONS, COUNTRIES, and TOPICS. The main content area includes a title "The Mining Investment and Governance Review" dated May 9, 2016, and a list of partners such as German Development Cooperation, Adam Smith International, and Natural Resource Governance Institute. There is also a section for DOWNLOADS with links to various reports and a section for EXPLORE COUNTRY DATA with links for Peru and Zambia.

VI. Online presence cont'd.

- “Normalized” data (scored 1-4) accessible from WB open data platform:
https://databox.worldbank.org/Extractives/MInGov_Peru_2016/iuje-ceep
 - Visualization capacity to interrogate data exists on open data platform.
- Custom visualizations site developed:
<https://mingov.igd.fraunhofer.de/>
 - Currently password protected due to WB web governance requirements.



The screenshot displays the 'Energy & Extractives Open Data Platform' interface. The header includes the World Bank Group logo and navigation links for IBRD, IDA, IFC, MIGA, and ICSID. The main title is 'Energy & Extractives Open Data Platform' with 'Sign Up' and 'Log In' options. Below the title is a navigation bar with links for 'Catalog', 'Energy Home', 'Extractive Industries Home', 'Open Data', 'Developers', and 'About'. The main content area shows a dataset titled 'MInGov_Peru_2016' with the subtitle 'The Mining Investment and'. A search bar and various action buttons (Manage, More Views, Filter, Visualize, Export, Discuss, Embed, About) are present. A table lists 19 themes, each with a Theme ID, Theme Label, Theme Type, and Value Chain.

Theme	Theme Label	Theme Type	Value Chain
1	A. Policy, Legislation and Regulation	Value Chain Theme	1
2	A. Policy, Legislation and Regulation	Value Chain Theme	1
3	A. Policy, Legislation and Regulation	Value Chain Theme	1
4	A. Policy, Legislation and Regulation	Value Chain Theme	1
5	A. Policy, Legislation and Regulation	Value Chain Theme	1
6	A. Policy, Legislation and Regulation	Value Chain Theme	1
7	A. Policy, Legislation and Regulation	Value Chain Theme	1
8	A. Policy, Legislation and Regulation	Value Chain Theme	1
9	A. Policy, Legislation and Regulation	Value Chain Theme	1
10	A. Policy, Legislation and Regulation	Value Chain Theme	1
11	A. Policy, Legislation and Regulation	Value Chain Theme	1
12	A. Policy, Legislation and Regulation	Value Chain Theme	1
13	A. Policy, Legislation and Regulation	Value Chain Theme	1
14	A. Policy, Legislation and Regulation	Value Chain Theme	1
15	A. Policy, Legislation and Regulation	Value Chain Theme	1
16	A. Policy, Legislation and Regulation	Value Chain Theme	1
17	B. Accountability and Inclusiveness	Value Chain Theme	1
18	B. Accountability and Inclusiveness	Value Chain Theme	1
19	B. Accountability and Inclusiveness	Value Chain Theme	1

VI. Synergies

VI. Synergies--Motivation

- MInGov unique methodology and approach, but
- Shared objective with other initiatives/assessment tools:

Harness the full potential of the mining sector for sustainable development

What are the synergies between MInGov and other initiatives and assessment tools?

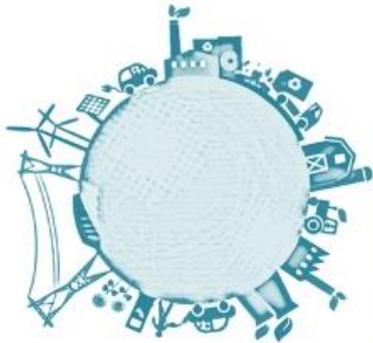
VI. Synergies--Other Initiatives/Assessment Tools

- IGF's Mining Policy Framework (MPF)
- AU/UN ECA's Africa Mining Vision (AMV)
- African Minerals Development Centre (CMV)
- Extractive Industries Transparency Initiative (EITI)
- MOLAR Governance Assessment (Ministry of Land and Resources, China)
- Sustainable Development Goals (SDGs)

VI. Synergies—IGF's Mining Policy Framework

- Intergovernmental Forum on Mining, Minerals, Metals, and Sustainable Development
- Voluntary partnership with 53 member countries
- Designed to advance best practice across a range of issues related to mining
- Framework is used to assess performance in IGF member countries across six thematic areas

MPF THEMATIC AREAS: Promoting Good Governance in the Mining Sector



Socioeconomic Benefit Optimization



Post-Mining Transition



Environmental Management



Legal and Policy Environment



Small-Scale Mining



Financial Benefit Optimization

MPF Thematic Areas		MInGov	
		# of Questions	Coverage 1/
1. Socioeconomic Benefit Optimization			
1) Integrating mines and mining into the local, regional and national fabrics	32	Very high	
2) Making education a national priority	11	Low	
3) Addressing community health	3	Very low	
4) Ensuring high standards for occupational health and safety	0	Very low	
5) Creating business development opportunities	30	Very high	
6) Addressing potential security issues	6	High	
7) Respecting human rights, indigenous peoples, and cultural heritage	11	High	
2. Post-Mining Transition			
1) Ensuring that closure plans are of high standard and updated regularly	1	Low	
2) Developing financial assurance mechanisms for mine closures	3	Low	
3) Accepting a leadership role for orphaned/abandoned mines	0	Very Low	
3. Environmental Management			
1) Management of water	12	High	
2) Avoiding and minimizing potential adverse effects to biodiversity	3	High	

MPF Thematic Areas		MInGov	
		# of Questions	Coverage 1/
4. Legal and Policy Environment			
1) Generation of and access to geological information		21	Very high
2) Revision and periodic updating of mining codes and standards		10	Very high
3) Permitting process		44	Very high
5. Small-Scale Mining			
1) Integrating informal ASM activities into the legal system		5	Very high
2) Integrating informal ASM activities into the formal economic system		11	High
3) Reducing the social and environmental impacts of ASM		2	Low
6. Financial Benefit Optimization			
1) Implementation of an optimal revenue generation scheme		35	Very high
2) Human and intellectual resources to manage the sector		11	High
3) Integration of fiscal instruments and policy objectives		14	Very high
4) Addressing the issue of the distribution of benefits		7	Very high
5) Adopting an optimal mining policy		4	High
Memorandum items (additional issues covered by MInGov)			
1) Cadastre system		11	Very high
2) SOEs/State equity participation in mining		22	Very high
3) Other		42	...

VI. Synergies—Mapping MInGov—MPF

- Significant overlap
 - MInGov weak in some areas: education, community health, occupational health and safety, mine closures, ESIA for ASM's
 - MInGov broader in some areas, e.g. cadastre, SOEs, and information of interest to investors (mining sector importance, cross-cutting themes)
 - MInGov intends to cover about 80% of IGF member countries
- Agreement has been reached with IGF to expand MInGov
- MInGov to become a tool that could be used, of generate the data that could be used in future MPF assessments
 - Coordination with IGF on country coverage is anticipated (sharing data, joint missions etc.)

VI. Synergies with AMV/CMV

AMV developed by African Union (AU) and UN Economic Commission for Africa

Adopted by AU Heads of State in February 2009

African Minerals Development Centre (AMDC) produced guidebook to “domesticate” the AMV

AMV Objectives:

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

CMV Objectives:

The ultimate goal of CMV is the development of a comprehensive country mining vision in line with the AMV.

- **Whereas CMV is looking at a comprehensive sectoral strategy, MInGov is not per se aiming at a comprehensive sectoral strategy.**

Main synergy lies in the potential use of MInGov as an assessment tool

VI. Synergies with AMV/CMV cont'd.

CMV and MInGov — Mapping

Key Focus Area in CMV	# Questions		Percentage of CMV questions covered by MInGov
	in CMV	covered by MInGov	
1. Fiscal Regime and Revenue Management	24	18	75%
Optimize share of fiscal revenue	14	11	79%
Improve management of mineral revenue	10	7	70%
2. Geological and Mineral Information System	11	6	55%
3. Building Human and Institutional Capacity	16	3	19%
4. Artisanal and Small-Scale Mining	9	6	67%
5. Mineral Sector Governance	22	14	64%
6. Linkages, Investment and Diversification	18	11	61%
7. Environment and Social Issues	17	13	76%
Total	117	71*	61%

*MInGov contains 300+ questions per country assessment, 71 of which directly apply to CMV.

VI. Synergies—Mapping MInGov—AMV/CMV

- Significant overlap
- MInGov weak in “Building Human and Institutional Capital”
- MInGov more formalized (questionnaire, methodology) while CMV is a collection of leading questions
- MInGov intends to cover about 30 AU member countries

VI. Synergies—MInGov and EITI

- EITI both broader and more narrow than MInGov
 - EITI cover all natural resources
 - Focus (initial) on reconciliation of revenue flows
 - “Transparency and Accountability” focus of EITI which relates to the second theme in MInGov

- New EITI requirements stronger
 - Contextual information about the sector

EITI Norway has acknowledged usefulness of MInGov to provide contextual information for mining countries

VI. Synergies—MInGov and MOLAR

- MOLAR participates in discussion of international mining governance
- Not an assessment framework, but guiding principles/topics/some data
- Important similarities with MInGov approach, e.g. assessments should be private goods, EI value chain, ...
- Differences mostly due to country-focus of MInGov vs. MOLAR's interest in “International mining governance” in addition to national governance
 - Resource-related national sovereignty (e.g., deep sea exploration)
 - liberalization of mineral commodity trade
 - Anti-corruption, anti-terrorism, protection of human rights and environment
 - Mining technology standards and specifications
 - Worldwide joint research and cooperation and mining code development

VI. Synergies—MInGov and the SDGs

- Direct linkages between MInGov and the SDGs
 - Indicator/question level
- Indirect linkages between MInGov and the SDGs
 - MInGov is designed to produce data that could be used (cross-country and time series) to dig deeper into the linkages between sector governance and SDG outcomes. What is the impact of specific institutions on sustainable development?

VI. Synergies—MInGov and ____

Are we forgetting anything?

VII. What's next?

VII. What's next?

1. **Complete remaining country reports** and disseminate. (“soft” and “hard” disseminations planned)
2. Complete and **launch project website** and online tool
 - a) Charts can be easily exported and different “views” can be selected depending on user preferences.
3. Explore **synergies** with other mining governance frameworks and monitoring bodies such as AMDC’s Country Mining Vision, Inter-governmental Forum Mining Policy Framework, EITI, China’s MOLAR, and links to SDGs etc.

VII. What's next?

4. Continue with Phase 2: (three key steps)

- a) Proposed objective is to facilitate a transition from pilot project to “operations”, while supporting overall development objective.

- i. More responsibility transferred to the Bank under Phase 2 (questionnaire management, methodology, data management, web development)
- ii. Need for consultants to gather data in-country, manage teams of consultants, train consultants etc.
- iii. Need to confirm form of long term institutional structure.
 - a) For Phase 2, it is confirmed that MInGov will remain in EEX
 - b) For Phase 3, it could be any of these 3 models, although most likely Secretariat vs DEC

VII. What's next?

- b) Apply learnings from pilot phase to modify methodology prior to completing additional countries.
 - i. Expand topical scope and rebalance efforts in data collection:
 - a) Macro fiscal management;
 - b) Environment and social impact management (IGF)
 - c) Occupational health and safety (IGF)
 - d) Climate change?
 - e) Beneficiation?
 - f) Gender?
 - g) SDGs?
 - ii. Response variation: Review responses in phase 1 for variability
 - iii. Discretion in scoring / interpretation: -> Improve quality (reduced variation); Improve efficiency (lower costs) -> improve relevance (quicker reports).

VII. What's next?

- c) Continue to build momentum
 - i. Advance two parallel streams:
 - a) Expand country reviews using Phase 1 questionnaire/
 - b) Update indicators and questionnaire and make transition to new questions mid-phase 2.
- d) Continue to forge partnerships and drive synergies to reduce ongoing costs.
 - i. Drive scale economies
 - ii. Balance local vs international use of consultants
 - iii. Invest in methodology/questionnaire to drive efficiencies in assessment time and data verification

VII. What's next?

5. Finalize the “business plan”

- a) Financial model developed (not populated)
- b) Institutional assumptions as follows:
 - i. Phase 2 is considered the ‘transitional phase’ and will last 3 years (*2 yrs activity, 6 months ramp up and down*)
 - ii. Phase 3 is ‘Steady-state operating’ and will be from mid-2019 for 5 years
 - iii. There are three distinct institutional models: 1. Secretariat within the Bank, but otherwise independent of Bank budget and structures; 2. Within DEC; 3. Within EEX
 - a) For Phase 2, it is confirmed that MInGov will remain in EEX
 - b) For Phase 3, it could be any of these 3 models, although most likely Secretariat vs DEC



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Extra slides

E1: Overview (extra slides)

E1. MInGov: Introduction cont'd (project structure)

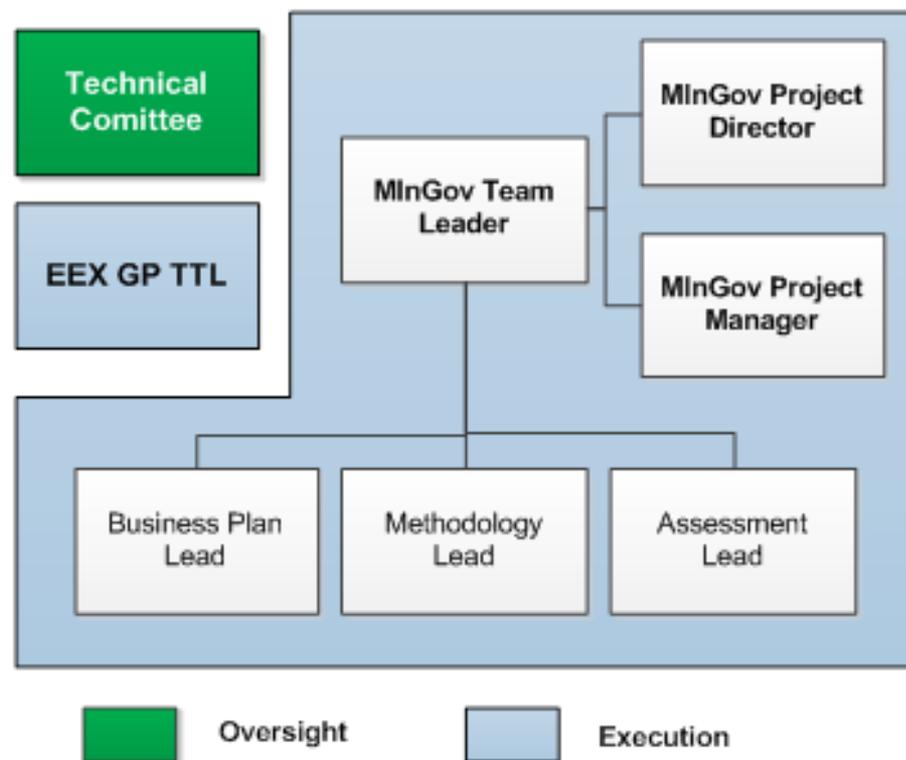
Broad World Bank Group representation throughout project structure:

Technical committee:

- EEX GP
- GOV GP
- Doing Business (DEC)

Project team and inputs:

- EEX GP
- GOV GP
- Doing Business (DEC)
- Enterprise Surveys Group (DEC)



E1. MInGov: an introduction cont'd. (gap analysis)

Sources	Key Features
Africa Mining Vision (assessments)	Vision of sector structure and role, broad value chain, limited data/comparability though country governance based assessments
Doing Business Survey	No focus on mining sector, all aspects of governance, country comparability
EITI	Voice and accountability, revenue transparency, limited country comparability
Fraser Institute	Broad value chain, government effectiveness and regulation, perceptions based enterprise surveys, limited actionability
McKinsey	Government effectiveness, political stability, regulations, limited comparability
Resource Governance Index	Focus on transparency, voice and accountability, cross-country comparisons, public policy lens only
MInGov	Entire value chain, governance and investment focus, civil society views, actionable indicators

E1. Methodology: Indicator types

	Policy, Legislation, and Regulation; Accountability and Inclusiveness; and Institutional Capacity and Effectiveness		Economic/Political Environment and Mining Sector Importance	Descriptive information
	Baseline questions	Performance questions	Outcome questions	
Description	Assess deviation from international standards of good practice	Assess deviation from existing regulation	Assess how mining, economic and political environment enable mining investment and growth compared to peers	Comparable mining governance and investment info that is not readily assessed
Actionable	✓	✓	Not necessarily	Not necessarily
Fact based	✓	✓ but perceptions vary	✓ mostly from secondary data	✓
Independently verifiable	✓ through desk research and experts	✓ through stakeholders	✓ mostly from secondary data	✓
Measurable and comparable	✓	✓	✓	
Capable country diversity	✓	✓	✓	✓
Data collection	In-country interviews, some desk research	In-country interviews, some desk research	Mainly secondary sources	In-country interviews, some desk research

E1. Methodology: underlying questions

Indicator 1 – Mining Tax Administration (21 questions)

Q130 Are there clear rules in the tax code or regulations for the following payment processes:

- *Time frames?*
- *Accounts to pay taxes into?*
- *Documents evidencing payment and receipt?*
- *Settling disputes?*

Answer for each point: Yes/No. **Evidence:** May be extracted from the relevant legislation and verified with the tax authority and tax lawyers. The processes should be clear for all material taxes applicable to mining, as listed above.

Q131. Are interpretations of the tax code readily available?

Answer: Yes/No; **Evidence:** Copy of interpretation or a URL link to it, verified with the tax authority and tax lawyers.

Q132. Are the bases on which taxes are levied subject to disputes between companies and the government?

Response from: Industry.

Answer: Yes/No; **Evidence:** As provided and verified by the industry, tax lawyers, and tax authorities. This can relate to any material tax applicable to mining, as identified in the questions above; **Note:** While tax rates are usually straightforward, the tax bases can be less clear (including taxed entities and how the bases are calculated, especially if there are special provisions relating to minerals).

Q133. According to regulations, are regular tax, cost, or physical audits required?

Answer: Yes/No; **Evidence:** Extract from relevant regulations, and procedures or guidelines for audits.; **Note:** Physical audits are defined as the physical checking or measuring by controllers of the amount of minerals that have been extracted, and the arrangements for transporting, processing, or selling those resources. Audits should include small-scale operators, not only large mining companies.

E1. Methodology: underlying questions

Indicator 2 – State owned enterprise (SOE) governance

- **Do mining sector SOEs publish annual financial reports?** Response from: Ministries of Finance and Mines, SOEs, industry, CSOs. Answer: Yes/No. Evidence: Website with URL.
- ***In practice, are annual audits of the mining SOE undertaken by an independent external auditor?*** Response from: Ministry of finance, SOEs, industry, CSOs. Answer: Yes/No. Evidence: Proof of audit.
- ***In practice, does the mining sector SOE have a board with independent expert members?*** Answer: Yes/No. Response from: Ministry of finance, SOEs, industry, CSOs. Note: The board should include independent members with private sector experience, separate the positions of chair and CEO, and not be so large as to undermine effective deliberation. This can be scored if there are clear criteria for being on the board set in the law. “Independent” may be assessed by having broad government representation on the board or experts that are not political. No ministers or elected officials should serve on the board. Based on OECD Guidelines on Corporate Governance of State-Owned Enterprises (2005).
- ***In practice, does the internal audit department review the effectiveness of internal controls annually?*** Answer: Yes/No. Response from: Ministry of finance, SOE, independent expert. Note: This review should look at effectiveness of functional, operating and financial reporting. Based on OECD Guidelines on Corporate Governance of State-Owned Enterprises (2005).
- ***In practice, does the mining SOE follow the role (including any subsidies or social expenditures) set out for it?*** Answer: Yes/No. Response from: Ministry of finance, SOEs, industry, CSOs. Evidence: Do SOEs provide public goods and services (e.g., water, energy, schooling and health access)? What percentage of SOE expenditures are on commercial activities and reinvestment in the company versus on social expenditures?

Interpretation of data scores

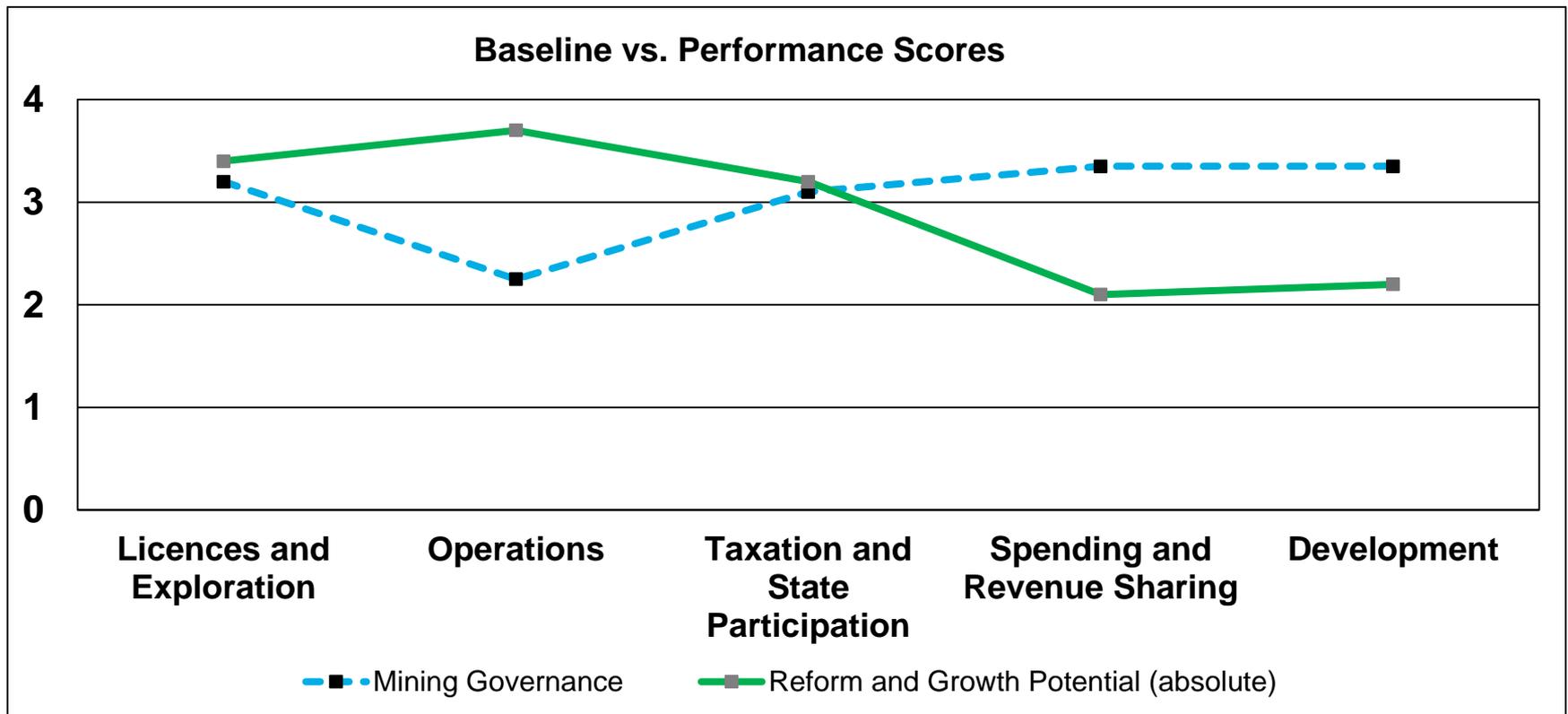
Score: Primary Data	Interpretation: Primary Data	Score: Primary interviews	Interpretation: Primary interviews	Score: Secondary Data	Interpretation: Secondary data
4	Good practice in place	4	Meeting its own goal	4	Top 75%+
2.5	Good practice partially in place	1.1 – 3.9	Partially meeting its own goal	3	Higher 50%-75%
				2	Low 25%-50%
1	Good practice not in place	1	Not meeting its own goal	1	Lowest 25%
..	Data not available or not applicable	..	Data not available or not applicable	..	Data not available or not applicable

Interpretation of topic and indicator scores

Score	Interpretation of Topic and Indicator Scores	Interpretation of Scores within Mining Sector Importance Theme
3.26 - 4.0	Very high	Highly significant
2.51 - 3.25	High	Above Average
1.76 - 2.50	Low	Below Average
1.0 - 1.75	Very low	Low significance
N/A	Not sufficient information or not applicable	Not sufficient information or not applicable

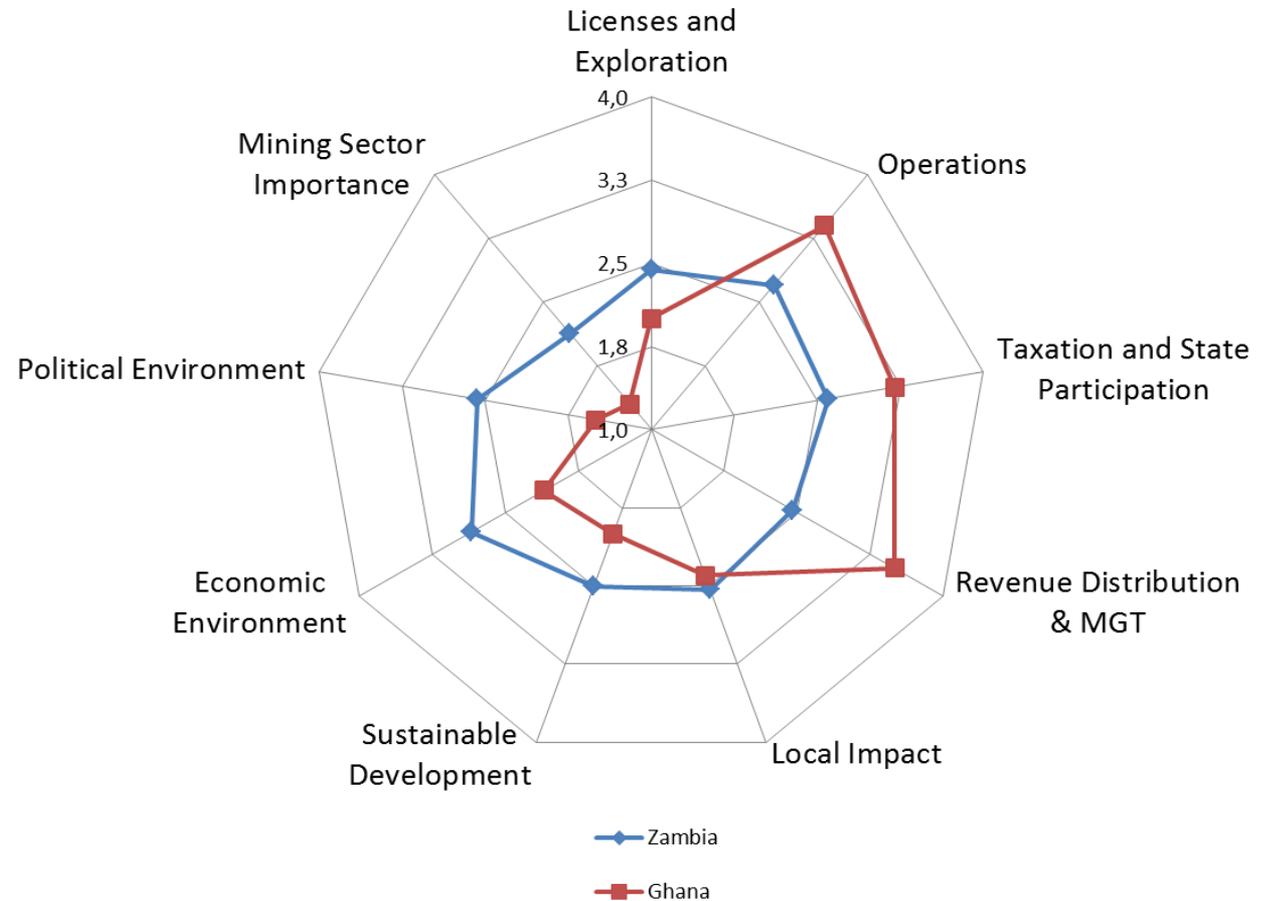
E1. Methodology: presentation of data

Methodological approach agreed and questionnaire drafted. Focus is on refining design criteria for indicators and simplifying methodology, secondary sources and analysis.



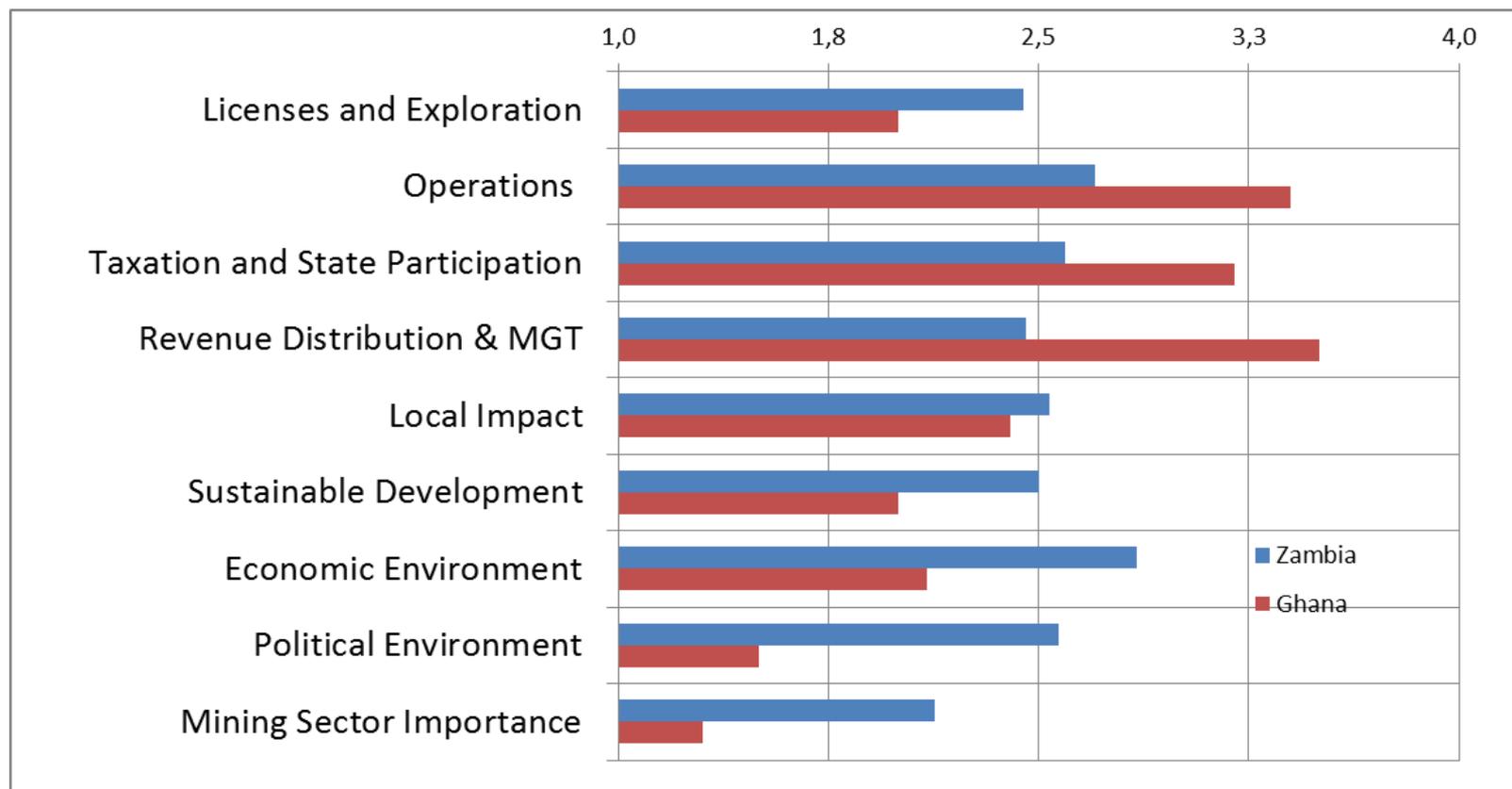
E1. Methodology: presentation of data cont'd.

Country comparisons can be done by thematic areas...



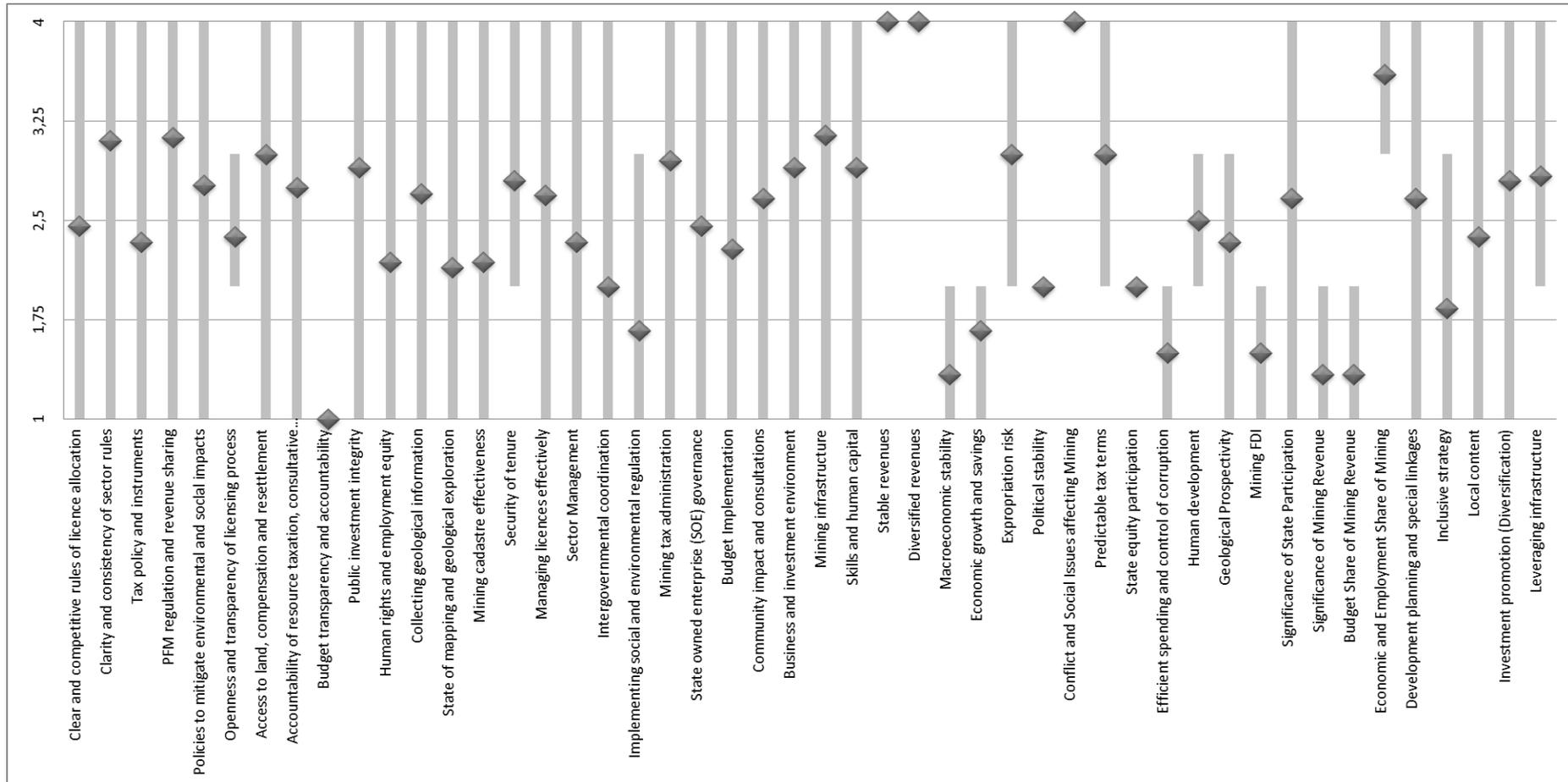
E1. Methodology: presentation of data cont'd.

... and country comparisons can also be done along the EI value chain:



E1. Methodology: presentation of data cont'd.

Entire set of 43 indicators will be displayed and data for over 300 questions can be downloaded off the website.



E1. Methodology: presentation of data cont'd.

As the project progresses and countries are periodically reassessed (possibly every 4-6 years) countries will be able to track progress on key indicators.

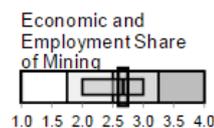
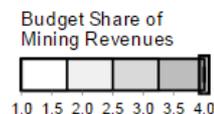
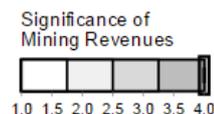
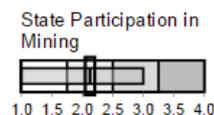
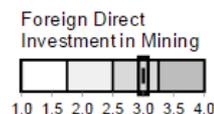
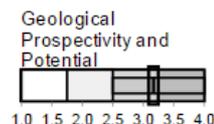
	2015	2016	2017	
Contracts, Licenses, and Exploration	2,4	3,0	3,2	
Operations	2,7	2,8	3,5	
Taxation and State Participation	2,6	2,6	2,6	
Revenue Distribution & MGT	2,5	2,8	2,9	
Local Impact	2,5	2,8	3,6	
Sustainable Development	2,5	3,4	3,3	
Economic Environment	2,8	3,9	3,9	
Political Environment	2,6	3,5	2,2	
Mining Sector Importance	2,1	2,1	2,1	

E1. Methodology: presentation of data cont'd.

Value Chain Themes

1. Contracts, Licenses and Exploration	2. Operations	3. Taxation and State Participation	4. Revenue Distribution and Management	5. Local Impact
Rules for License Allocation and Geological Data Collection	Clarity and Harmonization of Sector Rules	Tax policy, Instruments and State Owned Enterprise Rules	Public Financial Management, Regulation, Inclusion, Revenue Sharing	Policies to Mitigate Environmental and Social Impact
Openness, Transparency and Independence of Licensing Process	Accountability of Processes, Compensation, Resettlement and Artisanal and Smallscale Mining Voice	Mining Taxation and State Owned Enterprise Financial Management	Budget Transparency and Accountability and Public Integrity	Human Rights, Employment, Equity and Environmental Transparency
Cadastre, Geodata, License and Tenure Management	Sector Management and Intragovernmental Coordination	Mining Tax Administration and State Owned Enterprise Governance	Budget Implementation and Macroeconomic Management Effectiveness	Community Consultation and Environmental and Social Impact

Mining Sector Importance



Cross-Cutting Themes

D. Economic Environment	Business and Investment Environment	Mitigation of Inflation	Diversification and Stability of National Revenues	Macroeconomic Stability	Natural Resource Governance and Sustainability	Skills and Human Capital Availability	Human Health and Safety
E. Political Environment	Expropriation Risk	Political Stability	Predictable Mining and Tax Policy	Control of Corruption			
F. Sustainable Development	Development Planning	Local Supplier Development	Investment Promotion (Diversification)	Leveraging Infrastructure			

E2. Clarifying MInGov, challenges,.. and how you can help. (extra slides)

E2. What MInGov is... and is not...

MInGov is...

A combined governance and investment environment assessment at a country level.

Focused on three stakeholders: government, investors, civil society.

Based on primary and secondary information, and primarily on objective data.

A tool using indicators that are actionable for host governments.

A means to encourage mining investment and strengthen sector governance.

Relevant to various countries for the common lessons and comparisons it allows.

A continuous, updated process in assessed countries.

A continuous learning exercise.

MInGov is not...

A performance scorecard.

Directed to one stakeholder group.

Not based largely on subjective data.

A theoretical assessment that is not actionable.

An exercise without practical impact for government, investors and civil society.

A product that has single country-specific utility.

A one-off exercise for any country.

A static framework or product.

E2. Challenges

- **Developing a methodology** that can readily gauge key factors across the mining value chain that are relevant to governments, investors and society, which is based on actionable and objective indicators, and can be implemented from secondary sources and selected primary sources.
- Identifying and **involving national and regional counterparts** interested in assisting in assessment implementation and management.
- **Preparing a business plan** that leads to the development of products in demand by all stakeholders and which can lead to the strengthening of mining governance, investor environments and mining's impact on development.
- **Allowing time** for the country assessment tool to become established and adjusted.
- **Identifying long-term financial support** when MInGov's validity and utility are apparent.

E2. How can you help?

1. Provide feedback at discussions, on handouts and other communications.
2. Encourage stakeholder support and awareness.
3. Propose and/or request specific reports.
4. Identify complementarities among mining sector assessment tools.
5. Encourage public and private sector support into the long-term.
6. Help us think about design to support a global MInGov



E3. Context

E3. Context

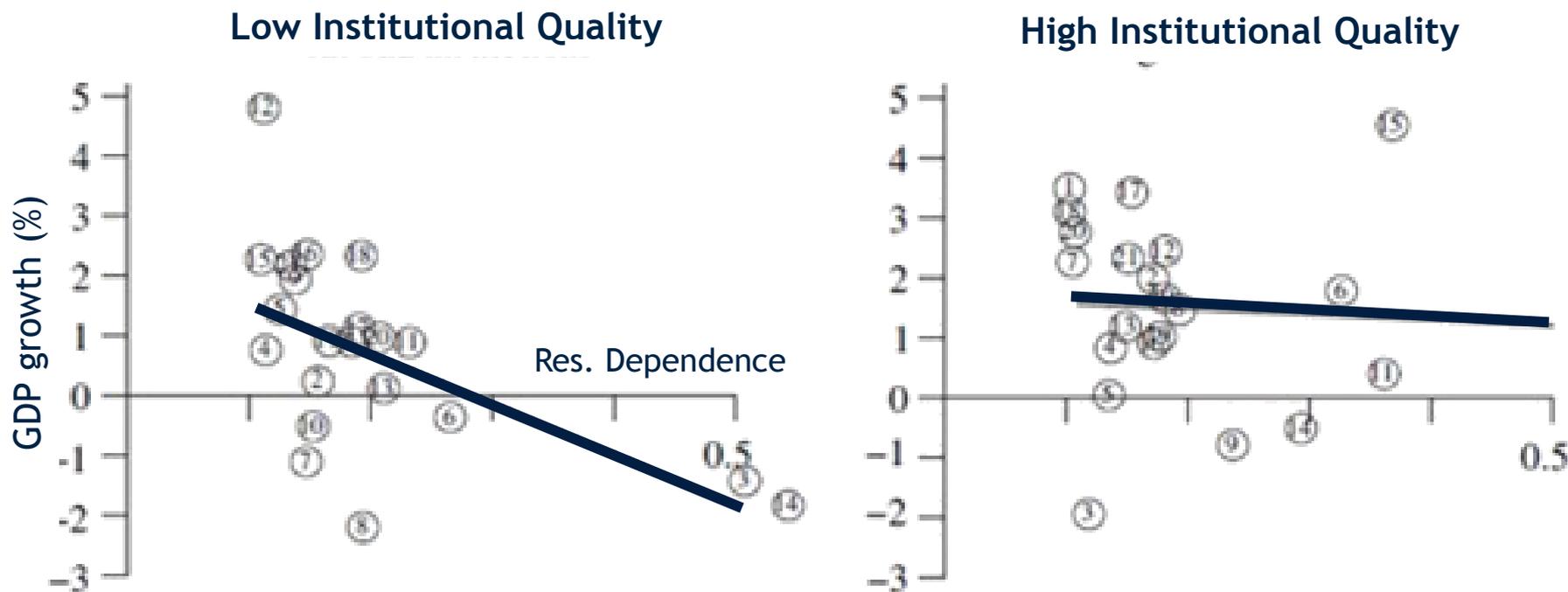
Resources can yield positive development outcomes, IF, “governance” is “good”.

Resource curse

- Not inevitable – resources can launch accelerated and sustained development
- Quality of institutions, governance and policy are instrumental in determining a country’s path.



E3. Context cont'd.



Good governance is good for country outcomes.

Source: Mehlum et al (2006).

E3. Context cont'd.

Good governance for the business of government,... and, good for the business of mining...

Investment decisions driven largely by six criteria:

1. Geological Potential
2. Potential profitability of operations
3. Security of Tenure
4. Consistency of Mineral and Tax Policy
5. Availability of Infrastructure

After geological potential – governments are the single largest determinant in where mining investments flow globally. (4 of 5 factors)

