

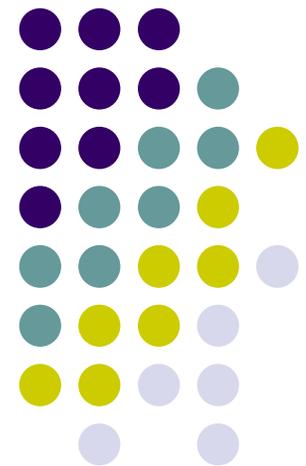
World Bank – Sustainable Development Network
Sustainable Energy Department

Oil, Gas & Mining Unit (SEGOM)

**Key themes: Global Way Forward on Mining
(current strategic priorities in WB programs)**

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Key global trends - as context



- ❑ Commodities demand – especially from emerging markets (BRICs) - is expected to remain strong in medium term
- ❑ BRIC companies are increasingly investing in extractive industries abroad - changing the traditional “playing field”
- ❑ But despite the rise in fiscal revenues, many governments believe benefits are not being shared equitably
- ❑ Hence patterns of resource nationalism remains high
- ❑ Related to this, minimizing local conflict, particularly around mining areas, play an important role in overall agenda
- ❑ Climate change agenda puts spotlight on use of fossil fuels
- ❑ ... even while agreement that responsible exploitation of natural resources remain a value means to development

Governments seek a better national return from extractive resources



- ❑ Mining sector saw negotiation of new frameworks to share growing revenues e.g.:
 - ✓ resource rent taxes (Chile)
 - ✓ windfall profits taxes (Mongolia)
 - ✓ sliding scale royalties (Ghana, Afghanistan)
 - ✓ renegotiation of contracts “deemed to be unfair” (many countries)

- ❑ Same pattern in petroleum-producing countries – issues of windfall profits in many countries (including OECD)

- ❑ Competition for resources – and non-traditional investment sources from newer investor countries

Benefits at community level are also a major concern



Strong concern at community and sub-national too

- issues of local economic development: employment and integrated infrastructure development
- viable society/community/environment after closure
- proactive skills development in labour force and community
- support for capacity building for local governance, environmental management and social development

Fiscal issues are also an important issue at community level

- distribution of revenues: how much back to the community?



World Bank priorities in this context

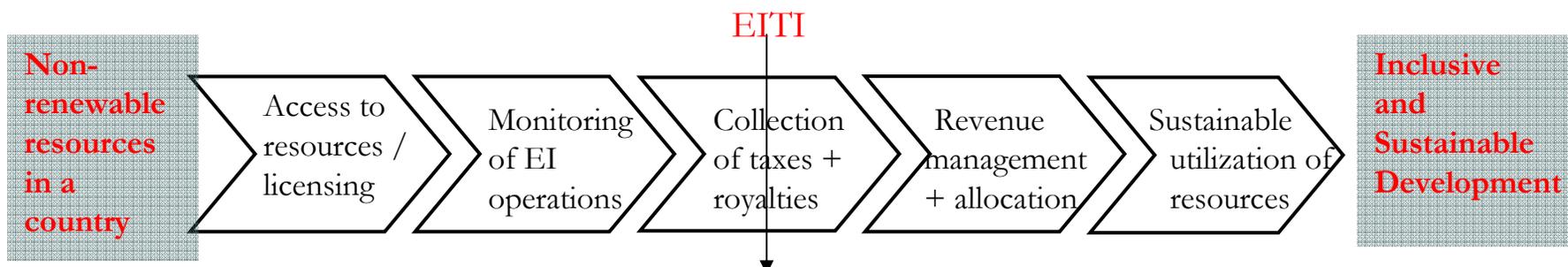
- ❑ Help strengthen regulatory frameworks and good governance and transparency for investment
- ❑ Help build capacity on mining governance issues
- ❑ Help country to negotiate optimal and equitable mining projects – where mining benefits do reach poor people
- ❑ Mitigate environmental and social risks
- ❑ Help protect the rights of people – especially women - affected by mining operations, and engaging with CSOs
- ❑ More broadly in SDN: promote efficiency and reduced GHG emissions in mining to combat climate change



Hence the WB view of key themes on global way forward on mining

- ❑ **Governance and transparency** – standards, norms and sound legal/fiscal policies to attract investment
 - ❑ **Capacity development** – practical help to policy makers (incl. peer learning; south-south exchanges)
 - ❑ **Equitable benefit sharing** - help with negotiation of sound mining projects with benefits for affected citizens
 - ❑ **Long-term sustainability** – effective mitigation of environmental and social concerns and risks
 - ❑ **Protecting affected people** – especially women and community and indigenous groups affected by mining
- **partnership and collaborative working is the key**

A recap of WB Oil, Gas & Mining Policy Unit's day-to-day work in mining (1 of 3)



- ❑ The EI value chain helps shape WB's work in mining - provides overarching guiding principles for advisory and TA work
- ❑ Work done via lending operations, technical advisory services, analysis/publications - and key global programs and partnerships
- ❑ Latter global programs include EITI and EI-TAF focused on mining

WB work: Supporting better governance along the EI value chain (2 of 3)



- ❑ building sound legal, fiscal, and regulatory frameworks
 - ❑ capacity building to put in place modern cadastre systems, licensing systems and institutional frameworks
 - ❑ institutional capabilities to ensure investor compliance with applicable laws and regulations and protect investor rights
 - ❑ transparent and efficient revenue collection capabilities to maximize the generation of revenues over time
 - ❑ effective revenue management of mining revenues to contribute to national socio-economic development goals
 - ❑ benefit sharing agreements with regions/communities
 - ❑ sound environmental and social protection framework and procedures – to ensure local communities benefit from mining operations (and are not burdened by mining)
- in sum, to help ensure mineral wealth is a blessing not a curse

WB role: Global Programs And Partnerships in mining (3 of 3)



- ❑ The Oil, Gas and Mining Policy Unit manages various donor-funded global programs and partnerships - listed below
- ❑ The first three work extensively in mining
 - ✓ Extractive Industries Transparency Initiative (EITI)
 - ✓ Extractive Industries Technical Advisory Facility (EI-TAF)
 - ✓ Communities and Small-scale Mining Partnership (CASM)
 - ✓ Global Gas Flaring Reduction Partnership (GGFR)
 - ✓ Petroleum Governance Initiative (PGI)