



African Union



African Minerals Development Centre

**A NEW APPROACH TO COOPERATION
IN AFRICA'S EXTRACTIVES SECTOR**

AFRICA MINING VISION **PRIVATE COMPACT**

The Africa Mining Vision (AMV) is a continental policy framework, adopted by all 54 African Union (AU) member countries in 2009. Successful implementation of the Vision hinges on participation by the private sector and other key regional and country stakeholders in Africa. The African Minerals Development Centre (AMDC) has the mandate to accelerate AMV implementation across Africa.

The AMV Private Sector Compact, launched in 2016, is based on principles that are aligned with core values, policies, strategic plans and mission statements of companies in the extractives sector. The key drivers for cooperation are the business benefits that the private sector will derive from AMV implementation in AU member countries and in Regional Economic Communities (RECs). These include operational cost reductions and productivity enhancements from aspects of the AMV, such as skills development and increased business opportunities – for example, through Public Private Partnerships.

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



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What is the AMV Compact?



A compact is defined as an agreement, contract, pact, or statement of intent'. It may be mandatory or voluntary, but must be based on an agreed set of principles that are mutually beneficial - for example, to both the state and the private sector.

The AMV Private Sector Compact is based on twelve principles with mutual obligations and mutual benefits, covering areas such as:

- Payment of mineral rents and royalties
- Transparency of agreements and legal frameworks
- Commitment on both sides to address bribery and corruption
- Support and resourcing of national geological surveys
- Human capacity development by companies, mirrored by improved education provision by the state
- Collaborative strategies for artisanal and small scale mining
- Public participation
- Innovative public private partnerships
- Environmental sustainability.

See Table 1 for the full list of Principles.

Development of the AMV Private Sector Compact

Recognising the competing demands of public and private sector stakeholders in the extractives sector, AMDC is working to build a consensus on what constitutes 'shared value' and 'shared benefits', and on how to secure a social license to operate. A major outcome of this work is the AMV Private Sector Compact, launched by the Africa Union Commission (AUC) and AMDC in 2016.

The Compact aims to incorporate mining companies into the AMV process and close existing gaps between mining communities, the private sector and governments. It primarily targets extractive companies including oil and gas, Chambers of Mines and other mining associations.

The drivers for cooperation under the Compact are the business benefits that the private sector will derive from AMV implementation in AU member states and RECs. The AMV advocates transparency and improved public participation in the formulation and implementation of national policies and legislation.

Implementation of the Compact should contribute to strengthening companies' social license to operate, legitimising their projects and reducing the costs of addressing the social tensions that arise from externally imposed projects. Environmentally and socially sustainable business practices should benefit companies through improved community relationships and – since consumer behaviour is increasingly linked to perceptions of production practices and reputation – positive impacts on sales.

Principles of the AMV Compact

The Compact centres around twelve principles designed to be complied with because they are aligned with corporate values, rather than compliance based solely on national legislation. The principles are clearly aligned with core values, policies, strategic plans and mission statements of companies in the African extractives sector (Figure I).

“MIASA wishes to express unwavering support for the implementation of the AMV.... MIASA views the Compact as a living document and undertakes to continue refining the principles as further feedback is received from its members.”

~ Simon Tuma-Waku, President of MIASA & CEO, Chamber of Mines of the DRC, 9 February 2016, Mining Industry Association of Southern Africa (MIASA) Statement on the AMV Private Sector Compact, 2016 Mining Indaba



“We believe [the Compact] is an important - and exciting - step towards even greater collaboration and coordination between African governments and private industry in achieving development.”

~ H.E. Fatima Haram Acyl, AU Commissioner of Trade and Industry

Figure 1: Summary of Principles for the AMV Compact

Principle	Companies	States
1	<ul style="list-style-type: none"> Companies fully commit to payment of all mineral rents and royalties and will ensure such actions are visible to the general public. 	<ul style="list-style-type: none"> States should publish all legal agreements with companies and actively ensure that all commitments from government agencies, including tax refunds and granting of appropriate permits, are honoured in a timely and transparent manner.
2	<ul style="list-style-type: none"> Companies subscribe to the principles of national, regional and international resource monitoring and oversight bodies and commit to work against corruption and transfer pricing. 	<ul style="list-style-type: none"> States should adopt zero tolerance to bribery and corruption and should aggressively prosecute those who attempt to promote such practices in the sector.
3	<ul style="list-style-type: none"> Companies pledge to support national geological surveys with geological data once the mineral rights lapse and revert back to the State as the resource owner. 	<ul style="list-style-type: none"> States pledge to resource the geological surveys and relevant ministries such that they can supply the knowledge infrastructure incorporating this data to the public in order to allow companies to make informed investment decisions.
4	<ul style="list-style-type: none"> Companies undertake to invest in human capacity development and support national and regional institutional capacities beyond payment of mineral taxes and royalties. 	<ul style="list-style-type: none"> States should raise relative levels of support for STEM education to world standards to meet the demands for trained staff within government bodies and in industry.
	<ul style="list-style-type: none"> Companies will endeavour to support the growth and formalization of artisanal and 	<ul style="list-style-type: none"> States should develop policy and legislative frameworks that govern the formal participation

5	small scale mining through collaborative strategies.	of artisanal and small scale miners in the sector.
6	<ul style="list-style-type: none"> Companies are cognisant of the need to uphold public participation to obtain a social licence to operate and will work towards building long term relations with communities in which they operate. 	<ul style="list-style-type: none"> States should ensure that a substantive portion of the benefits of resource rents are returned to the populations and local regions that host the industry.
7	<ul style="list-style-type: none"> Companies will endeavour to respect national and regional governance structures and support States in designing optimum fiscal regimes for win – win outcomes. 	<ul style="list-style-type: none"> States should commit to stability in legal and fiscal frameworks.
8	<ul style="list-style-type: none"> Companies commit to ensure that their procurement policies are supportive of local and regional content - to underpin the development of local and regional capital goods, consumables and services industries in upstream linkages. 	<ul style="list-style-type: none"> States should support targeted vocational training to meet the demands of a local and regional procurement sector.
9	<ul style="list-style-type: none"> Companies and States will explore innovative ways of supporting public private partnerships in mineral beneficiation and linkages, including for promoting sidestream linkages to accelerate infrastructure developments and R&D at national and regional levels. 	
10	<ul style="list-style-type: none"> Companies commit to the 'polluter pays' principle and to adhere to environmental sustainability, best practices, national policy and legislation and regional agreements and protocols (e.g. trans-boundary river basin agreements). 	<ul style="list-style-type: none"> States pledge to resource the institutions and Ministries responsible for conducting and evaluating environmental and social impact assessments for timely and transparent delivery.

<p style="text-align: center; font-size: 24pt; color: #FFC000;">11</p>	<ul style="list-style-type: none"> • Companies embrace corporate social responsibility as an integral part of business to sustainably support surrounding communities and regions. 	<ul style="list-style-type: none"> • States embrace the mining industry as valued stakeholders in the socio-economic development of the country and work with them to ensure mutually beneficial outcomes.
<p style="text-align: center; font-size: 24pt; color: #FFC000;">12</p>	<ul style="list-style-type: none"> • Companies and their regional mining associations will participate in the development of REC-specific Mining Visions (RMVs), endeavour to support them once formulated, and explore the efficacy of forming complementary regional industry associations (such as MIASA in the SADC). 	

Cooperation frameworks:

Options for establishing compacts include:

- A Compact between AU/AMDC as the custodian of the AMV and individual private sector leaders
- A Compact between AU/AMDC and African Chambers of Mines and Mining Associations.
- A Compact between AU member States as custodians of the Country Mining Vision (CMV) and individual Industry leaders
- A Compact between AU members States and African Chambers of Mines and Mining Associations.

Find out more:

www.uneca.org/amdc
www.africaminingvision.org
 Email: eca-amdc@uneca.org
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UN Economic Commission for Africa,
 Menelik II Avenue, P.O. Box 3001,
 Addis Ababa, Ethiopia

