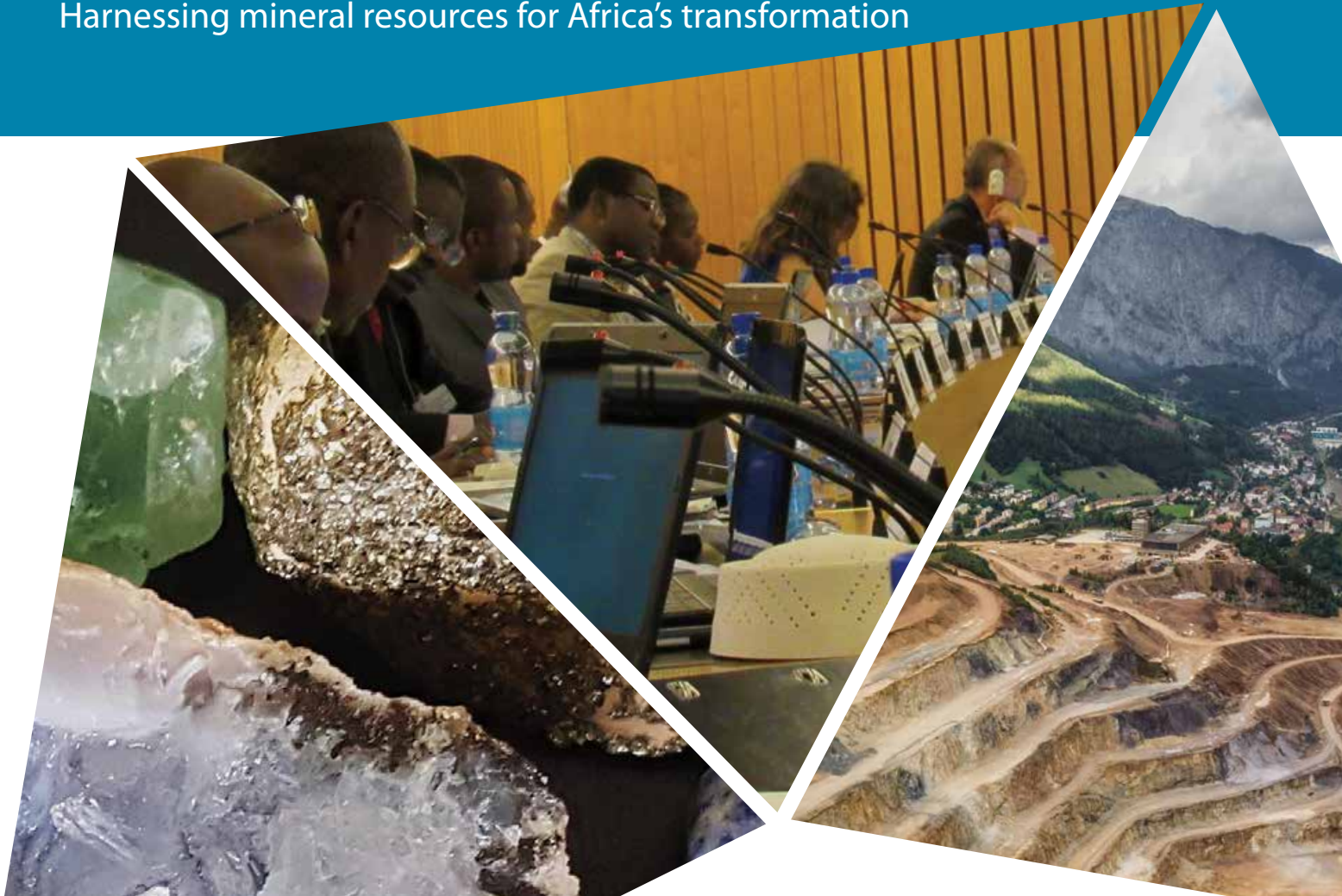




African Minerals Development Centre: Policy and Licensing

Harnessing mineral resources for Africa's transformation



Africa Mining Vision (AMV)

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

The AMV puts Africa’s long term and broad development objectives at the heart of all policy-making concerned with mineral extraction.

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Milestones

- 2009** Africa Mining Vision (AMV) adopted by African Union (AU) Member States as the continental framework for the development of the minerals sector in Africa.
- 2011** AU Member States adopt a comprehensive AMV Action Plan.
- 2013** The African Minerals Development Centre (AMDC) established to accelerate AMV implementation across Africa.
- 2014 onwards** AMDC leads efforts to operationalise the AMV framework through programme activities and studies with AU Member States, African regions, and key global initiatives.

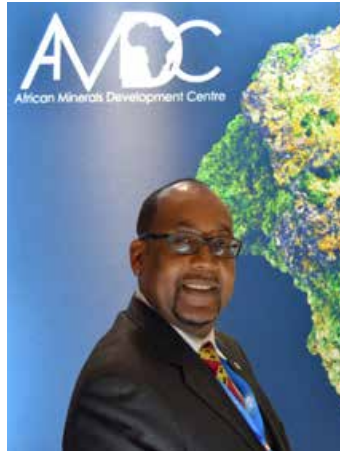
The AMDC Vision

To become a Centre of Excellence and the facilitator of choice to enable AU Member States to realise the Africa Mining Vision.

AMDC Mission

To work with AU Member States and their national and regional organisations, including the AUC, the NEPAD Planning and Coordinating Agency (NPCA), and Regional Economic Communities (RECs) to enable mineral resources to play a greater transformative role in the development of the continent through increased economic and social linkages, and in this manner, help address its intractable poverty and limited development.

A message from AMDC's Coordinator



In 2009, the Africa Mining Vision (AMV) was adopted by African Heads of State and Government. The AMV offers a unique, pan-African pathway to finally reverse the old paradigm regarding the management of our mineral wealth. It seeks to use Africa's natural resources sector to transform the continent's social and economic development. AMDC is the lead institution that helps AU Member States to fast-track alignment of their mineral sector development to the Vision, to achieve better developmental outcomes.

The Vision is designed to support our governments in addressing the complex linkages that must be unlocked to make mineral resources truly developmental.

AMDC's seven workstreams reflect the priorities identified by African governments, and work together to support African mineral economies to: develop consistent development-oriented mineral policies and regulatory frameworks; make effective use of geological and geospatial information for developmental outcomes; diversify their economies by unlocking linkages; establish a knowledge-driven and well-governed African mineral sector that is socially and environmentally accountable, and contributes to broad-based growth and development; build a viable and sustainable artisanal and small-scale mining sector to provide decent quality of life for rural communities.

Our policy and licensing workstream works to mainstream the AMV and its principles into the mineral policies and regulatory frameworks of AU member States, to achieve developmental outcomes. This is a long-term process, but we have already achieved some key breakthroughs. More widely, we see a growing recognition from governments, the private sector and a host of other stakeholders that more holistic approaches to mining policy and regulation are the best way to secure a sustainable future for all involved.

Dr. Kojo Busia
AMDC Coordinator



From Vision to action: the Policy and licensing workstream

The goal of AMDC's policy and licensing work is to create a sustainable and well-governed mining sector that effectively garners and deploys resource rents and contributes to broad-based growth and development.

AMDC's Policy and licensing workstream was established to address a number of key challenges highlighted in the AMV and related plans. It also responds to relevant issues identified by African member States. These challenges include:

- The mineral policies and regulatory frameworks of many African mining countries present opportunities for reinforcing a focus on development outcomes. For example, taxation approaches relating to the sector can be better structured to maximize intended development outcomes.
- Transfer mispricing represents one of the key issues that contribute to African countries missing out on the full benefits of their minerals.
- Many African countries recognize and endeavour to resolve policy and regulatory deficiencies in the minerals sector. However, the practical application of policy and regulatory improvements is often hampered by challenges in technical government capacity, as well as in the implementation of measures that put these frameworks into practice.

AMDC's policy and licensing work addresses these issues by:

- Working with member States to help align their mineral policies and regulatory frameworks in line with AMV tenets, and developing a range of guidance materials to support this
- Capacity-building with Government officials to develop more efficient mineral tax regimes, negotiate contracts, and improve the management of mineral revenues
- Undertaking research work to introduce AMV-compliant policy options in member States' frameworks.

AMDC's Policy and licensing workstream will result in:

- Enhanced capacities for mineral policy design and understanding of the mining value chain
- The mining sector in Africa supporting a broader share of social and economic development objectives
- African countries receiving a greater share of mineral revenues
- African countries managing revenues from the minerals sector efficiently.

"Promoting good governance of the mineral sector, in which communities and citizens participate in the processes of mineral extraction and utilization of the benefits that are accrued, is a hallmark for the AMV."

Hon. Abdul Ignosi Koroma, *Deputy Minister of Mines and Mineral Resources, Sierra Leone*

FIGURE 1: MINERAL FISCAL INSTRUMENTS

DIRECT TAX INSTRUMENTS:

Corporate income tax (plus withholding tax)

Progressive profit taxes (e.g. South Africa gold formula tax)

Resource rent taxes

Windfall profits tax, additional profit tax, super-profit tax.

INDIRECT TAX INSTRUMENTS:

Royalties ad valorem (i.e. tax whose amount is based on the value of a transaction), by specific/production volume

Import duties

Value Added Tax/Goods and Services Tax

Labour levies (skills, unemployment)

Energy levies

Competitive bonus bidding, auctions (e.g., hydrocarbons)

Surface fees

License fees

Production sharing contracts

State equity participation.



AMDC Partners

Strategic Partners

The African Union Commission (AUC), African Development Bank (AfDB), United Nations Development Programme (UNDP), United Nations Economic Commission for Africa (UNECA), and NEPAD.

Implementing Partners (Policy and Licensing)

A wide range of organisations including: East African Community (EAC); Economic Community of West African States (ECOWAS); Minerals and Energy for Development Alliance (MEfDA); Southern African Development Community (SADC); Southern African Resource Watch (SARW); World Bank.

Funding Partners



AMDC's governance work and the Sustainable Development Goals (SDGs)

The Africa Mining Vision and the SDGs provide a mutually-reinforcing framework for mineral-led development in Africa.

In September 2015, spearheaded by the United Nations, countries adopted 17 Sustainable Development Goals (SDGs), setting a fifteen-year agenda that aims to end poverty, protect the planet, and ensure prosperity for all. Adopted in 2009, the AMV inspired Africa's position in the design and adoption of the SDGs. The AMV has therefore proved to be ahead of its time. Strong linkages between the AMV pillars and the SDGs are evident.

Preceding the global SDGs by more than six years, the AMV departed from the conventional wisdom on minerals to focus on broad-based development. The overriding goal of the AMV is

a sustainable and well-governed mineral sector that effectively garners and deploys resource rents and is safe, healthy, gender- and ethnically-inclusive, environmentally-friendly, socially responsible and appreciated by surrounding communities, and provides a mutually-reinforcing framework for structurally transformed mineral-led development for the continent.

AMDC's Policy and licensing workstream has an important contribution to make to the achievement of a number of SDGs, particularly:

 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <ul style="list-style-type: none">• Promote inclusive and sustainable economic growth	 <p>10 REDUCED INEQUALITIES</p> <ul style="list-style-type: none">• Sector financial flows should contribute to reducing inequality• Social license to operate	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <ul style="list-style-type: none">• Fiscal regimes• Tackling tax evasion• Revenue management	 <p>17 PARTNERSHIPS FOR THE GOALS</p> <ul style="list-style-type: none">• Strong and inclusive institutions• Reduce illicit financial flows• Building networks to mobilise around AMV implementation
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Policy and Licensing: How we are making a difference

AMDC's Policy and licensing workstream collaborates with stakeholders at country, regional, continental and global levels in order to mainstream the AMV and its tenets into mineral policies and regulatory frameworks across Africa and support more developmental outcomes.

"This meeting marks yet another important milestone in our collective agenda toward facilitating the structural transformation expected to result in unlocking Malawi's potential as a major mineral-driven economy."

Abdalla Hamdok, *Executive Secretary,
a.i., UNECA*

"Remarkably, this is our first new mining law in over 70 years and is primarily based on the AMV, Kenyan Constitution and its Vision 2030."

Dan Kazungu, *Cabinet Secretary,
Ministry of Mines, Kenya*



Policy and Licensing and the Country Mining Vision (CMV)


AMDC adopts a dynamic, non-linear approach to CMV initiatives, working closely with each member State based on the needs identified by stakeholders in that country. The policy and licensing team is currently working with countries in East, West and Southern Africa on a host of initiatives, including: policy dialogue processes; fostering inter-ministerial coordination; review and development of fiscal regimes; and capacity building (see *Figure 2*).

For example, AMDC has been working with emerging and new entrants to this area, such as Kenya, Lesotho, Malawi and Sierra Leone, to develop AMV-compliant policies and regulations. In 2016, Kenya adopted its first new mining law in over 70 years, strongly influenced by the AMV. Lesotho developed an AMV-compliant Minerals and Mining Policy in 2015, designed to reposition the mining industry to generate growth, jobs, revenue and development for the country and its citizens. This was the country's first ever minerals policy.

All this work contributes to the embedding of AMV principles into national development plans, relevant strategies, policies, laws and/or institutional frameworks.

FIGURE 2: CMV ENGAGEMENT ON POLICY AND LICENSING ISSUES:

Country	CMV Engagement
Guinea	Targeted CMV initiative through preparation of Tender Guidelines for auction of mining concessions; review of Mineral Fiscal regimes; supporting the development of Corporate Social Responsibility (CSR) policy for mining sector; embedding AMV into strategic planning for mineral sector through collaboration with the Government of Guinea and its mineral sector governance partners (e.g. World Economic Forum (WEF), International Finance Corporation, GIZ), in the government-led process to formulate and operationalise an integrated, strategic plan for the sector.
Kenya	Targeted CMV initiative embedding AMV into Kenya Mining Act of 2016 and strategic review of minerals sector; comprehensive multi-stakeholder CMV consultations with government, CSOs and faith groups; and establishment of National Steering Committee for CMV process.
Lesotho	A comprehensive CMV initiative to embed AMV tenets into the country's minerals and mining policy and legislative frameworks through a fully consultative process anchored on the participation of all stakeholders resulted in the first AMV-compliant policy. Ongoing technical support is focused on finalizing the Mines Bill and developing the requisite legal instruments.
Malawi	Targeted CMV initiative towards aligning Mining Bill with AMV tenets and strengthening capacity for complex contracts negotiations; comprehensive CMV initiative through launch of national process to formulate CMV.
Sierra Leone	Targeted CMV initiative embedding AMV into policy and regulatory frameworks (Core Minerals Policy, Strategic Plan for Ministry of Mines and Mineral Resources); comprehensive CMV engagement through multi-stakeholder consultations with public, private and non-profit sectors.
Zimbabwe	Targeted engagement following request from Parliament and the Ministry, for AMDC to provide technical assistance to support ongoing legal and regulatory reforms in the mining sector.



“The [Africa Mining] Vision is important to the continent. We need a realization for this vision.”

Former South African President, Thabo Mbeki

Policy advisory services to Regional Economic Communities (RECs)


AMDC provided technical and strategic support which helped enhance the efforts of AU member states and RECs towards aligning their policy and regulatory frameworks with the AMV. For example, AMDC assessed the mining policies and regulatory frameworks in EAC member States, to determine the extent to which these facilitate the attainment of AMV objectives. Based on this assessment, the Centre, working closely with EAC governments, conducted a review of the relevant policies and built consensus around areas for further ongoing policy and regulatory engagement. Similarly, AMDC provided technical and strategic support to COMESA and SADC, on mineral beneficiation and value addition (mineral value chains), anchors of the industrialization processes in these two sub-regions. AMDC also supported SADC on a minerals sector skills study, as a precursor to developing a framework for skills development in the region in support of industrialisation. The development of a regional mining vision is a key current activity of the AMDC in the SADC region. The vision and related Action Plan will provide the platform for the effective exploitation of regional mineral value chains.

Tackling illicit financial flows (IFFs)

AMDC has supported the globally recognised work of the AU and the UNECA High Level Panel on Illicit Financial Flows (IFF), led by former South African President Thabo Mbeki. UNECA estimates that between 2000-10, more than half (56.2%) of the IFFs from Africa came from the extractives sector.

AMDC, together with the Minerals and Energy for Development Alliance (MEfDA) and the World Bank, is delivering regional workshops on transfer pricing in Africa’s mineral sector. The first workshop, targeted at senior decision makers from tax administration authorities, revenue agencies, and ministries of finance and mines, helped build capacity for assessing, prioritising, and auditing risks associated with transfer pricing. A second workshop is forthcoming.

African governments have collectively committed to tackle IFFs - defined as ‘money illegally earned, transferred or used’ – in key policy documents including the AMV. AMDC’s policy and licensing team is working with member States to address gaps in the design and implementation of key instruments used in mineral-rich countries to mobilize domestic revenues (*see Figure 2*), and to encourage partnerships between African governments and mining companies to curb leakages along the mineral value chain. AMDC’s major report on new approaches to tackling IFFs, published in 2017, is free to download (*see page 14*).



Parliamentary engagement to advance the Vision

The AMV emphasises the important role of governance institutions such as parliaments and other agents of political society in delivering effective governance of the extractives sector.

AMDC engages with African parliaments to support alignment of practices and mechanisms that can shape parliamentary contributions to mineral sector reforms in their countries. AMDC also provides technical support to African parliaments with the aim of enhancing parliamentary oversight of the minerals sector based on the AMV.

Examples include AMDC's joint efforts in 2016, with the Open Society Foundation's Africa Regional office, Southern Africa Resource Watch, International Institute for Democracy and Electoral Assistance (International IDEA) and the Pan African Parliament (PAP), to help Members of Parliament (MPs) from across the continent and parliamentary experts to improve understanding about their roles and strategic options for strengthening the management of Africa's mineral resources, in line with the AMV. Similarly, AMDC engages Parliaments in African countries, such as Lesotho and Malawi in 2016, to offer strategic guidance on the AMV dimensions of proposed mining legislation.

"Governments and civil society have to collaborate to fight the injustices and imbalances of our continent, which prevent communities to benefit from national resources. We therefore call upon for a Parliamentary resolution that clearly introduces a new legislative regime on the role of Parliament in relation to the AMV and the management of mineral resources in Africa."

Hon. Eduardo Joaquim Mulembwe,
First Vice President Pan African Parliament, 2016

High-level Policy Research

AMDC has produced important research which has informed high-level policy initiatives relating to the minerals sector. For example, the 2016 study, *Optimizing Domestic Revenue Mobilization and Value Addition of Africa's Minerals: Towards Harmonizing Fiscal Regimes in the Mineral Sector*, helped inform and shape deliberations among African heads of State and Government at the July 2016 AU Summit in Kigali. Similarly, the 2017 study, *Impact of Illicit Financial Flows on Domestic Resource Mobilization: Optimizing Africa's Mineral Revenues*, produced in collaboration with ECA's Macroeconomic Policy Division, is helping to inform policy initiatives related to the High Level Panel on Illicit Financial Flows (*see page 10*).





Future strategic directions

AMDC's Policy and licensing workstream will work with an increasing number of African member States and regions to mainstream the AMV and its principles into mineral policies and regulatory frameworks across the continent. Activities will include:

- In partnership with MEFDA and the World Bank, AMDC plans to conduct training for Francophone and Lusophone countries on assessing, prioritizing, and auditing risks associated with transfer pricing.
- AMDC work, with a number of countries across Africa, to review mining policies and regulatory frameworks, based on demand from AU member States.

Policy and licensing workstream – Who we are

All AMDC workstreams across the mineral value chain contribute to our policy and licensing work. *(See page 15 for contacts.)*

Learning more

AMDC publications are free to download at

<http://www.uneca.org/publications/african-minerals-development-centre>;

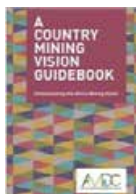
read online or download at <https://issuu.com/africanmineralsdevelopmentcentre>;

or search 'African Minerals Development Centre – Publications'.



Africa Mining Vision, 2009

Sets out the Vision and explains the rationale for a developmental mining approach that enables growth through building economic and social linkages to benefit African citizens.



Country Mining Vision Guidebook, 2014

A step-by-step guide to developing and implementing a Country Mining Vision, including planning multi-stakeholder consultative processes, policy design and monitoring and evaluation.



Assessment of the Mineral Regimes in the East African Community: Aligning Frameworks with the Africa Mining Vision, 2017

The study reveals the state of mineral policy amongst EAC member states, identifies gaps between these policies and the AMV, and proposes policy actions to fill these gaps and ensure an AMV-aligned approach to mineral linkages and development.



Optimizing Domestic Revenue Mobilization and Value Addition of Africa's Minerals, 2016

The report presents options for harmonization and their implications for supporting domestic revenue mobilization and regional value chains. It reviews experiences from other countries and regions, with a view to identifying good practice for effective fiscal regimes in Africa.



Impact of Illicit Financial Flows on Domestic Resource Mobilization, 2017

The report demonstrates that inhibitive practices related to illicit financial flows and domestic resource mobilization in the mineral sector are increasingly widespread and complex.

AMDC Contacts

www.uneca.org/amdc

www.africaminingvision.org


Email: eca-amdc@uneca.org

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African Minerals Development Centre,
UN Economic Commission for Africa,
Menelik II Avenue, P.O. Box 3001,
Addis Ababa, Ethiopia

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