



## FIFTH PLENARY MEETING OF THE POLICY DIALOGUE ON NATURAL RESOURCE-BASED DEVELOPMENT

Jointly organised by the OECD Development Centre and the G7 CONNEX Initiative

*Building collective knowledge for actionable policies*

### ANNOTATED AGENDA

2-3-4 December 2015 - OECD, Paris (OECD Conference Centre)

#### ABOUT THE POLICY DIALOGUE

The Policy Dialogue on Natural Resource-based Development is a **multi-year intergovernmental process of knowledge sharing and peer-learning among OECD and Partner natural resource producing countries** on how to harness natural resources for structural transformation and more inclusive and broad-based development. Compared to other fora, the added value of the Policy Dialogue on Natural Resource-based Development lies in its unique structure designed to facilitate the generation, systematisation and access to tacit and newly developed collective knowledge through collaborative OECD and non-OECD evidence-based policy analysis.

This process will lead to the development of compendiums of good practices drawing on OECD and non-OECD experience, as well as specific tools as a result of interaction, and exchanges supported by country reviews on resource-based development and comparative analysis of country practices.

The Policy Dialogue focuses on four Work Streams: **(i) Shared Value Creation and Local Development; (ii) Revenue Spending and Stabilisation Funds; (iii) Getting Better Deals and (iv) Detecting Corruption Risks in the Extractive Sector.**

The Policy Dialogue is a cross-directorate OECD initiative, led by the Development Centre and involving relevant Directorates that can contribute or lead in specific policy domains, namely, the Centre for Tax Policy and Administration (CTPA), Development Cooperation (DCD), Environment (ENV), Financial and Enterprise Affairs (DAF), Legal Directorate (LEG), Public Governance and Territorial Development (GOV), Trade and Agriculture (TAD). The Policy Dialogue is a pilot of the Knowledge Sharing Alliance (KSA) initiative.

For more information visit the website: <http://www.oecd.org/dev/natural-resources.htm>

#### ABOUT THE G7 CONNEX INITIATIVE

The G7 Initiative on Strengthening Assistance for Complex Contract Negotiations (CONNEX) was launched in June 2014 at the Brussels G7 Summit with a view to “providing developing country partners with extended and concrete expertise for negotiating complex commercial contracts, focusing initially on the extractives sector”. For more information visit the website: [http://www.bmz.de/g7/en/Entwicklungspolitische\\_Schwerpunkte/Connex/index.html](http://www.bmz.de/g7/en/Entwicklungspolitische_Schwerpunkte/Connex/index.html)

#### OBJECTIVES, STRUCTURE, FORMAT OF THE EVENT AND PARTICIPANT EXPECTED CONTRIBUTION

The meeting will afford opportunities to advance the work under the different Streams of Work, according to the roadmap agreed upon at the [Fourth meeting of the Policy Dialogue on 29-30 June 2015](#). The first and second day, December 2<sup>nd</sup> and 3<sup>rd</sup>, will be open to stakeholders (industry, civil society and think tanks). The third day, December 4<sup>th</sup>, will feature inter-governmental sessions. The first day will be dedicated to reviewing progress made under Work Streams 1 - Shared Value Creation and Local Development and, 4 - Detecting Corruption Risks in Extractives. The second day will feature a special session on Work Stream 3 - Getting Better Deals, jointly organised with the G7 CONNEX Initiative, paving the way for a collaborative endeavour taking the form of a Negotiation Support Forum as agreed at the last meeting in June. The third day will be devoted to the discussion of the final report on the comparative analysis of stabilisation funds and investment options and progress made on the review of OECD and non-OECD methods to verify minerals prices in transactions between related parties.

The objectives of the upcoming meeting are as follows:

#### **Work Stream 1 - Shared value creation and local development**

- Review and possibly endorse the final draft of the Operational Framework on Public-Private Collaboration for Optimising Shared Value Creation and Local Development from Extractive Projects. The Framework was developed by a multi-stakeholder Drafting Committee under the joint leadership of Norway and Liberia. An advanced draft was discussed at the last meeting in June, and subsequently submitted to public consultation from 15 September to 30 October 2015. Participants welcomed the Framework as a robust and practical tool for integrated policy making and for forging collaborative solutions in order for extractives to effectively contribute to the implementation of the Post-2015 development agenda. It was also recognised as a useful reference to carry out more in-depth country or regional analysis in partnership with relevant Partner Organisations, including to support the domestication process of the African Mining Vision and inform the development of Country Mining Visions.

#### **Work Stream 2 – Stabilisation funds and revenue spending**

- Discuss and possibly endorse the lessons learned of the comparative analysis on the performance of stabilisation funds and investment options.
- Discuss proposed steps and modalities for the creation of a dedicated dialogue platform on natural resource funds and revenue spending to address the specific demands of, and tailor responses to, developing and emerging economies.

#### **Work Stream 3 – Getting better deals**

- Share knowledge and experience on negotiation support to understand how the quality of advice can be improved and how cooperation and coherence among Service Providers can be enhanced with a view to achieving better deals.
- Identify gaps and needs in negotiation support with a view to defining a roadmap for the structure and activities of the Negotiation Support Forum.



- Review and update on OECD and non-OECD methods to verify prices for gold, copper and iron ore in transactions between related parties as well as on current international tax issues in the extractive sector.

#### **Work Stream 4 – Detecting corruption risks in extractives**

- Review and possibly endorse the Typology on Corruption Risks in Extractives complemented with recommended mitigation measures and incentives to reduce and prevent exposure to corruption risks along the extractive value chain.

The meetings of the Policy Dialogue **depart from** the traditional conference format distinguishing between speakers and audience. **Every participant** plays a role as both **a knowledge holder and a knowledge recipient** while the **OECD Development Centre** acts as **a neutral knowledge broker**, by contributing to framing the issues and facilitating the generation, systematisation and access to tacit or newly developed collective knowledge.

Participants are not only expected to share relevant experience, policies and case-studies but also to clearly articulate their knowledge needs and indicate which countries they would like to learn from to build or further refine their knowledge base. **In this interactive setting, there are no prepared speeches, official statements or long presentations. Proposed guiding questions** aim at helping participants prepare their contributions and identify relevant issues and questions they would like to see addressed during the meeting.

**Reference documents** are distributed ahead of the meeting in order to help participants prepare their contributions, support the discussion and move the process forward. Participant contributions are expected to be short, narrative in style and reactive to other interventions.

**The event will be closed-door and held under Chatham House Rule of non-attribution of sources in order for participating countries and stakeholders in the multi-stakeholder consultation to engage in frank and thought-provoking discussions.** It is expected that this method of work will be conducive to the establishment of a trustworthy environment where participating countries engage in frank and open exchanges that could pave the way for the collective development of new knowledge as well as innovative and mutually beneficial policy solutions and outcomes.

## DAY 1 - Multi-stakeholder consultation on Work Streams 1 & 4

2 December (Room CC12, Conference Centre)

8:00 – 9:00 Registration

9:00 – 9:15 *Welcoming remarks by H. E. Mr Pierre Duquesne, Ambassador and Permanent Representative of France to the OECD, and Chair of the Governing Board of the Development Centre*

9:15-15:00 **Session 1 – Optimising Shared Value Creation and Local Development from Extractive Projects through public-private collaboration [open to stakeholders]**

**Co-Chairs: Liberia and Norway**

**Hon. Deputy Minister of Operations Sam G. Russ**, Ministry of Mines, Lands and Energy, Republic of Liberia and **Pål Arne Davidsen**, Senior Adviser, Private Sector Development, Department for Economic Development, Gender and Governance, Norwegian Agency for Development Cooperation (Norad), Norway

*Kick-off interventions by **Members of the Drafting Committee***

### Objectives:

- Review and possibly endorse the Operational Framework on Public-Private Collaboration
- Discuss next steps, including:
  - the development of a Compendium of Practices to be appended to the Framework
  - the identification of pilot countries to carry out in-depth country reviews
  - the roadmap for using the Policy Dialogue process to forge a public-private alliance for supporting the achievement of the SDGs

9:15-11:15 **Session 1A – Review and possible endorsement of the Operational Framework on Public-Private Collaboration**

This sub-session will be dedicated to the review and possible endorsement of the **Operational Framework on Public-Private Collaboration for Optimising Shared Value Creation and Local Development from Extractive Projects**. The Operational Framework aims to articulate the sequencing of steps and actions needed to assist with the formulation and implementation of collaborative strategies to build resource-based competitive economies and promote sustainable long-term shared prosperity. This practical guidance tool is structured around six actionable steps, looking at public-private collaborative approaches across four value dimensions:

employment, procurement of goods and services, shared use of infrastructure (power, water, transport) and innovation.

**For reference:**

- *Optimising Shared Value Creation and Local Development from Extractive Projects -- Operational Framework on Public-Private Collaboration*

11:15 -11:30

Coffee Break

11:30-12:30

**Session 1B - How to pilot the Operational Framework at country level?**

The Framework shall serve as a diagnostic tool to carry out more in-depth country or regional analysis in partnership with relevant Partner Organisations, in particular to pilot Country Reviews to assess constraints and opportunities for resource-based value creation.

This session will be dedicated to discussing how to pilot the Operational Framework at the country and regional level and to identifying pilot countries to carry out in-depth country reviews.

*Kick-off intervention by **Dr Lahra Liberti**, Senior Advisor, OECD Development Centre followed by discussion*

**For reference:**

- *Conceptual Framework for Country Reviews on Shared Resource-based Value Creation*

12:30 – 14:00

Buffet lunch

14:00-15:00

**Session 1C – How to use the Policy Dialogue process to forge a public-private alliance for supporting the achievement of the Sustainable Development Goals (SDGs)?**

Major breakthroughs in achieving the SDGs will require public-private collaboration, based on constructive dialogue, shared understanding, mutual trust and the recognition of the distinct roles and responsibilities of governments, industry, civil society and local communities. The OECD Operational Framework on public-private collaboration provides the necessary common ground across governments, industry and civil society organisations to move from dialogue to action and enable systematic engagement and collaboration to support the achievement of the SDGs 8 (Promote inclusive and sustainable economic growth, employment and decent work for all) and 9 (Build resilient infrastructure, promote sustainable industrialization and foster innovation) and contribute to SDGs 6 (Ensure access to water and sanitation for all) and 7 (Ensure access to affordable, reliable, sustainable and modern energy for all), on the basis of new mechanisms

of shared governance.

Session 1C will be dedicated to discuss how to use the Policy Dialogue process to forge a public-private alliance for supporting the achievement of the Sustainable Development Goals and the development of a **Compendium of Practices** to showcase what can work in practice and how.

15:15 -15:30

Coffee Break

15:15 - 17:45

**Session 2 – Typology of Corruption Risks in Extractives with Mitigation Measures and Incentives [open to stakeholders]**

**Co-Chairs: Peru and OECD**

**Mr Fuad Khoury Zarzar**, Comptroller General, Republic of Peru and **Mr Nicola Bonucci**, Director for Legal Affairs, OECD

*Kick-off interventions by **Dr Lahra Liberti**, Senior Advisor, OECD Development Centre and **Members of the Working Group on Corruption Risks in Extractives***

The **Typology on Corruption Risks in Extractives** maps out risks of corruption all along the value chain of extractives and identifies corresponding mitigation measures and incentives to strengthen prevention efforts at both the public and private level.

The present session will be dedicated to reviewing and discussing the proposed recommended mitigation measures and incentives to avoid corruption.

**Objectives:**

- Review and discuss proposed recommended mitigation measures and incentives to reduce and prevent exposure to corruption risks in extractives
- Possibly endorse the Typology and discuss next steps

**For reference:** *Typology on Corruption Risks in Extractives with mitigation measures and incentives*

17:45 - 18:00

**Wrap up and next steps**

## DAY 2 – Multi-Stakeholder Consultation on Work Stream 3 - Getting Better Deals:

### Towards a Negotiation Support Forum

3 December (Room CC9, Conference Centre)

10:00 - 11:00 Registration & Coffee

#### 11:00 – 11:15 Opening session [open to stakeholders]

This session will introduce the objectives of the Negotiation Support Forum, provide insights on the political context and outline the concerns of resource-rich countries, with particular regard to African mining countries.

Welcome address by:

- **H. E. Mr Pierre Duquesne**, Ambassador and Permanent Representative of France to the OECD and Chair of the Governing Board of the Development Centre
- **Ms. Margitta Wülker-Mirbach**, Deputy Permanent Representative of the Federal Republic of Germany to the OECD
- **H.E. Mrs Fatima Haram Acyl**, Commissioner, Trade and Industry, African Union Commission [TBC]

#### 11:15 – 12:30 Session 3 – Understanding the demands of Partner countries: what kind of capacity building is most needed to support complex contract negotiations? [open to stakeholders]

**Moderator: Mr Karl Sauvart**, Resident Senior Fellow, Columbia Centre on Sustainable Development (CCSI)

- **Presentation by Ms Lisa Sachs**, Director, Columbia Centre on Sustainable Development (CCSI)

Kick-off interventions by:

- **H.E. Dr Boubou Cissé**, Minister of Mining, Mali [TBC]
- **H.E. Kerfalla Yansane**, Minister of Mining, Republic of Guinea
- **Mr. Gideon Ndalama**, Director Mines Safety, Ministry of Mines, Energy and Water Development, Zambia
- **Dr. Kojo Busia**, Acting Coordinator, African Minerals Development Centre (AMDC), UN Economic Commission for Africa
- **Ms. Estherine Lisinge Fotabong**, Director, Programme Implementation and Coordination, NEPAD

This session will be dedicated to identifying the challenges faced by Partner countries in contract negotiation as well as current capacity building needs and gaps. The Negotiations Roadmap established by the Columbia Center on Sustainable Investment (CCSI) will highlight the main issues and challenges faced by negotiators



at each stage of the contract negotiation process. Partner country representatives will then be invited to share their experience and underline their specific needs to strengthen their negotiation capacity.

**Objectives:**

- Understand the needs in terms of negotiation capacities at each stage of the negotiation process
- Identify current gaps and challenges faced by Partner countries at each stage of the negotiation process
- Clarify how capacity building and technical assistance can contribute to filling these gaps

**Guiding questions:**

- What capacity building and technical assistance providers have you relied on most for each phase of contract negotiations?

*Regarding the support for concrete negotiations:*

- Is multidisciplinary expert support useful or is legal support sufficient?
- Are international Service Providers responding rapidly and comprehensively?
- What hinders countries from asking for assistance by international Service Providers?
- What conflicts exist between the rules of engagement of international Service Providers and national decision making processes?

12:30 – 13:30

Buffet lunch

13:30 – 14:45

**Session 4 – How are negotiation Service Providers responding to Partner countries' demands? [open to stakeholders]**

**Moderator: Ms Sheila Khama**, Director, African Natural Resource Center [TBC]

*Kick-off interventions by:*

- **Mr Stephen Karangizi**, Director, African Legal Support Facility
- **Mrs Katerina Drisi**, International Senior Lawyers Project (ISLP)
- **Mr Paulo de Sa**, Practice Manager, Energy & Extractives, World Bank
- **Dr Fabien Nkot**, Senior Advisor to the Prime Minister of Cameroon

This session will discuss how negotiation Service Providers can better respond to Partner countries' demands. Particular attention will be given to the pre-negotiation stage and the implementation and monitoring stage.

The session will feature kick-off interventions by representatives of negotiation Service Providers followed by open discussion.



**Objectives:**

- Share knowledge and country experience on past successes and failures in capacity building
- Identify ways to improve the quality of support provided by negotiation Service Providers and better respond to Partner countries' needs and demands

**Guiding questions:***Capacity Building*

- What lessons can be drawn from capacity development experiences of Service Providers?
- What methodologies have worked? How do we know? How is impact measured? Is knowledge being retained?

*CONNEX Code of conduct and quality of advice*

- What are the benefits of CONNEX Code of Conduct for Service Providers?
- How can Service Providers ensure the quality of advice?
- Does the CONNEX Code of Conduct offer a good basis for strengthening the quality of advice and can it be easily implemented by Service Providers?

*Long-term monitoring of contracts*

- How could CONNEX assist the monitoring of contracts in the long run?
- Could CONNEX be the interface between long-term technical cooperation and short-term advice?

*Limitations by government procurement processes, and funding*

- How can expert advice on contracts be ensured without exceeding the limits of governmental procurement rules?
- What experience do Service Providers have with regards to government procurement policies?
- What advantages and disadvantages does a refinancing model have?

**For reference:** *CONNEX Code of Conduct for Service Providers*

**14:45- 16:00** **Session 5 – Perspectives from extractives industries [open to stakeholders]**

**Moderator: Mr Boris Dolgonos, Attorney, Jones Day**

*Kick-off interventions by:*

- **Mr Chad Blewitt**, GM Project Delivery, Commercial Strategy & Development, Simandou, Rio Tinto
- **Mr Serge Matesco**, Vice President Development Funds & Institutions, Total
- **Mr Manfred Meisenberg**, Global Resources Industry Advisor to Corporations and Government Agencies

The present session aims to gather perspectives from extractives industries, understand the risks and challenges associated with governments' low negotiation capacity, and identify possible contributions of extractive industries to developing negotiation capacities and skills.

The session will feature kick-off interventions by representatives of extractives industries followed by open discussion.

#### Objectives:

- Understand the risks and challenges faced by extractives industries when negotiating with governments with low negotiation capacity
- Identify possible contributions of the private sector to negotiation support

#### Guiding questions:

- What are the risks associated with low negotiation capacity of governments from the extractives industries' perspective?
- Which set of skills should the host country team have from the extractives industries' perspective?
- Which skills are most needed in trainings and capacity development?
- Has your company been involved in capacity development programmes? If so, can you explain what these programmes consist of?
- What specific role can development partners/donors play in assisting governments in negotiating contracts with international companies and in capacity building?

16:00- 16:15

Coffee break

16:15 – 17:30

**Session 6 – What is a “good deal”? [open to stakeholders]**

**Moderator: Amir Shaikh**, Chief Legal Counsel, African Legal Support Facility (ALSF)

*Kick-off interventions by:*

- **Ms Christiana Tah**, Principal Attorney, Law Offices Christiana P. Tah and former Minister of Justice, Republic of Liberia
- **Mr Joshua Brien**, Adviser and Head, Ocean Governance and Natural Resource Management, Oceans and Natural Resources Advisory Division, Commonwealth Secretariat
- **Mr Marcus Manuel**, Senior Research Associate, Overseas Development Institute (ODI)
- **Mr Marc Frilet**, Managing Partner, Frilet-Société d'Avocats and Vice-president of the French Institute of International Legal Experts (IFEJI)

The present session aims to identify the elements characterising a good deal, looking at components that contribute to risk and return, trade-offs in negotiations,

built-in mechanisms and contractual safeguards that can be used to translate contracts into improved development outcomes.

The session will feature kick-off interventions followed by open discussion.

**Objectives:**

- Identify the characteristics and attributes of a good deal
- Identify built-in mechanisms and contractual safeguards that can be used to achieve good deals

**Guiding questions:**

- What key elements of risks and return should be considered?
- What are the major trade-offs in contract negotiations?
- What types of contractual provisions have commonly led to disputes and problems? Why?

What types of built-in mechanisms and contractual safeguards can be used so that deals translate into improved development outcomes?

**17:30- 18:30 Closing session**

**Moderator:** Mr Nicola Bonucci, Director for Legal Affairs, OECD

*Roundtable with:*

- **Mr Andreas Beckermann**, Deputy Head of Division 311 "Energy; Infrastructure; Extractive Industries", Federal Ministry for Economic Cooperation and Development (BMZ), Germany
- **H.E. Dr Boubou Cissé**, Minister of Mining, Mali [TBC]
- **H.E. Kerfalla Yansane**, Minister of Mining, Republic of Guinea
- **H.E. Mrs Fatima Haram Acyl**, Commissioner, Trade and Industry, African Union Commission [TBC]

Participants will discuss the roadmap for supporting capacity building and the achievement of improved contractual outcomes through the Negotiation Support Forum.

**For reference:** Concept note on Negotiation Support Forum

Closing remarks by **Mr Nicola Bonucci**, Director for Legal Affairs, OECD

## DAY 3 - Intergovernmental sessions on Work Streams 2 & 3

4 December (Room D, Château)

8:30 – 9:15 Registration

9:15 – 10:45 **Session 7 – Cross-country analysis on the performance of stabilisation funds and investment options [intergovernmental session]**

**Co-Chairs: Chile and Kazakhstan**

**Mrs Bernardita Piedrabuena**, Coordinator for Capital Markets and International Finance, Ministry of Finance and **Mr Muhamed Izbastin**, Director of Management of State Obligations and Development of the Financial Sector Policy Department, Ministry of National Economy of the Republic of Kazakhstan [TBC]

*Kick-off intervention by **Dr. Adam Dixon**, Reader in Economic Geography, University of Bristol*

This session will discuss and possibly endorse the lessons learned from the report on the **comparative analysis on the performance of stabilisation funds and investment options**.

The session will also provide the opportunity to discuss the modalities for the establishment of a dialogue platform on revenue spending, and natural resource funds, dedicated to emerging and developing countries to share knowledge on how to use resource revenues to achieve shared prosperity. Participants will be invited to discuss a concept note outlining the objectives, activities and expected benefits of the dialogue platform.

**Objectives:**

- Discuss and adopt lessons learned presented in the Comparative study on the performance of stabilisation funds and investment options
- Discuss modalities and next steps for creating a dedicated dialogue platform to address the specific demands from emerging and developing countries

**For reference:**

- *Comparative analysis on the performance of stabilisation funds and investment options*
- *Concept note on a dialogue platform on revenue spending and natural resource funds*

10:45 – 11:00 Coffee break

11:00 - 12:30 **Session 8 – Review of OECD and non-OECD methods to verify minerals prices in transactions between related parties [intergovernmental session]**

**Chair: Korea**

**Mr Kang-Hyeon Yun**, Vice-Chair of the Governing Board of the OECD Development Centre and Deputy Permanent Representative of the Republic of Korea to the OECD

*Kick off intervention by **Mr Dan Devlin**, Senior Economist, Natural Resource Taxation, OECD Centre for Tax Policy and Administration*

The present session will be dedicated to reviewing and updating participants **on OECD and non-OECD methods to verify prices for gold, copper and iron ore in transactions between related parties**. Participating countries will be invited to share their experience in identifying the information required to review the appropriateness of mineral pricing and performing the necessary price adjustments to quoted prices. Particular attention will be given to complementary approaches to address interdependent issues that may challenge tax authorities' capacity to determine and verify mineral product prices in transactions between related parties.

The session will also provide participants with an overview of the most pressing international taxation issues in the extractives sector for review and contribution.

**Objectives:**

- Discuss the final results of the survey on OECD and non-OECD methods for verifying mineral product prices in transactions between related parties.
- Share experiences and practices in identifying and collecting the information required to determine mineral prices, performing price adjustments to quoted prices.
- Differentiate approaches depending on the type of minerals.
- Update participants on pressing taxation issues in resource mobilization from extractive industries.
- Discuss ways forward and next steps to further develop and extend the work.

**For reference:** *Four background documents for consultation: 1) A practical process for revenue authorities in developing countries to better understand mineral product transformation chains; 2) Three case studies – gold, copper and iron ore – to demonstrate how to use the methodology to improve understanding of the mining sector; 3) Extensions to the case studies to outline common mining industry pricing practices for gold, copper and iron ore products in intermediate forms; 4) Additional information on industry practices that may assist revenue authorities (and others) to better understand mineral product transactions.*

**12:30 -13:00** *Closing remarks by **Mr Mario Pezzini**, Director, OECD Development Centre*