

WEST AFRICA REGIONAL WORKSHOP ON NATURAL RESOURCE GOVERNANCE

CONCEPT NOTE

Objective: *To foster peer learning and strengthen budget and sector officials' capabilities in natural resource governance.*

Background

The Collaborative Africa Budget Reform Initiative (CABRI) organised a policy dialogue on revenue management in the extractives sector on 26 and 27 April 2016 in Accra, Ghana. The dialogue, attended by senior government officials from Côte d'Ivoire, the Democratic Republic of the Congo, Ghana, Liberia, Mali, Nigeria, South Africa and Zambia, as well as development partners and industry experts, examined how ministries plan and manage revenue in a manner that promotes sustainability, equity, poverty reduction and economic growth. Officials from finance, minerals and petroleum ministries attended the dialogue. In addition, CABRI

organized a financial modelling training for Francophone officials from Côte d'Ivoire, Mauritania, Tunisia and Madagascar. The training provided participants with tools to get system-level insight into revenue flows around the oil, gas and mining industries.

The African Natural Resources Centre (ECNR) at the African Development Bank has carried out a consistent programme of advisory services and technical assistance on better management of revenues from natural resources, ranging from the production of flagship reports on the option available to new extractives producers to invest revenues for better human development outcomes; a toolkit on revenue management and related country case studies. The ECNR is currently developing a programme of advocacy and advice on improving modelling capacities of African Governments, as well as a toolkit, in

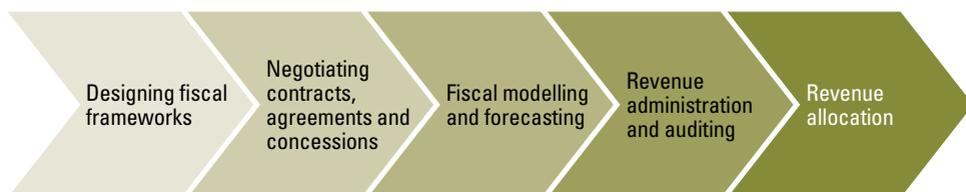


Figure: Natural resources policy value chain

collaboration with the African Legal Support Facility (ALSF), to strengthen Governments' negotiating capacities for natural resource projects. Good management of natural resource revenues requires informed choices across the whole policy cycle, from the design of fiscal framework to negotiating mining contracts or production sharing agreements for petroleum.

CABRI and the ENCR are jointly organizing a regional workshop to provide officials with a platform to review their approach to governing natural resources and further strengthen capabilities to manage revenue and negotiate mining contracts.

Objectives of the Review Workshop

The workshop will bring together the broad experiences of West African practitioners in natural resource governance, while focusing on specific tools and functions that can help enhance outcomes for producing countries. The workshop aims to strengthen the capability of public officials in negotiating extractives contracts, leases and concessions; using financial models for appraising extractives projects and managing extractives revenue for growth and development.

Target Audience

This will be a CABRI-AfDB workshop hosted in Abidjan, AfDB HQ. The workshop will invite senior budget and policy officials (decision-makers) from 5 countries: **Ghana, Cote D'Ivoire, Mali, Nigeria and Liberia**. From each country, there will be 3 officials (one from finance, two from a sector ministry). Both minerals and oil/gas sectors will be represented.

Expected Outcomes

We expect the review workshop to contribute towards the overall objective stated above through a peer learning approach. In addition to fostering peer learning on what works and what doesn't work, we expect this workshop to strengthen the capabilities of policy officials in managing resources from the extractives sector.



PROGRAMME

7 September 2017

08:30–08:45 **Welcome remarks**, Modibo Traore, OIC ANRC, AfDB

08:45–09:00 **Introduction to the workshop**, Pietro Toigo, AfDB

09:00–10:30 **Session 1: How to negotiate contracts with investors**

After a decision is made to extract, a government must decide on a framework for awarding rights to explore and extract, and establish the legal and financial terms governing those rights. The session will cover contract negotiations and will focus on three topics:

(i) establishing a legal and policy framework to attract investments - The African Mining Legislation Atlas (AMLA), (ii) building transparency and reliability from the pre-negotiation phase and (iii) reducing the asymmetry of skills and information in the negotiation phase.

Presenter: Amir Shaikh, African Legal Support Facility

Facilitator: Nana Boateng, CABRI

10:30–11:00 Coffee break

11:00–12:30 **Session 2: What to negotiate – balancing expectations and aligning objectives**

The session will provide an overview of mining and oil contracts and focus on cost recovery periods, community development agreements and local content, shared use infrastructure and ensuring an ongoing monitoring of contract implementation. Participants will have an opportunity to ask questions, present their concerns and share their own experiences in negotiating with investors.

Presenter: African Legal Support Facility, AfDB

Facilitator: Joana Bento, CABRI

12:30–13:30 Lunch

13:30–15:00 **Session 3: Financial modelling in the extractives sector**

Financial modelling is a tool that allows one to make projections on future cash flows and can help governments to get a better understanding of what they have and what they can expect in terms of expected revenue. This session will provide an opportunity to share the role of financial modelling in the extractives sector, as emerged in a recent study by the AfDB. Cote d'Ivoire, being a country that is advancing in financial modelling, will be asked to share more on their work from the point of view of a producer country. Other participants will also have an opportunity to share their experiences with financial modelling. The session will be in two parts:

- Running the Numbers: Use of Financial Models for Extractive Projects in Africa
Presenter: Pietro Toigo
- The experience of Cote d'Ivoire in using financial models for mining projects
Presenter: Representative of Cote d'Ivoire.

Facilitators: Nana Boateng, CABRI and Stephen Yeboah, AfDB

15:00–15:30 Coffee break

15:30–17:00 **Session 4: Revenue Management in Extractives Sector**

As revenue is generated, governments must take decisions to make effective use of the revenues in light of their finite nature and the challenges of commodity price swings. This session will focus on managing volatility through fiscal rules and sovereign wealth funds and integrating extractives revenue in the budget process. The session will also touch on the importance of deepening the linkages between the extractives sector and the wider economy. Participants will work in small groups to discuss policy questions and report back to the plenary.

Presenter: Nana Boateng, CABRI

Facilitators: Joana Bento, CABRI and Pietro Toigo AfDB

17:00–17:30 **Wrap up and Closing**

Summary of key messages, workshop evaluation, vote of thanks.

Facilitator: Rose Mwebaza, AfDB

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