



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

*Building collective knowledge for actionable policies*

### ANNOTATED AGENDA

29-30 June 2015 - OECD, Paris (Conference Centre, Rooms CC10 & CC15)

#### 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** 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>

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

The **first day (29 June)** will be open to governments, industry and civil society while **the second day (30 June)** will feature inter-governmental sessions.

The meeting will afford opportunities to advance the work under the different Streams of Work, according to the roadmap agreed upon at the [Third meeting of the PD-NR on 17-18 November 2014](#), as follows:

- **WS1 – Shared Value Creation and Local Development:**
  - i) A Drafting Committee composed of representatives from governments, the extractive industry and the civil society was set up and tasked with producing an advanced draft of the operational framework on public-private collaboration for shared value creation through a series of conference calls;
  - ii) Participating countries endorsed the Conceptual Framework for Country Reviews on Shared Resource-based Value Creation and agreed to move forward with in-country OECD and non-OECD collaborative analysis (at regional, national or sub-national level), feeding into the comparative analysis of country practices;
  - iii) Participants further agreed to complement the chart on opportunities for backward, forward



and horizontal linkages for the oil and gas industry with a similar chart for the mining industry.

- **WS2 – Revenue Spending and Stabilisation Funds:** The OECD Secretariat (Development Centre) was tasked to develop an inception report on the comparative analysis of country practices on the performance of stabilisation and other resource-based funds and public investment options.
- **WS3 – Getting Better Deals:** The OECD Secretariat (Centre for Tax Policy and Administration) was tasked to produce a preliminary study on OECD and non-OECD methods to determine appropriate prices for minerals when they are traded in intermediate forms. This work, which also has the support of the G20 Development Working Group, is intended to enable countries tackle more effectively challenges in data comparability, reduce asymmetry of information for tax authorities and improve transparency in extractives. A draft study on mineral pricing for copper, gold and iron ore has been developed in view of the present meeting.
- **WS4 – Detecting Corruption Risks in the Extractive Sector:** A Multi-Stakeholder Working Group on Corruption Risks in Extractives was set up in order to support the elaboration by the OECD Secretariat (Development Centre) of a typology study on corruption risks all along the extractive value chain, drawing on existing case-law, systematising concrete experiences and information available from different sources, like the G20, the World Bank and UNDP. A draft typology study on corruption risks in extractives will be tabled for discussion at the 29-30 June meeting.

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.**

**Reference documents** have been 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 – 29 June (Room CC10, Conference Centre)**

**8:00 – 9:00 Registration**

**9:00 – 9:15** Welcoming remarks by **Mr Kang-Hyeon Yun**, Deputy Permanent Representative, Delegation of the Republic of Korea to the OECD

**9:15-13:00** **Session 1 – Shaping strategies for shared resource-based value creation [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 **Mr Kim Kristmoen**, Senior Adviser, Private Sector Development, Department for Economic Development, Gender and Governance, Norwegian Agency for Development Cooperation (Norad), Norway

**9:15 - 12:00** **Session 1A - How to operationalise public-private collaboration for shared resource-based value creation?**

At the last meeting of the Policy Dialogue held on 17-18 November 2014, participants reviewed and discussed the zero draft **Operational framework for Public-Private Collaboration for Shared Resource-based Value Creation** aimed at articulating the sequencing of steps and actions needed to assist with the formulation and implementation of collaborative approaches to building resource-based competitive economies and promoting sustainable long-term shared value creation. A Drafting Committee, chaired by Liberia and Norway, was set up and tasked with producing an advanced draft. This session will be dedicated to an in-depth review of the advanced draft and structured around the different steps identified in the draft framework.

**Objectives:**

- Review the advanced Draft Operational Framework.
- Identify opportunities for linkage development along the value chain of mining projects and compare them against the oil and gas sector.
- Share experiences and practices of collaborative approaches to shared resource-based value creation following the steps identified in the draft Operational Framework.
- Identify any additional dimensions of value that should be covered in the Framework.

**For reference:** *Advanced draft of the Operational Framework on Public-Private Collaboration for Shared Resource-based Value Creation*



**9:15-9:45** Overview of the **Operational framework on Public-Private Collaboration for Shared Resource-based Value Creation**: structure, objectives and introduction to Steps 1 and 2

*Kick-off interventions by the **Drafting Committee**:*

- **Hon. Deputy Minister of Operations Sam G. Russ**, Ministry of Mines, Lands and Energy, Republic of Liberia
- **Mr Kim Kristmoen**, Senior Adviser, Private Sector Development, Department for Economic Development, Gender and Governance, Norwegian Agency for Development Cooperation (Norad), Norway
- **Mr Wolfgang Kraus**, Senior Associate, IPIECA

**9:45-10:15** **Shared Value Dimension : Employment and Procurement of Local Goods and Services** (Step 3.1)

*Kick-off interventions by*

- **Ms Kate Carmichael**, Manager, Social and Economic Development, ICMM (International Council on Mining and Metals) on mapping opportunities for backward, forward and horizontal linkages in the mining sector
- **Ms Natalie Stirling-Sanders**, Global Manager of Local Content, Supplier Diversity and Sustainable Procurement, ExxonMobil
- **Mr Frederic Farhad Farschi**, General Manager, Local Content Programme Management Office, Shell

Participants will review Step 3.1 and showcase concrete experiences and key learnings on how Step 3.1 can be implemented in practice.

**10:15-10:45** **Shared Value Dimension: Use of Infrastructure - Power, Water and Transport** (Step 3.2)

*Kick-off interventions by*

- **Mr Amir Shaikh**, Chief Legal Counsel, African Legal Support Facility, African Development Bank
- **Ms Kristina Svensson**, Senior Mining Specialist, Energy and Extractives Global Practice, World Bank

Participants will showcase concrete experiences and key learnings on how Step 3.2 can be implemented in practice.

**10:45 -11:00** **Coffee Break**



**11:00-11:30 Shared Value Dimension: Innovation (Step 4)**

*Kick-off interventions by:*

- **Ms Marie-Claire Swärd Capra**, Deputy Permanent Representative, Permanent Delegation of Sweden to the OECD
- **Mr Etienne Hammann**, Head of Industrial Strategy - Local Content Management, Exploration & Production, Development Division, Total

Initial comparative advantage in natural resources can be leveraged to push the production possibility frontier outwards and create dynamic comparative advantages through diversification. This may entail linking mining, oil & gas production to renewable energy, building green supply chains for the production of wind power, solar cells, low-energy light-bulbs and catalytic converters in cars as well as developing new knowledge that can be converted into new products and services or used in other sectors to enhance competitiveness.

Participants will review Step 4 and showcase concrete experiences and key learnings on how innovation in extractives creates value across stakeholders and contribute to diversification efforts.

**11:30-12:00 Developing Indicators for Measuring Shared Value Creation**

*Kick-off intervention by Ms Riikka Aaltonen*, Senior Adviser, Mineral Policy, Enterprise and Innovation Department, Ministry of Employment and the Economy, Finland

Participants will discuss criteria and success factors to capture and measure the different dimensions of shared value creation. The discussion will distinguish between criteria measuring inputs (e.g. amount of money invested in training), outputs (e.g. number of training programs provided) and outcomes (e.g. improved match between skills supply and demand).

**12:00-13:00 Session 1B – Understanding the impact, implications and trade-offs associated with policy options for shared resource-based value creation and local development**

*Kick-off interventions by:*

- **Mr Babajide Sodipo**, Regional Trade Advisor, Department of Trade and Industry, African Union Commission
- **Ms Bolette Maqe Nielsen**, Office Manager, TANBREEZ Mining Greenland A/S
- **Ms Silvana Tordo**, Lead Energy Economist, Energy & Extractives, World Bank
- **Ms Jane Korinek**, Trade Policy Analyst, OECD Trade and Agriculture Directorate

The session will provide the opportunity to better understand the economic impact and trade-offs associated with the choice of specific policy instruments to unlock the potential for shared resource-based value creation and consider their overall



coherence against the stated objectives.

**Objectives:**

- Discuss possible policy options to unlock the potential for shared resource-based value creation and linkage development across the value chain of extractives.
- Get a better understanding of trade-offs, share knowledge and lessons learnt on the effectiveness and impact of selected measures.

**13:00 -14:30 Buffet Lunch**

**14:30 - 15:45 Session 2 – G7 Connex Initiative and Negotiation Support Forum [open to stakeholders]**

**Chair: Liberia**

**Hon. Deputy Minister of Operations Sam G. Russ**, Ministry of Mines, Lands and Energy, Republic of Liberia

*Kick-off interventions by:*

- **Mr Günter Nooke**, Personal Representative of the German Chancellor for Africa, Federal Ministry for Economic Cooperation and Development (BMZ)
- **Mr Kojo Busia**, Senior Mineral Sector Governance Advisor, African Mineral Development Centre/AMDC, UN Economic Commission for Africa
- **Mr Amir Shaikh**, Chief Legal Counsel, African Legal Support Facility, African Development Bank

This session will offer the opportunity to learn about the objectives and activities of the G7 Connex Initiative. Participants will discuss how the Policy Dialogue’s Work Stream 3 on Getting Better Deals can support knowledge sharing and peer learning among OECD and non-OECD countries, support providers and the private sector, with a view to creating a common knowledge base and improve the quality of advice reflecting the demand of Partner Countries.

**Objectives:**

- Learn about the G7 Connex Initiative
- Share experience on the use of negotiation support facilities
- Discuss the proposal for the Policy Dialogue to host the *Negotiation Support Forum* under Work Stream 3

**15:45 -16:00 Coffee Break**

**16:00 – 18:00 Session 3 – Typology of corruption risks in extractives [open to stakeholders]**

**Co-Chairs: Peru and OECD**

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

*Kick-off interventions to introduce the **Typology Study of Corruption Risks in***

**Extractives by:**

- **Dr Lahra Liberti**, Senior Advisor, OECD Development Centre
- **Mr Michele de Rosa**, Senior Vice President, Anti-Corruption Legal Support Unit, Eni
- **Mr Martin Willaume**, Advocacy Officer on Extractive Industries, Oxfam France and representative of Publish What You Pay in France
- **Mr Olivier Longchamp**, Manager, Taxation and International Finance, Berne Declaration

At the last meeting of the Policy Dialogue held on 17-18 November 2014, participants agreed to identify, through a multi-stakeholder process and an empirical and bottom-up approach, high-risk scenarios of corruption in the extractive value chain. A Working Group on Corruption Risks in Extractives was set up to support the development of a Typology Study on Corruption Risks in Extractives. The Typology aims to identify the conducts at risk and associated corruption schemes (“what”); the parties involved, their roles and interactions (“who”); vehicles and mechanisms commonly used (“how”); the specific factors increasing exposure to corruption risks. It is expected that mitigation measures and incentives will be developed by the end of 2015.

This session will provide the opportunity to seek participants’ feedback and input on the Typology Study. Participants will also be invited to further share any additional concrete experiences and cases to complement the typology exercise.

**Objectives:**

- Discuss and collect input from governments, industry and civil society on the Typology Study on Corruption Risks in Extractives
- Discuss evolving patterns of corruption through complex mechanisms and vehicles and identify typologies at heightened risk of corruption
- Discuss possible synergies with other international processes, including the G20

**For reference:** *Typology Study of Corruption Risks in Extractives*



DAY 2 – 30 June (Room CC15, Conference Centre)

9:00 - 9:30 Registration

9:30 – 11:30 **Session 4 – Cross-country comparisons on the performance of stabilisation funds and investment options**

**Co-Chairs: Chile and Kazakhstan**

**Mr Francisco Vergara**, Head of the Sovereign Wealth Fund Unit, Ministry of Finance of the Republic of Chile and **Mr Muhamed Izbastin**, Director of Management of State Obligations and Development, Financial Sector Policy Department, Ministry of National Economy of the Republic of Kazakhstan

*Presentation of the inception report of the comparative analysis on the performance of resource-based funds and public investment options by **the OECD Development Centre (Dr Lahra Liberti, Senior Advisor and Dr Adam Dixon, Consultant)***

During the last meeting of the Policy Dialogue on 17-18 November 2014, participating countries endorsed the methodology for carrying out a **comparative analysis on the performance of stabilisation funds and public investment options**. Countries participating in this exercise were invited to fill in a questionnaire feeding into the cross country OECD and non-OECD comparative analysis. Chile acted as Knowledge Peer. The session will focus on reviewing and discussing the inception report of the comparative analysis.

**Objectives:**

- Review, comment and provide feedback on the comparative analysis
- Draw lessons and assess successes and failures
- Provide guidance and agree on next steps to finalise the comparative analysis by end of 2015

***For reference:** Inception report - comparative study on the performance of stabilisation funds and investment options*

11:30- 11:45 Coffee break

11:45 – 13:00 **Session 5 –OECD and non-OECD methods to verify minerals prices in transactions between related parties**

**Chair: Mr Kang-Hyeon Yun**, Deputy Permanent Representative, Delegation 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*

Participants in the Policy Dialogue as well as the G20 Development Working Group mandated the OECD to develop analysis and appropriate tools to address the



information gap on prices of some minerals sold in an intermediate form. As a first step to crafting appropriate solutions, it was agreed to take stock of existing OECD and non-OECD methods to verify prices for gold, copper and iron ore in transactions between related parties. The preliminary results of an OECD survey will be presented. 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.

**Objectives:**

- Review and provide feedback on the preliminary report.
- Share experiences and practices in identifying and collecting the information required to determine mineral prices, performing price adjustments to quoted prices.
- Identify commonalities and differences in pricing approaches depending on the type of minerals.
- Review the proposed direction for future work.

*For reference: Interim report on “Assisting revenue authorities to verify mineral prices in transactions between related parties”*

13:00 – 14:30 Hosted lunch

**14:30- 15:00** **Session 6 – Administrative and financial aspects related to participation in the OECD Initiative for Policy Dialogue on Natural Resource-based Development**

This session will update participants on the financial and administrative aspects related to country participation in the Policy Dialogue on Natural Resource-based Development, including progress made with the implementation of the programme of work under each work stream and conditions for renewed engagement in the Initiative from 2016 onwards.

**15:00 – 16:30** **Session 7 – China and Latin America: how is China’s commodity demand affecting Latin America’s management of natural resources and development strategies?**

**Moderator : Mr Angel Melguizo**, Head of Unit, Latin America and the Caribbean, OECD

*Kick-off interventions by:*

- **Dr Cui Shoujun**, Associate Professor, School of International Studies, Renmin University of China
- **Mr Andrés López**, Director, Centro de Investigaciones para la Transformación -CENIT

Over the past decade, China has become one of the main importers of Latin American commodities. Between 2000 and 2013, trade in commodities between the two regions increased 27-fold, and China’s share in Latin American exports increased from 1% to 10%, in particular with regard to soy from Argentina, precious



metals from Bolivia and copper from Chile. The demand for commodities is likely to affect long-term development strategies of Latin American countries as well as several aspects of commodity production in the future, including infrastructure requirements, physical capital investments, and inventories methods.

**Objectives:**

- Get a better understanding of China's long-term investments in Latin America's natural resources and their impact on Latin America's development strategies
- Identify practices and methods used by governments and firms in Latin America to assess the impact of China's long-term commodity demand on fiscal revenue and structural balances.

**Guiding questions:**

- How are LAC countries measuring China's demand for commodities in the next decade? What estimation methodologies do they use?
- What are the prospects for Chinese investments in soft/hard commodity exploitation in the region over the next decade?
- How is China's "go global" energy investment strategy affecting Latin American development strategies?
- How Latin American countries and China are working together to fully reap mutual benefits from natural resource extraction and trade (local industry participation, employment generation, supplier development, enhanced access to power, water, transport infrastructure and innovation)?
- How is increasing Chinese demand affecting the management of resources (e.g. inventories)?

**16:30- 17:00**

*Closing remarks by Ms Nicola Harrington, Deputy Director, OECD Development Centre*