



# **Extractive Industries for Sustainable Development**

**A Global Initiative**

**2013-2017**

**United Nations Development Programme  
(UNDP)**

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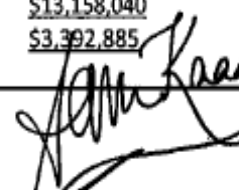
## SUMMARY OF THE INITIATIVE

<b>Title:</b>	Extractive Industries for Sustainable Development	
<b>Expected Outcome:</b>	The extractive sectors of the programme countries are governed in more participatory, equitable and sustainable ways to ensure that they contribute to peace and human development.	
<b>Expected Outputs:</b>	<ol style="list-style-type: none"> <li>1. Countries have legal, policy and institutional frameworks to effectively govern extractive sectors.</li> <li>2. Formal and informal participatory decision-making and grievance mechanisms are established to institutionalize representation of communities (especially women and indigenous peoples) in the management of extractive industries.</li> <li>3. Public institutions, the private sector and civil society have systems in place to ensure transparent and accountable management of revenues from extractive industries.</li> <li>4. Public institutions and the private sector have strategies in place for investing resource revenues in economic transformation, social development and environmental sustainability.</li> <li>5. Technical capacities of artisanal, small- and medium-scale enterprises in the mining sector as well as that of public institutions to monitor, evaluate, regulate and promote the sector are developed.</li> <li>6. A global network of experts and practitioners is established to collect, generate and share knowledge and develop capacities.</li> </ol>	
<b>Executing and Implementing Agency:</b>	UNDP	
<b>Brief Description</b>		
<p>The number of oil, gas and mineral producing countries is growing rapidly. However, many observers fear the "resource curse" will limit the benefits obtained from commodity trade. The "curse" refers to a situation where resource-dependent countries grow slowly; suffer from environmental degradation; experience corruption; undergo violent conflict; and local communities, mainly indigenous peoples and women, do not fully participate in decision-making. Nevertheless, there is ample evidence, which demonstrates that the ill impacts of resource-dependence can be avoided. The question is: which legal frameworks, policies, institutions and capacities help in avoiding the risks and maximise the benefits of extraction? UNDP's recently launched Strategy for Supporting Sustainable and Equitable Management of the Extractive Sector for Human Development tackles this question. The Strategy drew from global evidence and UNDP's own experience to provide a framework for systematizing and scaling-up the organization's work in this area. This Global Initiative is a realisation of the Strategy's vision. The Initiative is designed to support countries to: 1) have the capacity to formulate laws, policies and institutions that govern extractive operations; 2) ensure the full participation of local and indigenous communities (with a larger proportion of women) in decision-making and management of extractive industry operations; 3) establish systems for the prudent management of revenues obtained from license fees, taxes and royalties; 4) strengthen their capacity to invest these resources in economic diversification, social development and environmental sustainability; and 5) develop the capacities of artisanal, small- and medium enterprises in the mining sector and of the institutions that promote them. These objectives of the Global Initiative can only be realised if existing knowledge, both from UNDP's own work and other partners, is synthesised and channelled to policy makers, civil society, private sector, UNDP personnel and UN country teams. In recognition of this, this Global Initiative will establish a knowledge network to facilitate sharing of cross-regional experiences. The Initiative will also put together a team of experts within UNDP that provide policy advice, technical assistance and capacity development. The rationale for UNDP's continued work on extractives comes from: 1) increased demand from countries for UNDP's support; 2) the ability of UNDP to provide neutral and impartial advice, while convening multi-stakeholder dialogue in this intensely contested sector; 3) UNDP's ability to provide integrated support, covering issues from environment and conflict to governance and economic policy; 4) UNDP's past and present track record and experience with supporting countries; 5) UNDP's presence in a large number of countries allowing for facilitation of mutual learning and technical assistance cooperation among resource-dependent economies; and 6) the recognition that in highly resource-dependent countries, development work, without addressing extractive-related issues, would be ineffective.</p>		
Programme Period:.....	<u>2013-2017</u>	Total resources required: <u>\$33,678,925</u>
Key Result Area (Strategic Plan):.....	<u>See RRF</u>	Total allocated resources: <u>\$17,128,000</u>
Atlas Award ID:.....	.....	Regular: <u>\$1,528,000</u>
Start date:.....	<u>01 September 2013</u>	Donor: <u>\$15,600,000</u>
End Date:.....	<u>31 December 2017</u>	Unfunded budget: <u>\$13,158,040</u>
PAC Meeting Date:.....	<u>June 2013</u>	In-kind Contributions: <u>\$3,992,885</u>
Management Arrangements:.....	<u>See Section V</u>	

Agreed by  
(UNDP):

  
Olav Kjørven, Director, BDP

  
Jordan Ryan, Director, BCPR

  
Sigrid Kaag, Director, BERA

## I. SITUATION ANALYSIS

The number of countries that rely on oil, gas and minerals for their economic and social development has increased significantly. Since 2004, many countries benefited from higher prices of commodities, mainly fuelled by increased demand, rapid economic and population growth, particularly from emerging economies (UNCTAD, 2012).<sup>1</sup> As demand for natural resources increases, competition over scarcer resources is also expected to rise, placing enormous strains on the environment, governance systems and capacity to manage large revenue flows.

Resource extraction is welcome news as long as the affected communities' (local and indigenous) human rights are respected, protected and fulfilled, and that the proceeds are used to invest in development. These investments need to be made in people, infrastructure and economic diversification, while protecting the environment, people's health, personal security and promoting gender equality.

However, most countries are unable to fully benefit from their natural resource wealth, experiencing instead unstable growth and even pernicious effects, for instance due to the Dutch disease impacts.<sup>2</sup> Other negative outcomes are related to macroeconomic instability<sup>3</sup>; high rates of unemployment, poverty and inequality<sup>4</sup>; environmental degradation; resource-related conflicts<sup>5</sup>; rent-seeking behaviour among both international companies and domestic governments and entrenched corruption<sup>6</sup>; negative health impacts, alongside the devastating impact on individual and collective livelihoods and ways of life. Indigenous peoples and women bear the brunt of these negative impacts disproportionately. The so-called "resource curse" thesis captures these ill effects of resource dependence.<sup>7</sup> Recent evidence also shows that resource-dependent economies, on average, indeed suffer from the aforementioned undesirable outcomes of extraction.<sup>8</sup>

But, the above negative impacts of extraction are not inevitable. There is abundant evidence, which shows that many countries have reaped the benefits of resource-dependence. This Global Initiative is intended to support the formulation and development of legal frameworks, policies, institutions and capacities that help in avoiding the risks and maximise the benefits of resource extraction for human development.

We provide a cursory examination of the "resource curse" thesis. In this document, a **resource-dependent country** is defined as a developing country where the share of oil, gas and mineral exports makes up 25 or more per cent of total exports during 2000-2009. More broadly, resource-dependent countries generate substantial amount of their foreign exchange and fiscal revenues from extractive industries. In contrast, a resource-**rich** country is one that may have substantial endowments of mineral resources, but may not necessarily be dependent on the resource extraction sector.

### I.A. Review of the evidence on the impacts of resource-dependence

#### I.A.1 Resource-dependent countries do not grow faster

Since extractive sectors attract high levels of investment and generate exports, thereby unlocking the saving and foreign exchange constraints,<sup>9</sup> resource-dependent countries would be expected to have higher growth rates. However, evidence shows that this is not necessarily the case.

<sup>1</sup> The temporary decline in commodity prices between 2008 and 2009 was soon replaced by high trend prices

<sup>2</sup> Sachs and Warner (1995 and 2001)

<sup>3</sup> Frankel (2009)

<sup>4</sup> Ross (2004 and 2007)

<sup>5</sup> Collier and Hoeffler (2002 and 2004)

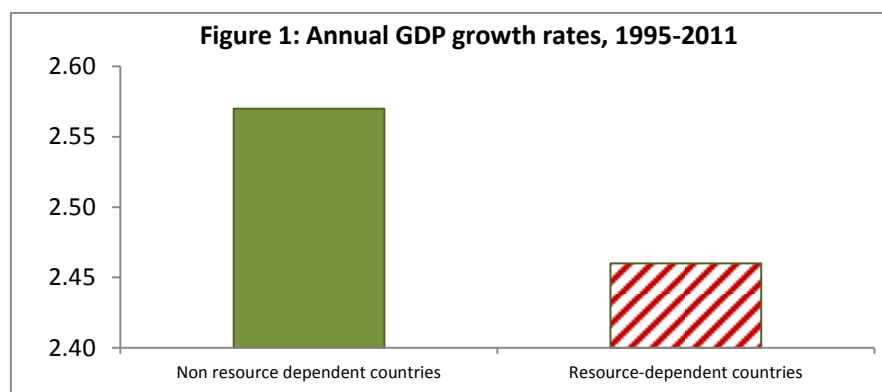
<sup>6</sup> Karl (2007); AfDB and AU (2009)

<sup>7</sup> Auty (1993)

<sup>8</sup> Gankhuyag and Hailu (2013)

<sup>9</sup> A common explanation for slow growth is the so-called "Dutch disease": currency appreciation, as a result of increased demand for a country's resources, leads to loss international competitiveness in the non-resource sectors, typically in labour-intensive agriculture and manufacturing exports. See Corden and Neary (1982).

As shown in Figure 1, the average annual economic growth rate between 1995 and 2011 in resource-dependent economies is even lower than in non-resource-dependent economies (67 countries with complete data availability are included). During the 1990s when prices of minerals were low, resource-dependent countries have performed even worse.<sup>10</sup>



Source: Hailu and Gankhuyag (2013)

### I.A.2 Extractive industries generate few jobs

As Table 1 below shows, of all sectors, mining has the lowest employment elasticity, meaning that the growth in that sector generates less employment compared with the other sectors of an economy. As expected, the employment response from growth in manufacturing and agriculture are the highest. The capital-intensive nature of extractive industries and weak linkages to the rest of the economy result in limited employment generation. Moreover, rapid growth of extractive industries tends to depress the growth of other tradable goods-producing sectors such as manufacturing and agriculture, which are usually more labour-intensive (as explained by the “Dutch disease” literature).

**Table 1: Employment elasticities of sectoral output growth (48 countries)**

Economic Sector	Elasticities
Mining	0.07
Utilities	0.20
Services	0.32
Construction	0.38
Transportation	0.41
Manufacturing	0.49
Agriculture	0.53

Source: Hailu and Gankhuyag (2013)

Table 2 also demonstrates that enormous investments in the extractive sector are not proportionally related to job creation. For instance, Papua New Guinea, with an investment of 237% of GDP in the natural gas sector, could only generate 9,300 jobs during construction and 1,000 more afterwards.

**Table 2: Extractive industries and jobs**

Country	Project	Investment, % of 2010 GDP	Direct employment, number
Papua New Guinea	LNG	237	9,300 during construction; 1,000 afterward
Mongolia	Copper, Gold	74.2	14,800 during construction; 3,000-4,000 afterwards
Botswana	Diamonds	20.2	1,000
Mozambique	Coal	13.6	150 currently; 2,000 afterwards

Source: World Bank (2013)

<sup>10</sup> World Bank (2002)

Growth of extractive industries tends to widen the gap between men and women in income earning. Men tend to be employed more in extractive industries, while jobs available for women are mostly in auxiliary services.<sup>11</sup> Further, negative impacts on gender equality are exhibited through the growth of extractive industries reducing the growth of other sectors, which may have a higher proportion of women employed, such as manufacturing or small-holder agriculture.

Artisanal mining plays a vital role in creating employment, boosting rural incomes and generating foreign exchange. However, artisanal miners have no employment security, protection. They often work under hazardous conditions. They drift from one mine to another in search of work and many of them wander from one country to another in search of better fortune. The use of child labour in artisanal mining exposes children to significant risks and is not conducive to their development. Mining for diamonds and gold is arduous work and with little, highly variable income. But, in post-conflict countries, it offers ex-combatants a sense of worth and a chance of making a fortune that they would not have in poorly paid manual labour in the towns.<sup>12</sup>

### **I.A.3 Resource-dependent countries are poorer, more unequal, with lower levels of human development**

Growth can be poverty-reducing if those sectors that grow faster also generate jobs, particularly for low-skilled women and men. However, evidence shows that poverty is higher in resource-dependent countries (27% compared with 19% in non-resource dependent countries on average in the 2000s). But note that poverty has declined faster in resource-dependent countries between the 1990s and the 2000s (by 9.4 percentage points compared with 5.1 percentage points in non-resource dependent countries) (Figure 2)<sup>13</sup>.

Resource-dependent countries can also generate significant fiscal resources from extractives and spend them on key social services and infrastructure. This, together with high growth rates, can lead to higher levels of human development. However, resource-dependent countries had lower Human Development Index (HDI) (0.61 compared with 0.69 for non-resource-dependent countries, 2011), while their level of HDI has increased at the same rate as that of non-resource-dependent countries (Figure 3).

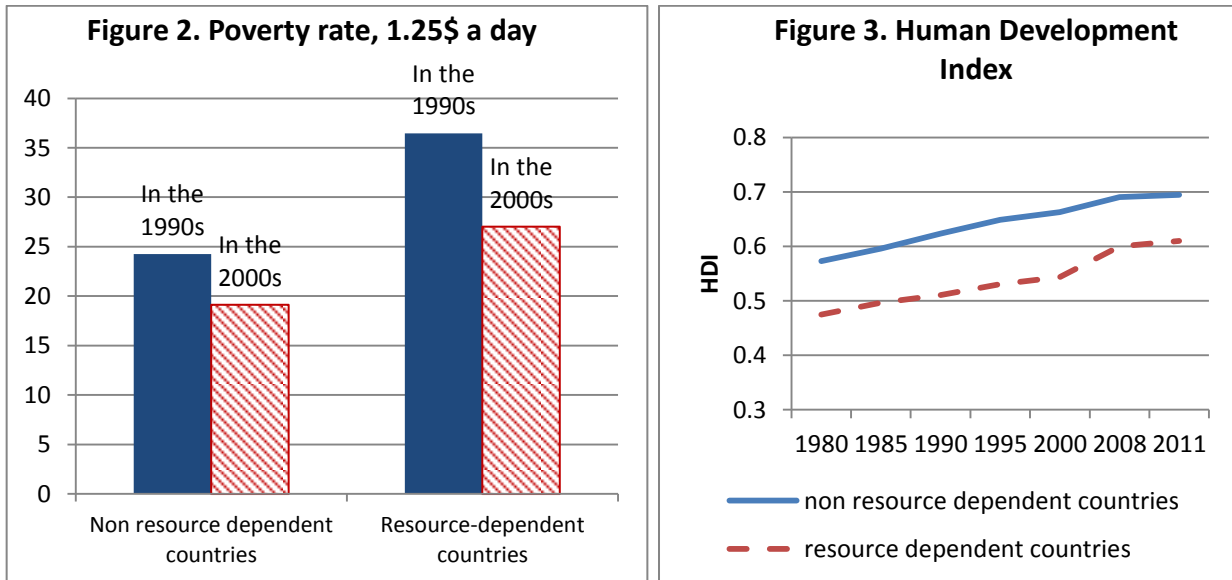
The capital-intensive nature of the sector means that growth of extractive industries will lead to greater level of wealth and income accruing to owners of capital, and less accruing to workers. Such wealth and income effects are likely to increase inequality in resource-dependent countries, although the actual relationships between extractives growth and inequality growth may be complex and depend on initial conditions. The evidence shows that inequality is indeed higher in resource-dependent countries. Over 1995-2011, the average Gini coefficient for non-resource-dependent countries was 0.40, for resource-dependent countries it was 0.43.

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<sup>11</sup> The reasons for the limited employment opportunities for women in the extractive industries are complex, but they may in part be governed by differences in skills sets/education levels that lock out potential employment

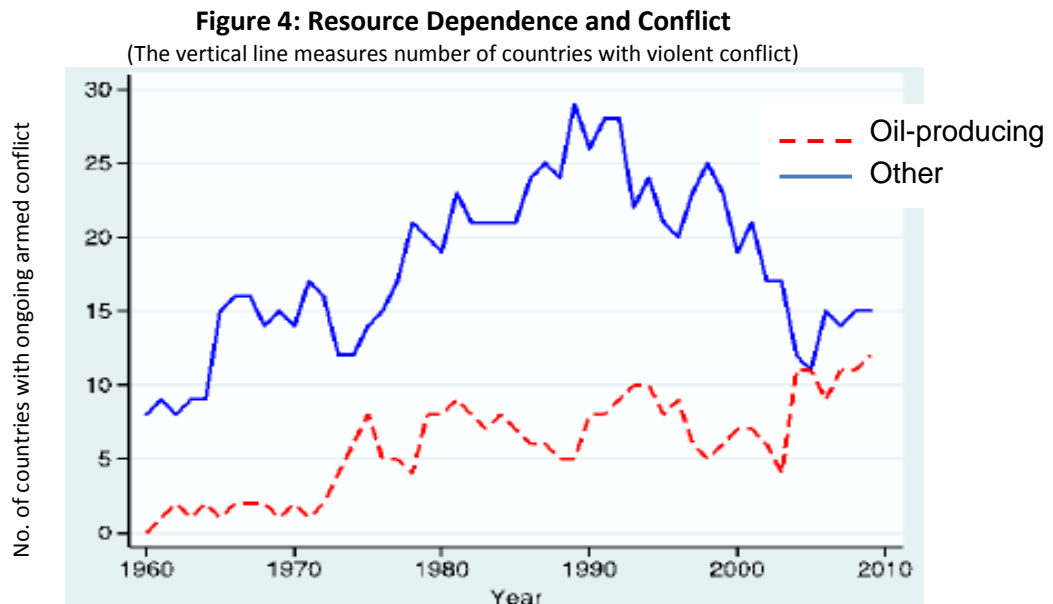
<sup>12</sup> DfD (2006)

<sup>13</sup> Hailu and Gankhuyag (2013). This data is based on 88 countries for which at least one poverty data point was available in the 1990s and 2000s, respectively.



#### I.A.4 The incidence of violent conflict is higher in resource-dependent countries:

The exploitation of oil, gas, and minerals is one of the key factors that trigger and sustain violent conflicts and human rights violations. As Figure 4 shows, the number of countries with on-going conflict in non-oil producing countries has been falling since 1990, while the trend in oil producing countries is a rising one. Contributing factors include inequality-related grievances; expectation mismanagement; and higher probability of corruption.<sup>14</sup> For countries emerging from conflict, extractive related activities increase the likelihood of relapse to conflict within five years by twofold.<sup>15</sup> As is the case in the Niger Delta, conflict results from unaddressed grievances (e.g. related to environmental damages).<sup>16</sup> In Peru, for instance, conflict has been triggered as revenues were distributed regressively among geographical regions. However, conflict also starts where there are *pre-existing minority grievances*.<sup>17</sup>



Source: Ross (2011)

<sup>14</sup> Collier and Hoeffler (2002 and 2004); Ross (2011)

<sup>15</sup> Collier and Hoeffler (2002 and 2004)

<sup>16</sup> UNDP (2006)

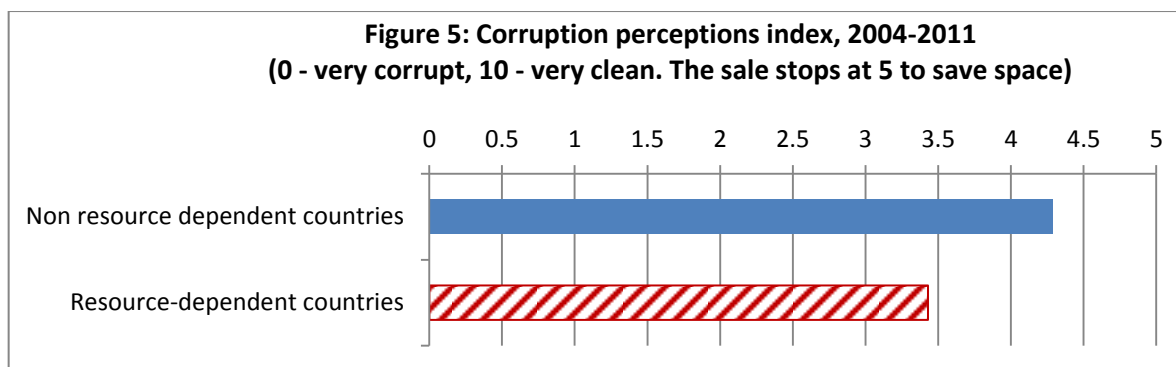
<sup>17</sup> The experience of Indonesia suggests that resource-related conflicts can be addressed. Indonesia's resource-rich regions had highest poverty levels. For instance, Papua had 38.7% poverty rate in the beginning of the millennium. Policy measures reduced conflict risk to low level, from degenerating into full-blown wars. These measures included fiscal decentralization laws for Riau and East Kalimantan; special autonomy laws for Aceh and Papua; and direct central governments investments in infrastructure.

### I.A.5 Governance is weaker in resource-dependent nations

The governance deficits in resource-dependent countries are captured by the Principal-Agent Problem.<sup>18</sup> The people of a resource-dependent country (the Principals) are represented by their government (the Agent). Outside of the country's jurisdiction, the shareholders of a multinational company (Principals) are also represented by the company (the Agents). Logically, each of the agents represents the interest of the respective principals. In an ideal situation, governments should negotiate contracts on behalf of citizens, but in reality, asymmetric agency problems arise. Public officials may have independent rent-seeking interests. Therefore, negotiations are carried out and decisions made in an opaque manner, without due consideration of interests of communities, particularly, women, indigenous people and other marginalized social groups. Since rewards can be obtained easily from rent seeking, the accountability of governments could be skewed towards international companies or to themselves, rather than to the people. As the share of domestic tax receipts in total revenues is likely to be lower in resource-dependent economies, the pressure from the domestic principal (people) on the agent (the government) to honour accountability may be low.

At the same time, the accountability of international companies is to their shareholders – to maximize their revenues. Moreover, company directors and executives may be influenced by self-interest and short-termism, as argued in the corporate governance literature.<sup>19</sup> As a result, rent-seeking and short-term profit maximization objectives of key agents in resource-dependent countries often prevail over long-term sustainable human development objectives.

As Figure 5 shows, the asymmetric agency in resource-dependent economies is prevalent as indicated by higher level of corruption perceived to exist in resource-dependent countries (corruption perception index 3.4 on average) compared with non-resource-dependent countries (corruption perception index 4.3 on average).



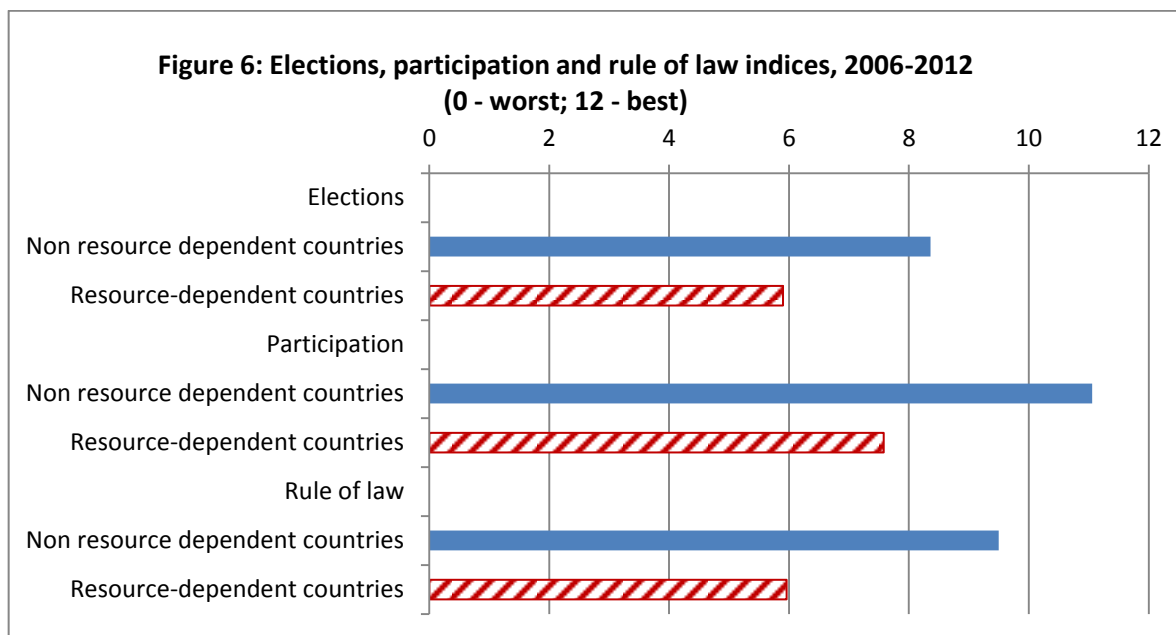
Source: Transparency International

Figure 6 also demonstrates that elections, participation and the rule of law outcomes are worse in resource-dependent economies.

<sup>18</sup> Soros (2007)

<sup>19</sup> Ibid





Source: Freedom House

### I.A.6 Resource extraction can lead to negative environmental and health impacts

The key environmental impacts of extractive industries include soil erosion and degradation, formation of sinkholes, loss of biodiversity, contamination of ground and surface water by chemicals from mining processes, as well as noise and traffic generated from blasting, drilling and trucking activities.<sup>20</sup> In oil drilling, a key environmental issue is related to oil spills and oil flaring, which have significant negative impacts on soil, water and air.

Workers in oil, gas and mineral mining industries, as well as people in surrounding communities, are exposed to significant health hazards and risks. A serious concern in informal, small-scale mining of alluvial gold deposits in developing countries is related to the use of toxins such as mercury and cyanide, known to have serious effects on human health. Artisanal and small-scale miners and their families are highly exposed to the effects of these toxins due to lack of knowledge, improper handling and poor equipment. The effects of these toxins are particularly deleterious on children and pregnant women.<sup>21</sup> In addition, these toxins are released into rivers and affect fish and other aquatic life; as well as people, livestock and wildlife consuming this water and fish.<sup>22</sup> High rate of water use (particularly in arid and semi-arid environments) and water pollution by extractive industries limit access to drinking water. Informal settlements and towns develop around ore deposits, which generate a range of social and environmental problems.

Extraction and minimal processing of minerals and hydrocarbons also generates moderate levels of air pollution. However, activities along the production chain (such as smelting and oil refining) and consumption of fossil fuels are responsible for a large proportion of emissions. For instance, oil refining and “other” industries accounted for 10% or more of emissions in four of the eight developed countries for which detailed data were available in 1994.<sup>23</sup>

Depending on the location of mineral and hydrocarbon resources, their extraction can lead to clearing of forests and vegetation on large areas. The evidence shows that resource-dependent countries on average deplete forests at a higher rate: on average, during 2000-2010, the forest cover in resource-dependent

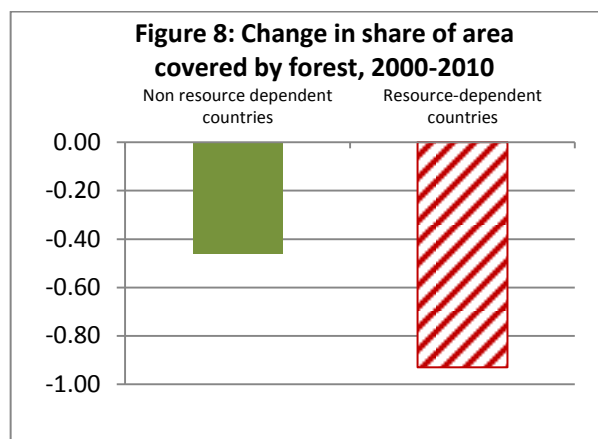
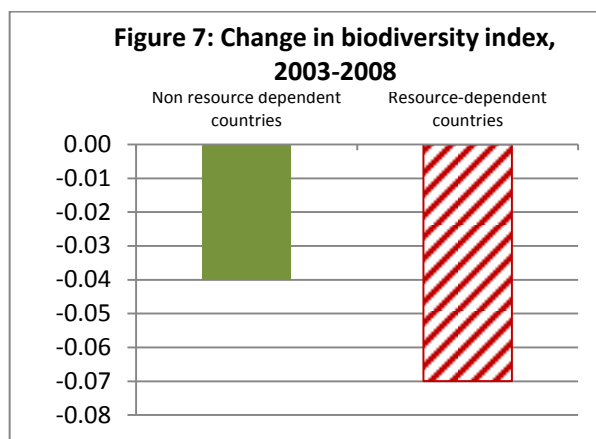
<sup>20</sup> Barbour (1994)

<sup>21</sup> Very recently, on 19 January 2013, UN Member States have adopted the [Minawata Convention on Mercury](#), which bans the use of mercury with some exceptions made for vaccines. However, implementation of this convention will require support particularly to many of the programme countries targeted by this Initiative.

<sup>22</sup> In the Brazilian Amazon, Tanzania, Bolivia and China the evidence of high concentrations of mercury in mining areas, aquatic life and human bodies is documented. See Hilson (2002)

<sup>23</sup> Murtishaw et al (2001).

countries has declined by 0.93 percentage points annually, compared with 0.46 percentage points in non-resource-dependent countries. Similarly, resource-dependent countries deplete their biodiversity faster. The biodiversity index constructed by the Global Environment Facility (GEF), for which data is available in 2003 and 2008, shows that during this period, resource-dependent countries' biodiversity index declined by 0.08 percentage points compared with 0.04 percentage points for non-resource-dependent countries (see Figures 7 and 8).



### I.A.7 The risks of extractive activities are not equally borne by men and women

There is growing evidence that shows extractive industry related activities are not gender neutral. The key gender impacts of extractive industries growth are: (i) economic impacts, such as increased poverty and economic dependence on men; (ii) environmental and land-related issues, which increase women's vulnerabilities and may have both economic, health and security related consequences; and (iii) negative social impacts, including so-called "boom town" effects.

**Economic aspects:** The extractive sector is male-dominated, with very low shares of female employees.<sup>24</sup> This fact may exacerbate already existing gender issues, and may lead to a further subordination of women in the household and an increased economic dependence of women on men (Eftimie et al. 2009, Oxfam 2009). Furthermore, extractive industry activities may lead to local inflation, or higher prices of food and basic goods, which effectively reduces the purchasing power of households. This is often felt more strongly by women, who are generally responsible for ensuring the well-being of children, the elderly and other members of the household.<sup>25</sup> Adverse environmental impacts on agricultural land and water may lead to reduced crops, lower productivity, lower incomes and increased food insecurity. They affect women disproportionately since the majority of subsistence farmers in many countries are women. Lastly, while women are often among the main users of land and natural resources, compensation for lost land access or involuntary relocations often goes to men, who in most cases have the formal property rights.<sup>26</sup>

**Environmental and land-related issues:** In poor and rural areas, women and girls are typically responsible for household tasks such as the collection of water and firewood. Therefore, forest degradation or water pollution affects women disproportionately, increasing their *time poverty* as well as jeopardizing the security and health of women and girls. Carrying heavy burdens over long distances and often in high temperatures have significant negative health impacts, including cumulative damage to the spine (WHO 2011). The necessity of travelling over longer distances may also expose women and girls to threats, including exposure to sexual assaults and robbery.

<sup>24</sup> According to the World Bank "worldwide it is extremely rare to find any EI [Extractive Industry] companies with higher than 10% female employment, with many being less than 5%" (Eftimie et al. (2009:9)

<sup>25</sup> Hentschel et al, (2001); Hinton, J. et al. (2003: 19)

<sup>26</sup> See Bacheva et al. (2006:48). Large-scale projects are often reported to damage existing infrastructure such as water facilities and access roads, due to wear and tear caused by the heavy machinery or general over-use by these large consumers.

Social impacts: Increase in migration, mostly by men, to work at mining sites causes an increase in divorces, sex trade, human trafficking, gender violence, use of alcohol and other substances, increased crime and violence, as well as the spread of HIV/AIDS and other STDs (Eftimie et al. 2009 and Bacheva et al. 2006). Areas close to extractive projects may suffer from so-called *boom town effects*, which include the social issues described above, but also additional challenges such as increased pressure on the provision of basic social services due to the large influx of migrants, higher number of traffic accidents, as well as increased potential for conflict between groups, including between the migrants and the local population. During conflicts, it is commonly recognized that women are particularly vulnerable to violence (UN 2002).

### **I.A.8 Extractive operations affect the wellbeing of indigenous peoples**

International instruments affirm the human rights and fundamental freedoms of indigenous peoples on the basis of equality and non-discrimination.<sup>27</sup> States have in the past granted concessions on indigenous lands to extractive companies without the free, prior and informed consent of affected populations or providing effective mechanisms for redress.<sup>28</sup> In general, extractive projects tend to be permitted more on lands belonging to marginalized communities – such as indigenous communities and minorities. Traditional, informal institutions for regulating the use of common land and resources are often weaker than private property institutions that may override and further weaken the traditional land tenure arrangements.

Furthermore, indigenous peoples have not always benefitted fully from the proceeds in these instances. The lands where extractive activities take place and to which they traditionally had access for their subsistence and tradition are lost. Efforts to promote economic development can be contrary to obligations of states to protect, fulfil and respect the human rights of all inhabitants. Environmental degradation and subsequent resource-related conflicts on indigenous territories can have a substantial negative impact on indigenous peoples' social and cultural life, including forced migration and the destruction of livelihoods. These negative effects are associated with high rates of suicide, depression, alcohol use and mortality in many indigenous communities around the world.

The negative impacts often result as nations fail to recognize indigenous peoples' rights to participate in decision-making. Governments are obliged to recognize indigenous peoples' rights to participate in decision making in matters that may affect their rights and to further guarantee their right to participate freely at all levels in the formulation, implementation and evaluation of programmes that affect them directly.<sup>29</sup> There is therefore a growing need to create inclusive consultative platforms that would provide indigenous peoples with an avenue to participate in decisions that affect their well-being and livelihoods. Free, prior and informed consent would avoid potential conflicts that could arise around land rights disputes and would contribute to the elimination of discrimination, exploitation and dispossession of indigenous peoples. Indigenous peoples, who are affected by extractive projects, should also be able to seek redress and compensations.

### **I.A.9 But the resource curse is not inevitable**

However, a number of countries, such as Chile, Botswana, Indonesia and Malaysia, have managed their extractive industries successfully in recent decades, diversifying their economies, managing governance deficits and conflicts, and investing in human development and infrastructure. Reducing the negative effects and increasing the positive effects of extractive industries on human development in its many dimensions is the key objective of UNDP and this Global Initiative.

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<sup>27</sup> Articles 2.2 and 3 in the International Covenant on Economic, Social and Cultural Rights (ICESCR, 1966); ILO Convention No. 169 on Indigenous and Tribal Peoples (1989); United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP, 2007); Article 27 in the International Covenant on Civil and Political Rights (ICCPR, 1966); Convention on the Elimination of all Forms of Racial Discrimination (CERD, 1965).

<sup>28</sup> Article 11 (2) of the UNDRIP (2007); Article 15 of the ILO 169 Convention (1989).

<sup>29</sup> See Article 6 of the ILO 169 Convention, which is legally binding upon state parties. Article 18 of the UNDRIP (2007).

## I.B. Implications for UNDP's work

### I.B.1 UNDP can support countries to manage their extractive sector

The Rio+20 Outcome Document recognizes that “poverty eradication, changing unsustainable and promoting sustainable patterns of consumption and production and protecting and managing the natural resource base of economic and social development are the overarching objectives of and essential requirements for sustainable development”. The Rio+20 outcome further calls on the UN and partners to “promote integrated and sustainable management of natural resources and ecosystems that support (...) human development.” In a worldwide survey conducted within the framework of the 2012 QCPR, when asked to indicate the five most important areas for UN assistance over the next four years nearly all countries chose “Environment and Sustainable Development” as their first priority.<sup>30</sup> UNDP is uniquely positioned to provide support to countries on the sustainable development of their natural resources and extractive sectors for a variety of reasons, detailed below:

**Strong links between poverty reduction, human development and extractive sector management in resource-rich countries:** Some 55 developing countries are classified as resource-dependent, where the share of oil, gas and mineral exports make up over 25% of total exports. In 20 of them, the share is over 50%. In addition, we have witnessed the discoveries of large deposits of oil, gas and minerals in a number of countries without extractive sector experience, so-called emerging producer countries (such as Ghana and Kenya). In countries where the resource sector is prominent in terms of state revenue, foreign investment, export earnings, and employment, one cannot speak of peace building and poverty reduction without engaging in a sector that affects political behaviour, economic trajectories, the environment and geopolitical patterns. As the United Nation's leading body for development issues, it is a mandate of UNDP to contribute to sustainable management of extractive sectors, avoid or reduce potential harms and to maximize potential benefits for human development. In fact, UNDP's development assistance could be futile without directly addressing the challenges and opportunities the extractive sector presents. When such challenges are ignored or insufficiently addressed, one risks the stagnation, or even reversal of previous human development achievements.

**Exponential increase in demands for support:** In recent years, UNDP has registered a significant increase in demand for its services related to extractive industries. We are witnessing a rising flow of requests for policy advice, technical assistance and capacity building from all corners of the world. For instance, in the past 18 months, requests were received from Zambia, Botswana, Liberia, Ghana, Azerbaijan, Kazakhstan, Colombia, Honduras, Ecuador, Guyana and Peru, amongst others. The evidence for the existence of this demand is further provided by: i) a recent survey of Country Offices by RBA, which revealed a rising demand for UNDP services;<sup>31</sup> ii) the 2012 e-discussion hosted by the Regional Service Centre in Bangkok, which showed that many countries in the Asia-Pacific region seek advice and assistance;<sup>32</sup> iii) scoping work undertaken by the UN Office for South-South Cooperation (UNOSSC), through two South-South High Level Meetings on Oil and Gas Management (Doha 2007, Nairobi 2009) as well as extensive consultations with various Southern stakeholders to determine exact needs and demands for support;<sup>33</sup> and iv) at the recent cluster meeting of the Resident Representatives and Resident Coordinators in the Arab region, it was noted that UNDP's assistance is highly sought among oil- and mineral-rich countries in the Arab region.<sup>34</sup> Countries are keen to learn good and bad practices from other countries before they design their own strategies. The increasing demand for services is a sign of the confidence member countries and partners have in UNDP to provide support and the awareness that the organisation has a key role to play. A Global Initiative, therefore, is warranted to meet this rising demand and place UNDP strategically in the management of extractive industries.

<sup>30</sup> Report of the Secretary-General on the Quadrennial Comprehensive Policy Review of Operational Activities for Development of the UN System

<sup>31</sup> See RBA's draft regional project in support of the African Mining Vision.

<sup>32</sup> See summary of e-discussion published by the RSC.

<sup>33</sup> See South-South Energy Initiative Programme Document (2013)

<sup>34</sup> See summary of the discussion by Magdy Martinez-Soliman, Deputy Assistant Administrator and Deputy Director, BDP

**Move towards systematic scaling-up of support:** UNDP has long experience in a number of aspects related to extractive sector governance. For instance, UNDP assisted Azerbaijan and Yemen in their diversification strategies beyond oil exports. In Iraq, UNDP is working with an international oil company and the local and national governments to strengthen capacity for small enterprises and vocational skills. In Mexico, UNDP has worked with the national oil company PEMEX and the Government to enable Small and Medium Enterprises (SMEs) become local suppliers of inputs. UNDP assisted Liberia, Sierra Leone and Tanzania through its regional programme that provided technical support in contract negotiation. UNDP supported communities in India to use Environmental and Social Impact Assessment tools. In Bolivia, DRC and Timor Leste, the National Human Development Reports have been effective in presenting analytical perspectives on linking natural resource wealth to human development. See Annex B for selected UNDP's extractive sector related past and present programmes and projects. In response to the growing number of resource-rich countries that are developing their extractive sectors and the linked increase in demand for UNDP's services in this field, the UNDP has recently approved an Extractive Industries Strategy, to systematise and scale-up its work in this area. This Global Initiative is part of the operationalization of the Strategy (see IIA for more on this) and will enable the organization to be ready to respond to the growing demands in a systematized and timely manner.

**Global, regional and national presence and broad range of services:** Through its global and regional work and its presence in a large number of UN member states across the world, UNDP has developed strong partnerships with governments, civil society organizations and other stakeholders at global, regional and national levels. Additionally, given its mandate and expertise in a series of areas relevant to sustainable natural resource management, UNDP is able to take a broad-based approach to extractive-sector management. Many organizations that operate in the sector offer specialised services. Some focus on macroeconomic issues and revenue management. Others focus on building legal frameworks, licensing and tendering, or on transparency issues as in the case of Extractive Industries Transparency Initiative (EITI). The complexities associated with natural resource extraction call for a holistic approach. UNDP's expertise and experience in democratic governance, poverty reduction, crises prevention and recovery, environmental sustainability, stakeholder engagement, gender and other areas enable the organization to provide services in several, inter-connected fields at the same time, which is critical for the sustainable development of a complex sector, such as the extractive industries. In addition, while the objective of many other organizations may focus on improving the business environment, thereby promoting extractive industries' development, UNDP's approach is people-centred. The primary objective of UNDP focuses on improving development gains and improving human development outcomes.

**Impartiality and integrity:** UNDP's core mandate is poverty reduction and the promotion of human development. The organization is recognized as an impartial knowledge broker. The Country Offices are able to make use of global and regional expertise and experiences to provide contextualized and impartial support and policy advice to programme countries. The field of extractives is intensely contested. The stakes are high, with billions of dollars involved. The boundaries between public and private sometimes become blurred, with countries supporting different actors in pursuit of their national self-interest. UNDP has no financial stake in how these resources are managed. The organization will be arbitrator of competing interests and convene multi-stakeholder dialogues that serve to advance national development goals. For instance, we are witnessing increased demand coming to headquarters through representatives from industry, civil society and donors who seek to partner with UNDP in specific as well as broad-based initiatives. The private sector sees UNDP's impartiality, integrity and convening role as important to facilitate multi-stakeholder dialogue and collaboration, to engage with communities, governments and other stakeholders.

**Coordination and facilitation of dialogue:** UNDP has the institutional infrastructure to facilitate global (North-South, South-South, Triangular) regional and national cooperation in extractive sector management. UNDP's presence in a large number of countries provides the architecture for facilitation of mutual learning, dialogue, capacity development and technical assistance cooperation among resource-dependent economies. Particularly, UNDP can be a natural entry point for emerging resource-exporting nations, who are seeking assistance from established extractors. UNDP's in-country presence and recognized impartial role also make the organization well-placed to facilitate dialogue platforms between

national stake-holders, including different government bodies, other UN agencies (following the One UN approach) and the broader development community, civil society organizations, academia, and local communities, including marginalized groups. In many contexts, bringing these different stakeholders to the same table can help build trust, prevent conflicts, and achieve solutions that are of mutual benefit to all.

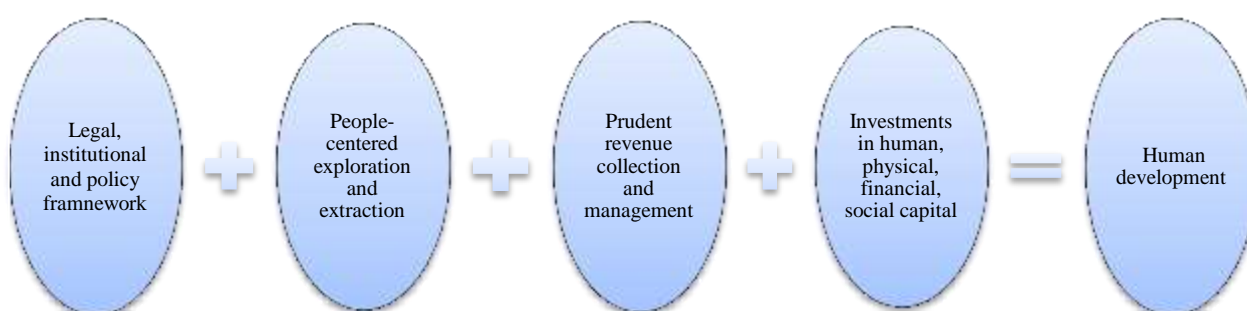
## II. STRATEGY

### II.A UNDP's Extractives Strategy and the Global Initiative: Synergies

UNDP's Strategy on extractive industries seeks to support resource-dependent countries in developing their capacities, institutions and governance systems to increase the long-term development gains from this sector. Given that extractive resources are the wealth of nations; capacities, institutions and governance systems need to strongly reflect the priorities and visions of the larger societies in these countries, through representative groups that include local and indigenous communities, women's organizations, and broader civil society. The Strategy seeks to improve the benefits from fiscal revenues, jobs and incomes created by extractive industries, while minimizing the negative effects, most notably on the environment, accountability, social and gender equality, and conflict. In the long term, the strategy seeks to enable the conversion of non-renewable mineral resources into human, physical and financial capital, which enables developing countries to diversify away from dependence on resource extraction, generate sustained and inclusive growth, and enhance human development.

UNDP's Strategy on extractives introduced a four-component framework to systematize the organization's support to programme countries (see Chart 1 below). These four distinct yet overlapping components are what can be called stages through which resource-dependent countries undergo at one point in time or another, although not always in a linear fashion. These components guide UNDP to target its services when countries engage in the process of turning natural resource extraction into concrete development outcomes. This organizing framework therefore also serves as a diagnostic tool to identify at which stage programme countries are and what type of support they need.

**Chart 1: A Four Stages Framework for Extractive Industries Management**



The originality of this Global Initiative and UNDP's Strategy is the recognition of the linkages and synergies among the different phases of the extractive process. For instance, where the legal framework is weak in defining land and property rights and enforcing environmental standards; conflict is likely to emerge during exploration and extraction stages, with severe implications on women and men who own or use the land. Similarly, if indigenous and local communities do not give consent for exploration and extraction, the risk of conflict increases. And, if contracts are negotiated opaquely, without transparency, misappropriation of funds will limit the amount of fiscal revenues available for financing development.

## II.B Programme areas, outputs and activities

The programme areas for this Global Initiative are also derived from the above framework. The four programme areas with outputs and activities are outlined below:

**II.B.1 Programme Area 1: Support to the development of capacity for legal and policy formulation and national coordination for the governance of extractive industries.** When a natural resource is discovered, governments wish to ensure that appropriate institutions and legal frameworks are in place. This may include bills, charters or other legal provisions that assert property rights of women and men, including in indigenous and local communities. These provisions could include modalities for allocation of exploration and extraction rights, bills and acts of parliament that establish key institutions (e.g. National Petroleum Companies, Sovereign Wealth Funds) and delineates mandates (e.g. between Ministries of Finance and of Energy, and Parliament) and the legal framework for social and environmental safeguards. It may also entail providing advice to countries when they are considering a decision to engage or not in extractive activity operations. This would include providing support to reaching an informed decision by addressing trade-offs and potential short- and long-term social and environmental impacts. Furthermore, it may include the development of enhanced tools for inter-sectoral coordination in support of more effective sector management and alignment of such sector development with general development strategies of the country. Under this programme area, UNDP will support the realisation of the following output:

- **Output 1:** Countries have legal, policy and institutional frameworks to effectively govern extractive sectors.

Depending on the needs identified by country offices and through rigorous capacity and needs assessments, UNDP's support may consist of one or several of the below:

### 1. Supporting the design and implementation of environmental standards, laws and regulations and the integration of environmental protection measures into policies and systems.

Without the implementation of adequate environmental regulation, extractive activities-driven economic growth can result in environmental pollution and degradation. This is particularly the case when governments lack the required human and financial resources and technical expertise.<sup>35</sup> This Global Initiative will support countries manage their resources in ways that protect the environment and rights of women and men, and in particular indigenous and local communities. For this purpose, the programme will support countries to develop or strengthen environmental standards, laws and regulations, as well as systems to monitor and enforce these legal and regulatory instruments.

### 2. Strengthening institutional capacity for assessment of investment proposals and Environmental and Social Impact Assessments (ESIAs) to ensure sustainable practices and to mitigate negative effects

Careful assessments of investment proposals and feasibility studies are crucial to objectively identify costs and benefits likely to be generated by extractive projects in order to make informed decisions and negotiate contracts. Extractive projects should also be subject to comprehensive social and environmental impact assessments. UNDP will support development of institutional capacity to conduct ESIs and, if requested, may directly support ESIs. In addition to project-by-project Environmental and Social Impact Assessments, UNDP will support Strategic Environmental Assessments to assess the impact of overall, national strategies on extractive industries. A strategy (hierarchy) of mitigating risks and threats to the environment will be utilized, involving a succession of steps from avoiding, reducing, rehabilitating and offsetting negative impacts on ecosystems and the goods and services they provide.

### 3. Supporting the institutionalization of systematic conflict risk analyses prior, during and after exploration and extraction activities:

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<sup>35</sup> UNCTAD (1999)

UNDP will support relevant stakeholders to undertake recurrent, systematic conflict risk analyses on the impacts of extractive operations. The analyses will highlight key contextual issues; drivers of conflict; capacities for peace; existing traditional and nontraditional dispute resolution mechanisms; possible marginalization of women; and specific ethnic groups with respect to decision making around extractives; as well as conflict prevention mechanisms, such as the free, prior and informed consent principles. In the pre-extraction phase, such analyses will assist government and companies to minimize the potential impacts of extraction activities on communities and their livelihoods, and help identify practical policy options for avoiding aggravation or mitigating conflict. In post-conflict countries, such analyses will contribute to the understanding of how extractive resources can be used to help deliver peace dividends and avoid conflict relapse.

#### **4. Supporting national systems of human rights, including key institutions**

The ILO Convention 169 (1989) and the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) (2007) acknowledge the right of indigenous peoples to determine and develop priorities and strategies for exercising their right to development as it affects their lives, beliefs, institutions and spiritual well-being and the lands they occupy or otherwise use.<sup>36</sup> National Human Rights Institutions (NHRIs) are the cornerstones of promotion and protection of human rights. Over the past six years, UNDP has worked with over 80 NHRIs to improve their capacity to support human rights and have also formed strategic partnerships with NHRIs at the global and regional level in coordination with the UN Office of the High Commissioner for Human Rights (OHCHR). UNDP's support will facilitate and convene dialogue on extraction with affected populations.<sup>37</sup> NHRIs can play a vital role in monitoring the grievance procedures and/or redress mechanisms that are established. They can manage or oversee mediation and arbitration efforts alongside the relevant bodies. NHRIs will also be supported to strengthen their capacity related to CSR and interaction with the business community. NHRIs will also work closely with local and indigenous women to monitor procedures and mechanisms. This programme will support NHRIs' collaborative capacities in collecting information, ensuring security, supporting victims, and addressing complex causes of human rights violations across diverse institutions, sectors and geographies.

#### **5. Supporting preparation for negotiation of large contracts with companies in the extractive industries.**

When a natural resource is discovered, governments often need to ensure that the appropriate contractual arrangements are in place and communities are consulted. The 2013 Africa Progress Report (p. 7) noted that:<sup>38</sup>

“African governments should adopt legislation that requires companies bidding for concessions and licenses to fully disclose their beneficial ownership. They should institute transparent systems of auctions and competitive bidding for concessions and licenses, as well as tax regimes that reflect both the real value of their countries' natural resource assets and the need to attract high quality investment.

Hence, UNDP aims to support countries to rebalance what is often an asymmetrical relationship between national governments and multi-national companies through effective contract negotiations. Building on its past experience, UNDP will support countries to have access to legal expertise and advice.

#### **6. Provide assistance to align core business operations and Corporate Social Responsibility (CSR) with national and local development policies in close dialogue and collaboration with national stakeholders**

Private companies in the extractive industry bring significant investments to natural resource-dependent countries, both as part of their core business operations as well as their corporate social responsibility activities. There is a growing interest from many companies to strategically align their investments with national and local development priorities to ensure sustainability. In order to enable this, UNDP will

<sup>36</sup> Article 23 of the UNDRIP (2007); Article 7 of the ILO 169 Convention (1989).

<sup>37</sup> UNDP Resource Guide and Toolkit on Marginalized Minorities in Development Programming (May 2010), p.2

<sup>38</sup> APP (2013)



support national and subnational level dialogue mechanisms, coordination and collaboration between public, private, CSOs, women's organizations and other stakeholders. These mechanisms will serve to: i) develop a broader common understanding and vision for how to enhance sustainable development of the sector; ii) identify main priorities where public, private and other actors can take greater coordinated action; iii) encourage and enable companies to adhere to international best practices for extractive operations, including related to governance and transparency, environmental and labour standards, gender equality, and the UN Guiding Principles on Business and Human Rights<sup>39</sup>; and iv) enable dialogue between private and public actors to develop policies and partnerships that strengthen linkages and capacities for local economic development and employment opportunities for vulnerable women and men.

**II.B. 2 Programme Area 2: Support to participation of communities in decision making to reduce the risks of marginalisation, environmental degradation and conflict.** Under this programme area, UNDP supports communities to have the capacity to participate and interact with local government and private sector actors in an inclusive and participatory manner. National Human Rights Institutions (NHRIs) will be supported to play a key role in facilitating and convening dialogue and decision-making around extraction initiatives with affected populations. NHRIs can also oversee and support mediation, arbitration, and grievance/redress mechanisms alongside the relevant bodies. Under this programme area, UNDP will support the realisation of the following output:

- **Output 2:** Formal and informal participatory decision-making fora and grievance mechanisms established to institutionalize representation of communities (especially women and indigenous peoples) in the management extractive industries.

Depending on the needs identified, UNDP's support may consist of one or several of the below:

### **1. Supporting meaningful consultations with local and indigenous communities and women's groups<sup>40</sup>**

While environmental and social impact assessments may involve interactions with local and affected people, these are often scientific studies in which the subjects are passive respondents. Consultation requirements exist outside the framework of impact assessments. Although consultation provides voice for affected people within the process, it does not confer any authority to veto or shape the terms of the investment and therefore falls far short of consent. Its effectiveness can also be undermined by poor information flows to communities and by local elites capturing the consultation process. This Global Initiative will focus on raising awareness on the principles of free, prior and informed consent among government and private sector officials, staff both at the local and national level as well as civil society representatives, indigenous authorities, and women organisations. It will also strengthen the capacities of local communities, marginalized groups and civil society organizations to effectively participate in and monitor consultations and other stages of the decision-making processes.

### **2. Supporting the establishment or enhancement of monitoring and grievance mechanisms to address issues of concern (environment, security, land rights etc.) among local and indigenous peoples, companies and governments.**

In many fragile contexts, local women's and men's ability to benefit from extractive industries in an equitable manner is still closely tied to issues of land ownership and tenure, as well as to structural exclusion from negotiations and discussions around the granting of concessions for extraction areas. While inclusiveness on the part of the private sector and the government is key to ensure that high-value resources support recovery and provide sustainable livelihood opportunities, this still is not usually the

<sup>39</sup> [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

<sup>40</sup> Article 4 of the ILO Convention 169 (1989) states that when special measures are necessary to safeguard persons, institutions, property, jobs, culture or the environment, such special measures shall not be contrary to the freely expressed wishes of the communities. Conducting formal consultations with local communities is important to gauge aspirations and priorities and ensure local support for the project ("social license"). See Shi (2008)

case in most post-conflict contexts.<sup>41</sup> Grievance mechanisms help in these situations. These mechanisms are locally based, formalized ways to receive, assess and resolve community complaints concerning the performance or behaviour of companies, their contractors or employees, as well as overall changes being experienced in surrounding communities, in a participatory manner. This activity could include technical support to develop and promote participatory monitoring schemes that facilitate communities' access to information related to environmental and social impacts of extractive activities. UNDP will support countries to establish or enhance existing monitoring schemes and grievance mechanisms for local people, and in particular traditionally marginalized groups, to voice and resolve their concerns related to extractive operations. Such mechanisms also offer companies and project sponsors predictable and structured platforms and procedures to deal with community complaints and grievances.

### **3. Encouraging business practices that are conflict sensitive, environmentally sustainable, respect human rights, and address needs of women, indigenous peoples and other marginalized groups.**

UNDP will encourage and support companies to adhere to international best practices for extractive operations, including related to governance and transparency, environmental sustainability and labour standards, and the UN Guiding Principles on Business and Human Rights (2011).<sup>42</sup> UNDP will support responsible corporate behaviour by providing information, sensitisation and training to extractive companies on understanding and avoiding conflict across all areas of project lifecycles and business operations. A key part of this work is to enhance the interaction between the private sector and the affected groups, and to ensure that effective channels of communication between companies, civil society and local communities, with women's representatives, are in place.<sup>43</sup> The early UNDP experiences of facilitating and supporting countries with establishing national level public private platforms for major agriculture commodities could inform the establishment of these platforms. At the global level, this Initiative will support outreach and engagement with industry associations and individual multinational companies from both the North and the South. At the country level UNDP will support national level platforms for dialogue between public, private, CSOs and other stakeholders.<sup>44</sup>

### **II.B.3 Programme Area 3: Promoting transparency and accountability in revenue management and investments for growth, poverty reduction, human development and environmental sustainability.**

Exploitation of natural resources often results in unprecedented inflows of revenues to state coffers, both in foreign exchange and tax receipts. These financial flows bring unique opportunities, but also challenges. Prudent revenue collection and management requires capacity to collect taxes and royalties and to take remedial actions against capital flight, trade mispricing and misappropriation of funds.<sup>45</sup> International aspects of corruption risk mitigation include working towards the dismantlement of tax heavens, the curbing of illicit capital flows and the promotion of sector-wide transparency and accountability practices. Revenue management also requires the capacity to deal with the volatility of

<sup>41</sup> Perks (2011)

<sup>42</sup> These Guiding Principles are an authoritative global reference point for business and human rights. Under the 'State Duty to Protect,' the Guiding Principles recommend governments to provide greater clarity of expectations and consistency of rule for business in relation to human rights. The 'Corporate Responsibility to Respect' principles provide a blueprint for companies on how to know and show that they are respecting human rights. The 'Access to Remedy' principles focus on ensuring that where people are harmed by business activities, there is both adequate accountability and effective redress, judicial and non-judicial. This clear guidance on rights-based due diligence, if applied to the management of extractive industries, will be an effective tool to achieve real improvements in the daily lives of people and in the realization of their rights.

<http://www.ohchr.org/en/NewsEvents/Pages/DisplayNews.aspx?NewsID=11164>

<sup>43</sup> UNDP, together with select partners (e.g. the International Council on Mining and Metals [ICMM], the International Petroleum Industry Environmental and Conservation Association – which now also covers social issues, the Global Compact, Business and Human Rights Forum) will also seek to convene extractive industry actors in a broader dialogue on the role of the industry and its development impact. One topic to be explored is, based on existing standards and guidelines for the industry, if a set of global targets can be established to measure industry's contribution to development and linked to the overall post-2015 global goals and targets). The establishment of a global platform for industry, governments, NGOs and development agencies to come together regularly to measure progress would be essential.

<sup>44</sup> For example, this would include raising awareness, exchanging and generating knowledge and exploring different types of partnership opportunities related to: conflict and environmentally sensitive business practices, corruption risk mitigation, adherence to human rights standards and contribution of industry to skills building, local economic development and diversification.

<sup>45</sup> Simpasa, Hailu, Levine and Roberto (2013).

revenues ('boom and bust cycles'). Investing revenues from resources in human development requires converting natural capital into other forms of capital such as human, physical, social and financial capital. Such investments ensure a non-depleting stock of national wealth and lay a foundation for long-term structural change away from extractive sector dependence. In addition to long-term concerns, this stage also involves decisions about more short-term concerns related to spending resource revenues on alleviating absolute poverty, addressing social and gender inequalities, environmental sustainability, compensating communities affected by exploration and extraction (e.g. addressing loss of access to natural resources such as land, particularly by women, or other negative externalities resulting from extractive sector activities). Under this programme area, UNDP will support national plans and public expenditure allocations that focus on public and private investments. The outputs under this programme area are:

- **Output 3:** Public institutions, the private sector and civil society have systems to ensure transparent and accountable management of revenues from extractive industries.
- **Output 4:** Public institutions and the private sector have strategies in place for investing resource revenues in economic transformation, social development and environmental sustainability.

Depending on the needs identified, UNDP's support will consist of one or several of the below:

**1. Introducing initiatives to enhance public access to knowledge and information on financial transactions related to extractive industries.**

Ensuring public access to clear, relevant, objective and understandable information related to the extractive industries, including data on contracting, impact on bio-diversity and revenue flows. This activity is aimed at reducing the risk of corruption and empowering citizens to understand and claim the benefits they are entitled to. For instance, legislative measures to enable this include asset declaration/disclosure, codes of conduct by those holding senior public offices, and a culture of openness, transparency and accountability. This Global Initiative will support initiatives and systems that will make information related to the extractive sectors publicly available, accessible and applicable to inform and monitor key decisions by all the stakeholders.

**2. Empowering and partnering with oversight institutions and civil society organizations to monitor the management of extractive industries.**

UNDP will strengthen monitoring and oversight capacities in a range of institutions including parliaments and public accounts committees, auditor's general offices, anti-corruption commissions, civil society organizations, media, academia etc. This involves improving systems and mechanisms for sharing information and collaboration among the oversight bodies and with law enforcement bodies. Increased and systematic use of social accountability tools such as budget tracking surveys and social audits can be instrumental in monitoring contract and revenue transparency as well as compliance of state institutions and companies to established rules and regulations in the extractive sector. This Global Initiative will provide training and guidance on social accountability tools and methodologies and offer grant/seed funds to initiate transparency initiatives by civil society actors based on agreed action plans.

**3. Supporting the development of corruption risk, identification and mitigation systems, related to both government and private companies.**

UNDP will strengthen the capacity of partner countries to be able to design and implement corruption risk identification, analysis and management tailored to the local extractive industries. This Global Initiative will provide practical guidance and training in conducting corruption risk assessment at the different stages of extraction and developing action plans to mitigate the (prioritized) risks. Given the complexity and multiplicity of players in the sector, effective and institutionalized corruption risk management system and specific anti-corruption measures will be key for transparent and accountable use of resources.

**4. Promoting skills development and local employment opportunities in the extractive sector, including in post-conflict countries.**

For many countries, one of the major challenges ahead is in generating sufficient, decent jobs, particularly for youth. These challenges are especially acute in resource rich countries emerging from conflict, which

are faced with major challenges in delivering the necessary peace dividend to avoid a relapse to conflict. These challenges include high unemployment among youth and ex-combatants. Unless a sufficient number of jobs are generated, there will be reduced confidence in the legitimacy of the peace process, which in turn increases the likelihood of conflict relapse, as the unemployed may take up arms. Artisanal mining will clearly remain a major sector for employment and livelihoods in many developing countries, and particularly post-conflict settings. If developed in a sustainable way, the sector can be a substantial contributor to peace building as well. UNDP will support:

- a) Developing sound local content regulations based on good practices and working with companies and other partners to support compliance with such regulations, including an improved gender balance at the work place. Several mining companies have explicit gender-balance targets in place.
- b) Fostering partnerships with companies to initiate apprenticeship programmes to create skills and employment opportunities for vulnerable groups.
- c) Including youth, women and girls in extractive sector related subsidiary activities. Small-scale enterprises run by the youth, women and girls can be linked to the sector. This may include enterprises supplying goods and services ranging from equipment, catering, laundry, clothing production and repair, food production, to clerical support. These activities can be supported by incentives described below.
- d) Development of enterprises owned and operated by youth, women and girls (not related to extractive projects). The support will be training in entrepreneurial skills; making market information available; working with financial intuitions to enhance access to finance, insurance etc.
- e) Establishment of effective public-private partnerships that aim to combine capacities and resources in order to support a)-d) above.

#### **5. Supporting the development of strategies for investment of revenues from extractives.**

Fiscal resources generated from extractive industries need to be invested strategically, balancing short-term- and long-term needs, as well as reducing the volatility of financial inflows. Investments need to be made to address poverty and inequality, compensation of communities affected by exploration and extraction, reinvestment in natural capital, and offsetting environmental impacts of extractive activities. Investment decisions need to also consider sub-regional inequalities and intra-governmental transfers. This programme will provide policy advice and technical assistance to governments on investing resources in social protection, social services, infrastructure, environmental offsets and/or financial assets.

#### **6. Supporting the development of diversification strategies.**

Since extractive resources are finite, it is also crucial to support the capacity to achieve economic transformation and diversification away from depleting and volatile sectors. Strategies for tackling the “Dutch disease” and promoting diversification in sectors that create jobs, particularly for women, are essential. These strategies, aligned with education and skills development strategies, need to be integrated into countries’ general development plans and strategies. UNDP aims to provide policy advice and technical assistance to foster economic structural change as well as forward, backward and horizontal linkages (including local content) with extractive activities, focusing on technology transfer to small- and medium-scale suppliers. However, the aforementioned linkages will be assessed against the dangers of building industries, mainly small- and medium-enterprises, around a sector with limited life cycle (due to depletion of minerals). Therefore, the thrust of UNDP’s support will focus on supporting investments in developing key non-resource related sectors and industries.

### **II.B.4 Programme Area 4: Strengthening capacities of small-scale private sector and public institutions that support their development, particularly in the mineral sector**

Artisanal, small- and middle-size enterprises (SMEs) are engaged to a greater extent in the extraction of minerals. This sector, therefore, has a strong potential for generation of jobs and incomes. However, SMEs and informal enterprises operating in extractive industries tend to be neglected, operating sometimes in an environment of complete absence of or inadequate regulation. They also may not have sufficient skills and practices to uphold and comply with environmental and safety standards. By improving regulations as well as taking proactive steps to provide incentives and support services to artisanal, small and middle-sized enterprises, countries can increase employment opportunities for men and women in local communities, increase fiscal revenues (particularly for local governments), while reducing environmental effects of mining. Funded by the European Commission under the project “Capacity building of mineral institutions and of small-scale private sector in African, Caribbean and Pacific (ACP) countries”,<sup>46</sup> UNDP in partnership with United Nations Industrial Development Organisation (UNIDO) will support capacity development to improve the technical skills of SMEs and the regulatory public institutions in the mining sector. The capacity development areas include financial management, marketing, and environmentally-friendly and safer technologies and processes. In terms of support to public institutions, the focus is on developing capacities to monitor and enforce regulations and to promote the sector through incentive mechanisms.

- **Output 5:** Technical capacities of artisanal, small- and medium-scale enterprises in the mining sector as well as that of public institutions to monitor, evaluate, regulate and promote the sector are developed.

In collaboration with UNIDO, UNDP will implement the following activities:<sup>47</sup>

### **1. Strengthening capacities of public institutions responsible for regulating and supporting artisanal, small- and medium-scale enterprises in the mining sector.**

The activities include conducting mapping of enterprises, identifying training participants, develop training materials and delivering training courses in: i) private sector promotion; ii) contract law and negotiations; iii) conflict prevention and community dialogue; iv) environmental and social impact assessments. Participants will be selected from institutions in charge of regulating and promoting the sector in ACP countries. This will enable greater understanding of the sector with a view to developing and improving regulations, as well as promoting the sector. As part of private sector promotion, training will incorporate promotion of associations of artisanal and small-scale miners. To enhance sustainability of the training programmes, two strategies will be used: 1) training of trainers for participants from regional or national training institutions; and 2) producing learning materials in various formats (e.g. online and self-study packages).

### **2. Strengthening capacities of artisanal, small- and medium-scale mining enterprises in technical, financial and community engagement aspects**

The activities will include conducting analysis of training needs, designing training materials and tools, and delivering training in: i) manufacturing practices; ii) social and environmental responsibility iii) resource efficiency and cleaner production methodologies; and iv) performance and practice benchmarking. Participants in these courses will be selected from artisanal, small- and medium-scale miners based on selection criteria that will be developed. Whenever possible, participants will be selected from/through associations of artisanal and small-scale miners; where they do not exist, formation of such associations will be encouraged. The tools, manuals and training material will be widely disseminated for outreach beyond the participants of the training programme.

### **3. Strengthening technical capacities of artisanal, small- and medium-scale mining enterprises and related institutions in exploration and mineral valuation, operations and investment promotion.**

<sup>46</sup> Currently, UNDP is in the process of signing the contract with the European Commission. The EC allocated US\$15,600,000 for the project. The EC selected UNIDO to be the co-implementer, but the project is contracted to UNDP by the EC. UNDP will be responsible for the execution of the project.

<sup>47</sup> UNDP and UNIDO are in discussion on division of activities based on each organization’s capacity and experience.

The activities will focus on developing capacities in: i) exploration and mineral evaluation; ii) identification and assessment of mineral resources; iii) market studies; iv) creation of value-added; v) operating methods and equipment operation; and vi) investment promotion. The activities will mainly use on-the-job training approach. Participants will be selected from artisanal, small- and medium-scale mining enterprises, public institutions, private consultants, CSOs and academia. Maps, training materials, reports, guidelines and other information will be consolidated and disseminated through websites.

#### **4. Strengthening technical capacities of artisanal, small- and medium-scale mining enterprises and public institutions to improve safety and reduce adverse environmental impacts, as well as monitoring and enforcement of related regulations**

The aim is to develop capacities in: i) safe selection, prospecting and exploration of minerals; ii) safe mine management and operations; iii) health and safety measures; and iv) mine reclamation, rehabilitation and biological regeneration. This activity will build on the above three and will be conducted via on-site training and demonstration. Suitable mines with high environmental and safety standards will be selected from each sub-region. Media coverage will also be organized to provide incentives to the mine operators to show case their safety measures. Participants will be selected from artisanal, small- and medium-scale mining enterprises and public institutions. The former will improve their capacity for higher safety and environmental standards in their operations, while the latter will improve their capacity to monitor and enforce these standards.

#### **II.B.5 Programme Area 5: Global knowledge facilitation, capacity development, partnerships and advocacy.**

To achieve the objectives of the Global Initiative, UNDP will also support countries to acquire international expertise and knowledge through the following output:

- **Output 6:** A global network of experts and practitioners established to collect, generate and share knowledge and develop capacities

Output 6 includes the establishment of an **International Expert Group** on extractive industries (see Annex E.). The Group, comprising leading experts, policy makers and civil society representatives, will assist UNDP to identify research areas; co-produce and disseminate knowledge; conduct regional and local consultations to facilitate broad-based debate about the use of non-renewable resources; advise on human rights, labour and environmental standards and civic space; and provide guidance where global action is necessary. The Group's guidance will be necessary as the governance of the extractive sector can be facilitated by global cooperation and coordination in a range of areas. Some of these include: a) cross border effects including managing negative externalities associated with down-stream effects or territorial disputes related to resource discoveries in multiple countries; b) stemming the flows of illicit finance that is often associated with extractive industries and recovering stolen assets; c) investing in geological surveying and exploration; and d) exploring the setting of international standards in areas such as corporate governance, resource contract design and transparency and accountability.<sup>48</sup>

The Global Initiative will have a strong **capacity building and content and knowledge management** component, which will include the following functions: 1) helpdesk function; 2) on-line library; 3) roster and network of experts; and 4) capacity development and collection, generation and sharing of knowledge and best-practices. The helpdesk will provide professional and tailor-made responses to queries related to extractive industries from UNDP country offices and partners. The helpdesk will draw from UNDP's internal and external pool of experts to provide targeted advice and technical assistance to respond to demand in a timely fashion. The library will serve as a one-stop shop where key information, documents (guidance, terms of reference, sample contracts summaries of responses), research and other publications, as well as

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<sup>48</sup> UNDP could take a leading role in such Expert Group drawing from recent experiences with the Global Commission on HIV and the Law and the Commission on Legal Empowerment of the Poor. This initiative would complement the proposed UNDP initiatives, particularly the global initiative. It would increase the visibility of UNDP's work and link it with vital networks that will help establish UNDP firmly as a central development partner in the area of extractives.

audio-visual material are stored in an organized way and are continuously updated. The roster and network of experts will enable both static search and dynamic communication between personnel with expertise and experience on extractive industries, both within UNDP and externally.

The knowledge-sharing and capacity development component will include organization of global Community of Practice events, trainings, networking and is primarily intended for UNDP and partner organizations' staff members (at global, regional and country levels) who are implementing extractives-related work (See Section II.C). This component of the Global Initiative will be instrumental to facilitate knowledge and experience sharing and to build the lasting capacities, which are crucial to ensure sustainable extractive sector management. This includes facilitation south-south and triangular cooperation and the integration of regional perspectives in implementation. In developing the capacity development and knowledge management tools, the Global Initiative will build on and exploit synergies with existing internal and external platforms for capacity building, knowledge networking and depositing. These include, for example, support to the Management of Extractive Industries space in UNDP *Teamworks*; Asia Pacific Inclusive Growth and Development Network; Solutions Exchange Communities of Practice and other networks in resource-dependent countries; World Bank's Governance of Extractive Industries (GOXI) knowledge platform; and *Ecominerals* Yahoo Group.

Resource-dependent countries emerging from conflict or suffering persistent fragility are demanding rapid deployment of expertise to assist them manage their extractive sectors. For example, UNDP rapidly deployed contract negotiators to assist Sierra Leone and Liberia. A **rapid response team** to tackle resource-induced conflicts, including gender-related security issues, will support post-conflict and fragile states. Practically, this Global Initiative will create extractive-related expertise profiles in UNDP's roster of SURGE Advisors. Using this pre-vetted express roster, UNDP will provide technical assistance through experienced professionals that "can hit the ground running" to provide essential support.

**Enhancing public awareness of the extractive sector and UNDP's activities.** Misinformation and expectation mismanagement concerning extraction activities has emerged as one of the key drivers of extractive related conflicts. The absence of reliable information creates insecurity and space for misinterpretation. Collection, production and dissemination of relevant and understandable information is important to promote stability and access to information about revenues receipts, taxation, and impact of extraction on lives and livelihoods, including its differentiated impact on women and men, and impact on the environment. UNDP will support targeted information dissemination activities on issues of relevance to the public. These include information on estimated reserves of extractive resources, the nature of the contracts agreed and local content provisions that are meant to benefit communities and local enterprises. Various formats will be used, including through the public website, production of audio-visual materials, research papers, short policy briefs, and other publications. Systematic public communication will prevent or mitigate reputational risks to the organization that will likely arise from UNDP's engagement in extractive industries.

UNDP will **produce knowledge products and develop tools to support capacity development** on various aspects of management of extractive industries aimed at governments, civil society and private sector. Developing capacity of government institutions in the extractive sector is one of the key objectives of this Global Initiative. The ability of the civil society to act as checks and balances on both government and private sector activities have proven important to strengthen environmental governance in many countries. Similarly, private sector actors may need support to enhance their knowledge and capacity in order to successfully adopt more environmentally friendly production patterns. UNDP will produce knowledge products on legal issues, contract negotiations, community and civil society participation, human rights, revenue collection and management, diversification, social impacts, environmental and climate change issues related to the extractive industries, monitoring and enforcement of environmental standards, laws and regulations, employment and safety issues. These knowledge products will include global and regional best practices, practical tools and academic papers.

## II.C Implementation strategy and selection of programme countries

### II.C.1 Global, regional and country level support

The Global Initiative aims to promote sustainable extractive-sector management at the global, regional and national levels. At the global and regional levels, in close collaboration with the Regional Bureaus and Regional Service Centres, this Global Initiative will contribute to the development of global knowledge networks, to capacity building and to knowledge collection, generation and dissemination, as outlined in detail under programme area 5, output 6. The Initiative will facilitate regional and global experience-sharing and capacity development events (see section IID); both by updating existing and developing new sets of information on best-practices related to extractive sector management.

At the national level, following established practices, UNDP's Country Offices (COs) will be the first providers of support to programme countries and will serve as the anchors of the Global Initiative. The Global Initiative will, in close collaboration and coordination with UNDPs Regional Bureaus and Regional Service Centres, provide support to CO efforts, on-demand basis, with strong emphasis on contextualization.

**Assessing needs and capacities:** Since the challenges and opportunities facing each resource-rich country are different, this Global Initiative's support will be based on an initial in-country needs and capacity assessment, conducted by the COs together with their selected national partners. **A diagnostic and needs assessment tool** is currently under development.<sup>49</sup> This tool will assist in identifying where and at which stage of the extractive process programme countries have readily available capacities and where technical and financial capacity gaps need to be addressed. For instance, the tool will be used to evaluate institutional capacity, context analysis, intervention points, economic planning cycles, effectiveness of integrated decision-making, the extent of civil society participation etc. This assessment will enable the identification of possible entry-points for UNDP's support, as well as of existing stakeholders and in-country capacities to be built upon or to partner with.

**Responding to country demand:** National support through the Global Initiative will be based on demand. No country-level activities of any kind will be initiated in the absence of expressed demand by governments and country offices. Not all countries will need support in all programme areas outlined in this document. In some countries, needs may be limited to policy advisory services on specific issues, whereas in others there is demand for more comprehensive support. To provide context-specific support, this Global Initiative will use the following modalities:

- a) Knowledge management and capacity development (proactive support);
- b) Complementing regional bureau and other UN initiatives through effective partnerships;
- c) Short-term assistance and policy advisory services (reactive support); and
- d) Long-term project assistance (expressed through project proposals)

**a) Knowledge management and capacity development:** As described in II.C.1 above, the Global Initiative aims to facilitate capacity development and produce relevant knowledge products, such as compilation of best practices, help desk, e-library etc., which will be made publically available to all interested stakeholders. The Global Initiative will also facilitate capacity building and knowledge generation through South-South cooperation and experience sharing, as well as the development of internal and external knowledge networks, which national level practitioners and experts will benefit from. This includes learning from, and building upon experience within UNDP on extractive sector management, both from country offices and from regional service centres and bureaus. It also includes partnering with important national and international institutions, in order to combine efforts to make world-class knowledge products and capacity building available to the programme countries.

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<sup>49</sup> Currently, discussions are underway to jointly design a globally applicable assessment tool with the UN Office on South-South Cooperation, the World Bank Institute and UNDP's Asia Pacific Regional Centre (APRC).



Despite UNDP's accumulated experience in implementing programmes related to extractive industries at the country level, it needs to be systematized. Given that one of the main comparative advantages of UNDP is its presence in programme countries, this Initiative will strengthen the organization's capacity to produce and systematize its existing knowledge. This will be carried out through:

- i. Collaboratively organizing training on various dimensions of extractive industries management, making use of both face-to-face and online delivery tools;
- ii. Developing online training and learning packages in partnership with external institutions and UN agencies;
- iii. Incorporating orientation materials on extractive industries in organizational learning activities (e.g. for RR/RC, DRR/CD, Programme Officers, PPO/JPO trainees);
- iv. Developing a Community of Practice on Extractive Industries, building on UNDP's knowledge management and networking model and using existing tools;
- v. Collaboratively developing an external experts' networking mechanism, including integration with experts' rosters of partner agencies and the internal Community of Practice; and
- vi. Developing and providing services and tools such as the helpdesk, e-library and roster of experts (see section II.B.5).

**b) Complementing regional projects and working with other UN agencies:** This Global Initiative will work closely with UNDP regional initiatives related to the extractive sector. The Regional Bureau for Africa (RBA) has just finalised its project. The Asia Pacific Regional Centre (APRC) is also preparing an initiative on extractives. This Global Initiative will establish complementary capacities with RBA's and APRC's initiatives. This will be done through the use of the helpdesk facilities; joint development of knowledge; sharing of roster of experts; and any other requests for policy advisory services; technical and financial assistance. This Initiative will also work with the various projects that emanated from the bio-diversity Strategy UNDP adopted recently.

**3) Short-term policy advice and technical assistance:** the Global Initiative will respond to requests coming through UNDP Country Offices, HQ units, Regional Bureaus and Regional Centres. The support will include policy advisory and technical assistance through face-to-face meetings, workshops, training, knowledge exchanges and financial support where applicable. As is UNDP practice, the Regional Bureaus and Regional Centres will be the primary responders to country office demands. This Global Initiative will complement their efforts rather than supplant them. In cases where there are demands from countries that are not covered by regional extractive industries initiatives, the Global Initiative will respond, jointly and in consultation with the Regional Bureaus and Regional Centres.

**4) Long-term project assistance (expressed through project proposals):** In cases where structural and longer-term needs are identified, this Global Initiative will support projects that are developed jointly by UNDP Country Offices, UNCTs, governments, civil society, women's organizations, indigenous peoples and private/public companies. This Global Initiative's staff will work closely with the Regional Bureaus and Regional Centres in support of these projects. The Global Initiative will support the projects through providing financing, advisory services, technical support (medium or long-term), tapping into the knowledge network developed internally and externally. The implementation strategy involves carrying out an assessment of country needs and capacities. This will be followed by the development of a Country Support Strategy by the CO in collaboration with its national partner, based on the assessment and supported by the Global Initiative.

## **II.C.2 In-country capacity development critical to sustainable extractive sector management**

The development of in-country capacity, both of country offices, government bodies, civil society organizations and other stakeholders is a key priority in this Global Initiative and will be an underpinning approach for all the outputs and all the support modalities. Although exceptions may occur, the guiding principle for our support will be to develop in-country capacities to ensure sustainable extractive sector

management, independent of external support. For example, this means that, as a rule, rather than UNDP conducting environmental or social impact assessments, reviewing laws or running grievances mechanisms, the approach will be to support national institutions to develop or strengthen their capacities to undertake such roles. This Global Initiative, based on discussion with Regional Bureaus and Service Centres as well as demand and intensity of work, will support the recruitment and assignment of extractive industries' **focal points** at the regional and/or country level.

### II.C.3 Coordination between the global, regional and national levels

This Global Initiative will work closely with other UN agencies that work on extractive industries (see Annex C). This Global Programme will support coordination within UN agencies providing specialized technical assistance. To avoid duplication of work and use resources efficiently, this Global Initiative will use the following strategy:

- i. Within UNDP: This Global Initiative will use the existing UNDP-wide Task Team on Extractives as the coordination and joint planning mechanism. The Team's support will be sought to assess country demand; to organize knowledge sharing and learning events; and coordinate efforts with Regional Bureaus and Regional Centers. The Team will ensure continuous communication and collaboration between global and regional initiatives. Overall, duplication of work will be avoided.
- ii. Within the UN: This Global Initiative will work closely work with the EU-UN Global Partnership on Land, Natural Resources and Conflict: UN Interagency Framework Team for Preventive Action. Regular communication and coordination mechanisms as well as knowledge sharing and learning events will be explored.

Section V of this document provides further details on the management arrangements for the Global Initiative, and assures coordination with other parts of UNDP by including the Regional Bureaus, COs, the UN office for South-South Cooperation among the stakeholders.

### II.C.4 Programme countries

As outlined in sections II.C.1-3 above, most of the outputs of this Global Initiative will benefit **any programme country** in which there is a need, through capacity building, establishment of network of expertise, knowledge generation and management services, as well as the provision of short-term policy advice and technical assistance. It is only in the case of the need **for long-term project assistance** that this Global Initiative will initially support up to 25 countries, through the modalities for long-term support described in the previous page under sub-section "4".

The selection of these programme countries will be made based on an evaluation of expressed demand (through project proposals), consultation with Country Offices, Regional Bureaus and Regional Centres, as well as degree of resource dependency, evaluation of risks, assessment of country context, including UNDP's added value vis-à-vis other actors. Based on expressed demand as well as initial consultation with Country Offices, Regional Bureaus and Regional Centres, a suggestive list of countries that this initiative is likely to support is provided below. It is important to highlight that the Global Initiative retains a dynamic approach, and has the capacity to support countries with emerging extractive sector issues that are not listed below (for instance, in case of additional resource availability:

Kenya, Uganda, Burundi, Mozambique, Lesotho, Liberia, Sierra Leone, Guinea, Papua New Guinea, Timor Leste, Samoa, Fiji, Solomon Islands, Mongolia, Myanmar, Afghanistan, Guyana, Peru, Azerbaijan, Kazakhstan, Turkmenistan, Kyrgyzstan, Iraq, Morocco and Somalia.<sup>50</sup>

In addition, under the EC funded project mentioned above (Output 6) this Global Initiative will support all African, Caribbean and Pacific (ACP) countries.

<sup>50</sup> A final list of countries will be confirmed when this document is finalized. Additional countries may be added when, for instance, natural resources are discovered, conflicts arise, environmental emergencies unfold or any other change takes place. Again, based on demand expressed through Country Offices and the Regional Bureaus.

## II.D Partnerships

UNDP recognizes that large number of organizations work to promote sustainable extractive industries (see Annex C for a survey of external initiatives). To effectively achieve the objectives of the Global Initiative, UNDP aims to establish strategic partnerships with key partners that are active in this field, including partners based in programme countries and regions. This will help avoid duplication of work and to achieve important synergies, which will enhance the impact of our interventions. While the below partnerships are in the process of concretization, this is not a comprehensive list. In addition to working with other UN agencies, UNDP will seek to establish partnerships with other actors in this field, including think tanks, human rights associations and others, to build on the good work that is already on-going in this area. For a selection of important initiatives by other stakeholders, please see annex C.

**Knowledge networking:** UNDP and the World Bank are exploring options to expand the GOXI (Governance of Extractive Industries) global knowledge platform. GOXI is a space to share, learn and connect for action towards greater accountability and, in turn, better development outcomes of extractive industries. UNDP will complement GOXI through sharing information on its projects and programmes; linking its global experts to the GOXI platform; and synthesizing and sharing UNDP's past experience and findings from upcoming initiatives. See [www.GOXI.org](http://www.GOXI.org) for more information.

**A partnership with the South-South Energy Initiative (SSEI):** The United Nations Office for South-South Cooperation (UNOSSC) is developing a formalized mechanism for emerging and established oil and gas producing countries to systematically share knowledge, experience, intelligence, research and commercial advantage in an effort to address key issues in managing the petroleum sector. The SSEI will: 1) Assist emerging oil and gas producers to “self-assess” their institutional and human capacity needs; 2) Support sharing of Southern best practices and lessons learned via seminars, conferences etc.; 3) Promote the growth of Southern technology and service companies in the petroleum industry; and 4) Conduct policy research and analysis in partnership with universities, global research centers and other relevant institutions. The day-to-day operations of the SSEI will be entrusted to a Secretariat, supported by a High-level Advisory Panel and Board of Directors and Management. The UNDP Global Initiative has forged a partnership with the SSEI. For example, one of the programme areas of UNDP's Global Initiative focuses on capacity development in design and implementation of environmental laws and regulations as well as negotiations of large contracts. These two areas are of critical importance to SSEI's constituents and will be given due priority in its programmatic activities. A Memorandum of Understanding will govern the partnership between UNDP's Global Initiative and SSEI.

**Private sector partnerships:** All UNDP partnerships with extractive industries firms are subject to UNDP's Due Diligence Procedures and large projects are subject to specific environmental and screening procedures, as outlined in UNDP's internal procedures (POPP). In general, UNDP will engage with, encourage and support extractive industry operators to adhere to international best practices and responsible business practices (e.g. related to conflict, environment, transparency, accountability, local governance etc.) to maximize positive impact on sustainable development. One notable document, which will guide UNDP's work with the private sector is the widely adopted and HR Council endorsed (2011), UN Guiding Principles on Business and Human Rights, implementing the United Nations “protect, respect and remedy” framework.<sup>51</sup> At the global level, a series of dialogues and action research will be undertaken to enhance knowledge about the role of public-private partnerships in addressing such specific challenges and opportunities, e.g. around local economic and enterprise development. Such work will be undertaken jointly with interested global companies and global industry associations. In addition, it will be explored if, based on existing standards and guidelines for the industry, a set of global targets can be established to measure the industry's contribution to development and be linked to the overall post-2015 global goals and targets. This could also include establishing a global platform for industry, governments, NGOs and development agencies to come together regularly to measure progress.

<sup>51</sup> [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

**Civil society partnerships:** Civil society organizations, from policy and research advocacy groups to grassroots community-based organizations, have developed significant expertise in various aspects of extractive industries. UNDP will partner with civil society actors at global, regional, national and local levels to promote transparency, accountability and sustainable management of natural resources. Partnerships will be geared towards a) promoting oil revenue transparency; b) empowering communities and civil society organizations to participate in decision-making processes in the sustainable management and monitoring of extractive industries; c) promoting better governance of the industry by contributing to regional (e.g., AU, ASEAN) advocacy efforts; and d) reducing risks to natural forestlands from the expansion of the extractive industry and promoting sustainable development. The overall objective of UNDP partnerships with CSOs, and philanthropic organizations that support them, will be to strengthen the critical element of civic engagement and voice of affected communities and women in particular, alongside efforts to develop the technocratic capacities of government. The proposed International Expert Group to guide implementation of the global programme will also serve as a strategic dialogue and partnership mechanism, with expert advisors from civil society, think tanks and academia, among others.

**Capacity development:** UNDP and the Revenue Watch Institute are exploring joint development of modules and delivery of training on ‘investing resource revenues for economic structural change’. The objective is to support countries go beyond the traditional value chain and multidirectional linkages with extractive industries to strategies for economic structural changes, particularly in the composition of national output and employment.

**Rapid response in post-conflict countries:** The Initiative will benefit from the United Nations Department of Political Affairs’ standby team of experts who are deployed rapidly to help mediate natural resource related conflicts (among others). UNDP and DPA have agreed in principle to coordinate responses to country demand to ensure efficient use of UN-wide human resources, especially in conflict prone countries.

**Interagency Partnerships:** In addition to the joint project with UNIDO outlined above, this Global Initiative will tap into existing partnerships with UNEP and UNHabitat under the EU-UN Partnership on Land and Natural Resource Management. This inter-agency platform hosted by UNDP brings the UN system together to leverage the combined expertise by developing knowledge products and training materials that address the challenges of conflict over land and natural resources. The Global Initiative will utilise the Partnership for its capacity development work and use existing tools for training and knowledge sharing.

**Swedish Environmental Protection Agency:** UNDP is developing a Technical Facility for Environmental Governance in association with the Swedish Environmental Protection Agency and SIDA. The Facility will draw on the complementary expertise of the Swedish EPA and UNDP over a five-year period to strengthen the technical and collaborative capacities of environmental governance in Asia and Africa.

Further partnerships are being explored. For instance, discussions are underway to have joint initiatives between this Global Initiative and the Vale Columbia Center on Sustainable International Investment (VCC) and the Humboldt-Viadrina School of Governance (HVSG). These two projects initiated a process, which seeks to bring together stakeholders involved in developing country investments to see how the availability of expert support for complex contract negotiations could usefully be expanded globally.

This Global Initiative will also explore possible collaboration with UNEP’s World Conservation Monitoring Center for data at the macro-level on biodiversity impact of Extractive Industries, as well as further collaboration with the Business and Biodiversity Offsets Programme (BBOP). After initial identification stage, partnerships will be sought with training, research and advocacy organizations in programme countries and regions, particularly in middle-income countries with mature extractive industries.

### III. RESULTS AND RESOURCES FRAMEWORK

<b>Intended Outcome:</b> The extractive sectors of the programme countries are governed in more participatory, equitable and sustainable ways to ensure that they contribute to peace and human development.				
<b>Outcome Indicators:</b>				
1. Number of countries where communities (especially women and indigenous people) effectively participate in decision making in extractive sector management.				
2. Number of countries where revenues from the extractive industries are distributed in ways that benefit the entire population (especially women), while addressing the special needs of affected areas. <sup>52</sup>				
3. Number of countries where revenues from the extractive sectors are collected and allocated in a transparent and accountable way. <sup>53</sup>				
4. Number of countries with an increased percentage of revenues allocated to economic diversification, social development and environmental protection.				
5. Number of ACP countries where artisanal, small- and medium-scale enterprises, supported by public institutions, have better access to markets and operate safely and sustainably.				
6. Number of countries where conflicts related to extractive industries decrease at local and national levels.				
<b>Applicable Key Result (UNDP Strategic Plan 2008-2013):</b> <i>(to be updated, based on the forthcoming Strategic Plan)</i>				
Goal 1: Achieving the MDGs and reducing poverty				
Goal 2: Fostering democratic governance				
Goal 4: Managing energy and environment for sustainable development				
Goal 5: Supporting crises prevention and recovery				
<b>Partnership Strategy:</b> Global, regional, and country-level partnerships established with governments, the private sector, civil society, indigenous peoples, donors, UN agencies and departments				
<b>Project title and ID (ATLAS Award ID):</b> Extractives Industries for Sustainable Development				
<b>Programme Period:</b> 2013-2017				
INTENDED OUTPUTS & INDICATORS OF CHANGE	OUTPUT BASELINES & TARGETS FOR (YEARS)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTNERS	INPUTS

<sup>52</sup> Measured for instance by fiscal transfers from central to local governments.

<sup>53</sup> Measured for instance by periodic audits and relevant redress measures.

<p><b>Output 1:</b> Countries have <u>legal, policy and institutional frameworks</u> to effectively govern extractive sectors.</p> <p><b>Output Indicators:</b></p> <ol style="list-style-type: none"> <li>1. Number of legal, policy and institutional frameworks strengthened to govern extractive sectors.</li> <li>2. Number of legal, policy and institutional frameworks governing extractive sectors that are updated to respond to changing realities.</li> </ol>	<p><b>Baseline 2013:</b></p> <ul style="list-style-type: none"> <li>• 25 countries supported by this programme have legal, policy and institutional frameworks that need strengthening or updating.</li> </ul> <p><b>Targets for Year 1 and 2 (2013-14):</b></p> <ul style="list-style-type: none"> <li>• 9 countries have more complete or updated legal, policy and institutional frameworks.</li> </ul> <p><b>Targets for Year 3 (2015):</b></p> <ul style="list-style-type: none"> <li>• 16 countries have more complete or updated legal, policy and institutional frameworks.</li> </ul> <p><b>Targets for Year 4 (2016):</b></p> <ul style="list-style-type: none"> <li>• 20 countries have more complete or updated legal, policy and institutional frameworks.</li> </ul> <p><b>Targets for Year 5 (2017):</b></p> <ul style="list-style-type: none"> <li>• 25 countries have more complete or updated legal, policy and institutional frameworks.</li> </ul>	<ol style="list-style-type: none"> <li>1. Undertaking assessments of legal, policy and institutional frameworks in selected countries, to identify areas for UNDP support.</li> <li>2. Developing plans for support together with selected countries based on the legal, policy and institutional frameworks assessments. Depending on the needs identified, UNDP's support may consist of one or several of the below activities: <ul style="list-style-type: none"> <li>- Supporting the establishment and operation of parliamentary commissions on extractive industries.</li> <li>- Providing policy advice, technical assistance and/or financing for the establishment and/or enhancement of inter-ministerial and inter-departmental coordination mechanisms for extractive industries.</li> <li>- Providing policy advice, technical assistance and/or financing for the establishment of legally binding procedures to ensure community consultation prior to the initiation of extraction and exploration activities.</li> <li>- Providing policy advice, technical assistance and/or financing for the formulation of bills, laws and charters including land and property rights to better govern oil, gas and mineral sectors.</li> <li>- Carrying out conflict risk analyses to identify drivers of conflict, peace capacities, traditional and non-traditional dispute resolution mechanisms to inform pre-extraction decisions of government and companies as well as linkages between the extractive industry and marginalized groups (i.e. women, specific ethnic groups, communities etc.).</li> <li>- Providing policy advice and technical assistance in preparation for negotiation of large contracts with companies in the</li> </ul> </li> </ol>	<p>UNDP</p>	<p>Short-term policy advice provided to 10 countries, long-term technical assistance provided to 7 countries, and financing provided to 8 countries for a total cost of \$4,000,000</p>
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		<p>extractive industries, particularly to post-conflict and fragile states.</p> <ul style="list-style-type: none"> <li>- Providing technical assistance to strengthen and/or develop mechanisms for addressing dispute resolution and institutional capacity for conflict management on extractive related issues.</li> <li>- Providing technical assistance for the strengthening of environmental standards, laws and regulations applicable to extractive industries.</li> <li>- Providing capacity development support to environmental authorities for monitoring and enforcement of environmental standards, laws and regulations, such as development of procedures, institutional incentives and stakeholder engagement Supporting the development of mechanisms for certification and capacity development of environmental service providers.</li> <li>- Supporting environmental impact assessments and environmental rehabilitation processes, to identify the direct and indirect risks to ecosystem goods and services and their impact on livelihoods and conflict.</li> <li>- Supporting implementation of education and awareness raising activities on environmental and health impacts of extractive operations, particularly targeting artisanal and small-scale miners, including women.</li> <li>- Supporting assessments of adverse health impacts and other social harms that may result from extractive activities, and supporting the development of measures to prevent or mitigate such impacts.</li> <li>- Support the assessments of impact of potential extractive activities on indigenous groups, peoples and minorities (especially women)</li> </ul>		
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		<ul style="list-style-type: none"> <li>- <i>Facilitating technical assistance for gender mainstreaming in the initiative</i></li> <li>- Developing and delivering training and professional development programmes for key staff of selected institutions.</li> <li>- Facilitating the provision of technical assistance by experts and other measures to address the identified capacity gaps.</li> <li>- Organizing training workshops and webinars to facilitate cross-country and cross-regional sharing of knowledge on extractive sector management.</li> </ul>		
<p><b>Output 2:</b> Formal and informal <u>participatory decision-making fora and grievance mechanisms</u> established to institutionalize representation of communities (especially women and indigenous peoples) in the management extractive industries.</p> <p><b>Output Indicators:</b></p> <ol style="list-style-type: none"> <li>1. Number of countries with decision-making fora and grievance mechanisms for representation of local communities, particularly women's groups and indigenous</li> </ol>	<p><b>Baseline 2013:</b></p> <ul style="list-style-type: none"> <li>• 25 countries supported by this programme need more effective participatory and grievance mechanisms put in place.</li> </ul> <p><b>Targets for Year 1 &amp; 2 (2013 -14):</b></p> <ul style="list-style-type: none"> <li>• 9 countries have more effective participation and grievance mechanisms put in place.</li> </ul> <p><b>Targets for Year 3 (2015):</b></p> <ul style="list-style-type: none"> <li>• 16 countries have more effective participation and grievance mechanisms put in place.</li> </ul>	<ol style="list-style-type: none"> <li>1. Mappings of citizens, communities, indigenous groups, women's group and associations, as well as existing formal and informal platforms, regulatory frameworks and mechanisms for dialogue and participation in decision-making process, to identify areas and groups for UNDP support (building on current UNDP support to dialogue mechanisms).</li> <li>2. Developing plans for support together with selected programme countries, based on the stakeholder mappings and assessments of current conditions for participation. Depending on the needs identified, UNDP's support may consist of one or several of the below activities: <ul style="list-style-type: none"> <li>- Organizing capacity development and</li> </ul> </li> </ol>	UNDP	Financing provided to 25 countries for a total cost of \$5,000,000



peoples.	<p><b>Targets for Year 4 (2016):</b></p> <ul style="list-style-type: none"> <li>• 20 countries have more effective participation and grievance mechanisms put in place.</li> </ul> <p><b>Targets for Year 5 (2017):</b></p> <ul style="list-style-type: none"> <li>• 25 countries have more effective participation and grievance mechanisms put in place.</li> </ul>	<p>awareness raising among communities on: a) the potential environmental, health, economic and social impacts of extraction; b) accountability from governments and the private sector; and c) their rights and the systems they can use to exercise them, including mechanisms for redress, and d) environmental monitoring of extractive operations</p> <ul style="list-style-type: none"> <li>- Establishing communication channels between governments, communities and companies either through EITI processes or other local forums.</li> <li>- Developing and delivering training to foster government, community and private sector capacity on dialogue and conflict management, to resolve conflicts early and constructively.</li> <li>- Providing technical assistance and financing to enhance and/or establish grievance mechanisms to address conflicts between communities and companies or within communities over extraction or related activities.</li> <li>- Developing information dissemination mechanisms over the extraction life-cycle. Both traditional and conventional systems of communication may be deployed.</li> <li>- Providing training for women's advocacy organizations in and around mining communities.</li> <li>- Providing training to enable CSOs, women's groups, indigenous peoples and governments to a) implement FPIC; b) act as watchdogs; and c) enhance their participation in the decision-making processes.</li> <li>- Conducting capacity assessments and organizing capacity development initiatives to assist local research institutes to generate data</li> </ul>		
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		<p>and information to better inform CSOs, government and companies on impacts and benefits of extraction.</p> <ul style="list-style-type: none"> <li>- Support to National Human Rights Institutions (NHRIs) to strengthen their capacity to oversee and support mediation, arbitration, grievance and/or redress mechanisms alongside the relevant bodies.</li> <li>- Support to NHRIs to facilitate and convene dialogue and decision-making around extraction initiatives with affected populations through serving as a convening forum for multiple stakeholders.</li> <li>- Support NHRIs to strengthen their capacity related to business and HR and CSR and interaction with the business community in their efforts around extraction.</li> </ul>		
<p><b>Output 3:</b> Public institutions, the private sector and civil society have systems to ensure <u>transparent and accountable</u> management of revenues from extractive industries.</p> <p><b>Indicators</b></p> <ol style="list-style-type: none"> <li>1. Number of countries where information on contracts, revenues, budget allocations and expenditures is made open to the public through clearly established processes.</li> <li>2. Number of countries where periodic audit reports of revenues, budget allocations and expenditures are shared with parliaments and oversight bodies.</li> <li>3. Number of countries where</li> </ol>	<p><b>Baseline 2013:</b></p> <ul style="list-style-type: none"> <li>• 25 countries supported by this programme need clearly established processes for making information on extractive sector-related contracts, revenues, budget allocations and expenditures open to the public.</li> <li>• 25 countries need periodic audit reports on extractive sector-related revenues, budget allocations and expenditures conducted and shared with parliaments and oversight bodies.</li> <li>• In 25 countries supported by this programme social accountability tools are not used or partially used by civil society.</li> </ul>	<ol style="list-style-type: none"> <li>1. Undertaking assessments of the current systems and institutions in place to ensure transparent and accountable revenue management and identify gaps and areas for UNDP support.</li> <li>2. Developing plans for support together with selected government bodies, CSOs and private sector, based on the systems and institutional assessments. Depending on the needs identified, UNDP's support may consist of one or several of the below activities: <ul style="list-style-type: none"> <li>- Supporting the integration of extractive sector development and management into the countries' general development plans and strategies.</li> <li>- Providing policy advice, technical assistance and/or financial support to guide decisions on spending, savings and investments of rents from extractive sectors.</li> <li>- Providing policy advice and technical assistance for the formulation of progressive,</li> </ul> </li> </ol>	UNDP	Short-term policy advice provided to 10 countries, long-term technical assistance provided to 7 countries, and financing facility provided to 8 countries for a total cost of \$5,000,000

<p>social accountability tools are effectively used by civil society.<sup>54</sup></p>	<p><b>Targets for Year 1 &amp; 2 (2013- 14):</b></p> <ul style="list-style-type: none"> <li>• 8 countries have established clear processes to making contracts, budgets and expenditure reports open to the public.</li> <li>• 8 countries prepare and present periodic audit reports on extractives-related budget revenues, budget allocations and expenditures.</li> <li>• In 9 countries social accountability tools are effectively used by civil society.</li> </ul> <p><b>Targets for Year 3 (2015):</b></p> <ul style="list-style-type: none"> <li>• 16 countries have established clear processes to making contracts, budgets and expenditure reports open to the public.</li> <li>• 16 countries prepare and present periodic audit reports on extractives-related budget revenues, budget allocations and expenditures. In 18 countries social accountability tools are effectively used by civil society.</li> </ul> <p><b>Targets for Year 4 (2016):</b></p> <ul style="list-style-type: none"> <li>• 22 countries have established clear processes to making contracts, budgets and expenditure reports open to the public.</li> <li>• 20 countries prepare and</li> </ul>	<p>equitable tax regimes and the strengthening of tax and royalty collection mechanisms.</p> <ul style="list-style-type: none"> <li>- Supporting transparency/accountability-enhancing initiatives, such as the EITI, mineral certification schemes, the publication of contracts, etc.</li> <li>- Establishing and/or developing corruption risk mitigation systems (against capital flights and misappropriation of funds), for both government and private companies.</li> <li>- Developing and delivering training to civil society to enhance their capacity to fulfill their oversight/watchdog roles over revenue management.</li> <li>- Introducing initiatives to enhance public access to information on financial transactions related to extractive industries.</li> </ul>		
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<sup>54</sup> Social accountability tools include: social audits, expenditure tracking surveys, citizens score/report cards, revenue tracking, etc.

	<p>present periodic audit reports on extractives-related budget revenues, budget allocations and expenditures.</p> <ul style="list-style-type: none"> <li>In 20 countries social accountability tools are effectively used by civil society.</li> </ul> <p><b>Targets for Year 5 (2017):</b></p> <ul style="list-style-type: none"> <li>25 countries have established clear processes to making contracts, budgets and expenditure reports open to the public.</li> <li>25 countries prepare and present periodic audit reports on extractives-related budget revenues, budget allocations and expenditures.</li> <li>In 25 countries social accountability tools are effectively used by civil society.</li> </ul>			
<p><b>Output 4:</b> Public institutions and the private sector have <u>strategies in place for investing resource revenues</u> in economic transformation, social development and environmental sustainability.</p> <p><b>Indicators</b></p> <ol style="list-style-type: none"> <li>Number of countries with economic diversification plans/strategies gender sensitive in place.</li> <li>Number of countries with plans/strategies to invest in environmental protection and</li> </ol>	<p><b>Baseline 2013:</b></p> <ul style="list-style-type: none"> <li>25 countries supported by this programme need support to develop or improve strategies for economic diversification.</li> <li>25 countries supported by this programme need support to develop and improve have strategies for environmental protection and renewable energy development.</li> <li>25 countries supported by this programme need strategies for social development in put place.</li> </ul>	<ol style="list-style-type: none"> <li>Undertaking, together with selected government institutions, capacity assessments of public investment needs, to identify areas for UNDP support.</li> <li>Developing plans for support together with selected programme countries, based on the capacity assessments. Depending on the needs identified, UNDP's support may consist of one or several of the below activities: <ul style="list-style-type: none"> <li>Providing policy advice, technical and/or financial assistance to develop diversification plans and strategies.</li> <li>Supporting integrated investment plans in human, physical, financial and natural capital and for economic transformation, particularly</li> </ul> </li> </ol>	UNDP	Short-term policy advice provided to 10 countries, long-term technical assistance provided to 7 countries, and financing facility provided to 8 countries for a total cost of \$4,500,000

<p>renewable energy.</p> <p>3. Number of countries with strategies gender sensitive to invest in social development.</p>	<p><b>Targets for Year 1 &amp; 2 (2013-14):</b></p> <ul style="list-style-type: none"> <li>• 8 countries supported by this programme have developed or improved strategies gender sensitive for economic diversification.</li> <li>• 8 countries supported by this programme have developed or improved strategies for environmental protection and renewable energy development.</li> <li>• 9 countries supported by this programme have strategies gender sensitive for social development in place.</li> </ul> <p><b>Targets for Year 3 (2015):</b></p> <ul style="list-style-type: none"> <li>• 16 countries supported by this programme have developed or improved strategies for economic diversification.</li> <li>• 16 countries supported by this programme have developed or improved strategies for environmental protection and renewable energy development.</li> <li>• 18 countries supported by this programme have strategies gender sensitive for social development in place.</li> </ul> <p><b>Targets for Year 4 (2016):</b></p> <ul style="list-style-type: none"> <li>• 20 countries supported by this programme have developed or improved strategies gender sensitive for economic diversification.</li> <li>• 20 countries supported by this</li> </ul>	<p>aligning education and skills development and sectoral policies.</p> <ul style="list-style-type: none"> <li>- Providing policy advice, technical and/or financial assistance to foster forward, backward and horizontal linkages (including local content and value addition), focusing on technology transfer to small- and medium-scale suppliers aimed at integrating them with extractive industries.</li> <li>- Fostering partnerships with companies to initiate apprenticeship programmes to create skills and employment opportunities for vulnerable groups (especially women).</li> <li>- Providing assistance to align core business, including CSR, of private operators with national plans.</li> <li>- Providing policy advice and technical assistance for the formulation of policies that address inequalities in benefit sharing, especially among host communities as well as ensuring women's participation in those decision making processes.</li> <li>- Providing policy advice, technical and/or financial assistance to support artisanal or small-scale miners to: 1) reduce the environmental and health impacts of the use of toxins in extractive activities, 2) minimize the industry's role as financier of conflict; 3) prevent gender based violence and protect communities from HIV and AIDS; and 4) develop alternative value chains and more sustainable livelihood opportunities.</li> <li>- Providing policy advice, technical assistance and/or financing to ensure that investments are made to avoid net loss of biodiversity and protect natural resources, on which local communities rely upon for their livelihoods.</li> <li>- Supporting (local) industry groups, associations</li> </ul>		
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	<p>programme have developed or improved strategies for environmental protection and renewable energy development.</p> <ul style="list-style-type: none"> <li>• 20 countries supported by this programme have strategies gender sensitive for social development in place.</li> </ul> <p><b>Targets for Year 5 (2017):</b></p> <ul style="list-style-type: none"> <li>• 25 countries supported by this programme have developed or improved strategies for economic diversification.</li> <li>• 25 countries supported by this programme have developed or improved strategies for environmental protection and renewable energy development.</li> <li>• 25 countries supported by this programme have strategies for social development in place.</li> </ul>	<p>and companies in adopting and implementing best practices in extractive operations that minimize environmental degradation before, during and after closure of extractive operations.</p>		
<p><b>Output 5:</b> <u>Technical capacities of artisanal, small- and medium-scale enterprises</u> in the mining sector as well as that of <u>public institutions</u> to monitor, evaluate, regulate and promote the sector are developed.</p> <p><b>Output indicators:</b></p> <ol style="list-style-type: none"> <li>1. Number of staff in public institutions with enhanced skills in local private mining sector promotion;</li> <li>2. Number of staff in artisanal, small- and medium-scale mining enterprises and related service</li> </ol>	<p><b>Baseline 2013:</b></p> <ul style="list-style-type: none"> <li>• Limited capacity of public institutions in ACP countries to monitor, evaluate, regulate and promote artisanal, small- and medium-scale mining sector</li> <li>• Limited technical capacity of artisanal, small- and medium-scale mining enterprises to expand operation and markets</li> <li>• Dearth of training delivered in these areas by regional and national training institutions</li> </ul> <p><b>Targets for Year 1 &amp; 2 (2013-14):</b></p>	<ol style="list-style-type: none"> <li>1. Conducting mapping, training needs assessments (including women needs)</li> <li>2. Identifying and selecting participants and training sites</li> <li>3. Preparing gender sensitive training materials</li> <li>4. Delivering training on investment decisions; market analysis; financial management negotiation of mining contracts; public communication and community engagement; environmental, social and gender impact assessment; ensuring safety and environmental standards; and community engagement</li> <li>5. Preparing reports and post-training materials, and disseminating</li> </ol>	<p>UNDP, UNIDO</p>	<p>Capacity development for government institutions and the private sector for a total cost of \$15,600,000</p>

<p>enterprises with enhanced skills</p> <p>3. Number of staff in training institutions with skills as trainers in the above areas</p> <p>4. Number of training materials, guidelines, audio-visual materials on the above</p> <p>5. Number of women who received training</p>	<ul style="list-style-type: none"> <li>• 20 ACP countries have increased capacity of public institutions to monitor, evaluate, regulate and promote artisanal, small- and medium-scale mining sector</li> <li>• In 20 ACP countries, technical capacity of artisanal, small- and medium-scale enterprises enhanced</li> <li>• National training institutions in 20 ACP countries and at least 2 sub-regions have capacity to deliver training in these areas</li> </ul> <p><b>Targets for Year 3 (2015):</b></p> <ul style="list-style-type: none"> <li>• 50 ACP countries have increased capacity of public institutions to monitor, evaluate, regulate and promote artisanal, small- and medium-scale mining sector</li> <li>• In 50 ACP countries, technical capacity of artisanal, small- and medium-scale enterprises enhanced</li> <li>• National training institutions in 50 ACP countries and at least 4 sub-regions have capacity to deliver training in these areas</li> </ul> <p><b>Targets for Year 4 (2016):</b></p> <ul style="list-style-type: none"> <li>• 79 ACP countries have increased capacity of public institutions to monitor, evaluate, regulate and promote artisanal, small- and medium-scale mining sector</li> <li>• In 79 ACP countries, technical capacity of artisanal, small- and medium-scale enterprises</li> </ul>			
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	<p>enhanced</p> <ul style="list-style-type: none"> <li>National training institutions in 79 ACP countries and all sub-regions of ACP have capacity to deliver training in these areas</li> </ul>			
<p><b>Output 6:</b> A global <u>network with gender parity</u> of experts and practitioners established to collect, generate and share knowledge and develop capacities.</p> <p><b>Indicators</b></p> <ol style="list-style-type: none"> <li>Existence of a knowledge exchange platform, including a help desk, knowledge network, roster of experts, e-library, and website.</li> <li>Number and type of knowledge products generated.</li> <li>Number of knowledge exchange events for policy makers organized.</li> <li>Existence of an international Experts Group.</li> <li>Number of men and women integrating at networking</li> </ol>	<p><b>Baseline 2013:</b></p> <ul style="list-style-type: none"> <li>No knowledge platform with an e-library and help desk exists.</li> <li>A large number of EI-related knowledge products produced, but in an <i>ad hoc</i> manner and prior to the existence of the UNDP EI strategy.</li> <li>A large number of EI-related knowledge exchange events conducted, but in an <i>ad hoc</i> manner and prior to the existence of the UNDP EI strategy.</li> <li>No International Experts Group exists.</li> </ul> <p><b>Targets for Year 1 &amp; 2 (2013-14):</b></p> <ul style="list-style-type: none"> <li>A knowledge platform with an e-library and help desk established.</li> <li>15 knowledge products produced, meeting set targets for downloads, shares, media and social media references.</li> <li>6 knowledge exchange events organized.</li> <li>International Experts Group established.</li> <li>A roster of experts on extractive industries established</li> </ul> <p><b>Targets for Year 3 (2015):</b></p>	<ol style="list-style-type: none"> <li>Establishing an internal networking and coordination mechanism (e.g. community of practice) within UNDP to facilitate information sharing and strengthen capacities across the organization.</li> <li>Nominating members and convening meetings of an International Experts Group to guide UNDP's work as approved by the Executive Group (EG).</li> <li>Defining ways of collaboration and establishing channels of communication to ensure the efficient adoption of the guidance from this group.</li> <li>Establishing partnerships with international and national institutes for research collaboration and joint development of relevant knowledge and capacity-development products (through papers, policy briefs, media outputs, conferences, training workshops, etc.)</li> <li>Establishing a technical team (gender parity) to coordinate and facilitate the collection, organization, generation and sharing of knowledge and best practices.</li> <li>Conducting research; preparing toolkits and guidance materials to aid the implementation of this Global Initiative and respective regional programmes.</li> <li>Reviewing and updating existing training programmes, and where necessary, developing new training modules (esp. related to various environmental, economic, social and conflict sensitive issues).</li> <li>Delivering training workshops and webinars to</li> </ol>	<p>Help desk, knowledge network, roster of experts, library, website development, publications, external communications and social media presence costs \$2,700,000</p> <p>\$500,000 for 1 international conference</p> <p>\$1,900,000 for 4 training workshops, organization of exchange visits and study tours</p> <p>\$650,000 for hosting and convening the international expert group 4 times</p> <p>\$500,000 for publication and dissemination of knowledge products over 4 years</p> <p>\$125,000 for convening <i>ad hoc</i> meetings, briefings and consultations</p> <p>Total cost \$6,375,000</p>	



	<ul style="list-style-type: none"> <li>• 15 knowledge products produced, meeting set targets for downloads, shares, media and social media references</li> <li>• 6 knowledge exchange events organized.</li> <li>• Experts in the roster have successfully provided advice and technical assistance at least in 25 cases</li> </ul> <p><b>Targets for Year 4 (2016):</b></p> <ul style="list-style-type: none"> <li>• 15 knowledge products produced, meeting set targets for downloads, shares, media and social media references</li> <li>• 6 knowledge exchange events organized.</li> <li>• Experts in the roster have successfully provided advice and technical assistance at least in 25 cases</li> </ul> <p><b>Targets for Year 5 (2017):</b></p> <ul style="list-style-type: none"> <li>• 15 knowledge products produced</li> <li>• 6 knowledge exchange events organized.</li> <li>• Experts in the roster have successfully provided advice and technical assistance at least in 25 cases</li> </ul>	<p>facilitate cross-country and cross-regional sharing of knowledge on extractive sector management.</p> <ol style="list-style-type: none"> <li>9. Facilitating and establishing country and regional level platforms to foster public-private partnerships and dialogue.</li> <li>10. Undertake action-oriented research and dialogue on effective mechanisms for public-private cooperation to advance the objectives of this Global Initiative</li> <li>11. Developing a Web-platform</li> <li>12. Establish an e-library and help desk that collects, organizes and makes use of extractive sector knowledge. Responds to requests for support</li> </ol>		
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## IV. ANNUAL WORK PLAN

Year: 1 October 2013 – 31 December 2014

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME					RESPONSIBLE PARTY	PLANNED BUDGET		
		Q4, 2013	Q1, 2014	Q2, 2014	Q3, 2014	Q4, 2014		Funding Source	Budget Description	Amount
<b>Output 1:</b> Countries have <u>legal, policy and institutional frameworks</u> to effectively govern extractive sectors.	<u>1. Activity result:</u> Assessments <sup>55</sup> of country needs for UNDP support developed and carried out in 3 countries  <u>Activity action:</u> a. Assessment tool developed b. Assessment is carried out in 3 countries	√	√				EI team/ BDP, BCPR, BERA in coordination with COs, Regional Centres, RBx		In-kind Travel Workshop Consultant	\$90,000
	<u>2. Activity result:</u> Five country offices received support <sup>56</sup> on preparation of country projects on extractive industries  <u>Activity action:</u> a. Demand scoped based on assessment, UNDAFs, CPDs, country requests and COs survey b. Concept notes and project documents developed in five countries									

<sup>55</sup> Assessments are attributable not only to Output 1, but also to Outputs 2-5 and will include: i) legal, policy and institutional frameworks; ii) participatory decision-making fora and grievance mechanisms; iii) systems for transparent and accountable management of revenues; iv) strategies for investing resource revenues; v) artisanal, small- and medium-scale mining sector.

<sup>56</sup> Similarly, country support will be attributable not only to Output 1, but to Outputs 2-5.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME					RESPONSIBLE PARTY	PLANNED BUDGET		
		Q4, 2013	Q1, 2014	Q2, 2014	Q3, 2014	Q4, 2014		Funding Source	Budget Description	Amount
		√	√	√	√	√				
	<p><b>3. Activity result:</b> Short-term policy advisory services and technical assistance provided on legal, policy and institutional frameworks based on country demand [e.g. on environmental and other]</p> <p><b>Activity action:</b></p> <p>a. Internal UNDP coordination on policy advisory services and technical assistance</p> <p>b. Providing policy advisory services and technical assistance through joint missions or desk support</p>						EI Team/ Regional Centres, BDP (EEG, DGG, PG), BCPR, BERA (IICPSD)		In-kind Travel (country offices to cost share)	\$25,000
	<p><b>4. Activity result:</b> One country supported in aligning private sector CSR priorities with national and local development priorities</p> <p><b>Activity action:</b></p> <p>1. Guidance tool on aligning private sector CSR with national and local development priorities developed</p> <p>2. The guidance tool is Implemented in one country</p>	√	√	√	√	√				
	<p><b>4. Activity result:</b> One country supported in aligning private sector CSR priorities with national and local development priorities</p> <p><b>Activity action:</b></p> <p>1. Guidance tool on aligning private sector CSR with national and local development priorities developed</p> <p>2. The guidance tool is Implemented in one country</p>			√	√	√	EI Team/ BERA (IDAC/ IICPSD)		In-kind Travel Consultant Workshop	\$100,000
	<p><b>5. Activity result:</b> Environmental management systems improved in one country to meet international standards</p> <p><b>Activity action:</b></p> <p>1. Review environmental laws and institutions</p>		√	√			EI Team/ BDP (EEG)		In-kind Travel Consultant (country offices to cost share)	\$30,000

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME					RESPONSIBLE PARTY	PLANNED BUDGET		
		Q4, 2013	Q1, 2014	Q2, 2014	Q3, 2014	Q4, 2014		Funding Source	Budget Description	Amount
	2. Provide recommendations toward improving the environmental management systems		√	√						
	6. <u>Activity result:</u> Conflict risk analyses in 2 fragile or post-conflict countries conducted <u>Activity action:</u> a. Conduct conflict risk analyses to identify drivers of conflict, peace capacities, traditional and non-traditional dispute resolution mechanisms undertaken			√	√		EI Team/ BCPR, BDP (EEG)		In-kind Travel Consultant Workshop	\$50,000
<b>Output 2:</b> Formal and informal <u>participatory decision-making fora and grievance mechanisms</u> established to institutionalize representation of communities (especially women and indigenous peoples) in the management extractive industries.	<u>1. Activity result:</u> Multi-stakeholder dialogues organized in one country <u>Activity action:</u> a. Multi-stakeholder dialogue facilitated in one country b. Support institutionalization or expansion of a multi-stakeholder dialogue mechanism in one country	√	√	√			EI Team/ BERA, BDP (DGG), with COs, Regional Centres, RBx		In-kind Travel Workshop (country offices to cost share)	\$75,000
	<u>2. Activity result:</u> Sensitize National Human Rights Institutions (NHRIs) and businesses on issues related to business and human rights and corporate social responsibilities. <u>Activity action:</u> a. 2-3 dialogues convened with NHRIs at the global and regional levels b. Knowledge production on good practices	√	√	√	√		EI Team/ BDP (DGG) in coordination with Regional Centres, RBx, and Country Offices		In-kind Travel Workshop	\$65,000

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME					RESPONSIBLE PARTY	PLANNED BUDGET		
		Q4, 2013	Q1, 2014	Q2, 2014	Q3, 2014	Q4, 2014		Funding Source	Budget Description	Amount
	<p><b>3. Activity result:</b> Support the development of grievance mechanisms through community engagement in 1 country</p> <p><b>Activity action:</b></p> <p>a. Revising existing grievance mechanism guidelines with specifics related to EI</p> <p>b. Knowledge and capacity of civil society and media strengthened to act as a watchdog</p> <p>c. Raise awareness among stakeholders on existing laws that address grievances of affected local communities</p> <p>d. Support communities in raising grievances, getting compensation and inputting into development of grievance mechanism.</p> <p>e. Support government institutions in addressing grievances</p>	√					EI Team with BCPR, BDP (DGG, EEG)		In-kind Travel Workshops Local consultant (country offices to cost share)	\$60,000
<b>Output 3:</b> Public institutions, the private sector and civil society have systems to ensure <u>transparent and accountable</u> management of revenues from extractive industries.	<p><b>1. Activity result:</b> Best practices identified in managing corruption risk in EI</p> <p><b>Activity action:</b></p> <p>a. Conduct a study to examine the methods, tools and best practices for managing corruption risks in the extractive sector</p> <p>b. Pilot corruption risk assessment tools in one country</p>	√					EI Team/ BDP (DGG)		In-kind International consultant Travel	\$50,000
	<p><b>2. Activity result:</b> Regulatory and oversight bodies sensitized on governance and anti-corruption issues</p>						EI Team/ BDP (DGG) with COs, Regional Centres, RBx		In-kind Travel Workshop	\$30,000

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME					RESPONSIBLE PARTY	PLANNED BUDGET						
		Q4, 2013	Q1, 2014	Q2, 2014	Q3, 2014	Q4, 2014		Funding Source	Budget Description	Amount				
	related to EI <u>Activity action:</u> a. Making use of planned events, sensitize regulatory and oversight bodies on governance and anti-corruption issues related to the extractive sector		√	√	√									
	<u>3. Activity result:</u> Parliamentarians sensitized on contractual and transfer pricing issues in one country <u>Activity action:</u> a. Hold a meeting with parliamentarians to present findings of a study on contractual and transfer pricing		√	√	√		EI team/ BDP (PG, DGG) with COs, RBA and Regional Center in Addis Ababa		In-kind Travel Workshop	\$20,000				
<b>Output 4:</b> Public institutions and the private sector have <u>strategies in place for investing resource revenues</u> in economic transformation, social development and environmental sustainability.	<u>1. Activity result:</u> Technical assistance provided on strengthening linkages between companies in extractive industries and local companies in 1 country <u>Activity action:</u> a. Support strengthening local content rules and regulations b. Highlight the role of extractive sector companies in supporting skills development for employment generation and strengthening local SME development within value chains c. Assess procurement policies of MNCs, gather evidence and propose changes	√	√	√	√	√	EI Team/ BDP (PG), BERA (IDAC/ IICPSD), Global Alliance for Sustainable Development		In-kind Travel Consultant	\$50,000				
	<u>2. Activity result:</u> Policy advisory services provided on investments into economic diversification, social development and environmental										EI Team/ BERA, BDP (PG, EEG) in coordination with COs, Regional Centres and		In-kind Travel (country	\$50,000

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME					RESPONSIBLE PARTY	PLANNED BUDGET		
		Q4, 2013	Q1, 2014	Q2, 2014	Q3, 2014	Q4, 2014		Funding Source	Budget Description	Amount
	sustainability on demand basis <u>Activity action:</u> a. Internal UNDP coordination on policy advisory services and technical assistance b. Providing policy advisory services and technical assistance through joint missions or desk support	√	√	√	√	√	RBx		offices to cost share)	
		√	√	√	√	√				
<b>Output 5:</b> Technical capacities of <u>artisanal, small- and medium-scale enterprises</u> in the mining sector as well as that of <u>public institutions</u> to monitor, evaluate, regulate and promote the sector are developed.	<u>1. Activity result:</u> Capacities of institutions regulating artisanal, small- and medium-scale enterprises in the mining sector strengthened in 10 ACP countries in monitoring environmental impact, regulating and supporting the sector <u>Activity action:</u> a. Conduct mapping on institutions and training needs assessment b. Identify, select participants c. Prepare training materials d. Deliver training e. Prepare and disseminate reports and post-training materials	√	√	√			El Team in coordination with UNIDO	EU funding	In-kind Travel Consultant Workshop Training materials	\$2,000,000
				√	√	√				
					√	√	√			
	<u>2. Activity result:</u> Strengthened capacities of artisanal, small- and medium-scale mining enterprises in improving safety and reducing adverse environmental impacts in 10 ACP countries <u>Activity action:</u> a. Conduct mapping on artisanal, small- and medium-scale mining companies and their	√	√	√			El Team in coordination with UNIDO	EU funding	In-kind, Travel Consultant Workshop Training materials	\$2,000,000

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME					RESPONSIBLE PARTY	PLANNED BUDGET		
		Q4, 2013	Q1, 2014	Q2, 2014	Q3, 2014	Q4, 2014		Funding Source	Budget Description	Amount
	training needs assessment b. Identify, select participants and training sites c. Prepare training materials d. Deliver training e. Prepare and disseminate reports and post-training materials		√	√	√					
	training needs assessment b. Identify, select participants and training sites c. Prepare training materials d. Deliver training e. Prepare and disseminate reports and post-training materials		√	√	√	√				
	training needs assessment b. Identify, select participants and training sites c. Prepare training materials d. Deliver training e. Prepare and disseminate reports and post-training materials		√	√	√	√				
	training needs assessment b. Identify, select participants and training sites c. Prepare training materials d. Deliver training e. Prepare and disseminate reports and post-training materials		√	√	√	√				
<b>Output 6:</b> A global <u>network</u> of experts and practitioners established to collect, generate and share knowledge and develop capacities	<u>1. Activity result:</u> Awareness raised and advocacy activities conducted on UNDP's EI work to internal and external stakeholders <u>Activity action:</u> a. Develop brochures, quick facts, presentations and other advocacy materials package	√	√				EI Team in coordination with BDP, BCPR and BERA (IICPSD)	In-kind Travel Consultant Printing	\$175,000	
	b. Prepare audio-visual materials – animation series on EI	√	√	√	√	√				
	c. Expand and update UNDP website on extractive industries	√	√	√	√	√				
	e. Develop EI orientation and introduce at UNDP corporate learning events	√	√							
	d. Develop and implement a communications and outreach plan	√	√	√	√	√				
<b>Output 6:</b> A global <u>network</u> of experts and practitioners established to collect, generate and develop capacities	<u>2. Activity result:</u> International Experts Group established <u>Activity action:</u> a. Terms of Reference of International Experts Group developed	√					EI Team in coordination with BDP, BCPR, BERA, Regional Centres and RBx	In-kind Travel Workshop	\$100,000	
	b. Members identified based on recommendation of UNDP implementing	√								



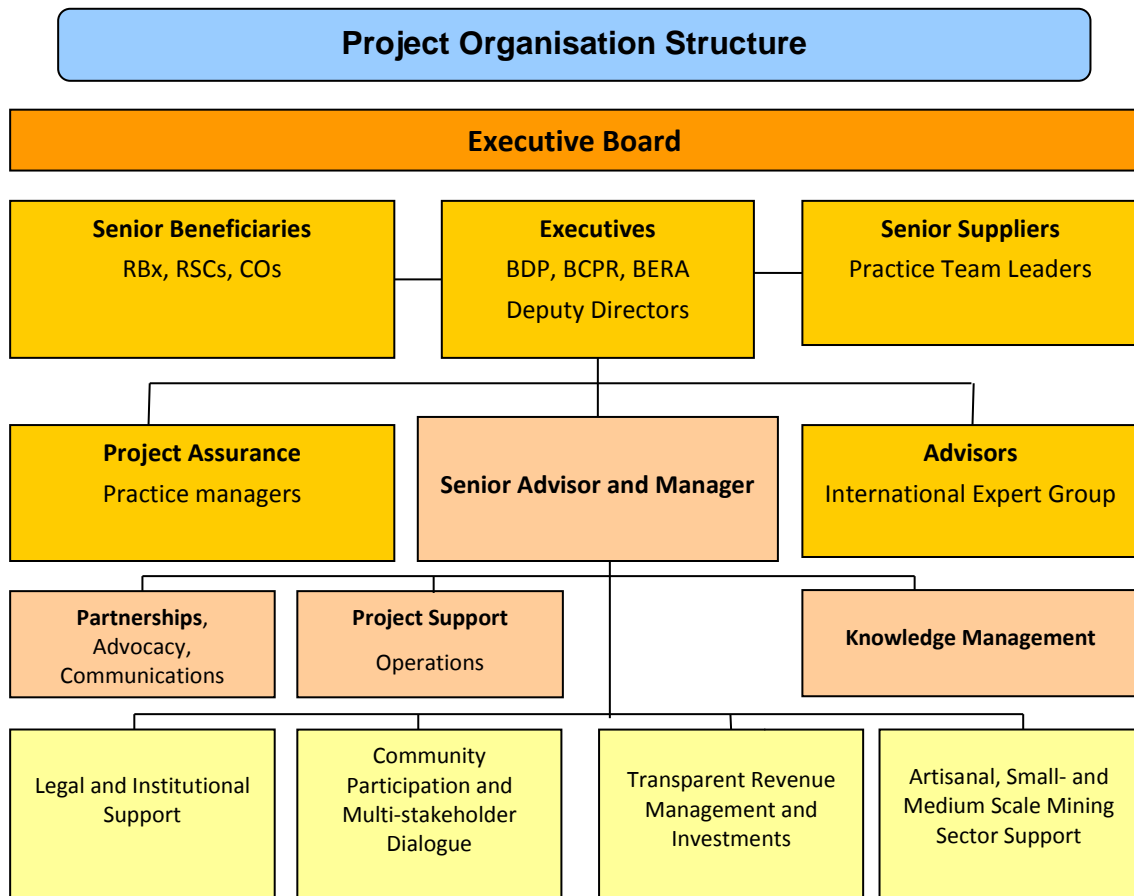
EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME					RESPONSIBLE PARTY	PLANNED BUDGET		
		Q4, 2013	Q1, 2014	Q2, 2014	Q3, 2014	Q4, 2014		Funding Source	Budget Description	Amount
	bureaux, contacted c. Meeting of International Experts Group organized		√		√					
	<u>3. Activity result:</u> HelpDesk operationalized and services provided to up to 15 countries <u>Activity action:</u> a. Develop Concept Note for Help Desk and ToR for HelpDesk Staff c. Develop Workflow for Technical Experts for HelpDesk d. Provide HelpDesk services e. Identify and use a suitable request tracker technology	√ √ √ √	√	√	√	√	EI Team with support from Technical Experts identified by BDP, BCPR, BERA	Staff Consultants	\$50,000	
	<u>4. Activity result:</u> Roster of experts operationalized <u>Activity action:</u> a. Internal expertise in UNDP on extractive industries mapped b. Guidelines for Technical Vetting Committee developed; Technical Vetting Committee selected c. Internal announcement for experts' references carried out (covering UNDP and other UN agencies) d. Experts vetted and initial roster created. e. Experts mobilized for country assignments. f. Partnerships explored/ established with other institutions on experts roster.	√ √ √ √ √	√	√	√	√	EI Team with BCPR, BDP, BERA, in coordination with COs, Regional Centres, RBx	Staff	\$40,000	

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME					RESPONSIBLE PARTY	PLANNED BUDGET		
		Q4, 2013	Q1, 2014	Q2, 2014	Q3, 2014	Q4, 2014		Funding Source	Budget Description	Amount
	<p><u>5. Activity result:</u> Online library developed</p> <p><u>Activity action:</u></p> <p>a. Content management system selected</p> <p>b. Content mapped from within UNDP and UN agencies</p> <p>c. Library architecture developed</p> <p>d. Library populated</p> <p>e. Library launched, put into use</p>						EI Team/ BDP (KICG)		Staff Consultants	\$180,000
	<p><u>6. Activity result:</u> UNDP and key counterparts' learning expanded in multi-disciplinary aspects of EI</p> <p><u>Activity action:</u></p> <p>a. Six learning sessions/ brown bag meetings organized, led by UNDP and external experts in multiple disciplines related to extractives; made accessible to country offices and regional centres</p>						EI Team/ BDP, BCPR, BERA in coordination with COs, Regional Centres, RBx and external partners		In-kind Consultant Workshop Travel Audio-visual	\$10,000
	<p><u>7. Activity result:</u> Network of experts and practitioners on Extractive Industries in UNDP developed</p> <p><u>Activity action:</u></p> <p>a. Launch and develop online network of experts and practitioners through Teamworks.</p> <p>b. Identify focal points in target countries.</p> <p>c. Map internal expertise and needs on extractives.</p> <p>d. Organize a global meeting of UNDP experts and practitioners on extractive</p>						EI Team/ BDP, BCPR, BERA in coordination with COs, Regional Centres, RBx and external partners		Staff Travel Workshop Consultant	\$200,000

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME					RESPONSIBLE PARTY	PLANNED BUDGET		
		Q4, 2013	Q1, 2014	Q2, 2014	Q3, 2014	Q4, 2014		Funding Source	Budget Description	Amount
	industries									
	<p><b>8. Activity result:</b> Knowledge products produced</p> <p><b>Activity action:</b></p> <p>a. Produce country profiles</p> <p>b. Produce and disseminate HelpDesk report</p> <p>c. Produce and disseminate up to three assessment tools and guidelines</p> <p>d. Prepare up to four policy discussion papers</p>	√	√	√	√	√	EI Team/ BDP, BCPR, BERA (IICPSD) in coordination with COs, Regional Centres, RBx and external partners		In-kind Consultant Publications	\$60,000
	<p><b>9. Activity Result:</b> Private sector and public-private cooperation's role and contribution to sustainable extractive sector management discussed by network / alliance of private and public partners.</p> <p><b>Activity action</b></p> <p>a. Convene global conference on the role of private sector in extractive industries (in the context of the post-2015 development agenda).</p> <p>b. Prepare background papers</p>		√	√			EI Team/ BERA (IDAC/ IICPSD)		In-kind Consultant Workshop Publications	\$100,000
	<p><b>10. Activity result:</b> UNDP enters in partnership with WB for promoting GOXI (Governance of Extractive Industries) community</p> <p><b>Activity action:</b></p> <p>a. Develop online library and link with GOXI</p> <p>b. Develop HelpDesk services and link with GOXI</p>	√	√	√	√	√	EI Team with WBI		In-kind Travel Consultant	\$70,000

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME					RESPONSIBLE PARTY	PLANNED BUDGET		
		Q4, 2013	Q1, 2014	Q2, 2014	Q3, 2014	Q4, 2014		Funding Source	Budget Description	Amount
	c. Develop up to 3 policy briefs for dissemination through GOXI		√	√	√	√				
	d. Identify e-learning areas identified and develop one e-learning module	√	√	√	√	√				
	e. Produce and share relevant content with Goxi-network on goxi.org	√	√	√	√	√				
<b>TOTAL</b>										<b>\$5,730,000.00</b>
Breakdown by outputs:									Output 1	345,000
									Output 2	200,000
									Output 3	100,000
									Output 4	100,000
									Output 5	4,000,000
									Output 6	985,000
									<b>5,730,000</b>	

## V. MANAGEMENT ARRANGEMENTS



A Board will oversee the project. The Deputy Bureau Directors of BDP, BCPR and BERA will be the Project Executives. The Senior Beneficiaries include Regional Bureaus, Regional Service Centres and COs. The Cluster Team Leaders from BDP, BCPR and BERA will be the senior suppliers. Practice Managers within BDP, BCPR and BERA will provide project Assurance.

An International Experts Group comprising key stakeholders from development partners, academia, civil society, indigenous peoples representatives, women organisations and private sectors will also be established to provide guidance to the project. See TOR for the International Expert Group in Annex D.

This programme will be coordinated by and housed within BDP. BDP will also expand its exiting extractives team to work towards delivering the outputs outlined in this programme document. BCPR and BERA will dedicate their key staff to work on this programme (allocating a percentage of their staff time). The D1/P6 Senior Advisor and Program Manager will also be assigned by BDP. BCPR will host and manage the financial resources mobilized externally to support this programme.

The Senior Advisor and Manager will lead closely connected teams working on: A) legal and institutional issues (contracts, bills, tax laws etc.); B) community participation and multi-stakeholder dialogue (awareness raising, empowerment, advocacy, etc., for instance involving community-government-private sector dialogue); C) revenue management (transparency, accountability in payments & receipts, tax collection capacity) and revenue investments (diversification, value chains, infrastructure, social development); and E) knowledge management (networking, media, publications, helpdesk etc.). An operations unit will provide financial and administrative support. A unit will carry out advocacy and communication work, on all aspects of the Initiative's activities.

The teams will draw actively on existing UNDP expertise in the areas of economic policy, environment, governance, crisis prevention and recovery, and partnerships and communications. BDP, BCPR and BERA will second staff to join these teams. It is recommended that Regional Bureaus that do not have dedicated regional programmes on extractive sector could second professional staff to the programme teams. This project team set-up would be in line with the emerging UNDP approach of working through cross-bureaux teams on selected “signature programmes”.

Communication with parts of UNDP that are actively engaged in work on the extractive industries will be maintained through UNDP’s Task Team on extractives. Additionally, close collaboration with Regional other key strategic partners, including other UN agencies, main donors, think tanks, international financial institutions, private sector and academia is expected to take place through the virtual platform and network to be developed.

The Global Initiative will be based on PRINCE 2 and Result-Based Programming methodologies. It will be implemented through the Direct Implementation Modality (DIM).<sup>57</sup> The DIM modality will provide UNDP with direct control over Global Initiative inputs and resources, and will enhance the delivery of outputs and cost-effective results, while ensuring national ownership and capacity development of national partners.

Based on the PRINCE 2 architecture, the overall roles of the Board participants are as follows:

Executives: Directors of BDP, BCPR and BERA:

1. Overall direction and guidance for the programme
2. Chair Executive Board meetings and reviews
3. Review delivery of programme results and objectives
4. Recommend corrective action when required

Senior Supplier: Deputy Directors, BDP, BCPR and BERA:

1. Ownership of the programme from a supplier viewpoint
2. Attend Executive Board meetings and reviews
3. Prioritize programme issues
4. Recommend corrective action when required

Project Assurance: Practice Directors, BDP, BCPR and BERA:

1. Carry out objective and independent programme oversight and monitoring functions
2. Attend Executive Board meetings and reviews
3. Supplier assurance carried out by spot-check/audit of deliverables and outputs
4. Exercise approval authority for transactions up to his/her level of authority.
5. Review products/deliverables via quality reviews

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## VI. MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

### **Within the annual cycle**

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.

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<sup>57</sup> The DIM modality will also create an enabling environment for seeking and applying innovative solutions and approaches, with some risk-taking and programmatic/operational experimentation.

- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see Annex C), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- A project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- A Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

### **Annually**

- Annual Review Report: An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format as well as a summary of results achieved against pre-defined annual targets at the output level.
- Annual Project Review: Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

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## **VII. LEGAL CONTEXT**

This project forms part of an overall programmatic framework under which several separate associated country level activities will be implemented. When assistance and support services are provided from this Project to the associated country level activities, this document shall be the “Project Document” instrument referred to in: (i) the respective signed SBAs for the specific countries; or (ii) in the [Supplemental Provisions](#) in cases where the recipient country has not signed an SBA with UNDP.

UNDP as the Implementing Partner shall comply with the policies, procedures and practices of the United Nations safety and security management system.

UNDP agrees to undertake all reasonable efforts to ensure that none of the project funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml). This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

In implementing the project, UNDP shall follow its Policy on Cooperation Between UNDP and the Private Sector, [Environmental and Social Screening Procedure for UNDP Projects](#), [UNDP Corporate Strategy on Civil Society and Civic Engagement](#), and [UNDP Information Disclosure Policy](#). Question to BERA: has this policy been approved?

The UNDP Directors for the Bureau for Development Policy and Bureau for Crisis Prevention and Recovery are authorized to effect in writing the following types of revision to this Project Document, provided that

they are assured that the other signatories to the Project Document have no objection to the proposed changes:

- Revision of, or addition to, any of the annexes to the Project Document;
- Revisions, which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of the inputs already agreed to or by cost increases due to inflation; and
- Mandatory annual revisions, which re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility.

## VIII. ANNEXES

### Annex A: Risks and assumptions

Assumptions:
Understanding among governments of resource-dependent countries of the importance of management of extractive industries for sustainable human development
Requests for policy advice, technical assistance and financing by programme countries will remain high and continue to increase
There will be strong interest in sharing knowledge from Southern governments, particularly mature oil, gas and mineral producers.
Full commitment of programme country governments, civil society and the private sector to carry out the implementation of laws, policies, and institutional reforms that govern the extractive sector, supported by the appropriate budgetary allocations.
Availability of data
Continued high demand for mineral and hydrocarbon commodities, which leads to high level of investment in extractive industries.

Risks	Risk impact	Risk mitigation measures
<b>External risks (related to the context)</b>		
1. <b>Change of government</b>	Changes in government may lead to changes in the policy stance toward extractive industries governance, which may delay or stall passage of relevant legislation, policies and regulations or their amendments. It may also lead to withdrawal or stalling of large extractive projects, jeopardizing the development of local content and linkages, as well as fiscal resources for investment in human development.	Seek commitment and buy-in from across the political spectrum in countries. Maintain impartiality and high-quality of policy advisory and advocacy support.
2. <b>Lack of political will to improve transparency and participation with respect to extractive industries</b>	Limited political will to improve transparency and participation can limit the engagement of citizens and result in disconnect between priorities of local communities and of the central governments.	Seek agreement on the inclusiveness and participation of civil society and other non-governmental stakeholders in extractive industries governance.
3. <b>Limited capacity of counterpart institutions</b>	Turnover of staff, limited number and capacity of staff in government agencies and partnering civil society organizations can lead to inadequate assessment of needs and delay the implementation of activities.	Incorporate wide-ranging capacity development initiatives, including the use of face-to-face and online training. Develop a knowledge network and a library of resources easily accessible by partners.
4. <b>Unbalanced or differing priorities within countries with respect to extractive sector development</b>	Putting priorities on only some aspects, as opposed to an integrated approach. Unbalanced development of the extractive industries may lead to lack of intra-government coordination, and derailing of progress in some aspects by the lack of	Institute a 'mandatory' diagnostic assessment for all countries seeking comprehensive package of support. After the initial phase, 'standardize' a package of support for different typologies of countries, and provide



	<p>progress in other aspects (for example, lack of attention to environmental and participation aspects may lead to conflicts).</p> <p>Counterpart agencies within the government, as well as civil society may have diverging priorities with respect to extractive industries governance, which can stall the implementation of the programme.</p>	<p>comprehensive package of support, accompanied by communication of results in other countries.</p> <p>Seek agreement on intra-governmental coordinating mechanism, on existing multi-stakeholder mechanisms whenever possible.</p> <p>Provide administrative and policy support, if needed, to the coordinating mechanism.</p>
5. <b>Risk of violent conflict</b>	<p>Violent conflicts within communities living in areas with significant extractive industries, as well as community-company conflicts can stall or lead to withdrawal of large extractive projects and jeopardize dialogue, as well as local content and local linkage development.</p>	<p>Conduct conflict sensitivity analyses.</p> <p>Build in participatory activities from the beginning of programme implementation in a country, giving particular attention to the FPIC principles when dealing with indigenous communities.</p>
6. <b>Major environmental incidents or disasters caused by extractive activities</b>	<p>Major environmental incidents or disasters such as oil or toxic spills or mine collapse may lead to loss of life or livelihoods; trigger conflicts between communities, companies and governments; and generate negative publicity.</p>	<p>Support environmental and social risk assessments.</p>
<b>Internal risks (related to the programme)</b>		
1. <b>Duplication</b> with other initiatives related to extractive industries	<p>Duplication with initiatives supported by other multilateral and bilateral partners; UN agencies and CSO's may result in inefficiencies and duplication of effort.</p>	<p>Engage the government and UNCT's coordinating mechanisms throughout the process to ensure flow of information.</p> <p>Regularly monitor and consult with partners implementing other initiatives.</p> <p>Establish partnerships with specialized UN agencies and other partners.</p> <p>Establish communication and workflow management mechanisms within UNDP.</p> <p>Facilitate communication mechanisms with other UN agencies.</p>
2. <b>Reputational risks</b>	<p>Partnerships with private sector companies, and generally the implementation of the programme may create reputational risks for UNDP, triggered by conflicts or environmental incidents.</p>	<p>Conduct due diligence, document it, and regularly revisit it in forming partnerships with companies in the extractive industries, in accordance with the newly launched private sector strategy of UNDP. Ensure that the principles of FPIC and effective participation are guaranteed.</p> <p>Develop a public communication strategy in both developed countries and programme countries, as well as an internal communication and documentation system, to address major and minor reputational risks.</p> <p>In conducting the diagnostic assessment, carry out a comprehensive risk analysis.</p>
3. <b>Inadequate resource mobilization</b>	<p>Inadequate resource mobilization may lead to unbalanced support to countries; weakness of knowledge networking; difficulties in partnering with institutions globally.</p>	<p>UNDP to allocate adequate funding that will trigger further resource mobilisation.</p> <p>Put strong emphasis on communicating</p>

		results of the Global Initiatives and other programmes supported by it. Engage non-traditional partners such as programme countries, including countries with mature extractive industries.
4. <b>Inadequate specialized human resource capacity</b> of UNDP	Lack of specialized human resource capacity in UNDP, particularly in country offices, may limit the effectiveness of policy advice and technical support, and over-reliance on outside expertise with limited duration and with lack of local context knowledge.	Develop curriculum and provide training (with certification) for country-based staff on several aspects of extractive industries. Establish a clear focal point system with related accountabilities and training opportunities. Partner with country- and regional-based educational and research institutions.
5. <b>High cost</b> of engaging specialists in extractive industries	Specialist expertise, such as in legal and financial aspects of extractive industries, may be costly, leading to delays in operations, difficulties in securing needed expertise, and getting the commitment of the expert group.	Conduct analysis of fees in the industry's specialized fields. Establish separate fast track recruitment criteria for engaging such specialized expertise.

## Annex B: UNDP's support to Resource-dependent Countries

<b>Enhancing the capacity to conduct sound, evidence-based policies on Extractive Industries</b>	
<b>Support provided</b>	<b>Country supported</b>
Capacity development, policy dialogue, knowledge sharing and strengthening of partnerships.	Cambodia
Supported the mainstreaming of biodiversity into the oil and gas sector plans and strategies. Supported capacity building for sustainable land management.	Uzbekistan
Support to manage and safeguarding biodiversity in the mining sectors.	Colombia, Nigeria, Mauritania, Russia
UNDP worked with the private sector to support the preparation of a sub-regional Human Development Report for the Niger Delta. This partnership resulted in initiatives for skills development for youth and local governance capacity building.	Nigeria
National Human Development Reports have presented analytical perspectives to tackle the challenges and exploit the opportunities sustainable management of natural resources. UNDP's Arab Development Challenges Report 2011 looked at links between resource dependence and processes of socio-economic and political exclusion in the Arab region.	Bolivia, Democratic Republic of Congo, Timor Leste ,Azerbaijan, Arab region
UNDP has organized several international meetings to facilitate policy thinking and knowledge sharing on oil, gas and extractive management. Examples include: 2007 High-level meeting in Qatar, 2009 High-level meeting in Kenya, 2011 conference on managing extractive industries for human development in Mongolia, 2012 high-level seminar on sustainable extractive sector management in Guyana.	Over sixty hydrocarbons producing countries were present in the Nairobi meeting
Building capacity of regional ocean governance institutions to conduct oil spill risk assessment and contingency planning in regions subject to intense oil and gas exploration and exploitation.	African marine ecosystems, Caspian Sea & East Asian Seas.
<b>Supporting the development, strengthening or revision of institutional and legal frameworks relevant to extractive sector management</b>	
<b>Support provided</b>	<b>Country supported</b>
Institutional support to the ministry of mines, development of policy framework to guide sustainable development of mining sector.	Afghanistan, Papa New Guinea
Supported the development of progressive oil law, incl. the establishment of a national oil fund, and requirements for public and competitive tenders and for contracts to have anti/corruption and transparency provisions.	São Tomé & Príncipe
Strengthened national regulatory frameworks on environment and energy.	Uzbekistan
Supported sustainable management of diamond sector through the Diamonds4Development Initiative. Produced report with regional overview and detailed country analysis. Support to Kimberly Certification process.	Liberia
Supported to develop and implement policy and regulatory reforms to reduce the environmental impact of offshore diamond mining on vital marine resources on which these countries depend.	Benguela Marine Ecosystem Countries (Namibia, South Africa, Angola)
Reduction of environmental impacts from mercury use by artisanal gold miners. Introduction of alternative recovery and processing technologies and practices to reduce or eliminate mercury use. Raised awareness and helped countries to reform their mining and policy legislation, contributed to the development of an international legal regime on managing mercury.	Global, in partnership with UNIDO, GEF-supported
<b>Supporting enhanced participation of communities and vulnerable groups, including women youth and indigenous people in decision-making processes related to EIs.</b>	
<b>Support provided</b>	<b>Country supported</b>
Developed guidelines on the application of the principle of Free, Prior and Informed Consent (FPIC). Conflict prevention, including the development of tools and methodologies to strengthen national capacities to establish national grievance mechanisms.	Global
Through the UN's Indigenous Peoples' Partnership Programme (UNIPP), UNDP supports the rights of indigenous people, aims to facilitate implementation of the Declaration on the Rights of Indigenous Peoples and the ILO's Indigenous and Tribal Peoples Convention, 1989 (No. 169). UNDP is also working on IP's issues through the UN Permanent Forum on Indigenous Issues and GEF Small Grants Programme.	Currently under implementation in several countries through the UNIPP Multi-donor trust fund.
<b>Supporting the establishment of systems and institutions for transparent and accountable revenue management</b>	
<b>Support provided</b>	<b>Country supported</b>
Supported the adoption of a "Charter of Good Governance" which established fundamental principles on governing mineral resources. Supported work with Niger's Constitution, which requires the publication of natural resource contracts and revenues on a disaggregated basis.	Niger

Supported the government through the Poverty-Environment Initiative (PEI) to maximize natural resource revenues for poverty reduction and environmental sustainability. Conducted reviews of NR revenue collection, supported the country's efforts to comply with EITI standards and supported the decentralized governance of natural resource revenues.	Philippines
Support to the EITI process	Central African Republic
Supported countries to address information and bargaining asymmetries to obtain a fairer share of the revenues from their extractive sectors. Provided technical support with contract negotiation and capacity development for monitoring contract implementation.	Regional programme, Tanzania, Liberia and Sierra Leone.
<b>Enhancing the capacities of relevant government bodies to invest EI revenues in economic transformation, environmental sustainability and social development.</b>	
<b>Support provided</b>	<b>Country supported</b>
Supported the National Foundation for Investment Promotion To promote non-oil sector exports. 2007 HDR "Converting black gold into human gold" made specific recommendations for using oil revenues to build competitive industries in manufacturing, tourism and agriculture	Azerbaijan
Formulation of a non-oil based development strategy. Facilitation of cross-sectoral dialogue in the implementation of an economic diversification support programme	Yemen
National Grasslands Biodiversity Programme supports the development of mechanisms for wetland mitigation in coal mining areas.	South Africa
Support the conservation of the unique biodiversity of Yasuni National Park, a World Biosphere Reserve overlying rich oil reserves. It also protects indigenous people's rights and reduces CO2 emissions. The aim is to mobilize, through a Trust Fund, at least half of the estimated value of non-exploited reserves, to compensate for these global environmental services.	Ecuador
Support to local civil society along oil pipeline for biodiversity conservation projects through the establishment of Small Investment Funds.	Turkey
Raised funds for local projects on climate and sustainable energy.	China
Raised funds for cross-thematic work focused on economic diversification, conflict prevention and socio-environmental impact assessments, etc.	Indonesia
Worked with oil companies to support MSME development, including capacity development to become suppliers of goods and services to the extractive sector.	Angola, Kazakhstan, Argentina

### Annex C: Programmes and projects implemented by partners

Country/ Funding & implementing organization	Name or description of the programme	Thematic scope	Country/ regional focus	Period/ Starting year
<b>1. Bilateral</b>				
Norway/ NORAD	Oil for Development Programme	<ul style="list-style-type: none"> <li>• Resource, financial and environmental dimensions</li> <li>• Civil society inclusion</li> <li>• Anti-corruption</li> <li>• Gender</li> <li>• Management of oil sector: legislation, oversight institutions, monitoring systems, allocation and concession policies.</li> </ul>	Focus largely on Africa, Latin America  Angola; Bolivia; Ghana; Mozambique; Sudan; South-Sudan; Timor-Leste; Uganda. Non-core: Cuba, Iraq, Ivory Coast, Lebanon, Liberia, Nicaragua, Nigeria, São Tomé and Príncipe, Sierra Leone and Tanzania.	Started in 2005, but Norway's development assistance in this field goes back to 1980s.  2012: 340m NOK ~ \$57.8m
Canada/ CIDA and Natural Resources Canada (Ministry)	CSR Strategy for the International Extractive Sector; Support to EITI Support to Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development Promote CSR practices of Canadian mining companies internationally through domestic regulation and capacity building	Governance capacity and modernizing governance regimes Capacity of local governments and communities; indigenous peoples;  Environmental standards  Promote CSR principles and standards Others: Joined Voluntary Principles on Security and Human Rights Fiscal policy workshop (Mali) Health risk study (Mexico)	Latin America, with focus on Bolivia, Guyana, Mexico, Andean Sub-Region; FTA partners Colombia and Peru; Mexico  Mali	

Country/ Funding & implementing organization	Name or description of the programme	Thematic scope	Country/ regional focus	Period/ Starting year
Australia/ AusAID	<p>Mining for Development Initiative</p> <p>Establishment of the International Mining for Development Centre</p> <p>Support to EITI</p> <p>Funding to IMF</p> <p>Support to the Natural Resource Chapter</p> <p>Collaboration with the World Bank; funding of WB Extractive Industries' Technical Advisory Facility</p>	<ul style="list-style-type: none"> <li>• Regulation and governance</li> <li>• Extractive revenue management</li> <li>• Direct community benefit</li> </ul> <p>1. Regulation and governance: Training on cadastral management in a GIS environment; rehabilitation on mined land; occupational health and safety; management of large volume waste facilities in mining; local procurement.</p> <p>2. Extractive revenue management: Guide on mineral royalties and other mining taxes Strengthening tax administration capacity (large taxpayer unit) Scholarships to students in mining-related fields</p> <p>3. Direct community benefit: Mining education Social and environmental impact assessment Training to journalists</p>	<p>Mostly Asia: Mongolia, Timor Leste, Solomon Islands, Papua New Guinea, Indonesia, Philippines</p> <p>32 African countries (study tour, training)</p>	<p>Mining for Development Initiative started in 2011</p> <p>2012: \$39m (105m over previous 3 years)</p>
UK/ DFID	<p>Support to EITI, initiator of EITI</p> <p>Support to Global Witness</p>	Governance, transparency	Ghana, Nigeria	
USA/ USAID	<p>Support to EITI</p> <p>Capacity building and institutional support related to West African Pipeline</p> <p>Dodd-Frank Financial Regulation Bill</p>	<p>Governance, transparency</p> <p>Domestic measures: Amendment to Frank-Dodd Act to improve financial regulation (Section 1504) requires oil, gas and mining companies registered with the US SEC to disclose payments to the U.S. and foreign governments at country and project level. The American Petroleum Institute, the U.S. Chamber of Commerce and others have filed a lawsuit to nullify this amendment.</p>	West Africa	
France		Facilitation of EITI	Niger	

Country/ Funding & implementing organization	Name or description of the programme	Thematic scope	Country/ regional focus	Period/ Starting year
Germany		Minerals certification scheme	Ghana, Central African States, Democratic Republic of the Congo,	
Switzerland		Artisanal mining	Mongolia	
Japan		Mining sector promotion	Zambia	
Portugal		Capacity building, training for public sector staff working in EI	Mozambique	
China		Mostly private investment;  China-Africa Development Fund to support investment in Africa, including in oil and gas infrastructure, pipelines and processing networks, indigenization efforts.	Sub-Saharan Africa	CAD Fund established in 2007.
EU, EC	In progress: amendments to the European Accounting and Transparency Directives  Development assistance through individual countries	In the process of adopting amendments to the European Accounting and Transparency Directives to require oil, gas, mining and forestry companies listed on EU stock exchanges as well as large private companies to disclose their payments to governments, at country and project level.  Individual EU governments decentralize the largest provider of grants to EI governance-related activities to Sub-Saharan Africa, but the support.		
<b>2. Multilateral</b>				
IMF	Managing Natural Resource Wealth Topical Trust Fund	The Trust Fund focuses on 5 areas: 1. Fiscal revenues, licensing and contracting 2. Revenue administration 3. Macro-fiscal, public financial management, expenditure policy 4. Natural resource asset and liability management 5. Statistics for managing natural resources	53 resource-dependent countries in all regions identified as eligible. Eligibility is determined upon combination of several criteria: share of oil and mining in exports, share of fiscal revenues from oil and mining, prospects for exploitation for new large deposits	Started in 2010  Total budget over 5 years: \$25 million; Funding from Australia, EU, the Netherlands, Norway, Switzerland, Kuwait and Oman

Country/ Funding & implementing organization	Name or description of the programme	Thematic scope	Country/ regional focus	Period/ Starting year
World Bank	Extractive Industries Technical Advisory Facility (EI-TAF)	<p>The EI-TAF facilitates advisory services for capacity building related to extractive industry contract negotiations and associated policy reforms/ frameworks. Two components: 1) Rapid response advisory services; 2) global knowledge management/good practice in extractive industries sector governance. Focus on:</p> <ul style="list-style-type: none"> <li>• Contract negotiations</li> <li>• Capacity building</li> <li>• Policy, institutional, fiscal, legal and regulatory frameworks review, updating, including revenue management and benefit sharing</li> <li>• Structuring extractive industries licensing processes</li> </ul>	EI-TAF scope is global	EI-TAF started in 2009. By 2010, mobilized \$10.8m from Norway, Switzerland, IFC, WB's Development Grant Facility
World Bank	Petroleum Governance Initiative (PGI)	<p>Petroleum Governance Initiative (PGI), funded by Norway, focuses on:</p> <ul style="list-style-type: none"> <li>• Petroleum sector governance and revenue management</li> <li>• Environmental management</li> <li>• Community development</li> </ul>	PGI scope is global; implemented in nine countries in Middle East and North Africa, Sub-Saharan Africa, East Asia and the Pacific regions.	PGI established in 2006
World Bank	Global Gas Flaring Reduction (GGFR)	Global Gas Flaring Reduction (GGFR), works to reduce the environmentally damaging flaring and venting of gas associated with the extraction of crude oil		GGFR established in 2002
World Bank	General lending operations	World Bank committed an average of \$1 billion annually over the last five years to the extractives industries through lending (IBRD and IDA) and private sector financing, insurance and advisory services (IFC and MIGA)		



Country/ Funding & implementing organization	Name or description of the programme	Thematic scope	Country/ regional focus	Period/ Starting year
African Development Bank		Governance, transparency, anti-corruption. Specifically: <ul style="list-style-type: none"> <li>• Mining cadastre and geological surveys;</li> <li>• Environmental management capacity;</li> <li>• Management capacity;</li> <li>• Survey of donor-funded technical assistance in EI governance in Africa.</li> <li>• Study on EI governance in Africa</li> <li>• Advocacy for improving EI sector governance in Africa</li> <li>• Exchanging knowledge among oil, gas, and mining specialists</li> <li>• African Legal Support Facility</li> </ul> General lending operations	Africa	
Asian Development Bank		Technical and financial support to resource-dependent countries in Asia-Pacific  General lending operations	Asia and the Pacific, including Central Asia	
OECD	1997 Anti-Bribery Convention	Has prompted changes in the legal frameworks and business practices among its 38 signatory countries criminalizes foreign bribery makes monitoring and undergoing periodic peer review binding requirements		
<b>3. Intergovernmental groups and United Nations</b>				
Human Rights Council		Raises issues related to human rights violations  Human Rights Council endorsed (2011), <i>Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework</i>		
The Special Rapporteur on the Rights of Indigenous Peoples  UN's Permanent Forum on Indigenous Issues		Raises issues related to human rights violations Enhances partnerships around mitigating the impacts of extractive industries on indigenous territories		

Country/ Funding & implementing organization	Name or description of the programme	Thematic scope	Country/ regional focus	Period/ Starting year
CEDAW (Convention on Ending Discrimination Against Women)  The Special Rapporteur on Violence against Women		Engaged in matters relevant to resource extraction and women's rights		
Group of Friends of Natural Resources, co-chaired by Gabon and Belgium	Intergovernmental group	Prepared a UN General Assembly resolution on "promoting transparency throughout the value chain of natural resources to boost inclusive and sustainable growth", to encourage member states enhancing transparency in the value chain and request the Secretary General to report to the General Assembly on existing best practices in natural resources management by Member States		
Common Fund for Commodities	Members: 105 member states and 10 institutional bodies	Reform of the CFC started in 2012.  Had been financing development projects in mineral and agricultural commodities		Since 1989
Ulaanbaatar Group on Statistics for Economies Based on Natural Resources, co-chaired by Mongolia and Australia	Technical group of 13 countries' statistical agencies, chaired by Mongolia	Methodological and practical guidelines to track mining industry activities and their social, environmental impact; Forum to share expertise of statistical bodies; Collaborate with United Nations bodies to develop methodologies and standards; Develop practical manuals and recommendations	Australia, Azerbaijan, Brazil, China, India, Iran, Kazakhstan, Lesotho, Madagascar, Mexico, Mongolia, Russian Federation and Vietnam	Established in 2012
UN Global Compact	Group with voluntary accession of signatories; 8,500 signatories in over 135 countries	Working groups on issues such as human rights, business and peace, environment; the working group on transparency and accountability has a sub-working group for the oil and gas industry to align business operations and strategies everywhere with ten universally accepted principles in the areas of human rights, labour, environment and anticorruption		Started in 2002

Country/ Funding & implementing organization	Name or description of the programme	Thematic scope	Country/ regional focus	Period/ Starting year
<i>United Nations Interagency Framework Team for Preventive Action</i>		<p><i>Multi-year, interagency project on natural resources and conflict working with UNDP, UNEP, UN-HABITAT, DPA, PBSO and UNDESA</i></p> <ul style="list-style-type: none"> <li>• Toolkits and training on extractive industries, land, and renewable resources</li> <li>• Improve capacities of UN staff, EU delegations, and national counterparts</li> <li>• Provide technical assistance, policy development and programme coordination</li> </ul>		
UNDESA	United Nations Department of Economic and Social Affairs	Works on the System of Environmental-Economic Accounting, which contains the internationally agreed standard concepts, definitions, classifications, accounting rules and tables for producing internationally comparable statistics on the environment		
UNCTAD	United Nations Conference on Trade and Development	2007 World Investment Report analysed trends in foreign direct investment, with focus on oil, gas and metal minerals		
UNEP	United Nations Environmental Programme	<p>Environmental assessment of 300 oil-impacted sites in the Ogoni region of the Niger Delta</p> <p>Assessment, support to the Minawata Convention on Mercury</p>		
UNITAR	United Nations Institute on Training and Research	Training course in the Governance of Extractive Industries		
UN Special Unit for South-South Cooperation		Programme for institutional capacity development and training for southern governments		
<b>4. Mixed initiatives</b>				
Extractive Industries Transparency Initiative (EITI)	Coalition of governments, companies, civil society groups, investors and international organisations that seeks to promote revenue transparency	Developed a methodology for monitoring and reconciling company payments and government revenues at the country level. Each implementing country creates its own EITI process, which is overseen by participants from the government, companies and national civil society. 21 countries currently meet its five sign-up requirements and 15 are considered EITI compliant by publishing a report that reconciles what companies say they pay in taxes, royalties and signature bonuses, with what governments report they have received		Established in 2003

Country/ Funding & implementing organization	Name or description of the programme	Thematic scope	Country/ regional focus	Period/ Starting year
Kimberley Process		Joint initiative by governments, industry and civil society that seeks to stem the flow of diamonds mined in conflict zones. It is open to all countries that are willing and able to implement its requirements and currently has <a href="#">51 participants</a> , representing 77 countries, covering approximately 99.8% of the global production of rough diamonds.		Established in 2000
<b>5. Civil society</b>				
Publish What you Pay (PWYP)		Global network of 650 organisations that work for oil, gas and mining revenues to form the basis for development and improve the lives of citizens  Undertakes public campaigns and policy advocacy to achieve disclosure of information about extractive industry revenues and contracts. Among the founding members of PWYP are <a href="#">Oxfam</a> , <a href="#">Save the Children</a> and <a href="#">Transparency International</a> .		
Revenue Watch Institute (RWI)		Capacity building, technical assistance, research and advocacy for effective, transparent and accountable management of oil, gas and mineral resources. Areas of work: <ul style="list-style-type: none"> <li>• Accounting Standards</li> <li>• Advocacy</li> <li>• Civil society</li> <li>• Contracts</li> <li>• Data tools</li> <li>• Dodd-Frank Act</li> <li>• Economic diversification</li> <li>• Legal analysis</li> <li>• Revenue management</li> <li>• Revenue Watch Index</li> <li>• State-owned enterprises</li> <li>• Subnational issues</li> </ul>	Regional hubs in Azerbaijan, Cameroon, Ghana, Peru	
African Initiative on Mining, Environment and Society (AIMES)		Extractive sector advocacy, in particular mining  TWN-African, AIMES and the International trade Union Federation organized consultations on the African Mining Vision		Founded in 1999

Country/ Funding & implementing organization	Name or description of the programme	Thematic scope	Country/ regional focus	Period/ Starting year
Third World Network (TWN)	An independent non-profit international network of organisations and individuals that serves as the secretariat	Extractive sector advocacy, in particular mining  TWN-African, AIMEs and the International trade Union Federation organized consultations on the African Mining Vision		
Gaia Foundation		Regenerating cultural and biological diversity, and restoring a respectful relationship with the Earth. They work with partners throughout South America, Europe, Africa, and Asia  Published a report highlighting the environmental impacts of extractive industries		
Global Witness		Highly effective campaigns against natural resource-related conflict, corruption and human rights abuses.  Its work on “Blood Diamonds” was particularly instrumental in creating the diamond certification scheme known as the Kimberley Process	Angola, Botswana, Cambodia, Congo and Sierra Leone	
<b>6. Academic</b>				
Oxford Centre for the Analysis of Resource Rich Economies, funded by BP; Oxford, UK		Research areas: <ul style="list-style-type: none"> <li>• Managing resource revenues</li> <li>• Political economy, governance and conflict</li> <li>• Trade and economic diversification</li> </ul>		Established in 2007
Natural Resource Charter, part of the Oxford Centre for the Analysis of Resource-dependent economies, Oxford, UK		Sets out 12 principles along the extractives value chain for governments and societies on how to best manage the opportunities created by natural resources for development  The Technical Advisory Group: Nobel Laureate in Economics, Michael Spence; over 30 leading experts including Paul Collier, Director of the Centre for the Study of African Economies at Oxford University, Karin Lissakers, Director of Revenue Watch Institute, Tony Venables, Director of OxCarre at Oxford University.  An Oversight Board chaired by Ernesto Zedillo, former President of Mexico, governs the Charter. Other members of the Oversight Board include Luisa Diogo, Mo Ibrahim, Shengman Zhang and Abdulatif Al-Hamad.		Established in 2010

Country/ Funding & implementing organization	Name or description of the programme	Thematic scope	Country/ regional focus	Period/ Starting year
The Centre for Sustainability in Mining and Industry and University of the Witwatersrand in Johannesburg, South Africa		Training courses on: <ul style="list-style-type: none"> <li>• Health</li> <li>• Safety</li> <li>• Environment</li> <li>• Quality management</li> <li>• Community engagement</li> </ul>		Established in 2012
Centre for Energy, Petroleum and Mineral Law and Policy at the University of Dundee, UK		Research areas: <ul style="list-style-type: none"> <li>• Energy and investment</li> <li>• Energy, natural resources and the international trading system</li> <li>• Energy and sustainability</li> <li>• Energy and natural resource security</li> <li>• Governance of the extractive industries</li> <li>• Economics of energy and natural resources</li> </ul>		Established in 1977
Making the Most of the Commodities Programme, Open University/ UK, University of Cape Town/ South Africa		Research areas: <ul style="list-style-type: none"> <li>• Enhancing the exploitation and value addition to the commodities sectors</li> <li>• Upstream and downstream linkages with the mining sectors</li> <li>• Distributional outcomes of commodities exploitation</li> <li>• Implications for investment, policies</li> </ul>	Focus mostly on Sub-Saharan Africa, China	Established in 2009
African Mining Development Centre	Funding expected to come from Australia, Canada, AngloGold Ashanti; Lead by African Union to implement Africa Mining Vision	Work areas: <ul style="list-style-type: none"> <li>• Policy and licensing</li> <li>• Geological and mining information systems</li> <li>• Governance and participation</li> <li>• Artisanal and small-scale mining</li> <li>• Linkages, investments and diversification</li> <li>• Building human and institutional capacities</li> <li>• Communication and advocacy</li> </ul>		In the process of being established
International Mining for Development Centre, University of Western Australia and University of Queensland; funded by AUSAID; Australia		Training courses on: <ul style="list-style-type: none"> <li>• Governance and regulation</li> <li>• Community and environmental sustainability</li> <li>• Operational effectiveness</li> </ul>		Established in 2011

Country/ Funding & implementing organization	Name or description of the programme	Thematic scope	Country/ regional focus	Period/ Starting year
Vale Columbia Centre on Sustainable International Investment, New York, U.S.A.; funded by Vale mining MNC		Research areas: <ul style="list-style-type: none"> <li>• Business case for transparency</li> <li>• Fiscal reforms</li> <li>• Review mechanisms in natural resource contracts</li> <li>• Natural resource funds</li> <li>• Employment from mining</li> <li>• Strategic environmental assessment</li> <li>• Emerging market MNEs and sustainable development</li> <li>• Cross-border pipelines</li> <li>• Performance requirements for technology transfer</li> <li>• Fiscal regimes for natural resources</li> <li>• Capital gains tax</li> <li>• Competitive bidding frameworks for natural resource rights</li> <li>• Leveraging infrastructure investments for development</li> <li>• Local content laws and contractual provisions</li> <li>• Bridging the gaps between investment laws and environmental policy</li> <li>• Intra-African investment flows</li> <li>• Improving the international law and policy regime</li> </ul>		Established in 2008
<b>7. Regional and country initiatives</b>				
Uganda, the Advocates Coalition for Development and Environment (ACODE)		Local governance  ACODE has joined forces with other national and international CSOs and independent media such as the Daily Monitor and the Independent, to lead a charge for more openness around the production sharing agreements signed by the government and international oil companies exploring in the western Albertine Graben-region. ACODE has established the Uganda Oil and Gas Documentation Bureau as a source of key legal documents and analysis		
Cambodians for Resource Revenue Transparency		Works with the government and the private sector to help ensure that revenues from extractive industries are equitably and transparently managed in a way that is understood by the general public		

Country/ Funding & implementing organization	Name or description of the programme	Thematic scope	Country/ regional focus	Period/ Starting year
Women in Mining (WIMSA) from South Africa		<p>Facilitates greater engagement of women in the mining industry</p> <p>Provides support and guidance on personal growth, leadership and career development with programs such as mentorship.</p> <p>Advocates for women- friendly work environment, better health and safety standards etc. to advance women’s participation and leadership role in mining.</p>		
Andean Regional Initiative (ARI) for Promoting Effective Corporate Social Responsibility; Colombia, Peru and Bolivia		<p>Improving communication between local populations and extraction companies</p> <p>Aiding local governments and communities in creating projects that encourage sustainable development for people living in and around sites of resource extraction</p>		
African Mining Vision (AMV)		<p>Adopted by the Heads of State and Government of the Africa Union in February 2009 with an action plan adopted in December 2011. An African Minerals Development Centre is being established within the structures of the UN Economic Commission for Africa (UNECA)</p> <p>Eighth African Development Forum was held October 2012 focusing on “Governing and Harnessing Natural Resources for Africa’s Development”. At the Forum an African Mineral Skills Initiative - creating the necessary skills so that African countries can take advantage of mineral development and growth opportunities</p>		
<b>8. Industry groups</b>				
Global Oil and Gas Industry Association for Environmental And Social Issues (IPIECA)		Principal channel of communication with the UN		
International Organisation of Oil and Gas Producers				
World Diamond Council				
International Council on Metals and Mining (ICCM)		Developing a new toolkit to evaluate the socio-economic effects of mining at the local, regional and national levels		
<b>9. Electronic networks</b>				
<a href="http://www.GOXI.org">www.GOXI.org</a>		Managed by the World Bank Institute, it serves as a standing forum for innovation and collaboration across stakeholders groups, countries and initiatives. The network currently has more than 1,300 members		



## Annex D: Terms of Reference for the International Expert Group

### Background

In response to a substantial increase in demand for its services, and in recognition of the far-reaching impacts of extractive activities, UNDP has developed a *Strategy for Supporting Sustainable and Equitable Management of the Extractive Industries*. To operationalize this Strategy, UNDP also developed the *Global Initiative on Extractive Industries for Sustainable Development*. This initiative is uniquely cross-cutting, making use of UNDP's expertise in all areas of relevance to sustainable extractive sector management. Through this Global Initiative, UNDP aims to significantly scale-up its support to resource-rich developing countries. See [www.undp.org/extractiveindustries](http://www.undp.org/extractiveindustries) for information on UNDP's work on extractives.

The **International Experts Group (IEG)** is required to guide UNDP's work on extractive industries and ensure the continued relevance and quality of UNDP's work in this area.

### Description of mandate

- Regular provision of guidance and advice on UNDP's work on supporting management of extractives.
- Support advocacy efforts to consolidate UNDP's position as a major global player in this area.
- Facilitate and broker strategic partnerships between UNDP and key EI stakeholders, to achieve synergies and avoid duplications.
- Facilitate broad-based debates on issues related to the EI, such as the use of non-renewable resources, transparency and accountability, human rights, women's and indigenous people's rights, environment and conflict.
- Coordinate research efforts and provide guidance where global action is needed. For instance: a) cross-border issues, where resource deposits span over multiple countries; b) illicit financial flows and tax related issues; and c) international standards in areas such as corporate governance, resource contract design and transparency.

### Deliverables

1. Provision of extensive advice to UNDP's work at least twice yearly, at workshops and virtual meetings.
2. Annual report, with observations on current developments in extractive industries with particular relevance to the work of UNDP and a summary of the recommendations for UNDP's continued work in this area.
3. Establishment of strategic partnerships to ensure efficient delivery of services.
4. Contributions to the global debate on EIs through op-eds, publications and participation in forums.
5. Provision of guidance and advocacy on issues where global action is needed.
6. Participation in events organized by UN or UNDP on EIs when invited.

### Composition of International Experts Group

The IEG will be composed of individuals with expertise and large networks in areas relevant to the sustainable management of the EIs for development. The group should consist of a mix of policy makers and development practitioners. Geographic and gender balance are priorities and the group should have representatives from development partners, academia, civil society, indigenous peoples groups, women's organizations and private sector. The members should preferably be available to be part of the IEG for the four year-duration of the Global Initiative, but shorter periods (minimum one year) will also be considered.

The following qualifications and competencies are desired for the members of the IEG:

- Internationally renowned authority in his/her field of expertise, with strong network.
- Responsive and available to take part in biannual review workshops on UNDP's EI work, as well as to respond to ad-hoc invitation and participate in key events to promote UNDP's work in this area.
- Excellent communication and presentation skills, written and oral.
- Demonstrated desire and ability to promote the sustainable development of EIs.
- Team-player with respect for other cultures and opinions.
- Respect for the principles of the United Nations Charter and the UNDP Statement of Purpose.

### Financial Arrangements

The International Experts Group members will not be remunerated financially; UNDP will cover the costs related to their duties as Expert Group members, including travel and accommodation expenses.

### Practical Arrangements

- **Chairs:** Two IEG members will be selected as co-chairs of the group, serving one year terms on a rotational basis.
- **Secretariat:** The secretariat will be responsible for coordination and communication between the UNDP and the IEG members; as well as convene meetings and the coordination of the IEG's work and deliverables. UNDP's Team working on extractives will function as the secretariat for the IEG, and will provide support with the organization of the annual meeting, the publication of the annual recommendations report and with travel and other practical arrangements related to IEG's functions.
- **Time- and availability requirements:** All IEG members will meet once a year, in New York, for the annual feedback meeting and the finalization of the annual recommendations report. Additionally, IEG will hold one virtual meeting each year, and individual IEG members will be invited to participate in UNDP events related to their area of expertise. If the IEG finds it useful, it stands free to establish short-term sub-committees to dedicate attention to topics that the IEG identifies as of particular importance to UNDP.
- **Communication:** IEG communications in addition to the biannual meetings will take place through e-mail. IEG members are expected to be responsive to email messages from UNDP.

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