UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT DOCUMENT
Africa Regional Project

Empowered lives.
Resilient nations.

Project Title: African Mining Governance Project

Project Number: 00110410

Implementing Partner: UNDP and the African Union Commission (AUC)

Start Date: July 2018 **End Date:** July 2021 **PAC Meeting date:** 22 May-18 June 2018

Brief Description

Half of the twenty-five most resource-dependent countries are African. However, the evidence shows that over-reliance on non-renewable natural resources, particularly minerals, is associated with de-industrialisation. This is despite the African Union's Agenda 2063 that aspired for African economies to be "structurally transformed to create shared growth, decent jobs and economic opportunities for all"; the African Mining Vision's (AMV) objective to see a "diversified, vibrant and globally competitive industrializing African economy"; and SDG Target 9.2 that aims to achieve "inclusive and sustainable industrialization".

The question this project asks is therefore: How can member states of the African Union that experienced positive economic growth rates, fuelled by the prolonged boom in primary commodity prices, avoid the decline in their industrial sector.

One possibility for reversing the de-industrialisation trend is the adoption of the policy principles set out in the AMV. This project aims to facilitate this through: 1) strengthening the capacity of the African Union to advance the AMV agenda; 2) institutionalising the AMV principles at the sub-regional and country levels; and 3) generating and disseminating knowledge to support the development of resource-based industrialisation polices and strategies.

The project will benefit the African Union member states, regional economic communities and other sub-regional bodies that work towards adopting the principles of the AMV. The expected outcome is that resource-dependent Africa economies will move towards achieving the industrialization goals set out in the Agenda 2063, the AMV and the Sustainable Development Goals (SDGs).

UNDP Regional Programme for Africa:

Outcome 1: African Union and RECs deliver on their mandate, especially cross-cutting issues related to resilience-building

UNDP Strategic Plan:

Outcome 2: Accelerate structural transformations for sustainable development

The African Union Agenda 2063: Aspiration 1

SDGs: 1, 3, 4, 6, 7, 8 and 9

Total resources required:		**$5,140,800**
Total resources allocated:	**UNDP TRAC:**	**$1,000,000**
	Donor:	
	Government:	
	In-Kind:	
Unfunded		**$4,140,800**

Agreed by (signatures)[1]:

UNDP	AUC
Lamin Momodou Manneh Director, UNDP Regional Service Centre for Africa	
Print Name:	Pint Name
Date: 10/07/2018	Date

[1] Note: Adjust signatures as needed

[2] The Gender Marker measures how much a project invests in gender equality and women's empowerment. Select one for each output: GEN3 (Gender equality as a principle objective); GEN2 (Gender equality as a significant objective); GEN1 (Limited contribution to gender equality); GEN0 (No contribution to gender quality)

I. Development Challenge

The development challenge that this project seeks to address is the de-industrialisation in resource-dependent economies in sub-Sharan Africa (SSA). The robust economic growth that most resource-exporting SSA countries experienced since the turn of the 21st century has raised expectations about their future growth and employment generation potentials. Nonetheless, closer inspection of the drivers of growth raises serious concerns about the vitality and sustainability of the recent economic upturn in resource-rich countries. The main concern is the relatively modest growth in GDP per capita—averaging 3.5% per annum during 2000-2015, which is much lower than growth in per capita GDP in East Asian countries (not known for resource dependence) during the miracle years of the 1980s and 1990s—averaging about 6% per annum.[2] The other concern is the limited employment effect of the recent economic growth relative to rapid increases in SSA's labour force particularly the youth.

There is very little evidence to show that the drivers of recent growth in resource-rich countries are technological progress and structural change (industrialisation) that lead towards more advanced economic activities to generate higher growth and employment.[3] These observations are particularly important given the continuing importance of the vast reserves of high-value natural resources coupled with the expectation for commodity prices to remain strong at least for a few decades, which will provide great opportunities for resource-rich countries to maintain the recent growth momentum.[4] Most importantly, the resource boom may allow countries to transform their economies such that they become increasingly less dependent on resource rents. This opportunity should be juxtaposed with the challenges posed by the mechanisms that work against the diversification and industrialisation of resource-rich economies. As we will show below, there has indeed been substantial contraction of manufacturing activities in resource-rich SSA counties over the last few decades.

The project is relevant to national/regional/global development priorities: Historically the development model for extractives has been based on an "enclave model" whereby extraction was carried out mostly for export of raw commodities and the exporting countries focused on maximizing monetization of extractive projects through taxation. The good news is that, some resource-rich countries have recently begun to prioritize diversification and industrialisation in their national development plans and strategies. They aim to process raw commodities domestically and increase the local content in major extractive operations. For example, Equatorial Guinea's national development plan, Horizon 2020 (launched in 2007) and Angola's 2025 Strategy (launched in 2008), stress the development of other productive sectors to achieve industrial development.

The aspiration to industrialize in resource-rich countries also goes beyond national ambitions. In the African Union's Agenda 2063, the wish is to see economies that are "structurally transformed to create shared growth, decent jobs and economic opportunities for all".[5] The African Mining Vision (AMV) aspires to see a sector "that has become a key component of a diversified, vibrant and globally competitive industrializing African economy".[6] Target 9.2 of the SDGs aims to achieve "inclusive and sustainable industrialization". The indicators selected to measure the achievement of this Target are: 1) Manufacturing value added as a proportion of GDP and per capita; and 2) Manufacturing employment as a proportion of total employment.[7]

[2] Calculated based on data from WDI (2017) World Development Indicators. The World Bank.

[3] UNECA (2016) Transformative Industrial Policy for Africa, United Nations Economic Commission for Africa. https://www.uneca.org/sites/default/files/PublicationFiles/tipa-full_report_en_web.pdf

[4] See IMF's Commodity Quarterly Reviews. International Monetary Fund. http://www.imf.org/external/np/res/commod/index.aspx

[5] AU (2013) Agenda 2063, The African Union, https://au.int/en/agenda2063

[6] AU (2009) The African Mining Vision, The African Union, http://www.africaminingvision.org/amv_resources/AMV/Africa_Mining_Vision_English.pdf

[7] The Sustainable Development Goals, United Nations, https://sustainabledevelopment.un.org/sdgs

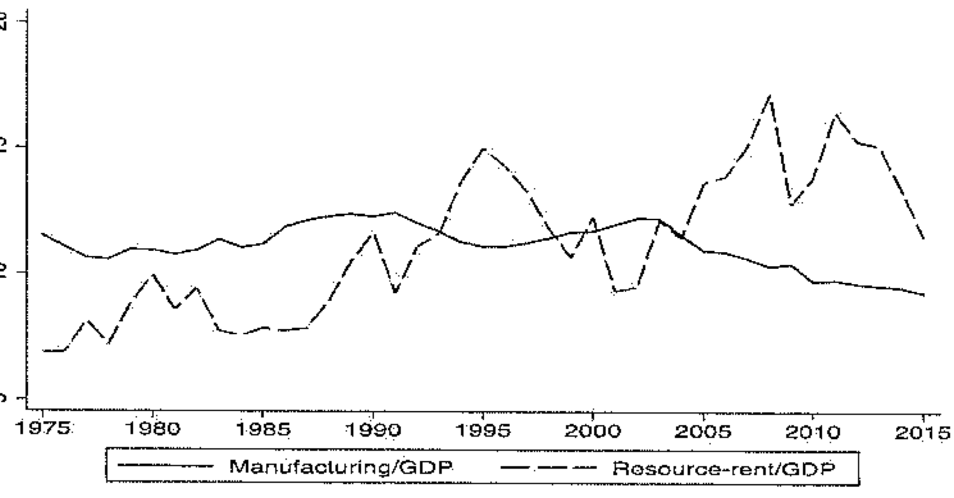
However, our internal survey shows that no resource-rich SSA country has clear industrial policy linked to the extractive sector.

There is ample data-supported evidence that demonstrates the magnitude of the de-industrialisation problem in resource-dependent countries: These countries do not have positive track records in translating their mineral wealth into industrial development. At the height of the commodity boom, the seven most resource-dependent countries in SSA collected significant amounts of resource revenues.[8] Export earnings from oil, gas and mining for instance, increased from an average of US$4.9 billion in 2000 to US$22.9 billion in 2010. However, the manufacturing sector's contribution to GDP contracted from 6 percent to 5 percent. In Zambia and Mauritania, the manufacturing sector contracted by about 2 percent or more; while in Equatorial Guinea and Nigeria, it stagnated at less than 1% and 6.5%, respectively. By 2014, per capita manufacturing value added in the seven countries remained low at US$193 compared to the African average of US$214 and a global average of US$1,662.[9]

Similarly, there was no significant improvement in diversification of their export baskets. In fact, the baskets became more concentrated by the end of the boom period. The average Concentration Index—which ranges from 0 to 1, with 1 indicating a country's exports are highly concentrated in a few products—increased from 0.68 in 1999 to 0.74 by 2011. Exports of medium and high technology manufactures also stagnated at around 2.5 percent of total exports over the same period.[10]

Figure 1 below also shows the aggregate trends in resource rents and the GDP share of manufacturing in SSA countries. While the intensity of resource extraction varies substantially over the years, underscoring the uncertainty surrounding resource rents, it has been rising on average with sharp increases since 2005. In the meantime, the share of manufacturing remained relatively static at about 12% of GDP up until the early 2000s and started to decline ever since. It is worth noticing the reversal in the relative importance of extractives and manufacturing where the share of manufacturing in GDP fell below that of natural resources since the early 2000s. This is contrary to the situation between 1975 and 1992 where, on average, manufacturing contributed more to African GDP than natural resources.

Figure 1: Resource rents and manufacturing in Sub-Saharan Africa.



Source: In-house calculations based on World Development Indicators 2017 from the World Bank.

[8] The countries are Angola, Botswana, Congo, Equatorial Guinea, Mauritania, Nigeria and Zambia

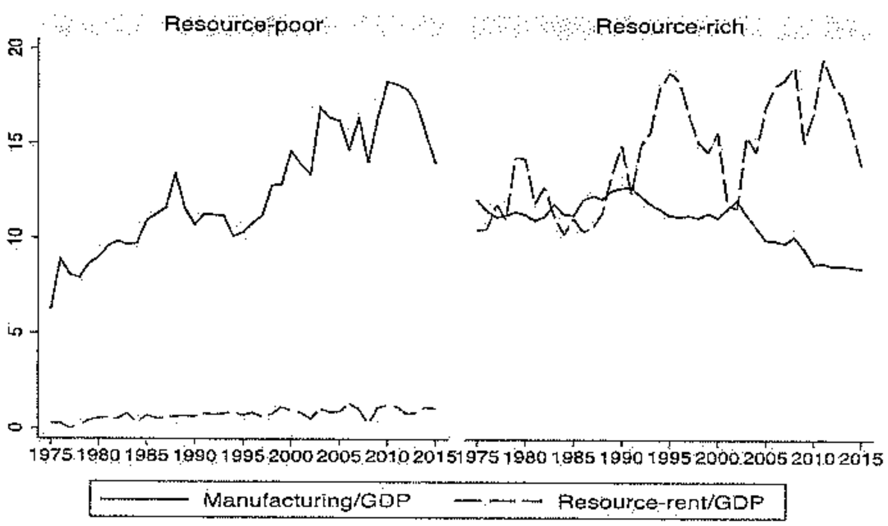
[9] Degol Hailu and Chinpihoi Kipgen (2017) *Can the SDG target to industrialize be achieved in resource-rich Africa countries? UNDP Africa.*

http://www.africa.undp.org/content/rba/en/home/blog/2017/6/19/can_the_sdg_target_to_industrialise_be_achieved_in_resource_rich_africa_countries/

[10] Ibid.

Since averages involve substantial data smoothing, it is important to disaggregate the data based on resource dependence. In Figure 2 we distinguish resource-dependent countries from their non-resource-dependent counterparts using a 3% GDP share of resource rents as a cut-off point. Interestingly, Figure 2 reveals that de-industrialization is actually restricted to resource-rich African countries as the share of manufacturing in resource-poor countries has been rising from about 5% of GDP in the mid-1970s to about 15% in recent years. Figure 2 thus seems to be consistent with the de-industrialisation phenomenon that works through weak manufacturing activities going hand-in-hand with rising resource extraction.

Figure 2: Resource rents and manufacturing in Resource-rich and Resource-poor Countries in Sub-Saharan Africa.



Source: In-house calculations based on World Development Indicators 2017 from the World Bank.

The deindustrialisation trend is all the more concerning given new mineral discoveries and the growing list of resource-dependent countries. A ranking of the eighty-one resource exporting countries is found in Hailu and Kipgen (2017).[11] Despite the recent commodity price declines, oil, gas and mineral resources still account for 5% of global GDP: making up 25% of GDP in the Middle East and North Africa, 14% in Sub-Saharan Africa and 6.3% in Latin America. Historical evidence shows that commodity prices will recover. Moreover, the majority of mined materials in developing countries are non-metallic. Prices for industrial minerals, construction materials, dimension stones and semi-precious stones have not experienced the price declines of the metals and hydrocarbon sectors.[12]

The project is important for poverty reduction and addressing inequality and exclusion: Economic growth that is driven by industrial development, particularly by manufacturing activates is more employment-intensive than resource extraction driven growth. Not only the quantity of jobs, but the quality of jobs are better within manufacturing activities. For instance, most people who enter the labour market in the region end up in vulnerable jobs, such as informal jobs and undeclared work. The ILO estimates that the vulnerable employment rate in SSA countries stands at 77.4 per cent of all jobs, the highest of all developing regions in the world.[13]

[11] Degol Hailu and Chinpihoi Kipgen (2017) "The Extractives Dependence Index (EDI)", *Resources Policy*, Volume 51, Pages 251–264.

[12] See www.developmentminerals.org

[13] ILO (2014) Global employment trends 2014: Risk of a jobless recovery? International Labour Organization. Geneva: ILO.

We also find a statistically significant negative correlation between dependence on the extractive sector and the Global Gender Gap Index. In other words, the Global Gender Gap Index for countries with the highest dependence on the extractive sector is 0.60 while it is 0.70 for the non-dependent countries.[14] We further examined the difference between women and men in leadership positions and employment. In countries with high dependence on extractives, women make up 8.7% of ministerial level positions; they take up 9.5% of seats in national parliaments and hold 18.4% of senior and managerial positions. In countries with low dependence on extractives, the numbers are almost twice as high at 16.9%, 17.9% and 32.7%, respectively.[15] In high extractive dependent countries, the average unemployment rate for women is 15% and 8% for men. In the low extractive dependent countries, there is parity in a bad outcome; the unemployment rates are 8% for women and 7% for men. Similarly, in high extractive dependent countries, the ratio between unemployed female to male with tertiary education is 4 to 1. In low extractive dependent countries, the ratio is 1.3 to 1. Women also populate the low productive sectors, making up 21% of the employment in the non-agricultural sectors in the highly extractive dependent countries. The figure is 38% in the low extractive dependent countries. Women account for about 35% of the professional and technical work force in highly extractive dependent countries and 52% in low extractive dependent countries.

The immediate, underlying and root causes of the de-industrialisation challenge are the non-implementation and in some cases the absence of industrial polices and strategies: The negligible manufacturing base in SSA largely explains why GDP per capita growth has been so low compared to those of the developing countries in East Asia and why employment generation and poverty reduction has been far slower than in other developing regions. Countries that have managed to grow fast and reduce poverty are those that transformed their production activities. Historically, this has happened through an expansion of the manufacturing sector, which has higher productivity and greater scope for productivity growth than do other sectors. Resource-rich countries, although they may face structural impediments such as lack of competitiveness, they have ample opportunities to exploit the various linkages with the mineral sector to kick off growth in their manufacturing sector.[16]

II. STRATEGY

Industrialization linked to mineral industries can be achieved through formulation of the right industrial policies and strategies. Chile, Brazil, Indonesia, Malaysia, South Africa and Thailand have done exactly that. For instance, the development of the winery and salmon sector in Chile was funded from copper proceeds. In Indonesia, extractive revenues contributed to the development of low-cost manufacturing in footwear and garment sector.[17]

The polies and strategies can be categorised into four. First, the revenues obtained through taxes can be used for financing tax and subsidy incentives as well as R&D, technology acquisition and human resource development. This is what we call the *fiscal linkage* and is evident from the experience of Chile and its copper wealth.

Second, the extractive industry can be linked with domestic and regional firms in production terms. This is called the *production linkage*, comprised of four linkages: a) backward linkages (supplying inputs

[14] Degol Hailu and Chinpihoi Kipgen (2015) *The gender gap in extractive dependent countries? UNDP Africa.* http://www.undp.org/content/undp/en/home/blog/2015/7/28/The-gender-gap-in-extractive-dependent-countries/

[15] Ibid.

[16] J. Lin and B. Pleskovic (2010) (eds.), Annual World Bank Conference on Development Economics 2010, Global: Lessons from East Asia and the Global Financial Crisis. Washington, D.C.: World Bank.

[17] Hailu, Degol, Uyanga Gankhuyag and Chinpihoi Kipgen (2015) How Does the Extractive Industry Promote Growth, Industrialization and Employment Generation? Paper presented to the United Nations Development Programme and Government of Brazil Dialogue on the Extractive Sector and Sustainable Development – Enhancing Public-Private-Community Cooperation in the context of the Post-2015 Agenda, Brasilia, Brazil, 3-5 December 2014.

to the extractive sector; b) forward linkages (processing extractive commodities themselves through value addition and beneficiation), where the final output is a processed form of the extracted commodity, for example turning diamond and gold into jewellery; c) Utilization linkages that are slightly different from forward linkages in the sense that extracted commodities are used as inputs in manufacturing and construction and the final output is different from the extractive commodity in form, for example coltan and tantalum becoming components in mobile phones; and d) horizontal linkages (where skills and technologies in other sectors (e.g. in telecommunication and insurance) are developed to service the extractive sector. South Africa and Brazil are good examples if countries that built in the production linkages into their mineral industries.

The third is called the *infrastructure linkage.* Infrastructure – roads, rail, electricity – developed for extraction, can be integrated and shared with other productive sectors such as manufacturing and agriculture. On the other hand, the construction utilizes construction and industrial minerals as major inputs.

Fourth, wage and profit incomes gained from the extractive sector could add to aggregate demand for goods and services. This last one is called the *consumption linkage*. This linkage is stronger where domestic skills in mineral sciences and technologies are developed as well as profits are not repatriated legally or illegally (through illicit financial flows or transfer pricing).

The above polices and strategies are reflected in the AMV. Among its nine pillars, the Vision provides guidelines on how to: 1) improve mineral rents collection and management; 2) improve mineral sector governance; 3) conduct research and development activities; 4) enhance linkages with the mining and other economic sectors; and 5) mobilise mining and infrastructure investment for industrialization.[18] Adopting these principles of the AMV moves resource-rich countries one step forward to fulfilling their industrialisation agenda. This project is designed with this objective in mind.

But, many African countries are yet to *fully* adopt the vision set out in the AMV. Between 2015 and 2017, UNDP has already kick-started the AMV adoption process in Angola, Mozambique, Zambia, Tanzania, Kenya, Sierra Leone, Ghana and Nigeria. Studies that analysed the gap between the AMV and national mining policies have been conducted in the aforementioned countries. The studies recommended alignment of national policies and legislation with the AMV as well as the country's overall development strategy.

The analyses found that there are plans and strategies put place in a few countries that aim to process raw commodities domestically; invest resource revenues to support industrial development in other economic sectors; and share the infrastructure developed for oil, gas and mining with the manufacturing and agricultural sectors.

However, many countries do not have positive track records in translating their mineral and hydrocarbon wealth into industrial development. In Angola, Botswana, Republic of the Congo, Equatorial Guinea, Mauritania, Nigeria and Zambia, for instance, the manufacturing sector's contribution to GDP contracted from 6 percent to 5 percent. In Zambia and Mauritania, the manufacturing sector contracted by about 2 percent or more; while in Equatorial Guinea and Nigeria, it stagnated at less than 1 percent and 6.5 percent, respectively. By 2014, per capita manufacturing value added in the seven countries remained low at US$193 compared to the African average of US$214 and a global average of US$1,662.

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[18] These pillars of the AMV were approved in December 2011 by the Second AU Conference of Ministers Responsible for Mineral Resources Development.

of medium and high technology manufactured goods such as chemicals and electrical equipment also stagnated at around 2.5 percent of total exports over the same period.

The articulation of industrialization strategies at the continental and national levels is a worthwhile exercise. That is why UNDP's Africa Regional Programme supports countries to integrate and implement the principles set out in the AMV into their national plans and strategies.

But, a lot remains to be done on the formulation and implementation of industrial policies if we are to meet the SDG target to industrialize by 2030.

The Theory of Change

<table>
<tr><td colspan="9">Inclusive and sustainable industrialization achieved in resource-dependent countries
Rationale: Target 9.2 of the SDGs, Agenda 2063, the African Mining Vision
Indicators : 1) Manufacturing value added as a proportion of GDP and per capita; and 2) Manufacturing employment as a proportion of total employment</td></tr>
<tr><td colspan="3">The capacity of the African Union to advance the AMV's industrialisation agenda is strengthened</td><td colspan="3">The AMV principles on industrialisation are adopted at the sub-regional and country levels</td><td colspan="3">Knowledge is generated and disseminated to support the development of industrialisation policies and strategies.</td></tr>
<tr><td>Enhancing the human capital and organisational systems within the AUC</td><td>Updating the 10-year old AMV to reflect current realities</td><td>Supporting AUCs engagement in the capacity development programme of UNDPs ongoing development minerals programme</td><td>Convening dialogues and awareness campaigns on how to align domestic policies with the AMV's industrialisation agenda</td><td>Building capacity for the adoption of the AMV's industrialisation agenda into national policies and legislation at the country levels</td><td>Supporting the adoption of the AMV's industrialisation agenda at sub-regional levels</td><td>Creating a network of experts to carry out research and advocacy on the links between extractives and industrialisation</td><td>Supporting countries to prepare industrialisation strategies linked to resource extraction</td><td>Building the capacity of stakeholders (CSOs and academia) to monitor and evaluate the implementation of the industrialisation strategies</td></tr>
</table>

Among the areas where alignment between the AMV and national policies is needed concerns the industrialisation agenda. However, as stated in the AMV, existing industrialisation polices and strategies are not always adequately linked to the extractive sector or miss opportunities for synergies across the various linkages mentioned above. Under this project, the AUC and UNDP will initiate a process for supporting member states to develop policies and strategies for industrialisation.

At the same time, the project will build the capacity of the AUC's Mining Unit in the Trade and Industry Division. The Mining Unit has a staff of one advisor. On 27 February 2018, the Commissioner of the Division wrote to UNDP highlighting the capacity gap and the need for support from UNDP. See Annex 1.

The Theory of Change below shows how the activities of this project will ensure that: 1) the capacity of the African Union is developed to advance the AMV agenda; 2) the AMV principles are institutionalised at the sub-regional and country levels; and 3) knowledge is generated and disseminated to support the development of resource-based industrialisation strategies, all to reverse the de-industrialisation phenomenon. It is worth noting that this Project is a complement to existing capacity enhancing initiatives implemented by other actors such as the African Minerals Development Center.

III. RESULTS AND PARTNERSHIPS

Expected Results

Outlined below are the outputs and activities of the project that will complement the work of other partners:

Output 1: The AU has strengthened capacity to advance the AMV's industrialisation agenda.

The AUC First Ordinary Session of the Specialized Technical Committee on Trade, Industry and Minerals (STC-TIM), held in Addis Ababa, Ethiopia from 16-24 May 2016, called on AUC Member States and Regional Economic Communities (RECs) to prioritize development minerals and implement a continental agenda to support African industrialization. The AUC will benefit from additional resources and capacity to provide policy and technical support to meet the increasing demand from countries that need support to manage their minerals sector for industrial development. The activities to achieve this output are:

> **Activity 1.1:** Enhancing the human capital and organisational systems within the AUC;
>
> **Activity 1.2:** Updating the 10-year old AMV to reflect current realities and raise Africa's voice in the global for a related to the industrialisation agenda; and
>
> **Activity 1.3:** Supporting AUC's engagement in the capacity development programme of UNDP's ongoing development minerals programme.

Output 2: The AMV principles on industrialisation are adopted at the sub-regional and country levels.

Whilst the AMV is a continental vision, it is important that countries continue to domesticate it at national and sub-regional levels embodying their aspirations on the developmental role of the minerals sector. This will require, amongst other things, the alignment of national policies and legislation with the AMV as well as the country's or sub-region's overall development strategy. There are also gaps in understanding what the AMV is among key stakeholders and the public, which this project will address. The AUC and UNDP will continue to promote adoption of the AMV and report on its country level uptake through:

> **Activity 2.1:** Convening dialogues and awareness campaigns on how to align domestic policies with the AMV's industrialisation agenda;
>
> **Activity 2.2:** Building capacity for the adoption of the AMV's industrialisation agenda into national policies and legislation at the country levels; and
>
> **Activity 2.3:** Supporting the adoption of the AMV's industrialisation agenda at sub-regional levels (within RECs and regional communities).

Output 3: Knowledge is generated and disseminated to support the development of industrialisation policies and strategies.

As stated in the AMV, there is a lack of guiding tools and frameworks on how extractives related industrialisation is to take place. The AUC and UNDP will generate the knowledge that will assist member states to develop strategies for industrialisation. The activities to achieve this are:

> **Activity 3.1:** Creating a network of experts to carry out research and advocacy on the links between extractives and industrialisation;
>
> **Activity 3.2:** Supporting countries to prepare industrialisation strategies and implementation frameworks linked to resource extraction; and
>
> **Activity 3.3:** Building the capacity of stakeholders (CSOs and academia) to monitor and evaluate the implementation of the industrialisation strategies. For instance, though match-making events and south-south experience sharing.

Resources Required to Achieve the Expected Results

The project will tap into the existing expertise within UNDP's Extractives Team, its Country Offices and the wider Sustainable Development Cluster within UNDP's Regional Service Centre for Africa. The resources from AUC's Mining Unit in the Trade and Industry Division will also be utilised to achieve the results of this project. Based on UNDP's ongoing partnerships, the project will tap into the expertise from the Africa Minerals Development Centre (AMDC) and the African Development Bank (AfDB).

The Project will establish links with the Forum on China-Africa Cooperation (FOCAC), which was established at the 2000 Ministerial Conference of the Forum on China-Africa Cooperation in Beijing China. Its purpose is "further strengthening friendly cooperation between China and Africa states" with the broad objective of supporting *African industrialisation*. 'Natural Resources' is one of the areas that fall under the FOCAC economic cooperation framework.

There clear synergies between the FOCAC and the African Mining Vision:

1. Both seek to enhance the African agenda and African renaissance;
2. The AMV significantly contributes towards regional integration by facilitating the implementation of harmonized policies across countries; and
3. The AMV is about extractives-led industrialization on the African continent in-line with FOCAC's objective of supporting African industrialization.

The two sides have agreed to collaborate in the exploitation of natural resources. Section 3.4 of the FOCAC Johannesburg Action Plan (2016 to 2018) identifies supporting beneficiation and value addition or forward linkages in the minerals sector as critical areas for cooperation. In addition, section 3.4.5 specifically encourages the "establishment of a forum on energy and natural resources under the framework of FOCAC". This provides possible areas for the collaboration between the implementers of the AMV and the FOCAC initiative.

Partnerships

UNDP has strong collaboration and partnerships forged through its ongoing extractives work. In addition to the above, the following include the regional bodies and institutions that assisted with the implementation of UNDP's initiatives over 2015-2017: the African Minerals and Geosciences Centre (AMGC); the African Mining Legislation Atlas (AMLA); the African Legal Support Facility (ALSF); the African Guarantee Fund (AGF); the Economic Community of Central African States (ECCAS); the Economic Community of West African States (ECOWAS) Commission; the Geoscience Information in Africa Network (GIRAF); Geological Society of Africa (GISAF); the Organization of African

Geological Surveys (OAGS); the Southern African Development Community (SADC). These partners collaborated with UNDP's ACP-EU Development Minerals Programme.

The proposed project here will build on these partnerships and will forge specific partnership. Some examples are given below:

Under Output 1, the project will continue the partnership established under the Memorandum of Understanding signed on 22 September 2014 between UNDP and the AUC. The MoU provided specific details under Article II, Paragraph 2.1 (iv) that the AUC and the UNDP will "re-enforce the development solutions at the regional and national levels for sustainable management of natural resources, including the implementation of the AMV". The MoU further stated that the AUC and UNDP "shall conclude cost-sharing agreements" (Article IV, Paragraph 4.1). And that the two Parties will carry out joint activities "on the basis of project documents agreed between them" (Article IV, Paragraph 4.2). Although the MoU has expired in 2017, the AUC, in 2018, formally requested support from the UNDP in the spirit of the MoU. See Annex 1.

Under Output 2, the project will build on the existing partnerships among the AUC, AMLA, SADC, ECOWAS, EAC, the UNDP, the AMDC and the AFDB to encourage the adoption of the AMV at the country and sub-regional levels. This partnership is aimed at reinforcing each of the institutions' relative strengths to ensure that the AMV becomes reality. The AUC, as the Vision's custodian, leads the partnership. The AMDC and the AfDB provide the technical oversight. The UNDP, through its extensive network of 46 Country Offices in Africa, leads the work with national governments to initiate, facilitate and coordinate country level domestication of the Vision.

Under Output 3, the project will generate and disseminate knowledge that will increase policy maker's understanding of emerging issues in industrialisation linked to the extractive sector. The project will use the UNDP co-convened global knowledge platform GOXI[19] as a space to share, learn and connect for action towards greater accountability and, in turn, better development outcomes of extractive industries. The project will also build partnerships with the Third World Network, private sector associations such as ICMM and Universities to systematically monitor the progress in industrialisation among AU member states.

Risks and Assumptions

Risks	Assumptions	Mitigation measures
Unwillingness of member states to engage to adopt the AMV and/or develop industrial polices and strategies in natural resource related issues. This decision could emanate from holding an ideological position of laissez-faire that argues for the irrelevance of industrial policies and strategies.	Member states have expressed willingness by endorsing the AMV	Lobbying through the AU political channels. Project beneficiary countries will be on demand-driven
Political risk: the change in governments' commitment to reform, transparency, political economy issues such as resistance by vested interests in countries where	Member states have expressed willingness by endorsing the AMV	Mitigating measures may include appropriate selection criteria for the countries involved in the project

19 www.GOXI.org

technical assistance will be provided.		
Difficulty in mobilizing partners for achievement of project results	The project continues partnerships already established under existing projects such as the ACP-EU-UNDP Minerals Programme and the AMDC	Highlight the success of complementary efforts and the dangerous of duplication
Limited technical capacity within implementing partners and agencies	The AUC and UNDP have capacities to implement the project supported by partners listed above	Addition capacity will be procured through UNDP's roster system
The project may not mobilize adequate resources to carry out its activities	The funds provided by UNDP's Africa Regional Programme will catalyse further funding from development partners	A resource mobilisation strategy and an outreach plan will be developed to engage potential donors.
Risk of overlap with actions financed by other donors	Donor coordination mechanisms at country and regional levels exist	This risk is to a large extent mitigated by the fact that proposed activities are already implemented by UNDP's ongoing initiatives
Environmental activists oppose project activities	Industrialisation reduces the dependence on the extractive sector	Improving communication with civil society and including representatives in project implementation

Stakeholder Engagement

The Target Groups that will benefit from this project are categorised into three: The first consists of institutions including: the AUC and the East African Community (EAC). These beneficiaries are identified based on previous working relationships and new requests received by UNDP to provide support. UNDP and the AUC have on-going partnerships. They jointly support the adoption of the AMV at the country levels. The UNDP is currently supporting the position of a consultant sitting within the AUC (in the Mining Unit of the Trade and Industry Division). In terms of the request received from the AUC and EAC please see Annexes 1 and 2.

The second group consists of Members States of the AU. This project will benefit countries that have signed the AMV. They will benefit from the support to enable them adopt the AMV and to formulate industrialisation strategies. The project will build on UNDP's existing work mentioned in the previous page under partnerships related to Output 2.

The third group consists of communities within countries that are left further behind during the growth and development process. This project, by encouraging the adoption of the AMV in countries' mining policies and legislation, prioritizes the challenges faced by those left further behind. These groups include child labourers and displaced communities. The project aims to improve the mining regulatory regimes to adopt the highest occupational, safety and health standards, while strengthening the monitoring capacity of the AUC. It will work towards improving the legal and regulatory framework at the country level and increase public awareness and participation to reduce the scope for conflict related to contestation over resources such as land and forests. In this regard, the project will also aim to improve human rights, as the AMV in itself seeks to cover human rights aspects. In addition, the project will adapt a Human Rights Based Approach (HRBA) by ensuring that principles on non-discrimination, accountability and meaningful participation are adhered to and including a wide range of stakeholders (relevant government agencies, Civil Society Groups and specifically local communities, private sector operators) and thus ensure inclusion of these groups in the project implementation processes.

South-South and Triangular Cooperation (SSC/TrC)

UNDP's ongoing ACP-EU Development Programme will be the key vehicle through which SSC will be facilitated. The Programme has a platform for sharing, learning and collaborating that is under use by the 40 participating African, Caribbean and Pacific countries.

The AUC and UNDP will use the above platform to facilitate south-south exchanges with resource-rich countries that have industrialised using resource extraction. Their experience is expected to encourage knowledge sharing and technical exchanges with African economies to put in place polices and strategies for industrial development as well as strengthening the African position at various global negotiations.

Knowledge

This project is developed based on four knowledge sources: 1) UNDP's corporate strategy on extractives;[20] the research and knowledge produced in house (within UNDP);[21] and the evaluation conducted under UNDP's ongoing ACP-EU Development Minerals Programme.[22]

In terms of the knowledge to be produced and disseminated by this project, as described in Output 3 above (in the Strategy section), the plan is to conduct original research to assist the formulation of industrialisation policies and strategies at the country and sub-regional levels. The knowledge products that will be produced include:

- A debate series where experts in the field discuss the merits and demerits of resource-based industrialisation;
- Toolkits and guidelines for industrialisation strategies. This will assist countries to formulate their strategies;
- Policy briefs that will discuss new thinking in resource wealth management; and

The knowledge will be codified for potential replicability and scaling up of other initiatives and disseminated through platforms such as the SSMART, which is included as an indicator under outcome 1 of UNDP's Strategic Plan 2018-2021.[23]

Synergies, Sustainability and Scaling Up

To ensure sustainability, the project will ensure the transfer of skills and experiences to the AUC. Particularly, the project will ensure its activities will, in the long run, be fully taken up by the AUC.

The focus of this Project is also limited to the industrialization agenda and complements ongoing UNDP and AUC initiatives that focus on private sector development, transparency, accountability,

[20] See www.undp.org/extractiveindustries

[21] See the references in the footnotes in this document

[22] ACP-EU Development Minerals Programme: Mid-term Evaluation Report. 20 March 2018. ACP, EU and UNDP.

[23] In order to better support SSC and TrC and as part of the Corporate Strategy on South-South and Triangular cooperation, UNDP introduced SSMART for SDGs —a global marketplace and an end-to-end service that provides easy and broad access to demands and supply in development solutions to address challenges in achieving the Sustainable Development Goals (SDGs).

environment etc. The Project will ensure that its activities are closely aligned with on-going initiatives of the AUC and

Examples of the on-going work with clear synergies with this project are:

ACP-EU Development Minerals Programme

The AUC is an active partner in this UNDP implemented ACP-EU Development Minerals Programme. This is a 3-year (2015-2018), €13.1 million capacity building program that aims to build the profile, and improve the management, of industrial minerals, construction materials, dimension stones and semi-precious stones. The program is an initiative of the African, Caribbean and Pacific (ACP) Group of States, financed by the European Union. The aim is to increase the sector's productivity and enhance its value adding potential for industrial development. This proposed project will benefit from: 1) funding by the ACP-EU Development Minerals Programme and 2) The communication strategy developed by the ACP-EU Development Minerals Programme. The complementarities and synergies with UNDP's ongoing initiatives is clearly indicated in Activity 1.3 above under Output 1 and below.

AUC's ON-GOING WORK

AUC is in the process of reconstituting the African Minerals Development Centre (AMDC) as an AU Specialized Agency for the implementation of the AMV. This project will support the AUC under Output 1 above.

The AUC also works with the private sector, NGOs, and other relevant development partners to advocate for the implementation and domestication of the AMV by Member States.

The African Mineral Governance Framework (AMGF) is a tool the AUC is developing to monitor the implementation of the AMV. This project will use this tool when it is finalised.

The Geological and Minerals Information System (GMIS) Strategy is being established by the AUC to coordinate all the geological information initiatives that operate in Africa including but not limited to the African Minerals Geoscience Initiative (AMGI), the Pan African Geological Project PANFGEO, the Western African Exploration Initiative WAXI, and many others to ensure that they are aligned to the AMV and that they serve the interests of AU Member States.

UNDP's ON-GOING WORK

UNDP's work relevant to this project include the following:

First, UNDP partnered with the World Economic Forum (WEF), Columbia Centre for Sustainable Investment (CCSI), and UN Sustainable Development Solutions Network (SDSN) to map how the extractive sector contributes to the SDGs. The findings of this report will be used by this project to advise policy makers on how SDG Target 9.2 on industrialisation can be achieved.

Second, UNDP has partnered with the Natural Resource Governance Institute (NRGI) to produce a report that outlines the mechanisms through which extractive revenues can be channelled to sub-national governments and local communities. The findings of this report will be useful to this project in considering the allocation of resource revenues for promoting industrial development through tax incentives and production subsidies.

Third, UNDP partners with the World Bank to disseminate knowledge and foster networking via the web portal Goxi.org. This platform will be used to disseminate the research outputs of this project.

Fourth, this project will build on UNDP's 2015-2017 initiative that was supported by the Regional Programme to encourage the adoption of the AMV.

IV. PROJECT MANAGEMENT (1/2 PAGES - 2 PAGES RECOMMENDED)

Cost Efficiency and Effectiveness

The partners working on the AMV (UNDP, the AUC, the AMDC, the UNECA and the AfDB) developed an action plan that countries can follow to adopt the principles set out in the AMV. This project will adopts this approach.[24]

Project Management

This project will be operationalized from UNDP's Regional Centre for Africa in Addis Ababa led by the Extractives Team.

[24] UNDP, AUC, UNECA and AfDB (2011) From vision to action: Building a sustainable future for Africa's extractive industry. Action Plan For Implementing the AMV:

http://www.africaminingvision.org/amv_resources/AMV/AMV_Action_Plan_dec-2011.pdf

V. RESULTS FRAMEWORK[25]

	Intended Outcome as stated in the Regional Programme Results and Resource Framework: Outcome 1: African Union and RECs deliver on their mandate, especially cross-cutting issues related to resilience-building
	Outcome/Output indicators as stated in the Regional Programme Results and Resources Framework: <u>Outcome 1:</u> African Union and RECs deliver on their mandate, especially cross-cutting issues related to resilience-building <u>Indicator</u>: Proportion of population with primary reliance on clean fuels and technology <u>Output 1.4</u>: The AUC Trade and Industry Commission has adequate technical capacity to implement the African Union Mining Vision (AMV) <u>Indicator 1.4.1</u>: Percentage of Member States with mining policies, gender responsive and inclusive of targeted groups, aligned with the AMV Baseline: 16% Target: 75% Data source: AUC Frequency: Annually
	Applicable Output(s) from the UNDP Strategic Plan: <u>Outcome 2</u>: Accelerate structural transformations for sustainable development <u>Output: 2.4.1</u> Gender-responsive legal and regulatory frameworks, policies and institutions strengthened, and solutions adopted, to address conservation, sustainable use and equitable benefit sharing of natural resources, in line with international conventions and national legislation <u>SP Output Indicator:</u> Number of countries with gender-responsive measures in place for conservation, sustainable use, and equitable access to and benefit sharing of natural resources, biodiversity and ecosystems: a) Policy frameworks b) Legal and regulatory frameworks c) Institutional frameworks d) Financing frameworks
	Project title and Atlas Project Number: African Mining Governance Project, 00093934

[25] UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

EXPECTED OUTPUTS	Activities	OUTPUT INDICATORS[26]	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)					DATA COLLECTION METHODS & RISKS
				Value	Year	Year 1	Year 2	Year 3	Year 4	FINAL	
Output 1. The AU has strengthened capacity to advance the AMV's industrialisation agenda	*1.1* Enhancing the human capital and organisational systems within the AUC;	No. of personnel hired to build human capacity and organizational systems, reflecting gender balance	*UNDP, AUC and AMDC*	1	2017	*3*	*3*	3	*3*	*12*	*- No. of personnel hired. Risk may be confidentiality. Mitigation is that UNDP participates in the recruitment process.*
	1.2 Updating the 10-year old AMV to reflect current realities; and	No. of people participated in the workshop to facilitate the updating of the AMV, disaggregated by gender	*UNDP, AUC and AMDC*	–	–	*0*	*1*	*0*	*0*	*1*	*- Participants survey* *- List of participants disaggregated by gender* *- Media reports*
	1.3 Supporting AUC's engagement in the capacity development programme of UNDP's ongoing development minerals programme	No. of personnel supported to attend the training and events disaggregated by gender	*ACP-EU Development Programmes and AUC*	*2*	*2017*	*3*	*3*	*3*	*3*	*12*	*- No. of AUC sponsored participants disaggregated by gender*

[26] It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

Output 2. The AMV principles on industrialisation are adopted at the sub-regional and country levels	*2.1* Convening dialogues and awareness campaigns on how to align domestic policies with the AMV's industrialisation agenda ;	No. of people participated in the awareness campaigns, disaggregated by gender	*UNDP*	5	2017	*1*	1	1	*1*	*4*	*- Participants survey* *- List of participants disaggregated by gender* *- Media reports*
	2.2 Building capacity for adoption of the AMV's industrialisation agenda into national policies and legislation at the country levels	No. of countries that adopt the AMV	*UNDP. AUC and AMDC*	*7 gap analyses done from 2015-2017*	*2017*	*1*	*1*	*1*	*1*	*4*	*- Meeting with policy makers* *- Policy documents*
	2.3 Supporting the adoption of the AMV's industrialisation agenda at sub-regional levels (within RECs and regional communities)	No. of Regional institutions that adopt the AMV	*UNDP, AUC and AMDC*	–	–	*1*	*1*	*1*	*1*	*4*	*- Meeting with policy makers* *- Policy documents*
Output 3. Knowledge is generated and disseminated to support the development of industrialisation policies and	*3.1* Creating a network of experts to carry out research and advocacy on the links between extractives and industrialisation;	No. of people attended the events to share experience on promoting SDGs disaggregated by gender	*UNDP, AUC and World bank*	*1*	*2015-2017*	*1*	*1*	*1*	*1*	*4*	*-Network of participants* *- People participated in South-South learning events,* disaggregated by gender

strategies.	*3.2* Supporting countries to prepare industrialisation strategies linked to resource extraction; and	No. of countries that prepare industrialization strategy document	*UNDP and AUC*	-	-	*1*	*1*	*1*	*1*	*4*	*- Quality and quantity of strategy documents*
	3.3 Building the capacity of stakeholders (CSOs and academia) to monitor and evaluate the implementation of the industrialisation strategies.	No. of people participated in sharing experience with CSOs on industrialization disaggregated by gender	*UNDP and AUC*	*1*	*2016*	*0*	*1*	*1*	*1*	*3*	*- Participants survey* *- List of participants disaggregated by gender* *- Capacity building material development*

VI. Monitoring And Evaluation

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans: *[Note: monitoring and evaluation plans should be adapted to project context, as needed]*

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.	UNDP AUC	
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	UNDP AUC	
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	UNDP	
Mid-Term Review	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.	UNDP AUC	
Annual Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over	Annually, and at the end of the project (final report)		UNDP AUC	

	the period.				
Steering Committee Review Report	The Steering Committee will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Following the Steering Committee meeting	Any quality concerns or slower than expected progress should be discussed by the Committee and management actions agreed to address the issues identified.	UNDP AUC	

Evaluation Plan[27]

Evaluation Title	Partners (if joint)	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Mid-Term Evaluation	UNDP and AUC	March 2020	UNDP, AUC and commissioned consultant	Project funds- $20,000
Final Evaluation	UNDP and AUC	March 2022	UNDP, AUC and commissioned consultant	Project funds- $20,000

[27] Optional, if needed

VII. MULTI-YEAR WORK PLAN [28][29]

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount
Output 1: The AU has strengthened capacity to advance the AMV's industrialisation agenda	**1.1:** Enhancing the human capital and organisational systems within the AUC;	300,000	300,000	300,000	300,000	UNDP, AUC and AMDC	UNDP	Project and staff contribution	$1,200,000
Gender marker: GEN0	**1.2:** Updating the 10-year old AMV to reflect current realities; and	0	100,000	0	0	UNDP, AUC and AMDC	UNDP	Project and staff contribution	$100,000
	1.3: Supporting AUC's engagement in the capacity development programme of UNDP's ongoing development minerals programme	20,000	20,000	20,000	20,000	UNDP, AUC and AMDC	UNDP	AUC will provide conference premise	$80,000
	Sub-Total for Output 1								**$1,380,000**

[28] Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

[29] Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

Output 2: The AMV principles on industrialisation are adopted at the sub-regional and country levels. *Gender marker: GEN1*	**2.1:** Convening dialogues and awareness campaigns on how to align domestic policies with the AMV's industrialisation agenda;	50,000	50,000	50,000	50,000	UNDP, AUC and AMDC	UNDP	AUC will provide conference premise	$200,000
	2.2: Building capacity for the adoption of the AMV's industrialisation agenda into national policies and legislation at the country levels	100,000	100,000	100,000	100,000	UNDP, AUC and AMDC	UNDP	Project contribution	$400,000
	2.3: Supporting the adoption of the AMV's industrialisation agenda at sub-regional levels (within RECs and regional communities)	50,000	50,000	50,000	50,000	UNDP, AUC, AMDC and EAC	UNDP	Project contribution	$ 200,000
	Sub-Total for Output 2								**$800,000**
Output 3: Knowledge is generated and disseminated to support the development of industrialisation policies and strategies.	**3.1:** Creating a network of experts to carry out research and advocacy on the links between extractives and industrialisation;	100,000	100,000	100,000	100,000	UNDP and AUC	UNDP	Project contribution	$400,000
	3.2: Supporting countries to prepare industrialisation strategies linked to resource extraction; and	100,000	100,000	100,000	100,000	UNDP and AUC	UNDP	Project contribution	$400,000

Gender marker: GEN1	**3.3:** Building the capacity of stakeholders (CSOs and academia) to monitor and evaluate the implementation of the industrialisation strategies.	50,000	50,000	50,000	50,000	UNDP and AUC	UNDP	Project contribution	$200,000
	Sub-Total for Output 3								**$1,000,000**
Evaluation	*Annual, midterm and final*	20,000	30,000	20,000	30,000	UNDP and AUC	UNDP		**$100,000**
Project Management		300,000	300,000	400,000	400,000	UNDP	UNDP		**$1,400,000**
Communication Strategy		20,000	20,000	20,000	20,000	UNDP and AUC	UNDP		**$80,000**
Sub Total									**$4,760,000**
General Management Support (GMS) (8%)									**$380,800**
TOTAL									**$5,140,800**

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

UNDP is the implementing agency for this project, entrusted with the implementation of the project, along with the assumption of full responsibility and accountability for the effective use of resources and the delivery of all outputs. The project will be managed through a UNDP project management structure, and funds will be managed and administered by UNDP's financial management systems. The AUC is the implementing partner.

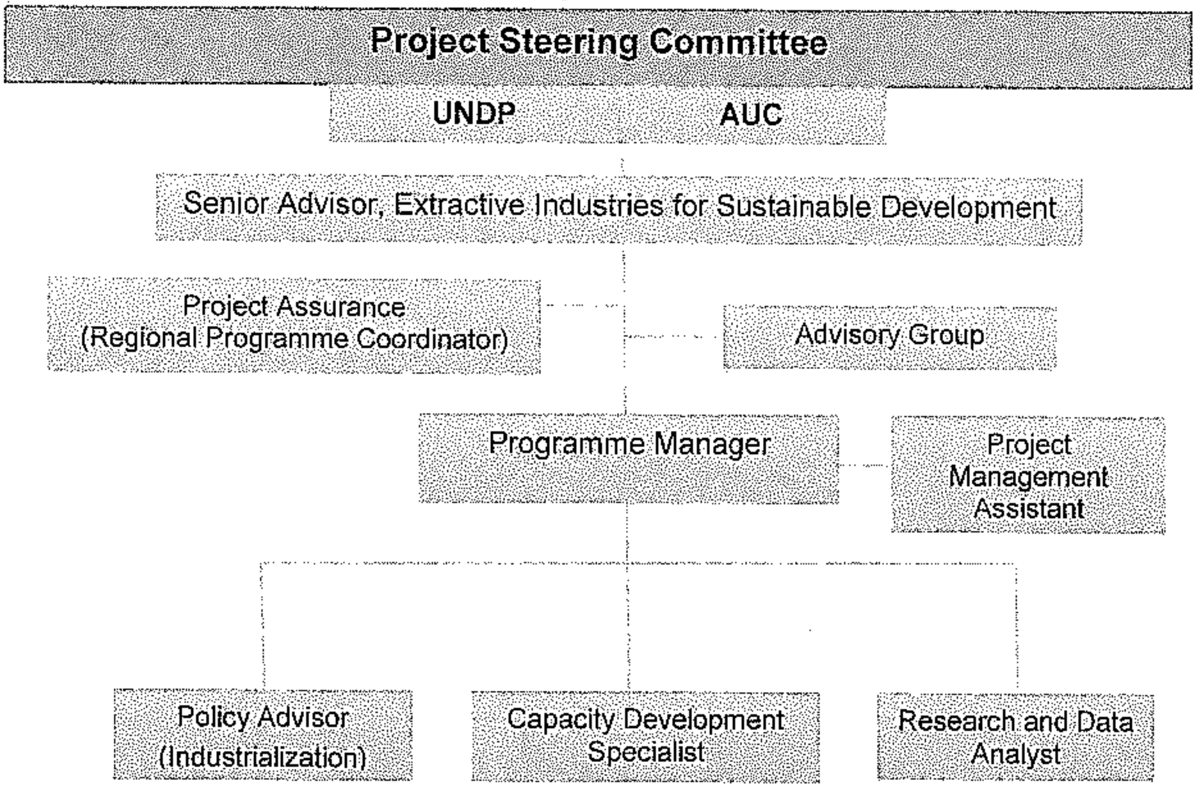
The project will be overseen by a Steering Committee comprising the AU and the UNDP. The Steering Committee will provide an oversight and will be responsible for making, by consensus, strategic and management decisions guiding project implementation. The Steering Committee will meet on a bi-annual basis.

An International Advisory Group comprising key stakeholders from development partners, academia, civil society and private sectors will also be established to provide guidance to the project. The Group will meet on a yearly basis (including electronically).

The project will be overseen by the Senior Advisor on Extractives from UNDP. UNDP Africa Regional Programme for Africa Coordinator will provide quality assurance.

The Project Management Unit will include: 1) A Project Manager; 2) Policy Advisor (Industrialization); 3) A Capacity Development Specialist; 4) Programme Management Assistant and 5) Researcher and Data Analyst.

Project Organization Structure



IX. LEGAL CONTEXT

LEGAL CONTEXT STANDARD CLAUSES

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 SBAAs for the specific countries; or (ii) in the Supplemental Provisions attached to the Project Document in cases where the recipient country has not signed an SBAA with UNDP, attached hereto and forming an integral part hereof. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by the agency (name of agency) ("Implementing Partner") in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

RISK MANAGEMENT STANDARD CLAUSES

1. The responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. The Implementing Partner shall: (a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried; (b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

2. The Implementing Partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document 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. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

3. Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

4. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

5. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental

Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

X. ANNEXES

1. Letter of Request from the AUC

AFRICAN UNION | UNION AFRICAINE

الاتحاد الأفريقي | UNIÃO AFRICANA

Addis Ababa, ETHIOPIA P. O. Box 3243 Telephone: (251)115517700 Fax:(251)115510467

Reference: TI/IDG/197/02.18

Date: 27th February, 2018

DR. Degol Hailu
Senior Adviser and Global Lead, Extractives
UNDP Africa Regional Hub
Addis Ababa

Dear Dr. Degol

Request for Financial Support for DTI and Transition of AMDC Specialised Agency

I would like to take this opportunity to thank you for your support to the African Union Commission, Department of Trade and Industry and for our cordial collaboration in the implementation of the Africa Mining Vision specifically for: Support Staff to the Mineral Resource Unit, Development Minerals Project, the development of key AMV instruments such as Africa Minerals Governance Framework, AMGF, domestication of the AMV among others.

Following the meeting you held with me early last year and within the framework of the Memorandum of Understanding between AUC and UNDP, I would like to once again extend a request for continued support. I have recently created a Mineral Resource Unit under my Office to support Member States in advancing their Mineral Resource development agendas in line with their Long Term Visions and also in line with Agenda 2063.

It has come to my knowledge that Mariam Nabatamnzi's Contract will end on 31st March 2018. It is my humble request to renew her contract as she has been a valuable staff and has made a great contribution to the Department's Programmes as well as the implementation of the Africa Mining Vision. I would also wish to request for further financial support for a staff member to be placed within the Mineral Resource Unit as a Programme Management Assistant. This has been necessitated by the creation of a Mineral Resource Unit under my office.

Furthermore, as you are aware, African Minerals Development Centre (AMDC) project of which UNDP has been a Technical Partner alongside, AUC, UNECA and AfDB, financed wholly by Canada and Australian Aid, came to an end in 2017 and it is now being transitioned into an African Union Specialised Agency. To this end, the UNECA which has been hosting the project has officially informed AUC to arrange for AMDC to move from UNECA, ideally, to the Hosting Country by 30th April 2018. The decision for the Hosting Country will be made by the AU Assembly of Heads of State and Government in June/July 2018.

In order not to lose momentum and to ensure a seamless transition, AUC will need to find resources to support the AMDC in the interim period of one-two years. The budget required to support a small team to finalize the transition is estimated at US$1.8 million per year effective April, 2018. I would, therefore, be grateful if UNDP could contribute financially to the interim budget.

I am looking forward to our continued collaboration and for further support as I await your feedback on my requests.

Yours Sincerely

Albert M. Muchanga
Commissioner of Trade and Industry

AFRICAN UNION COMMISSION
ADDIS ABABA
COMMISSION DE L'UNION AFRICAINE

2. Letter of Request from the EAC

EAST AFRICAN COMMUNITY
SECRETARIAT

EAC Close
P.O. Box 1096
ARUSHA, TANZANIA

Tel: +255-27-2162100/14
Fax: +255-27-2162102/2162191
E-mail: eac@eachq.org
Web: http://www.eac.int

Our Ref: PSS/1/4/10
Date: 23rd August, 2017

Dr. Degol Hailu
UNDP Global Extractives Lead
Regional Service Centre for Africa
Addis Ababa, ETHIOPIA.
E-mail: degol.hailu@undp.org

Dear Dr. Hailu,

Re: REQUEST FOR TECHNICAL ASSISTANCE TOWARDS FORMULATION OF AN EAC MINERAL VALUE ADDITION (MVA) POLICY AND STRATEGY, AND UPGRADING OF ARTISANAL AND SMALL SCALE MINERS (ASMs)

East Africa Community (EAC) is an intergovernmental organization established to promote economic, social and political cooperation among six countries-Kenya, Tanzania, Uganda, Rwanda, Burundi and South Sudan. The region aims to improve its citizens' well-being through economic development. To achieve this strategic objective, Partner States agreed to take concerted measures to foster co-operation in the joint and efficient management and the sustainable utilization of natural resources within the Community. The Community is currently implementing the EAC Industrialization Policy and Strategy, 2012-2032. One of the key areas is the development of minerals and the extractive sectors.

The EAC region aims to maximize economic value of its abundant mineral resource potential and to promote Mineral Value Addition (MVA) in a sustainable manner and to this end has undertaken three studies namely,: (i) A Review of the Regulatory Regimes for Mineral Exploration and Extraction and for Mineral Linkages Development within the EAC Community; (ii) Analysis of Mineral Resources Availability and Potential for Mineral Value - Addition in the East African Community; and (iii) Inventory on mineral policies and mining regimes in the EAC covering five Partner States except South Sudan. These three outputs have been discussed by the EAC policy decision making organs which recommended that the study's findings be implemented with specific reference to the following:

a) Formulation of EAC Mineral Value Addition Strategy and Policy: This will entail conducting baseline survey in EAC Partner States to establish current state of mineral value addition initiatives, policy and regulatory gaps and stakeholder analysis to form the basis for policy formulation and;

b) Assessment of regulatory regimes and capacity building needs for Artisanal Small Scale Miners (ASM)-This will lead to the formulation of a regional policy framework for the development of ASMs, and an implementation plan for delivery of training and capacity building activities with focus on development and precious minerals.

It is in the light of the above that we wish to request, on behalf of the EAC Partner States, for technical and financial assistance towards formulation of EAC Mineral Value Addition Strategy and Policy; and Assessment of regulatory environment for Artisanal Small Scale Miners (ASM) - in East Africa Region.

To further discuss possibilities of collaboration between EAC and UNDP, and review in details our technical assistance request, we propose for a meeting between EAC Secretariat and technical team from UNDP at your appointed date, preferably in the month of October-November 2017.

Please accept, Extractive Leads, the assurances of my highest consideration.

Kenneth Bagamuhunda
Director General
(Customs and Trade)
For: SECRETARY GENERAL

Cc: **Dr. Daniel Franks**
Chief Technical Advisor/Programme Manager
ACP-EU Development Minerals Programme
UNDP Brussels
BELGIUM
E-mail: daniel.franks@undp.org

3. Project Board ToR

Draft (April 2018)

Regional Service Centre for Africa (RSCA)
Terms of Reference for the Advisory Board for the UNDP Regional Programme
"African Mining Governance Project"

Background

Half of the twenty-five most resource-dependent countries are African. However, the evidence shows that over-reliance on non-renewable natural resources, particularly minerals, is associated with de-industrialization. This is despite the African Union's Agenda 2063 that aspires for African economies to be "structurally transformed to create shared growth, decent jobs and economic opportunities for all"; the African Mining Vision's (AMV) objective is to see a "diversified, vibrant and globally competitive industrializing African economy"; and SDG Target 9.2 that aims to achieve "inclusive and sustainable industrialization".

The question the African Mining Governance Project asks is therefore: How can member states of the African Union that experienced positive economic growth rates, fuelled by the prolonged boom in primary commodity prices, avoid the decline in their industrial sector.

One possibility for reversing the de-industrialization trend is the adoption of the policy principles set out in the AMV. African Mining Governance Project, therefore, aims to facilitate the adoption of the AMV through: 1) strengthening the capacity of the African Union to advance the AMV agenda; 2) institutionalizing the AMV principles at the sub-regional and country levels; and 3) generating and disseminating knowledge to support the development of resource-based industrialization polices and strategies.

The project will benefit the African Union Commission, the AU member states, regional economic communities and other sub-regional bodies that work towards adopting the principles of the AMV. The expected outcome is that resource-dependent Africa economies will move towards achieving the industrialization goals set out in the Agenda 2063, the AMV and the Sustainable Development Goals (SDGs).

Key Responsibilities and Functions of the Project Advisory Board

The Board is an integral part of the project's aim to achieve institutional effectiveness, supported by UNDP's corporate RBM systems.

In ensuring that the development results of the Project are achieved (and aligned to UNDP's Strategic Plan 2018-2021 and the Africa Regional Programme), the overarching responsibilities and key functions of the will be to:

1. Provide overall strategic vision and advice on current and emerging issues related to the mining sector;
2. Ensure that policy, programme advisory and capacity development support are responsive to demands;
3. Ensure that the project is linked to and draws from Global, Regional and Country Programmes, whenever appropriate;
4. Provide oversight, especially on monitoring and evaluation, overall Results-Based Management (RBM), quality assurance and risk management requirements; and
5. Review past year's annual report on achievements, challenges, lessons learned and innovations and reports from mid-term reviews/evaluations, and provide strategic advice on corrective actions, future direction, substantive scope and focus of the Project.

Composition of the Regional Programme Advisory Board:

The composition of the Board will be representative, drawing from the full range of stakeholders that participated in the formulation of the project. The members will come from: The Mining Unit of African Union Commission; the Customs and Trade Directorate of the East African Community, the ACP-EU Development Minerals Programme, Extractives Team of UNDP and representatives from UNDP Zambia.

Advisory Board meetings:

The Board will meet once per year. Meeting decisions will be made based on consensus.

Advisory Board Secretariat:

The Secretariat for the Advisory Board will be based in UNDP's Regional Service Centre Africa (RSCA) under the day-to-day guidance of the Senior Advisor for Extractives. Secretariat functions will include the provision of services for Board meetings, which will cover preparation and circulation of agenda and documentation, organization of the meetings, preparation and circulation of reports to all Board members. The Secretariat will follow-up on decisions taken by the Board and keep all members informed of progress on a quarterly basis.

The costs of Board-related activities will be funded from the project management component of the Project resources.