

THIRD MEETING OF THE POLICY DIALOGUE ON NATURAL RESOURCE-BASED DEVELOPMENT

Building collective knowledge for actionable policies

ANNOTATED AGENDA

17-18 November 2014 - OECD, Paris (Château, Room C)

ABOUT THE POLICY DIALOGUE

The Policy Dialogue on Natural Resource-based Development is a **multi-year intergovernmental process of knowledge sharing and peer-learning among OECD and Partner natural resource producing countries** to better respond to the multi-dimensional and inter-linked nature of the policy challenges commonly faced by resource-based economies. Compared to other fora, the added value of the Policy Dialogue on Natural Resource-based Development lies in its unique structure designed to facilitate the generation, systematisation and access to tacit and newly developed collective knowledge through collaborative OECD and non-OECD evidence-based policy analysis.

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

Chile, Germany, Guinea, Kazakhstan, Liberia, Mongolia, Morocco, Norway, Peru, Switzerland and Zambia have officially joined the initiative and other countries have expressed strong interest in formalising their engagement.

The involvement of stakeholders (industry and civil society) on a structured basis is a specific component of the process, to fully appreciate the implications of policy options and work towards strategic coordination with a view to achieving mutually beneficial outcomes. A **Business Consultative Platform** has been set up to facilitate the exchanges with the private sector.

An **Expert Advisory Board** composed of representatives of Partner International Organisations and Institutions has been established to catalyse efforts, promote effective collaboration, avoid duplication of work, fill the implementation gap and facilitate feedback and learning loops. The International Monetary Fund, the United Nations Development Programme, the United Nations Economic Commission for Africa, the World Bank and the World Economic Forum have formally joined the Expert Advisory Board.

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

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

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

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

The **first day (November 17)** will be open to stakeholders while **the second day (November 18)** will feature inter-governmental sessions.

The meeting will afford opportunities to advance the work under the different Streams of Work, according to the roadmap agreed upon at the [Second meeting of the PD-NR on 3-4 June 2014](#), as follows:

- **WS1 – Shared Value Creation and Local Development:** i) carry out Country Reviews on Shared Resource-based Value Creation and ii) develop an operational framework on public-private collaboration for shared value creation. Industry was tasked to clarify the production cycle of extractive projects and produce a chart on opportunities for backward, forward and horizontal linkages across the value chain of extractives.
- **WS2 – Revenue Spending and Stabilisation Funds:** carry out comparative analysis of country practices to assess the performance of stabilisation funds and build collective knowledge on spending and public investment options. Chile, Kazakhstan, Mongolia and Norway will participate in this exercise.
- **WS3 – Getting Better Deals:** produce a feasibility study on determining appropriate prices for minerals. This work, which was endorsed by the G20 Development Working Group, is intended to enable countries tackle more effectively challenges in data comparability when confronted with transfer pricing issues, reduce asymmetry of information in contract negotiations and improve transparency in extractives.
- **WS4 – Detecting Corruption Risks in the Extractive Sector:** leverage complementarities with the activities of the G20 Anti-Corruption Working Group and build on the risk mapping exercise carried out by the World Bank in order to identify high-risk scenarios in extractive industries and best practices on how risks have been addressed at both the public and private level. The OECD will extrapolate relevant data from the foreign bribery case studies compiled under the auspices of the OECD Anti-bribery Working Group and the specific instances procedure under the OECD Guidelines for Multinational Enterprises. Participants further agreed to leverage synergies between Work Streams 1 & 4 looking into the potential impact of local content requirements on corruption.

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

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

Reference documents will also be distributed ahead of the meeting in order to help participants

prepare their contributions, support the discussion and move the process forward. Participant contributions are expected to be short, narrative in style and reactive to other interventions.

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

DAY 1 – 17 NOVEMBER (Room C, Château)

8:00 – 9:00 Registration

9:00 – 9:15 Welcoming remarks by **Ambassador Hans-Juergen Heimsoeth**, Chair of the Governing Board, OECD Development Centre

9:15 – 10:45 **Session 1 – Detecting corruption risks in extractives [open to stakeholders]**

Moderator: Mr Nicola Bonucci, Director for Legal Affairs and Representative to the G20 Anticorruption Working Group, OECD

Kick-off interventions by

Ms Kathleen Kao, Anti-Corruption Analyst, Anti-Corruption Division, Directorate for Financial and Enterprise Affairs, OECD

Ms Cristina Tebar-Less, Lead Manager, Responsible Business Conduct Unit, Investment Division, Directorate for Financial and Enterprise Affairs, OECD

Mr Casper Sonesson, Policy Advisor, Extractive Industries, Bureau for Policy and Programme Support, UNDP

Mr Paulo De Sa, Manager, Sustainable Energy, Oil, Gas and Mining, World Bank

This session will provide the opportunity to share the results of ongoing analysis of corruption risk in extractives. The OECD will document case studies on foreign bribery based on the Foreign Bribery Report and the specific instances procedure under the OECD Guidelines for Multinational Enterprises. The World Bank will present the results of a questionnaire circulated among G20 countries. UNDP will present the results of its upcoming report on mapping corruption risks in the different phases of extractive projects.

Input and perspectives from governments and stakeholders will be sought with a view to identifying the typologies of conduct and vehicles that give rise to risk of corruption. Participating countries will be expected to share data on case-law or instances of corruption occurred in their country to contribute to shaping the catalogue of typologies of conduct at risk.

Objectives:

- Identifying high-risk scenarios and typologies of conduct and vehicles that give rise to risk of corruption in extractives

Proposed guiding questions:

- What are the recurring corruption risks associated with each phase of the extractive project cycle?

- What types of conduct and vehicles are in your experience conducive to such risks both at the public and private level?
- What type of mitigation measures can be put in place to reduce those risks?

10:45-11:00 Coffee Break

11:00– 12:30 **Session 2 – Mapping potential opportunities for linkage development across the value chain of extractives [open to stakeholders]**

Co-Chairs: Liberia and Norway

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

Kick-off intervention by Mrs Natalie Stirling-Sanders, Global Manager of Local Content, Supplier Diversity and Sustainable Procurement, ExxonMobil and Co-Chair of the IPIECA Local Content Task Force

At the last meeting of the Policy Dialogue held on 3-4 June 2014, participating countries agreed that in order to advance work on shared value creation, a better understanding of the life cycle of extractive projects and changing opportunities over time for potential horizontal, backward and forward linkages along the value chain of extractives (the “what”) would be needed. The oil and gas industry will present an **initial mapping of opportunities for linkage development across the value chain of oil & gas projects**. Participants will then be invited to react, comment and share their experience to complement the perspective from industry.

Objectives:

- Getting a better understanding of the life cycle of extractive projects and changing opportunities over time for horizontal, backward and forward linkages along the value chain of extractives
- Paving the way for developing a framework on collaborative strategies for shared resource-based value creation

Proposed guiding questions:

- What are the key opportunities for linkage development across the value chain of extractives?
- How do these opportunities evolve over the lifecycle of extractive projects? Which segments hold the best potential?
- What are the specificities of the oil & gas sector vs. the mining sector?

12:30– 13:00 | **The Mexican Energy Reform explained by Senator Jorge Luis Lavalle Maury, Mexico [open to stakeholders]**

Senator Jorge Luis Lavalle Maury will deliver a keynote on the recently adopted Mexican energy reform, with particular regard to aspects related to the promotion of local value creation and improved revenue management and spending.

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

14:30 - 16:00 | **Session 3 – Forward and horizontal linkages: key determinants and economic viability [open to stakeholders]**

Co-Chairs: Liberia and Norway

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

Kick-off interventions by

Mr Kwaku Boateng, *Director Special Services, Petroleum Commission, Ghana*

Ms Jane Korinek, *Trade Policy Analyst, Trade and Agriculture Directorate, OECD*

This session will be dedicated to **sharing experience and knowledge on forward and horizontal linkage development** (i.e. inter-sectoral linkages). The discussion will shed light on the opportunity to develop such linkages, including their economic viability, and assess their multiplier effects on the domestic and regional economy. Key determinants for potential upgrading, including the position in the global value chain, and better integration into global complex systems of production will also be discussed.

The session will feature the experiences of participating countries and sub-regional strategies in promoting forward linkage development. Participants will then be invited to react to the interventions.

Objectives:

- Assessing opportunities and barriers to horizontal and forward linkage development taking into account contextual factors
- Sharing knowledge, experience, lessons learnt, successes and failures in developing forward and horizontal linkages

Proposed guiding questions:

- What lessons can be learnt from the experience of Ghana and Botswana? What worked and what didn't?

- Could you share your experience with regard to linkage development in specific country contexts? Could you provide a qualitative assessment of the value effectively added to the local economy differentiating between the breadth (the proportion of output processed locally) and depth (the extent of domestic value which is added to locally processed/beneficiated outputs) of these linkages?
- What are the key drivers and contextual factors to be taken into account when assessing the potential for linkage development in your country or the country where you operate and how do they impact linkage development?
- What are the policy options available and what are their implications and impact on industry operations?

16:00 -16:15 Coffee Break

16:15 – 18:00 **Session 4 – Developing an operational framework on public-private collaboration for shared resource-based value creation [open to stakeholders]**

Co-Chairs: Liberia and Norway

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

Kick off interventions by

Mrs Lahra Liberti, Senior Advisor, Natural Resources, OECD Development Centre

Mr Andres Moran, Chief of Public Affairs, Antofagasta Minerals

Mrs Kate Tallant, Director, FSG – Social Impact Consultants

At the last meeting of the Policy Dialogue held on 3-4 June 2014, participating countries agreed to work together to improve public-private coordination and develop collaborative strategies to operationalise the identified shared goals for building resource-based competitive economies and promoting sustainable long-term shared value creation.

This session will offer the opportunity to seek feedback on the **zero draft guidance framework on public-private collaboration for shared resource-based value creation**.

Objectives:

- Collecting perspectives and comments on the zero draft guidance framework on collaborative strategies
Consider and possibly agree to set up a multi-stakeholder group for the progressive collective development of the tool

Proposed guiding questions:

- What are the key steps in the process of formulation, execution planning and implementation of collaborative strategies for in-country resource-based value creation?
- What should be the roles of governments (central, regional and local) and other stakeholders (industries, local communities) in this process?
- In your experience, what kind of governance mechanisms can be put in place to foster collaborative approaches for shared resource-based value creation?

For reference: Zero draft guidance framework on public-private collaboration for shared resource-based value creation

DAY 2 – 18 NOVEMBER (Room C, Château)

9:00 - 9:30 Registration

9:30 – 10:45 Session 5 – Getting Better Deals

Moderator : Mr Kang-Hyeon Yun, Deputy Permanent Representative, Delegation of the Republic of Korea to the OECD

*Kick off interventions by **Mr Dan Devlin**, Senior Economist, Natural Resource Taxation, OECD Centre for Tax Policy and Administration and **Mr Günter Nooke**, Personal Representative of the German Chancellor for Africa, Federal Ministry for Economic Cooperation and Development (BMZ)*

This session will feature a presentation of a draft outline of a feasibility study on determining appropriate prices for minerals. This work is expected to enable countries tackle more effectively transfer pricing issues. It shall also contribute to responding to the G8's call to make information about the buying and selling of natural resources publicly available and improve transparency in extractives. This session will also offer the opportunity for delegations to provide an update on recent developments regarding other relevant international initiatives such as the G7 CONNEX Initiative.

Objectives:

- Assessing the feasibility of developing tools to determine appropriate prices for mineral commodities
- Deciding on whether to pursue this activity and agreeing on the next steps
- Getting a better understanding of the objectives and activities carried under the G7 CONNEX Initiative

For reference: Discussion note on determining appropriate prices for mineral commodities

10:45- 11:00 Coffee break

11:00 – 12:30 Session 6 – Promoting in-country resource-based value creation: “what to do?” and “how to do it?”

Co-Chairs: Liberia and Norway

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

Kick off intervention by Mrs Lahra Liberti, Senior Advisor, Natural Resources, OECD Development Centre

At the last meeting of the Policy Dialogue on 3-4 June 2014, participants called for comprehensive country-based analysis for resource-based value creation. This session will offer the opportunity to discuss the proposed conceptual framework to carry out **Country Reviews on Shared Resource-based Value Creation**.

The *Country Reviews* will consider how extractives can become an anchor for broad-based, inclusive and long-term sustainable development, looking at factors that have a bearing on linkage development for local value creation. The *Country Reviews* will also help identify strategies as well as the combination and sequencing of measures needed to remove constraints to resource-based value creation and ways to establish collaborative mechanisms for improved public-private as well as private-private and public-public coordination. The *Country Reviews* will feed into the thematic comparative analysis of country experiences and practices. Once a critical mass of evidence-based analysis is built, comparisons will be drawn across countries.

Objectives:

- Discussing and validating the methodology for carrying out Country Reviews on Resource-based Value Creation
- Collecting expressions of interest from participating countries willing to carry out Country Reviews

Proposed guiding questions:

- Do you think that the proposed conceptual framework reflects and contributes to responding to the priorities and challenges faced by your country in leveraging the potential for resource-based value creation and linkage development?
- Do you think the process and different steps envisaged to engage with the country counterpart are appropriate?
- Would your country be willing and interested in undertaking a Country Review?

For reference: Conceptual Framework for Country Reviews on Shared Resource-based Value Creation

12:30 – 14:00 Hosted lunch

14:00 - 15:30 **Session 7 – Leveraging resource revenue spending for sustainable, broad-based and inclusive development**

Chair: Kazakhstan

H. E. Vice-Minister Ms Madina Abylkassymova, Ministry of National Economy, Republic of Kazakhstan

Kick-off interventions by

Ma. Teresa S. Habitan, Assistant Secretary, Department of Finance, Republic of the Philippines

Mr Jorge Luis Lavalle Maury, Senator, Mexico

H. E. Vice-Minister Ms Madina Abylkassymova, Ministry of National Economy, Republic of Kazakhstan

A key question in the debate around the issue of revenue spending has to do with how resource revenues should be spent across present and future generations. Discussions on this topic began [during the last meeting of the Policy Dialogue on 3-4 June \(Sessions 4 & 5\)](#) and highlighted that this involves looking at both spending choices (i.e. saving, consumption, investment, etc.) and their associated allocation schemes (resource funds, cash transfer schemes, revenue-sharing formula, devolution, integration into general budget, etc.). The decision and arbitration between different spending options might depend on a number of contextual factors and on particular circumstances of the country, including the level of development, the nature of the resources and their size, fiscal dependence on resource revenues, institutional capacity, fiscal federalism, etc.

Building on the experiences of Philippines, Mexico and Kazakhstan, in particular, the session will look into different spending options highlighting their advantages and drawbacks and identifying contextual factors that might be determinant in the choice of one option over another.

Objectives:

- Sharing experience in leveraging resource revenues for investment in sustainable and inclusive development
- Assessing successes and failures associated with different spending and investment options

Proposed guiding questions:

- What lessons can be drawn from the experiences of Philippines?
- What spending choices have been made in your country? Is the use of resource revenues linked to national development plans and structural transformation strategies?
- What associated allocation schemes are in place to respond to the defined priorities and objectives?

- What contextual factors matter when making spending choices in your country?
- What are the advantages and drawbacks of the different spending options discussed?
- To what extent is revenue management and distribution decentralised in your country?
- What governance mechanisms are in place to reconcile the objectives of providing tailored spending solutions to local needs and priorities with broader national development objectives?
- What can be learnt from the EITI reports? Is there a monitoring and evaluation system in place to assess the quality and effectiveness of revenue spending?

15:30- 16:00 Closing remarks by **Mario Pezzini, Director, OECD Development Centre**