

# FOURTEENTH PLENARY MEETING

## POLICY DIALOGUE ON NATURAL RESOURCE-BASED DEVELOPMENT

24-25-26 June 2020

(Virtual Format)

*Building collective knowledge for actionable policies*

### PRELIMINARY ANNOTATED AGENDA

#### 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 countries producing minerals, oil and gas on how to harness natural resources for structural transformation and more inclusive and broad-based development. Compared to other fora, the added value of the Policy Dialogue on Natural Resource-based Development lies in its unique structure designed to facilitate the generation, systematisation, and access to tacit and newly developed collective knowledge through collaborative OECD and non-OECD evidence-based policy analysis.

The Policy Dialogue focuses on four Work Streams: (i) Shared Value Creation and Local Development; (ii) Revenue Management and Spending; (iii) Getting Better Deals, and (iv) Domestic Resource Mobilisation (tackling BEPS, corruption and commodity trading transparency).

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), Global Relations Secretariat (GRS), Legal Directorate (LEG), Public Governance and Territorial Development (GOV), and Trade and Agriculture (TAD).

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

#### VIRTUAL MEETING FORMAT

Due to the current coronavirus (COVID-19) emergency, the OECD is taking precautionary measures to limit the risk of transmission to delegates, visitors, staff, and those with whom they come into contact after leaving the OECD.

To minimise the impact of precautionary measures on the work of the Organisation, and the ability of stakeholders to participate in that work, the **Fourteenth Plenary Meeting of the Policy Dialogue on Natural Resource-based Development** will now be held in a **virtual format**, exclusively through remote participation.

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

To accommodate the virtual format of the Fourteenth Plenary Meeting, **online sessions will be held following the calendar below.**

The online sessions will take place on consecutive days using the video conferencing platform [Zoom](#).

- **Day 1 – Wednesday 24 June (15:00-16:30 CET):** *Mining Tax Policy Responses to COVID-19, based on joint guidance by IGF and ATAF*
- **Day 2 – Thursday 25 June (15:00-16:30 CET):** *Brainstorming on refocusing the Policy Dialogue on Natural Resource-based Development on developing an Inclusive Framework for a Just Low-Carbon Energy Transition: Proposed Work Plan for 2021-2022*
- **Day 3 – Friday 26 June (15:00-18:00 CET):** *Thematic Dialogue on Commodity Trading Transparency*

The **objectives** of the Fourteenth Plenary Meeting are as follows:

- **Merge Work Stream 1 and 2 and refocus the Policy Dialogue on developing an Inclusive Framework for a Just Low-Carbon Energy Transition and discuss the work plan for 2021-2022.**
- During previous Plenary Meetings of the Policy Dialogue, participants had the opportunity to discuss cost-effective solutions for the integration of renewables into extractive activities as well as efforts towards the decarbonisation of fossil fuels and the diversification of oil and gas industry portfolios. Participants in the Tenth Plenary Meeting of the Policy Dialogue on Natural Resource-based Development have already agreed to deepen and expand the work on revenue spending, to explore how revenues from non-renewable natural resources can finance and support the low-emission transition and deliver on the Sustainable Development Goals. The thematic dialogues to improve understanding around fiscal policy options and mechanisms that policy makers in natural resource-rich countries can use to mobilise resources, including private capital, to finance the transition will be fully integrated into the new work plan.
- Following up on the 13<sup>th</sup> Plenary Meeting, this session will provide the opportunity to brainstorm about the new directions of the Policy Dialogue and receive input on the proposed revamped programme of work for 2021-2022. Participants are expected to share perspectives and provide feedback on the proposed areas for future work and key deliverables.

### *Thematic Dialogue on Commodity Trading Transparency*

- At the Thirteenth Plenary Meeting, participants welcomed the practical progress taken toward the development of a common reporting framework by the EITI, and provided

feedback on the EITI's draft working document "*Developing reporting guidelines for companies buying oil, gas and minerals from governments*". Participants acknowledged the commercial confidentiality risks that disclosures can create and the consequential importance of providing legal certainty to companies that are making payment disclosures. Participants emphasised the importance of establishing a consistent and level playing field that is globally applicable across different jurisdictions, different companies, and different commodities, regardless of EITI's membership. Participants acknowledged the challenges in identifying whether the counterparty to the transaction is state-owned and welcomed the future development of an OECD On-line Mapping Tool of SOEs. Participants acknowledged the importance of improving understanding around existing anti-corruption and transparency requirements in global commodity trading hubs, and welcomed the opportunity to learn from the experience of commodity trading regulation in Belgium, China and Dubai.

- The Fourteenth Plenary Meeting will provide an opportunity to consider the risks of corruption in commodity trading transactions, to review and discuss the draft *Guidance to support State-Owned Enterprises in selecting buyers of publicly owned oil, gas and minerals*, and to consider the issues that can arise in resource-backed lending.

### *BEPS in mining*

#### *Presentation by OECD, IGF and ATAF on Mining Tax Policy Responses to COVID-19*

- Presentation of IGF and ATAF guide to "Mining Tax Policy Responses to COVID-19" for resource-rich developing countries.

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.

**For this year's virtual version of the Policy Dialogue, we will seek to make the sessions interactive through the Zoom online platform. Participants not already familiar with Zoom are encouraged to consult the brief orientation that accompanies this agenda.**

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. Proposed guiding questions** aim at helping participants prepare their contributions and identify relevant issues they would like to see addressed during the meeting.

**Reference documents** are 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.



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**The sessions will be 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 participants engage in open and constructive exchanges that could pave the way for the collective development of new knowledge as well as innovative and mutually beneficial policy solutions.



**DAY 1 - Wednesday 24 June 2020**

**15:00 – 16:30 CET**

**IGF/OECD BEPS in Mining Programme  
Mining Tax Policy Responses to COVID-19**

**Registration:**

Please note that advance registration for this meeting is compulsory. Only registered participants will be able to access to this meeting. Please copy and paste the link below into your browser in order to register by **10 June 2020**:

<https://meetoeecd1.zoom.us/join/join/join/register/tJlIuivqDMjH9RuG0TPJWKtnew5DIbkNZh>

After registering, you will receive a confirmation email containing all the necessary information about joining the meeting.

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**Mining Tax Policy Responses to COVID-19, based on joint guidance by the OECD, IGF and ATAF**

With developing countries already struggling to mobilise adequate domestic revenues, it is critical that they carefully evaluate options for business tax relief. The level and type of relief required will vary by sector, and company. The OECD, IGF and ATAF have collaborated to present guidance on potential Tax Policy Responses in the mining sector as a result of the challenges brought on by the COVID-19 global pandemic.

The guide provides an overview of some of the impacts on the mining sector of COVID-19 and the associated economic crisis, suggests how to evaluate whether tax relief is required, proposes short-term tax policy options for industrial mining, including smaller- and medium-sized mines as well as both domestically owned and foreign-owned operations and highlights measures to avoid.

**Objective:**

- Discuss level and type of relief that may be required for the mining sector in response to COVID-19 and the associated economic crisis.

**Kick-off interveners:**

- Ms Alexandra Readhead, Technical Advisor, Inter-Governmental Forum on Mining Minerals, Metals and Sustainable Development (IGF)
- Mr. Vy Tran, Senior Adviser – Transfer Pricing, OECD Centre for Tax Policy and Administration (CTPA)
- Mr. Anthony Mununda, Technical Advisor, International Tax Division, African Tax Administration Forum (ATAF)



**Day 2 - Thursday 25 June 2020**

**15:00 – 16:30 CET**

**Brainstorming on Working Towards an  
Inclusive Framework for a Just Low-Carbon Energy Transition:  
Proposed work plan for 2021-2022**

**Registration:**

Please note that advance registration for this meeting is compulsory. Only registered participants will be able to accede to this meeting. Please copy and paste the link below into your browser in order to register **by 10 June 2020**:

<https://meetoeecd1.zoom.us/meeting/register/tJMud-irqzwwGtTaf9h2ag3P-j160d2s2pFj>

After registering, you will receive a confirmation email containing all the necessary information about joining the meeting.

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With the COVID-19 outbreak the world is experiencing a drop in energy demand seven times the decline after the 2008 financial crisis (IEA, 2020). While demand for fossil fuels has been falling due to reduced levels of trade, travelling and the overall lockdown, low-carbon technologies are expected to extend their lead as the largest source of global electricity generation, reaching 40% of the power mix in 2020. Multilateral banks, donors and long-term investors have shifted away from financing high-carbon sectors.

This trend coupled with the effects of COVID-19 on fossil fuel demand and the plunge in the price of oil force to rethink how to sustain low-carbon development pathways in a new macroeconomic environment, taking into account the increased vulnerability of fossil fuel economies. The oil price collapse might affect many countries' ability to respond to the pandemic, as in many oil exporting developing countries oil exports account for as much as 60 percent or more of fiscal revenue – in some cases above 90 percent.

While the situation might change, emerging and developing economies that are still heavily reliant on fossil fuels need to consider a new toolbox to manage the transition to a low-carbon future in a sustainable manner. This will also help build their resilience to external shocks. This brainstorming session will provide the opportunity to discuss a proposed work plan for 2021-2022 to reorient the Policy Dialogue towards assisting developing and emerging economies in designing sustainable low-carbon development pathways. The proposed work plan will outline the suggested mix of policies and mechanisms for future analysis and development. It will set out options for concrete deliverables to be considered by participants. The proposed work plan will be revised in light of input received after the virtual brainstorming session and will be submitted for endorsement at the Fifteenth Plenary Meeting on Tuesday 1 and Wednesday 2 December 2020.

This brainstorming session will be structured as follows. The OECD Development Centre will introduce the proposed work plan for 2021-2022. Three kick-off interveners will share perspectives on the proposed reorientation of the Policy Dialogue initiative and offer their views on the key policy areas for future work and suggested deliverables. An open discussion will follow the initial interventions.

Contributions from participants should contribute to framing the problem and seek to address the guiding questions below to shape the programme of work.

#### Objectives :

- Frame the issues for consideration;
- Seek feedback on the proposed work plan for 2021-2022;
- Solicit input on the key areas of work for future consideration;
- Agree on a set of key deliverables.

#### Welcoming remarks by the OECD Development Centre

*H.E. Manuel Escudero, Ambassador and Permanent Representative of the Kingdom of Spain to the OECD, and Chair of the Governing Board of the OECD Development Centre.*

#### Kick-off interventions:

- Dr Lahra Liberti, Head of Resources for Development Unit, OECD Development Centre
- Mr Khalid Abuleif, Senior Advisor to His Royal Highness and the Chief Negotiator for Climate Agreements, Saudi Arabia
- Ambassador Ambassador Noé van Hulst, Hydrogen Envoy, Ministry of Economic Affairs & Climate Policy, The Netherlands
- Mr Odon de Buen, Director General for the National Commission on the Efficient Use of Energy (CONUEE), Mexico
- Mr Andrew Grant, Head of Oil and Gas, Carbon Tracker Initiative
- Mr Randolph Bell, Director and Richard Morningstar Chair for Global Energy Security, Atlantic Council

#### Closing remarks:

- *Professor Petter Nore, Senior Consultant, Norwegian Agency for Development Cooperation, Kingdom of Norway*

#### Guiding questions:

- What is your feedback on the proposed thematic areas and issues for consideration outlined in the proposed work plan? Are there any issues that have been left out and should be covered?
- Do the proposed pillars and thematic areas adequately reflect the key policy objectives, needs and priorities for assisting emerging and developing economies to manage the transition to a low-carbon future?
- Besides fossil fuel economies, should the dialogue platform involve economies that have already shifted to non-fossil energy sources to learn from their experience?
- Are there any specific deliverables that would be worth taking forward as a matter of priority?

#### For reference:

- OECD Development Centre, Towards an Inclusive Framework for a Just Low-Carbon Transition in Energy Intensive Economies, Draft Work Plan 2021-2022



**Day 3 - Friday 26 June 2020**

**15:00 – 18:00 CET**

## **Thematic Dialogue on Commodity Trading Transparency**

### **Registration:**

Please note that advance registration for this meeting is compulsory. You only need to register *once* for all three parts of this meeting. Once you register you will be able to join or leave the meeting at the time and for the session that suits you.

<https://meetoecd1.zoom.us/meeting/register/tJcpde2grD0oHdW1Tt8x5M6TSL8LZTuP0p64>

After registering, you will receive a confirmation email containing all the necessary information about joining the meeting.

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### **Part 1: 15:00 – 16:30 (CET)**

#### **The role of trading hubs and commodity trading companies in addressing risks of corruption in commodity trading transactions**

Commodity trading presents specific and heightened risks of corruption due to the large amount of money involved in commodity sales transactions and the sophisticated mechanisms used to channel corrupt payments. Improving transparency and accountability in commodity trading is a typical global collective challenge that requires actions by home and host governments, by commodity trading hubs, by companies, and by civil society organisations.

This session will provide an opportunity for participants to share knowledge and improve mutual understanding around existing anti-corruption and company reporting obligations applicable in key trading jurisdictions, including any specific requirements for commodity trading. This session will also provide an opportunity to explore where corruption risks occur along the commodity trading value chain, and the degree of exposure of trading hubs to corruption risks and the role that they can play in countering corruption and enhancing transparency.

#### **Objectives:**

- Map existing anti-corruption and company reporting obligations applicable in key trading jurisdictions;
- Map corruption risks along the commodity trading value chain.

#### **Kick-off interventions by:**

- Mr. Phil Culbert, Associate, KPMG
- Mr. Elliot Smith, Legal Analyst, OECD Development Centre
- Mr. Joe Williams, Advocacy Manager, Natural Resource Governance Institute (NRGI)

#### For reference:

- Presentation showing the preliminary results of research into corruption risks in the commodity trading value chain and mapping of reporting and transparency requirements in trading hubs (*for discussion*).

#### Part 2: 16:30 – 17:15 (CET)

##### Guidance to support state-owned enterprises in selecting buyers of publicly owned oil, gas and minerals

Getting the buyer selection process right is a crucial step to prevent potential public revenue losses through the allocation of rights to companies in which politically exposed persons have an interest or the granting of preferential sale terms that favour private interests. The provision of guidance on transparent and competitive processes for selecting buyers can help host governments and SOEs to reduce opportunities for corruption and public rent diversion that would result in public revenue losses.

This session will provide the opportunity to review and discuss the *Guidance to support State-Owned Enterprises in selecting buyers of publicly owned oil, gas and minerals*, prepared by the OECD Development Centre in consultation with the OECD Development Centre's SOE Working Group.

#### Objectives:

- Seek input on the final draft Guidance

#### Kick-off intervention by:

- Mr. Elliot Smith, Legal Analyst, OECD Development Centre

#### Discussants:

- Mr. Marcus Ter Haar, Managing Director, Okavango Diamond Company (ODC)
- Mr. Dennis Baidoo, Marketing Manager, Ghana National Petroleum Corporation (GNPC)

#### For reference:

- Draft Guidance to support State-Owned Enterprises in selecting buyers of publicly owned oil, gas and minerals (*for discussion*).

#### Part 3: 17:15 – 18:00 (CET)

##### Emerging issues with the use of Resource-backed loans

For commodity-rich countries, building large scale infrastructure projects sometimes critical for the development of oil, gas and mining projects requires significant up-front and long-term financing. In some cases, countries with limited access to capital and credit use their oil wealth to secure financing. These can take the form of pre-payment or advance payment deals, where a government or SOE receives funds up-front in exchange for future resource production. Commodities can also be used to repay public sector debt, or used as collateral. In some cases, resource-backed loans represent the optimal way for resource-rich governments to raise financing for important development priorities. In others, governments' under-value the country's future oil revenues in order to receive short-term injections of cash, often for political reasons. Lack of public oversight of resource-backed loans can push governments into debt distress, put sovereignty over public assets at risk, interrupt access to



assistance from international financial institutions, and stifle the long-term development of borrowing countries. Transparency has proven particularly crucial in light of Covid-19 and the drop in commodity prices, as debt-distressed countries may increasingly rely on repaying loans with future commodity production or struggle with repaying existing resource-backed loans as their value declines.

The EITI promotes transparent and accountable financing in the extractive sector by publishing data on loans between the state and creditors. This includes the terms of loans provided by the resource backed loans to SOEs or the state.

#### **Objectives:**

- Highlight some of the governance opportunities and challenges related to resource-backed loans;
- Explain the importance of transparency of resource-backed loans in ensuring sustainable and accountable government debt management;
- Present disclosure guidance by EITI and partners and consider how governments and state-owned enterprises and their creditors, including commodity traders and banks can further increase transparency.

#### **Kick-off intervention by:**

- Mr. Bady Balde, Deputy Executive Director & Africa Director, EITI International Secretariat
- Representative of resource-rich developing country

#### **Closing remarks:**

- *Mr Andrew Preston, Head of the Joint Anti-Corruption Unit, Home Office, United Kingdom*