

AFRICAN DEVELOPMENT BANK GROUP



AFRICAN NATURAL RESOURCES CENTER (ANRC) STRATEGY (2015 – 2020)

REVISED VERSION

ANRC DEPARTMENT

June 2015

Table of Contents

LIST OF ACRONYMS EXECUTIVE SUMMARY

SECTION A	1
1. INTRODUCTION	1
1.1. Overview of Africa’s Natural Resources	1
1.2. Regional and Global Context	1
1.3. The Bank’s Interventions and Lessons Learnt	2
1.4. The African Natural Resources Center.....	3
SECTION B	4
2. ANRC STRATEGY (2015-2020)	4
2.1. Alignment with the TYS and Sector Strategies.....	4
2.2. Vision, Mission and Long-Term Objective.....	4
2.3. Guiding Principles and Analysis of Strengths, Weaknesses, Opportunities and Threats.....	5
2.4. Value Proposition.....	5
2.5. Strategic Approach and Pillars	5
2.5.1. Integrated Natural Resources Development.....	8
2.5.2. Good Governance of Natural Resources	9
2.6. Internal, External Roles and Complementarities with Other Departments	10
2.7. Implementation Plan.....	13
2.8. Products.....	14
2.9. Service Delivery Capacity.....	15
2.10. Operational Readiness (Governance, Funding, HR, Communication and Risks).....	15
2.10.1. Proposed Governance Structure	15
2.10.2. Funding Structure and Sustainability	16
2.10.3. Operating Structure and Human Resources	17
2.10.4. Communication Plan	17
2.10.5. Risk and Mitigation.....	18
3. RESULTS-BASED LOGICAL FRAMEWORK	19
4. CONCLUSION	20

REFERENCE

TABLES	Table 1:	Risks and Mitigation Measures
FIGURES	Figure 1:	Generic Gold Industry Policy Pipeline
	Figure 2:	Generic Forestry Sector Policy Pipeline
	Figure 3:	Proposed Strategic Pillars
	Figure 4:	Proposed Operating Structure
	Figure 5:	Proposed Six-Year Implementation Plan
	Figure 6:	Proposed Governance Structure

ANNEXURES

- Annexure I: Concept Note for Establishing the ANRC
- Annexure II: Overview of the Center's Work Program to Date
- Annexure III: SWOT Analysis of the ANRC
- Annexure IV: Evaluation of Strategic Options
- Annexure V: Internal and External Working Complementarities and Synergies
- Annexure VI: Internal and External Potential Areas of Complementarities
- Annexure VII: Proposed Governance Structure
- Annexure VIII: Funding of the ANRC under the Proposed Governance Structure

Under the guidance of Mr. Aly Abou-Sabaa (Vice President OSVP), the Strategy was developed by the ANRC task team, composed of Mr. Ahmed Khalid Eldaw, Ms. Amani Abou-Zeid, Mr. Modibo Traore, Mr. James Opiomoding, Mr. Pietro Toigo, Mr. Jean-Louis Kromer, Mr. Tarek Ahmed and Mr. Thomas Viot and led by Ms Sheila Khama (Director ANRC). Important contributions were made by Mr. Sering Jallow (Senior Advisor OSVP), Mr. Ndoumbe Lobe (Director OSGE), Mr. Chiji Ojukwu (Director OSAN), Mr. Mohamed El Azizi (Director OWAS), Mr. Kalidou Gadio (General Counsel GECL), Mr. Stephen Karangizi (Director ALSF), Mr. Kapil Kapoor (Director COSP), Mr. Vencatachellum Desire (Director FRMB), Mr. Timothy Turner (Group Chief Risk Officer GCRD), Ms. Nnenna Nwabufo (Director COPB), Mr. Walter Odhiambo (Chief Policy Economist COSP), Mr. John Anyanwu (Lead Research Economist EDRE), Mrs. Bernadette Kamgnia (Manager EADI), Mr. Olufunso Somorin (Policy Analyst ORTS), Mr. Neeraj Vij (Ag. Manager OPSM), Mr. Abdoulaye Dagamaissa (Manager OSAN), Mrs. Laurence Gielen (Cooperation Officer FRMB), Mr. Oswald Chanda (Manager OWAS), Mr. Sebastien Delahaye (Climate Change Officer ONEC), Mr. Ignacio Tourino (Environment Expert ONEC), Mr. Chawki Chahed (Communication Expert OSVP), Mrs. Gertrude Phiri (Budget Officer OSVP) and Mrs. Nyawira Ndambuki (HR Business Partner CHRM).

ABBREVIATIONS

ADB/AfDB	African Development Bank
AFLEG	Africa Forest Law Enforcement and Governance
ALSF	African Legal Support Facility (AfDB)
AMV	Africa Mining Vision
ANRC	African Natural Resources Center (AfDB)
APRM	African Peer Review Mechanism
AU	African Union
BRICS	Brazil, Russia, India, China and South Africa
CERD	Communication and External Relations Department (AfDB)
COMIFAC	Central African Forest Commission
CSOs	Civil Society Organizations
CSPs	Country Strategy Papers
EADI	African Development Institute (AfDB)
ECON	Complex for Economics (AfDB)
EDRE	Development Research Department (AfDB)
EITI	Extractives Industry Transparency Initiative
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FRMB	Resource Mobilization and External Finance Department (AfDB)
GAP II	Governance Strategic Framework and Action Plan
GECL	General Council and Legal Service Department (AfDB)
GDP	Gross Domestic Product
HDI	Human Development Index
HR	Human Resources
ICMM	International Council on Mining and Metals
LPI	Land Policy Initiative
NRGI	Natural Resources Governance Institute
NRM	Natural Resources Management
OECD	Organization for Economic Cooperation and Development
OIVP	Complex for Infrastructure, Private and Regional Integration (AfDB)
ONEC	Energy, Environment and Climate Change Department (AfDB)
ORVP	Complex for Country and Regional Programs and Policy (AfDB)
OSVP	Complex for Sector Operations (AfDB)
OPSM	Private Sector Department (AfDB)
OSAN	Agriculture and Agro-Industries Department (AfDB)
OSGE	Governance & Financial Management Department (AfDB)
OSHD	Human and Social Development Department (AfDB)
OWAS	Water and Sanitation Department (AfDB)
RECs	Regional Economic Committees (AfDB)
RMCs	Regional Member Countries
TA	Technical Assistance
TYS	Ten Year Strategy (AfDB)
UA	Unit of Accounts
UN	United Nations
UNCBD	United Nations Convention on Biological Diversity
UNCCD	United Nations Convention on Combat Desertification
UNFCCC	United Nations Framework Convention on Climate Change
UNDP	United Nations Development Programme
USD/US\$	United States Dollar
WBCSD	World Business Council on Sustainable Development

EXECUTIVE SUMMARY

1. 1. Content

This document translates the Concept Note (Annexure 1) approved by the Board in 2013 into a Strategy for the African Natural Resources Center (Center). It is intended to operationalize the Center by putting its activities in the context of the Bank's Ten Year Strategy (TYS) and that of relevant sector strategies already adopted by the Bank. The document provides a contextual overview of the natural resource environment in Africa and spells out the Center's strategic approach to assisting governments manage the opportunities and challenges. The Strategy proposes a vision, mission, objective, strategic plan, products and an operating model for the Center. It seeks to complement and collaborate with departments of the Bank and regional initiatives such as those of the African Union.

2. Strategy

2.1. Vision, Mission and Long Term Objective

The vision of the Center is to have a region that is capacitated to manage natural resources wealth in a manner that improves the lives of citizens. The Center's mission is to advise RMCs on carefully selected aspects of natural resources management policy formulation and implementation in order to enable them to extract greater social and economic value from their development. In line with the vision and mission, the long-term objective of the Center is to enhance RMCs' capacity to improve development outcomes from the sustainable use of renewable and non-renewable resources. This will be achieved through interventions that increase the effectiveness of public and private sector institutional frameworks with a focus on upstream governance through knowledge, public participation, environmental protection, resource planning, value extraction and sound negotiations strategies. The Center will assist RMCs by building institutional capacity, providing policy advice, offering strategic guidance on investments and negotiations and delivering targeted technical assistance on regulatory matters.

2.2. Rationale

Taken on face value the Center's potential Strategy as envisaged in the 2013 Concept is a very ambitious undertaking. The proposal envisages that the Center's activities would cut across seven economic sectors, namely water, forestry, fishery, land, oil, gas and minerals while encompassing a range of policy, legal and institutional capacity challenges and opportunities many of which cut across all seven sectors. It is also envisaged that the Center will undertake a variety of capacity building initiatives namely policy advice, advocacy, technical assistance and knowledge generation inside and outside the Bank.

Therefore to ensure program focus and impact the Strategy adopts a cross-cutting approach to sustainable development challenges and opportunities such as illicit trade, social, physical and environmental management, economic value enhancement and social and economic inclusion. In addition a large part of the intervention will be on oil, gas and minerals (non-renewables). In pursuit of the principle of a green economy and because the development of mines, oil and gas fields sterilizes land resources, pollutes the elements, potentially destroys forests and consumes large amounts of water resources, the program will assist RMCs maximize benefits while mitigating these risks resulting from the interface between renewables and non-renewables projects.

The Strategy proposes two pillars, namely a) *Integrated natural resource development planning* to protect the environment through sustainable development and b) *Good governance of natural resources* to support negotiations, local content and transparency through public participation.

In respect of the value chain, the focus of the program will be on upstream natural resources management (NRM). This means that the Center's program will focus on the raw material stage that includes project development but excludes processing and post processing stages. From a governance perspective this embodies provision of advice on policies laws and institutional frameworks that regulate projects at the raw material stage including policies that tackle challenges relating to promoting vertical and horizontal linkages.

2.3. Long-Term Desired Outcomes and Strategic Orientation

The desired outcomes are contribution towards transition to green growth through better governance of natural resources, enhanced economic impact on domestic economies and improved resources development planning resulting in containment of adverse social and environmental effects while maximizing the economic impact of NRM on the lives of citizens.

The Strategy and accompanying Business Plan propose the Center's human resources philosophy and a financial model. The Strategy outlines a programmatic approach that leverages complementarities with others. The Center's core business will be to provide support to RMCs in natural resources policy design and policy dialogue as well as create opportunities for the Bank's lending operations. The Strategy proposes an innovative funding model, which blends different sources of finance including the Bank's own financial instruments, external contributions to a trust fund and income from fees charged for certain services rendered.

2.4. Internal and External Role

The Center will have an internal and external focus and will operate at country and regional levels. Internally, the Center will leverage the Bank's brand, regional outreach and experience in delivering projects to deepen internal expertise on renewables policy matters while expanding knowledge on non-renewables. The Center will support Bank operations through CSPs but support will be limited to the Center's program focus areas. The Center will work with Bank departments to contribute towards the design and execution of Bank's operations in NRM. In order to maintain sufficient focus on its advisory and policy role and avoid conflicting roles the Center will not implement investment projects.

Externally, the Center will assist RMCs and RECs to increase economic deliverables from resources exploitation by building institutional capacity, providing policy advice, offering strategic guidance on investment choices and delivering technical assistance on regulatory matters. The Center will also represent the Bank at regional and international fora on issues that cut across natural resources sectors and serve on Steering Committees of the AU responsible for natural resources. To build capacity to deliver programs, the Center will partner with other institutions to jointly deliver support programs using the Center's knowledge and advocacy tools.

2.5. Value Proposition

The credibility of the Center as a change agent is underpinned by the Bank's position as the preferred development partner for RMCs and its leadership role in influencing development outcomes from Africa's natural resources. As a partner to the private sector and a trusted agent of RMCs the ability of the Bank to leverage its position to broker dialogue between investors and regional governments is a strong value proposition to RMCs, investors, CSOs and donors. The Bank's network of offices and knowledge of the geo-political environment affords the Center access and significant agility. The ability of the Center to capitalize upon these factors positions the Center favorably and is therefore a source of value for RMCs.

3. Governance Structure

To overcome NRM challenges that have eluded RMCs, the Center's operating model requires innovative approaches and a departure from "business as usual." Hence, the Strategy proposes a modified governance structure that departs from that of regular departments of the Bank. The proposed governance structure of the Center makes allowance for the Center's multi-faceted scope and approach to program delivery. Particularly, it reconciles the Center's governance needs with resource requirements for its day-to-day operations. It allows the Centre to leverage the internal resources of the Bank to deliver some of its programs in partnership with departments of the Bank. The proposal also ensures that the Center benefits from the expertise and best practices of a wide range of stakeholders in addition to OSVP oversight.

It is envisaged that the Centre will benefit from an Oversight Committee. The structure also proposes the establishment of a multi-donor Trust Fund. Subject to approval of the Strategy, the modalities and the governance framework of the fund will be worked out. The former will be made up of senior management of the Bank while the latter will be made up of representatives of donors, a mix of internal and external candidates who bring a combination of sector expertise and regional knowhow. The Trustees' primary role is to review programs funded through donor support in line with the TYS and the Center's mandate.

SECTION A

1. INTRODUCTION

1.1. Overview of Africa's Natural Resources

Africa has significant natural resource wealth. The region has the largest arable land mass in the world and more than half of the population in the continent is employed in the agriculture sector. Africa is home to the second largest as well as the longest rivers in the world, namely the Nile and the Congo. Africa's 63 international rivers basins cover approximately 64% of the continent's land area and contain 93% of the total surface water resources. Africa is also host to the world's second largest tropical forest and the total value added of the fisheries and aquaculture sector is estimated at USD 24 billion.

In the extractives sectors, it is estimated that the region accounts for about 30% of all global minerals reserves. Its proven oil reserves constitute 8% of the world's reserves and those of natural gas amount to 7%. Minerals account for an average of 70% of total African exports and about 28% of Gross Domestic Product (GDP). The contribution of extractives to public finance is significant, with some member states public revenue almost entirely dependent on them. The African Development Bank (AfDB) estimates that Africa's extractive resources will contribute over USD 30 billion per annum in government revenue for the next 20 years. However, due to the capital intensive nature of extractives projects and emphasis on exports of raw materials, the region's employment levels in the sector are comparatively lower than those in other resource-rich regions. This is because the industry's footprint in infrastructure development, mineral processing and the manufacturing sector remains negligible.

That said, the resources provide a unique opportunity to foster human and economic development while facilitating regional integration in infrastructure, agriculture, energy, tourism and forestry. However, there are significant sustainable development and governance challenges. The region's leaders recognized this and have stated that, "poor management and regulation of the harmful environmental, social and human rights impacts of mining have struck critical and, in some cases, hostile attitudes among mining communities towards the industry and government".

1.2. Regional and Global Context

Generally, conditions in the Regional Member Countries (RMCs) typify the supply end of the global natural resources trade. The level of resource endowment attracts an investment which is primarily driven from abroad. The timing of investments, sequencing and rate of exploitation are also typically driven by external factors. The supply end is traditionally dominated by large multinationals that dominate the global trade by targeting commodity markets, influencing the structure of supply networks, leading technological innovation and focusing trade on the export of raw materials.

Sustainable development challenges are extensive and include environmental challenges, desertification, resources conservation, displacement of communities from traditional lands, poor investment decisions and revenue management. These have been covered extensively and most recently through the Africa Progress Panel's publications under the Chairmanship of Former UN Secretary General, Kofi Annan. For instance, the practice of illegal timber harvesting and trade costs African governments billions of dollars in lost revenue (up to USD 10.1 million in Gabon and USD 5.3 million in Cameroon). West Africa loses USD 1.3 billion a year from illegal fishing. That said, land, water basins, wildlife reserves and national parks offer an opportunity for ecotourism and related economic activities for the region's inhabitants and with that the possibility of a move towards greener economies. But institutional fragility which leads to poor border controls, lack of human security, a drop in investment and poor policy choices and a decline in formal trade undermine these prospects.

Public expectation for benefits to reach the larger population has never been greater. Persistent poverty, unemployment, inequality and the increasing voice and influence of civil society organizations (CSOs) add to the pressure on governments and investors to share the benefits of natural resources wealth. This has created a sense of urgency for governments and investors to respond and use the resources to deliver immediate and tangible benefits. However others see this as migration towards “resource nationalism” and indirect state control on the management of resources. For instance according to the Ernest & Young’s report, “Business Risks in Mining and Metals 2014-2015” resource nationalism retained a spot in the top five risks in a survey of the region by investors. Governments are criticized for eroding value and diminishing competitiveness through the political economy. Investors are faulted for not integrating projects into the economies of host countries, negotiating unfair deals, being merely opportunistic and evading tax.

With population growth, the need for land tenure systems that address conflicting commercial, rural and urban land use needs has never been greater. Observers are particularly concerned by the long- term effects of large scale land based investments and deals that lack transparency. The need to protect forests, regulate fishing and prudently manage water resources is increasing as consumption rises and as trade-offs across resource use (e.g. mining activities versus tourism oriented conservation) become urgent. In response, many regional initiatives (of which the Bank is a partner) have been created including the Africa Mining Vision (AMV), the Land Policy Initiative (LPI) and the African Peer Review Mechanisms (APRM) among others. However, while the understanding of these problems grows progressively, it is not matched with the capacity to respond.

At the demand end, the actions of financiers, legislators, consumer groups, the media, industry analysts and CSOs impact natural resources projects in RMCs and require effective policy and regulatory responses. The changing structure of the global financial markets and consumer views, the liberalization of the Chinese economy, the advent of powerful trading blocks in emerging economies and the coalition of Brazil, Russia, India, China and South Africa (BRICS) have altered the international policy and trade environment significantly. The success of CSOs in advocating for sustainability has placed good governance at the center of the resources management public debate. The 2008 economic crisis and the decrease in trust by the public in governments and large corporations have elevated the subject of ethical business practices. To counter this decline in confidence in the natural resources sectors, governments and the global community have responded with voluntary self-regulation, prescriptive laws demanding product certification, transparency, elimination of safe havens, fair deals, counter-resource depletion measures and equitable resources access policies. Initiatives include the United Nations (UN) Global Compact, the Kimberley Process, and the Governance Principles of the Organization for Economic Cooperation and Development (OECD) and the Extractives Industry Transparency Initiative (EITI). Other measures such as the Dodd-Frank Act and the EU directives that require mandatory certification of extractive and forest products are stricter and necessitate an immediate response if the region is to enjoy the benefits of foreign markets. In the petroleum sector increased shale oil and gas production particularly in the US and new Indian Ocean gas discoveries all point to a likely sustained drop in price. These concerns notwithstanding, demand for many other natural products is growing. For many natural resource based products, there are no ready alternatives insight. This presents a window of opportunity for the RMCs to capitalize upon the availability of natural resources wealth and use resources to springboard national economies. However, while the influence of international CSOs has increased exponentially in the past two decades, capacity, financial independence and the voice of African CSOs remains modest. There is a risk therefore that advocacy and accountability activities are left to international initiatives with limited ability by for African citizens to fully reflect expectations and development needs of the populations on the continent.

1.3. The Bank’s Interventions and Lessons Learnt

Over the years, the Bank has supported the RMCs through lending and non-lending activities. The activities have ranged from public projects, research and dissemination of information to support policy design dialogue. The Bank is a member of regional initiatives aimed at increasing regional capacity to amplify

RMCs' voice on global debates, such as the LPI, the Africa Forest Law Enforcement and Governance (AFLEG) and the AMV.

Through the experiences of other departments of the Bank, important lessons have been learnt, some of which are listed below:

- The management of natural resources requires an integrated and holistic approach,
- Successful advisory programs evolve overtime and therefore call for a long term strategic perspective,
- While the Bank has developed a significant portfolio of lending operations and knowledge products in natural resources, these have at times been fragmented across departments, leaving a gap in the formulation of consistent and visible advice,
- The NRM development strategies that promote cross-boundary resources projects increase regional competitiveness through economies of scale and common markets,
- Stakeholder participation in natural resources governance is a vital platform for inclusive resources development,
- The alignment of views of stakeholders in resources-rich countries and those in foreign markets will benefit both the RMCs and investors by increasing the confidence of investors and consumers and, therefore, attracting project finance and growing demand for commodities.

1.4. The African Natural Resources Center

The organizational fine tuning of 2013 provided for the creation of African Natural Resources Center (Center) to deliver capacity building programs to RMCs in natural resources management. The scope combines renewable (*water, forestry, land and fishery*) and non-renewable (*oil, gas and minerals*) resources. The mandate of the Center is to assist the RMCs maximize development outcomes derived from Africa's natural resources by boosting their capacity of the RMCs to achieve inclusive and sustained growth from natural resources. Internally, the role of the Center is to collaborate with all entities of the Bank to build knowledge and support RMCs improve development outcomes. Though this cross-cutting role of the Center the aim is to bring cohesion to the Bank's NRM initiatives, enhance the value of natural resources, position the region strategically on the global arena and provide expertise in the Center's focus areas.

To date, the Center has focused on a number of work streams necessary for its operationalization. Firstly, it has worked on the development of the Strategy and a draft Business Plan. Secondly, in order to mobilize external financial resources, a high level plan is being developed with the support of the Resource Mobilization and External Finance Department (FRMB) and grant applications have been submitted and discussions on partnerships commenced. Thirdly, a number of concepts have been developed to be the basis for designing solutions and refining processes to support policy formulation. As a next stage, prototypes will be designed and tested. In line with the Bank's staffing strategy, the Center has developed a long term HR plan. The Center provides advice to a limited number of countries at national REC levels. The Center's experts serve on a number of internal committees including the Climate Change Coordinating Committee and has accompanied a number of departments on country strategy initiatives. The Center is developing a communication plan to pave the way for activities aimed at raising the Center's visibility, supporting advocacy programs and building knowledge as well as managing stakeholder expectations. (See Annexure II)

SECTION B

2. ANRC STRATEGY (2015-2020)

The Center's Strategy covers the period 2015-2020. It defines the vision, mission, objective and strategic options of the Center and proposes the Center's scope of work and implementation plan.

In implementing the Strategy, the Center will be selective, focused and adopt an incremental approach to program expansion with an initial pragmatic focus on sustainability challenges. The Center will leverage the Bank's resources and partnerships to develop practical solutions that increase program impact. In recognition of the fact that RMCs have limited capacity to analyze information (complex data) and translate theoretical models into practical solutions, the Center will concentrate on solution-oriented products that simplify the work of policymakers and technocrats. The products will be designed to apply to a range of issues common to RMCs and will provide a coherent policy foundation that can then be adapted to specific circumstances and have relevance between sectors and from country to country. In addition to providing practical and repeatable solutions this will result in economies of scale for the Center and ensure the program benefits from complementarities between the seven sectors and similar problems in the fifty-four RMCs. To deliver the program cost effectively the Center will partner with other knowledge and capacity building institutions to administer training and conduct advocacy seminars using its policy frameworks, advocacy tools and knowledge tools. This model is intended to enable the Center to increase internal capacity by specializing in identifying RMC needs, generating sustainable development responses to bridge the gap. It will reduce the Center's resource burden, increase capacity to implement. In the long run it will improve program sustainability while maintaining the Bank's leadership position proprietary rights and providing quality assurance by capacitating regional institutions.

2.1. Alignment with the TYS and Sector Strategies

The Center's Strategy is anchored upon the AfDB's Ten Year Strategy (TYS) which places emphasis on the natural resource sectors by promoting the twin objectives of inclusive growth and transition to green growth. The establishment of the Center implements the stated aim of the TYS to deliver the scaled-up engagement in NRM. In formulating the Center's Strategy and determining the scope, the Center has examined relevant strategies and policies of the Bank to ensure alignment and cohesion. These include, but are not limited to the Policy on Environment (1990, 2004), Integrated Water Resources Management Policy (2000), Agriculture and Rural Development Strategy (2000, 2014), Climate Risk Management and Adaptation Strategy (2009), the Private Sector Development Strategy (2012, the Enhanced Framework for Engagement with Civil Society Organizations (2012)), the Bank Group Gender Strategy (2014), Addressing Fragility and Building Resilience in Africa (2014) and the Governance Strategic Framework and Action Plan (2014 – 2022). The proposed strategic pillars for the Center seek to complement these strategies.

2.2. Vision, Mission and Long-Term Objective

The vision of the Center is to have a region that is capacitated to manage natural resources wealth in a manner that improves the lives of citizens. The Center's mission is to advise RMCs in carefully selected aspects of natural resources management policy formulation and implementation in order to enable them to extract greater social and economic value from their development. In line with the vision and mission, the long-term objective of the Center is to enhance RMCs' capacity to improve development outcomes from the sustainable use of renewable and non-renewable resources. This will be achieved through interventions that increase the effectiveness of public and private sector institutional frameworks. Focus will be on upstream governance through knowledge, public participation and environmental protection through resource planning as well as value extraction through sound negotiations strategies. The Center will assist RMCs by building institutional capacity, providing policy advice, offering strategic guidance on investments, negotiations and delivering targeted technical assistance on regulatory matters.

Internally, the strategic objective draws from the Bank's TYS for 2013-2022, which identifies NRM as an important driver of African economic development. Externally the strategic objective is informed by the call

by the RMCs for support in improving outcomes from the use of natural resources wealth and the expectation of citizens of resource-rich countries for inclusion in decision making and to benefit from the wealth.

2.3. Guiding Principles and Analysis of Strengths, Weaknesses, Opportunities and Threats

The Strategy and operational framework of the Center are guided by the following principles,

- The capacity of state institutions to manage natural resources is a vital success factor for stewardship and presupposes state capability to deliver inter-generational benefits,
- The success of the Center depends on its ability to leverage the Bank's comparative advantage as a trusted regional development partner,
- To have impact, the Center will need to be selective, focused and adopt an incremental approach to its program implementation as well as a long-term perspective towards its own capacitation and that of the RMCs,
- Ensuring synergies and leveraging internal and external partnerships is essential to avoid duplication,
- To maximize impact the Strategy leverages the interrelated nature of sector challenges through an integrated approach to solutions.

The strategic positioning of the Center and of the Bank has guided the formulation of this strategic orientation through a consideration of **Strengths, Weaknesses, Opportunities and Threats**. The SWOT analysis, detailed in Annexure III, shows that the Center benefits from the Bank's brand, institutional access, proximity to clients, a network of its multi-disciplinary departments and a range of country and operational expertise. Interest in NRM among donors and partners, as well as need for support by RMCs and Regional Economic Committees (RECs) offer major opportunities. However, the Center's limited financial resources at present, a small staff complement faced with the need for a multi-disciplinary pool of expertise to address its broad mandate are among main weaknesses that need to be addressed. High expectations for delivery and fragile situations are among the main threats to be managed.

2.4. Value Proposition

The Bank's status as the region's lead development finance institution is the platform for the Center's capacity to help RMCs improve development outcomes from Africa's natural resources. This is also the source of the credibility of the Center as a catalyst for development. In addition to being able to broker dialogue between investors and regional governments, another important source of value to RMCs, investors, CSOs and donors is the Center's complementary and integrated approach to renewables and non-renewables policy design and implementation. The Bank's network of offices, donor partners, trust funds, access to decision makers and knowledge of the geo-political environment affords the Center resourcefulness and a level of agility necessary to be effective. Access to resources within the Bank through ECON, ASLF, ORVP, OIVP and sector operations offers the Center economies of scale. The ability of the Center to capitalize upon these factors positions it favorably as a strategic entry point for other development partners and therefore a source of value for RMCs.

2.5. Strategic Approach and Pillars

The Strategy recognizes both the unique and inextricably linked nature of renewable and non-renewable resources. Renewable resources such as solar, water and land are utilities that serve as both a source of subsistence and commodities traded for economic development purposes and commercial gain. Their exploitation is driven by a mix of utilitarian needs, economic development drive and entrepreneurial pursuit. If managed well renewables resources are also infinite. As such their renewable capacity and essential nature for the survival of humans, other species and plants is an important factor and a point of departure for policymaking and investment decisions. Among others they require particular attention to preservation, a balance of moral considerations in their distribution and efficiency in their economic development.

In recognition of the fact that the exploitation of non-renewables is driven primarily by entrepreneurial pursuit, the need to feed industrialized economies and respond to consumer habits the Strategy is designed to help RMCs engage the competitive nature of investments in the sector. Due to the level of investment necessary for their discovery and development, financial risks and rewards can be high for both the State and investor. The need to capacitate RMCs to engage influential multinational corporations effectively is a key consideration. On the other hand the finite nature of the resources heightens the importance of policies that ensure intergenerational benefits through competent stewardship. The importance of policies that focus on investment of revenue on productive assets is major strategic point of reference. Hence the need to structure a program that recognizes the complementarities while making allowance for the differences.

Based on these factors the Strategy includes both renewables and non-renewables in the scope of activities of the Center (See Annexure IV for the strategy options considered) A Strategy that covers renewables and non-renewables has the advantage of enabling the Center to address common issues that pertain to management of different natural resources cost effectively. Many NRM policy challenges and opportunities are common between renewables and non-renewables and an understanding of their generic nature can serve as a platform for addressing sector specific aspects. Common challenges include policies for implementation of sustainable development solutions, conservation, negotiating concessions, managing conflicting resource needs, promoting transparency and linking resources projects to mainstream economies.

For example, many of the mechanisms adopted to improve transparency in the mining, oil and gas industry are applicable to land and water sectors and are therefore easily adaptable. An understanding of the drivers of illicit trade as relates to one sector can serve as a foundation for tackling illicit trade in another. The Center's approach will be to identify the most developmentally of these common issues, build knowledge and use the expertise to support policy design and implementation across the sectors. In so doing the Center will be in a position to develop products that are replicable and adaptable. This will enhance the Center's capabilities across the different sectors simultaneously. In the long run, the Strategy will position the Center favorably in relation to other institutions and initiatives that only concentrate on either renewables or non-renewables. Strategically, formulating resources policies in an integrated approach can also ensure that national policies for the exploitation of the resources are reconciled and harmonized.

The Strategy also proposes focus upstream of the natural resources value chain. To rationalize the choice, Figures 1 and 2 illustrate the typical stages of the natural resources value chain. The three stages are neither proportionate to each other in their span of activities nor are they intended to indicate the level of work possible at each stage. However, they demonstrate that the nature of policies that govern them varies significantly from stage to stage. Hence the importance to the Center of identifying the most suitable entry point that is consistent with the concept of NRM. Given the role of governments as custodians of resources, an effective first step for them to improve development outcomes in natural resources is to improve regulatory effectiveness upstream of the value chain. Regulatory effectiveness and governance are issues in which Africa's performance ranks lower than most regions, with a number of resources rich RMCs scoring particularly poorly. Examples of important upstream policy and regulatory matters that require State capacity are licensing regimes, fiscal regimes, negotiations of concessions, contract transparency, management of conflicting resource needs and value maximization. Yet according to the World Bank Governance Report, the Mo Ibrahim Governance Index and the Frasers Institute Annual Mining and Petroleum Sector Surveys, the region fares poorly in relation to other parts of the world.

Figure 1 Generic Gold Industry Policy Pipeline (For Illustration Purpose Only)

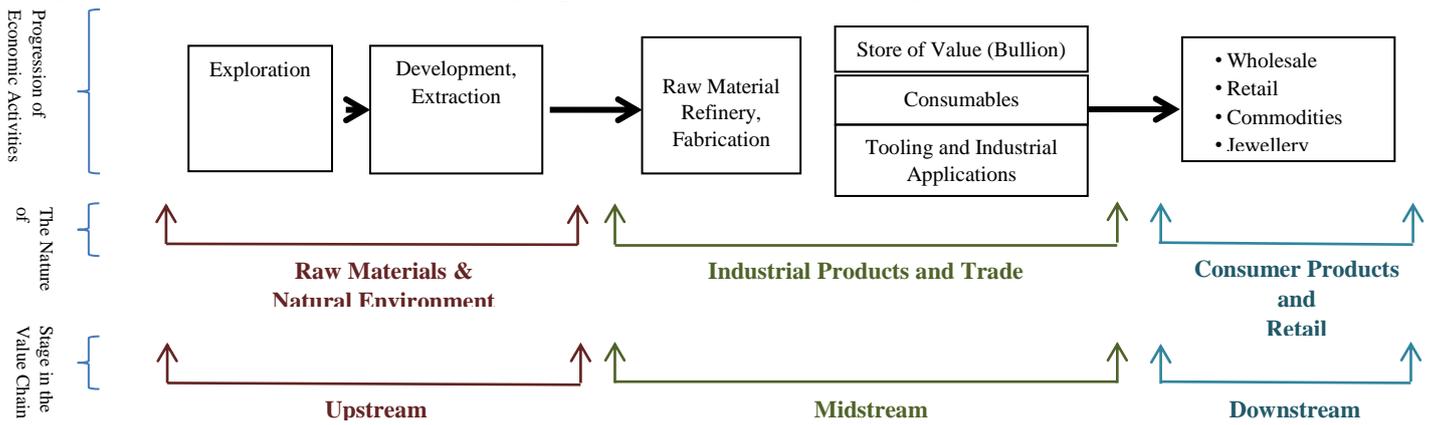
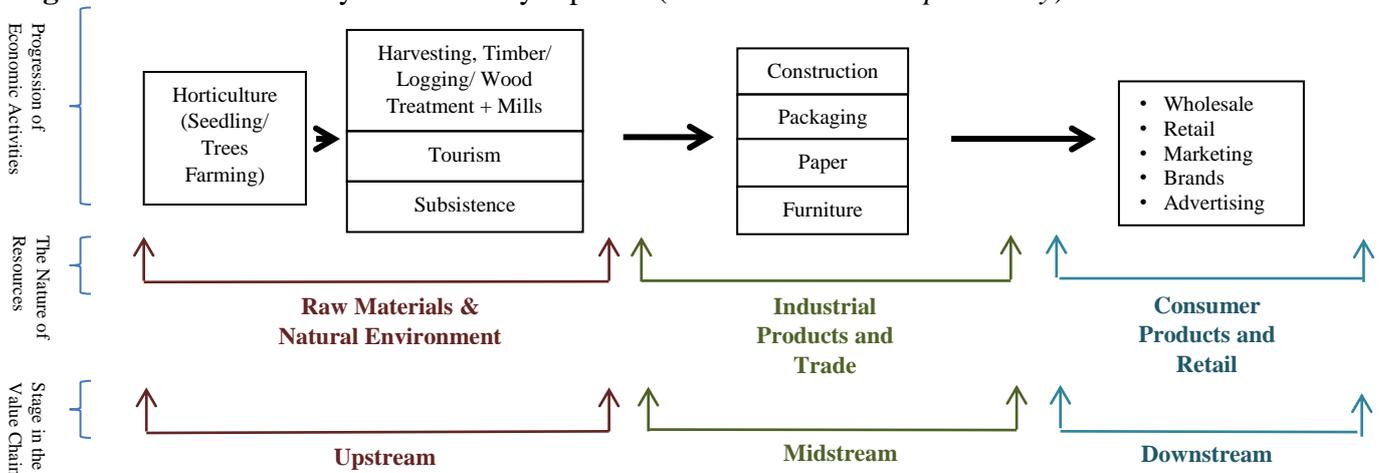


Figure 2 Generic Forestry Sector Policy Pipeline (For Illustration Purpose Only)

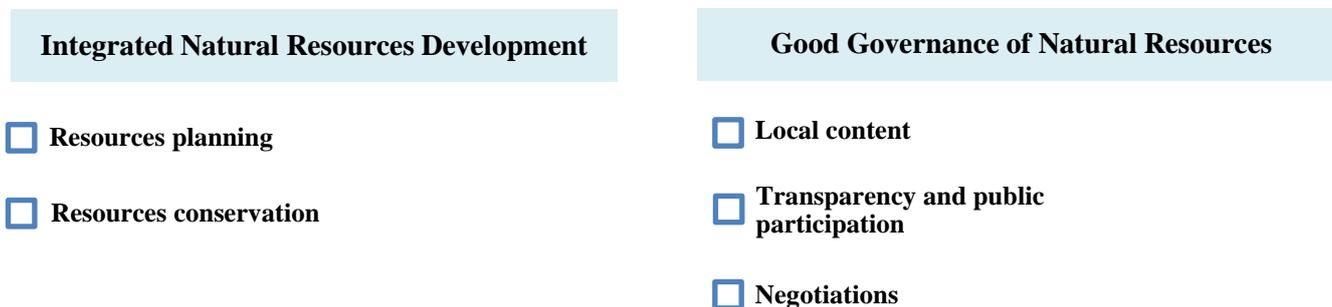


Figures 1 and 2 illustrate that from the perspective of the state’s role as custodian of natural resources, the main policy challenges and opportunities facing the RMCs relate primarily to upstream of the economic value chain. Resources development challenges and therefore program complementarities between forestry, land, water resources (renewables) and mineral, oil and gas projects (non-renewables) are also greater upstream than downstream. In downstream activities, policy interventions are driven by industrial processes, technology and global financial and commodity markets among other factors. Though important, the impact of a country’s policy environment and legal frameworks is limited because they have to be viewed in the contexts of other external factors. By contracts resource development licensing and fiscal regimes are not only the preserve of the sovereign state but they are the foundation for their sustainable development.

In addition, upstream activities, NRM matters are driven primarily by country policies and the level of resources availability. These factors are less important for mid and downstream economic activities which are dependent upon levels of industrial development. Such activities are dependent upon the availability of infrastructure, skills, innovation and proximity to markets among others. Though important to unlocking resource wealth, in delving into these policy challenges the Center’s program would take it beyond the realm of the “natural resources, thus distorting its strategic focus and reducing its competitive advantage. Operationally, including these under the Center’s scope of work would require a diverse range of industry specific skills that would be outside its current mandate. The conclusion reached therefore was that in order to optimize resources and ensure focus, the Center should concentrate on upstream of the value chain such that the program targets the raw materials use and/or extraction stages.

The Strategy is anchored around two core strategic pillars, namely **integrated natural resource development and good governance of natural resources**. However the proposed implementation plan will focus only on the next three years of the Strategy beginning 2015.

Figure 3 Proposed Strategic Pillars



2.5.1. Integrated Natural Resources Development

Environmentally and economically, the interface between renewables and non-renewables up and downstream of the value chain is stronger than is frequently assumed and requires a delicate policy balance. This is particularly true in case of forestry, land, water and exploitation of extractive resources as pertains to environment and social impacts. The need for conservation and a balance of subsistence and industrial needs is a particular challenge. As such, it is unlikely that the exploitation of the resources can be sustainable without reconciling the conflicting industrial development goals with subsistence economic needs. This pillar, therefore, advocates an integrated approach to renewable and non-renewable resources exploitation and the adoption of a long-term planning perspective to promote green and blue economy principles. The work will contribute towards better understanding of economic and environmental trade-offs associated with choices for developing the different resource types. For instance, policymakers will be guided on the reconciliation of conflicting environmental consideration for the development of extractives project on one hand and those of land and water resources. By the same token objective methods are necessary for policy makers to assess the economic value of using water basins to support extractives projects as opposed to reserving them as destinations for tourism. On the other hand this pillar seeks to protect the right of resources access by all. An important goal is to help RMCs minimize the potentially adverse environmental effects of extractives projects while maximizing the economic value of conserving renewables. The main sub-themes for this pillar are resources planning and conservation.

- *Resources Planning:* In the absence of integrated resources planning, it unlikely that a country can design policies, laws and determine the right strategies for investing in natural resources projects, negotiating deals with investors and spending revenue from resources projects sustainably. Development of the different resources without compromising the value of one type of resource over another assumes an integrated planning process. Therefore, the Center will increase understanding of the policy options, use this to promote green economies and advocate for a sustainable development approach. This focus area complements the AMV but, unlike the AMV’s mineral focus, the scope will cover extractives, fisheries, forestry, land and water resources.

- *Resources Conservation:* Integrated resources development and long-term planning are predicated upon knowledge and preservation of a country’s resources wealth. Hence, the depletion of natural resources and the need to conserve these has become the focus of governments and organizations, such as the UN through the Agenda 21. Particularly, desertification, the disappearance of lakes, declining freshwater, forests, fisheries, reduction of biodiversity and land resources have led to the call to conserve and develop the resources in a sustainable manner. Knowledge of a country’s natural assets and their conservation are an objective point of reference for decisions on the timing, sequencing and rate of their exploitation.

To promote the green economy, the Center will support initiatives to combat desertification, deforestation, and conservation of renewables by advocating for environmentally friendly and sustainable development policies that reduce carbon and ecological footprint. The Center will work with regional organizations to support the RMCs design and implement policies that ensure that the exploitation of renewable natural resources does not exceed their regeneration capacity. The Center will assist RMCs design conservation strategies, conduct periodic audits, monitor consumption trends and promote initiatives that preserve and increase stocks of fisheries, forests and water while countering land degradation. The Center will work with regional communities and development partners to curb illicit trade, especially in high value extractives, forestry and fisheries. This will entail strengthening the ability of the RMCs to plan, manage and evaluate impacts of resources exploitation.

2.5.2. Good Governance of Natural Resources

Good governance is a prerequisite to harnessing the economic value of natural resources and achieving broad-based sustainable development. This is also one of the five operational priorities of the Bank's TYS. It requires the will to translate natural resources into trans-generational benefits, transparent and accountable institutions, regulatory effectiveness, competent technocrats and an informed public. The Center will complement the work of Governance & Financial Management Department (OSGE) and provide technical assistance to support advocacy and policy formulation. The Center will provide sector specific expertise to Country Strategy Papers (CSPs) to support operations and that of OSHD by promoting development of human capital. The Center will be accountable for managing relations with global organizations on resources governance, such as EITI, and the Natural Resources Governance Institute (NRGI), custodian of the Natural Resource Charter, as well as the governance initiatives of the AMV, the LPI and others. By working on governance on natural resources, the Center will contribute to the operationalization of the "sector governance – Natural Resources" pillar of the Governance Strategic Framework and Action Plan (GAP II). The main issues are institutional capacity to negotiate large natural resources contracts, local content policy design in extractives and accountability and public participation in all NRM policy matters.

- *Institutional Capacity to Negotiate:* The ability of governments of resources rich countries to effectively steward the exploitation of natural resources wealth is predicated upon their ability to effectively represent the interests of current and future generations in negotiations in global fora and with investors. However negotiations themselves are a final milestone in a process of enabling governments to adequately leverage their global position and natural resources wealth. This requires investment in knowledge of the global economic and sector specific nuances to ensure effective engagement of third parties. The Center will create tools to guide policy, legal and institutional capacity building to contextualize negotiations at national and regional levels. The tools will be the basis for capacity building and supporting negotiations through sector knowledge. The goal is to narrow the capacity gap and knowledge asymmetry between RMCs, global counterparts and investors. The Center will provide strategic advice to negotiations on natural resources contracts and agreements in collaboration with the African Legal Support Facility (ALSF) (explained in detail in section 2.6 below). The Center will complement the ALSF by providing technical and strategic expertise to add to the legal support. The Center will help RMCs align negotiations to national policies and development objectives.

- *Accountability and Public Participation:* Currently as a consequence of poor governance there is lack of transparency, accountability and public participation in NRM policies. Therefore, the Center will assist the RMCs put in place systems for disclosure of information, decisions and processes relating to NRM in ways that can be easily understood. The Center will advocate for transparency and technical assistance for the implementation of existing transparency standards (such as those in the extractive sector). This is another area of close complementarity with other departments. For example, the Center can use OSGE's funding of a national EITI secretariat as a platform to advocate the expansion of transparency standards to sectors such as fisheries or forestry. The Center will collaborate with the LPI to promote good governance on land matters. The Center will also support initiatives dedicated to increase the ability of parliamentarians, independent oversight institutions (e.g. Auditor Generals, consumer groups etc.) and CSOs to analyze and

use information on NRM provided by state institutions and private sector entities. The Center will encourage governments to engage the views of the constituents with the capacity to impact NRM development outcomes.

- *Local Content:* In the natural resources sectors there is a growing call by RMCs and citizens for resources projects to deliver direct and more immediate benefits than is feasible through public revenue. Specifically many national laws require a greater link between these projects and national economies. A particular area is procurement of projects inputs from the local economy (otherwise referred to as “local content”). On the other hand investors increasingly see this requirement as a potential value proposition on their part. This presents an opportunity for governments to use natural resources for economic development in many sectors of the economy beyond the mere procurement of goods and services. The Center will work with governments to design policies that broaden the policy scope and to enable them to capitalize upon project life cycles supply chains, project finance and employment opportunities to boost local economies. This can increase trade competitiveness and serve as an effective flywheel for employment creation, research and development, growth of the financial sector, manufacturing industries and service sectors. The Center will assist the RMCs in designing and implementing policies that balance national manufacturing growth opportunities with regional competitiveness. The program will highlight policy options and design roadmaps to build national capacity with a focus on multi-purpose infrastructure, local skills, project finance, goods and services. As part of the support for negotiation teams the Center will work closely with the ALSF to provide advice to negotiators to include conditions that support domestic linkages into terms for licensing project development. Focus will be on linkages that promote multi-purpose, multi-use infrastructure projects and policies to enhance local supply chains.

2.6. Internal, External Roles and Complementarities with Other Departments

Operationally, the Center will have an internal and external focus, providing support to departments on a need basis and supporting the development agenda of the RMCs by contributing towards CSPs as relates to NRM. However consistent with the principle of selectivity, the support will be limited to those issues identified in its strategic pillars of the Center.

Internal Role

Internally, the Center’s role will be to enhance knowledge in the Bank as relates to NRM. The Center will work with other Bank departments especially with lending departments to provide sector specific expertise. As a non-lending entity, the Center will contribute policy aspects of the design of flagship NRM-related lending operations, while the relevant operational department will be responsible for its implementation.

Specifically, the Center will:

- Provide specialist technical support to operations and initiatives on NRM matters,
- Lead knowledge development in NRM by identifying relevant subject matter and working with EDRE to conduct analysis,
- Conduct periodic analysis and studies on subjects of the Center’s strategic focus,
- Coordinate relations with external partners on NRM initiatives and represent the Bank in regional and international fora as appropriate,
- Contribute institutional know-how and share knowledge on the NRM within the Bank.

The Center will work with all departments of the Bank but a number of them offer immediate opportunities as illustrated below;

ALSF

Internally, one of the most important partners of the Center is the ALSF. The Center will complement the ALSF by providing strategic and technical advice to negotiation teams while the ALSF will continue to provide lawyers and transactional advice on purely legal matters. The Center’s role is premised on the belief

that working on purely legal issues alone is inadequate to contain risk and maximize rewards. So, as detailed under paragraph 2.5.2 above, through policy and technical advice the Center will provide additional strategic support to negotiation teams. In addition, the two entities will collaborate to determine content for training courses for negotiators and design the courses with the support of EADI. This additional input by the Center will enable the Bank to provide RMCs with comprehensive support on negotiations and related issues.

EADI/EDRE

To build and disseminate knowledge internally and externally, the Center will collaborate with the Development Research Department (EDRE) and the African Development Institute (EADI) to conduct analytical works, document case studies and design training manuals and advocacy tools. Together, the Center and EDRE will conduct internal and external knowledge seminars. The knowledge will provide content for country advisory programs and inform future interventions. The role of EADI in translating the Center's knowledge tools into training modules and manuals is a vital component of the Center's business model. Equally, EADI "train-a-trainer" concept is a critical part of the Center's ability to transfer knowledge.

OPSM

The Center will work with the Private Sector Department (OPSM) in two ways. Firstly, to build internal skills capacity in the extractive industries. Secondly, to identify potential investments both directly in natural resource projects and in natural resources-related infrastructure projects. Through its advocacy and technical assistance to improve the regulatory framework and the institutional effectiveness of the sector, the Center will also contribute towards a more conducive business environment that will help reduce project risk for OPSM's investments.

ORVP complex

The Center will support the production of CSPs and contribute towards the design of projects, implementation and monitoring. Both will also contribute towards the investment pipelines for Complex for Sector Operations (OSVP) and Complex for Infrastructure, Private and Regional Integration (OIVP).

OSAN/OWAS

The Center will complement project work and address land rights, land access and land related negotiations with large investors. The Center will conduct studies to shed light on governance standards for designing policies to manage conflicting water and land utilization needs. Focus will be on assisting RMCs combat desertification, manage conflicting user needs for water resources as relates to subsistence and industrial activities now and in future. The Center will complement Agriculture and Agro-Industries Department (OSAN)/ Water and Sanitation Department (OWAS) activities by financing non-lending activities and technical support for policy design and the implementation of various regional and global initiatives in renewable natural resources. This will inform policy and support project design in the two departments. The Center will be the Bank's focal point with the AU and represent the Bank on land issues. The Center will also complement OSAN's contribution to the implementation of the three UN conventions on the environment (UNFCCC, UNCCD and UNCBD) and the Central African Forest Commission (COMIFAC) Convergence plan.

OSGE

The Center will focus on natural resources specific governance, policy design and advocacy while OSGE concentrates on institutional support through lending operations. By focusing on upstream policy matters as relates to transparency and public participation, the Center compliments OSGE in addressing the capacity of the RMCs to implement and monitor NRM policies at institutional level. While OSGE's portfolio tends to focus on lending operations to sovereigns, the Center's work will include knowledge dissemination to CSOs. The Center will collaborate with OSGE on EITI-related issues such that OSGE leads work at country level while the Center takes accountability for the relationship with EITI International Secretariat as the Bank's representative through the Bank's observer status.

OSHD

The challenges associated with vertical linkages, value-add activities in natural resources include the lack of skilled manpower, insufficient technological innovation and weak linkages between large projects and small businesses. The Center will collaborate with OSHD by providing information on sector requirements. This will align investment in skills development project by the Bank and RMCs with sector demand and pave the way for skills development policies that enhance RMC competitiveness and ensure social inclusion and deliver economic benefits. Emphasis will be on vocational skills development.

SEOG

The Center will collaborate with SEOG to mainstream gender issues in as many of the program as possible. To achieve this, the Center will engage gender experts to lead the initiative and review its programs to facilitate compliance with the Gender strategy.

External Role

Externally, the Center will assist RMCs build knowledge and increase capacity to effectively manage natural resources wealth by providing practical advice and implementing replicable solutions in the Center's strategic areas of focus. The Center will support CSOs contribute towards policy dialogue. The Center will act as a trusted broker on dialogue between regional governments and private investors. Specifically, the Center will:

- Provide policy advisory services to RMCs and regional economic communities,
- Provide regional policymakers with solution-focused implementation tools that will improve effectiveness and maximize rewards while minimizing risk,
- Provide strategic advice to planners, negotiators and promote responsible environmental stewardships,
- Advocate for African NRM in relevant global fora,
- Promote sustainability, contribute to good governance and support CSOs' participation by increasing knowledge and their ability to engage decision-makers constructively,
- Collaborate with regional knowledge institutions and development partners to deliver support and implement initiatives,
- Partner with private sector organizations such as the International Council on Mining and Metals (ICMM) and World Business Council on Sustainable Development (WBCSD) to transfer knowledge.

In relation to regional partners, through the Center the Bank is an implementing partner for two African Union (AU) natural resources policy support programs, namely the AMV) and the LPI. The strategic pillars as pertains to mining and land therefore have been influenced by the obligation to meet this commitment. Consultations are ongoing to achieve clear division of labour and complementarities with other partners being the UNECA, AMDC and the UNDP. It is also important to note that any potential overlaps in the Center's work with the AMV and LPI are confined to minerals and land resources respectively. In both initiatives, the Center will contribute towards *good governance, local content* and *resources planning*. A good illustration of complementarities with the AMV is that while the Center's program covers renewables and non-renewables while the AMV focuses exclusively on mining. Through membership of the Technical Committee established to implement the Vision, the Center together with UNECA and the UNDP constitute the implementing arm of the AMV's work-plan. The AfDB is also a member of the African Union's Land Policy Initiatives. The Center represents the Bank on the working groups of these initiatives and together these initiatives set out the region's agenda and standards which together with the Bank's TYS shape the Center's program. To this end the AMV like these other AU initiatives and REC are partners of first choice.

Annexure V contains examples of how the Center structures current interventions to capitalize on internal and external complementarities. Annexure VI contains a snapshot of internal and external potential areas of complementarities.

2.7. Implementation Plan

The Center’s Strategy will be implemented from 2015 to 2020. In developing the roadmap, the following factors were considered namely, selectivity, incremental program expansion, the need to build internal expertise progressively, validate demand and test the Center’s products. Recognition of the need to build knowledge in the extractives while capitalizing upon the experiences gained from projects in renewables was another important consideration. At this stage in the life of the Center, it is also important to devote efforts to mobilize resources in line with proven demand and based on a track-record of delivery. Therefore, the Center will implement the program in phases such that a significant number of projects target policies in non-renewables. However as stated under paragraph 2.4 initiatives will be selected for their relevance across as many sectors as possible. The Center will adopt an integrated operating structure such that it can capitalize on the value of the diversity of sectors in its mandate and the similarities of challenges facing the RMCs. The approach permits progressive adjustment of the program according to demand. The envisaged areas of operation and their interrelated manner are depicted in the Figure 4 below.

Figure 4 Proposed Operating Structure

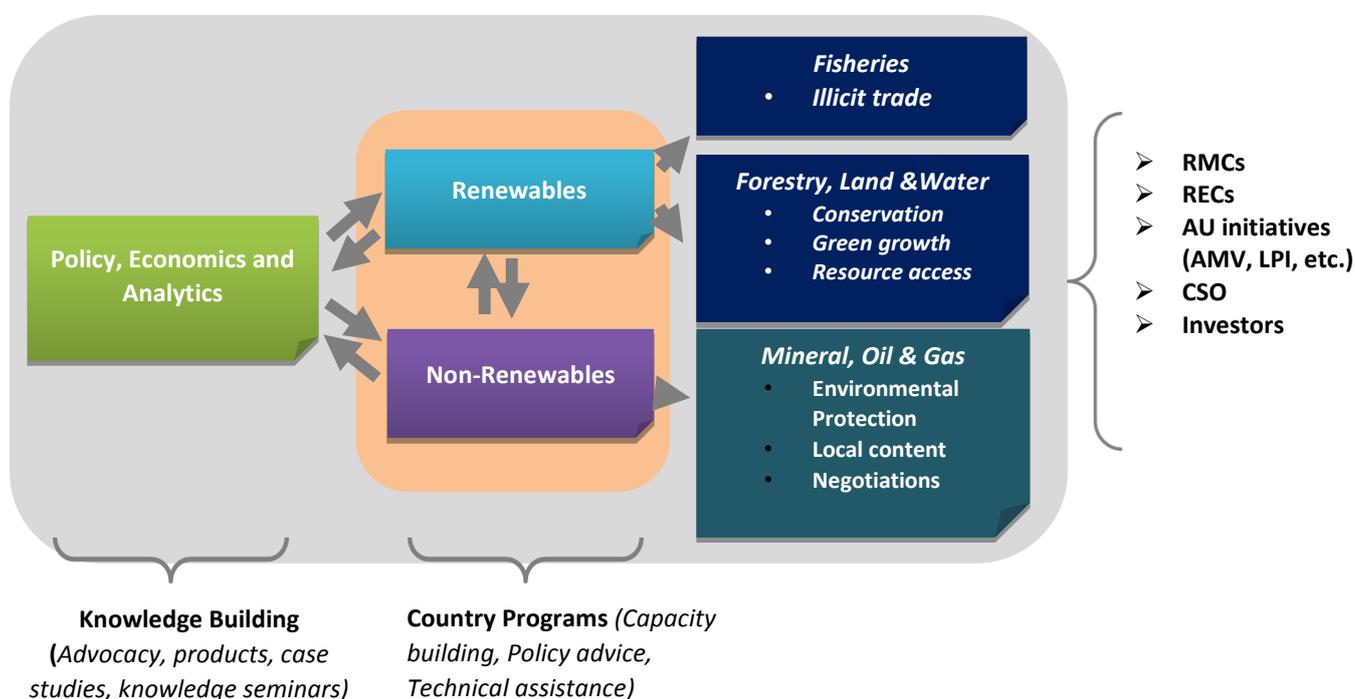
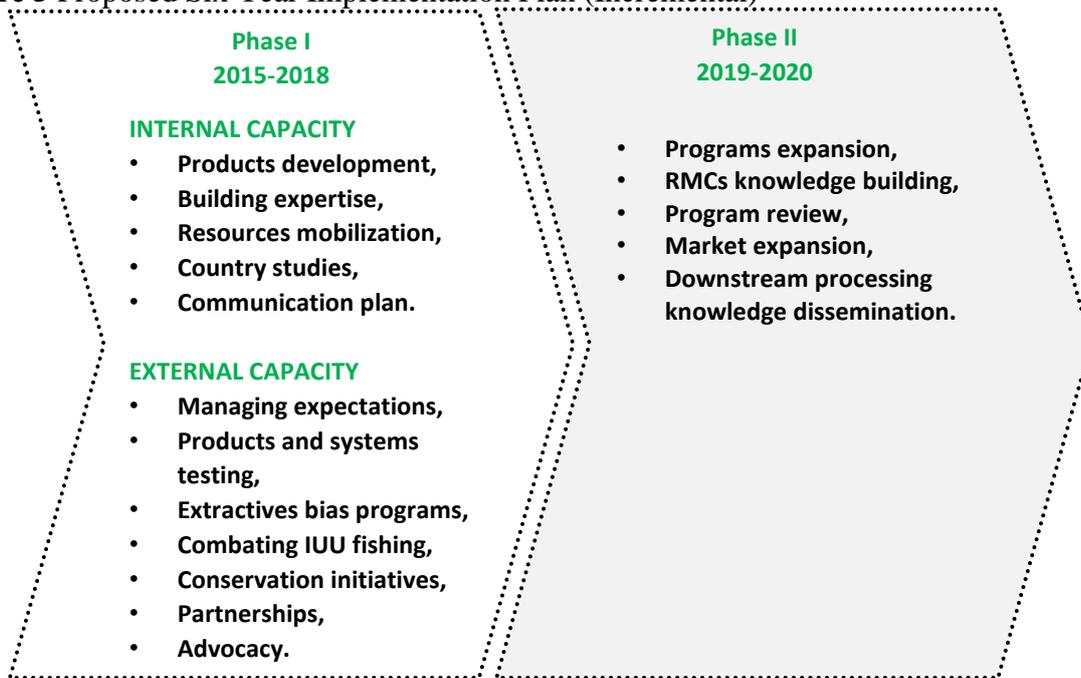


Figure 5 Proposed Six Year Implementation Plan (Incremental)



The Center will manage expectations proactively by articulating its mandate and the limits of its work to Bank departments, the RMCs, development partners and CSOs. Monitoring of progress in the Strategy will be based on the results frame in the last section of this document and specific targets and milestones are detailed in the Business Plan.

2.8. Products

Regionally and globally, several other initiatives aimed at optimizing value and delivering tangible benefits to citizens across the spectrum of natural resources have been instituted. While many of the sustainable development principles that underpin these goals are understood and universally accepted, applying effective remedies continues to elude many RMCs and their development partners. The absence of facts and empirical data to inform choices is particularly problematic, because the gap means no clearly spelled out trade-offs, rigorous opportunity gap analysis and risk profiling is available to policy makers who require this context to determine reliable development options.

On the other hand, sound policies constitute an essential point of departure for effective natural resources explanation. However, policy, frameworks alone are inadequate and perplex many RMCs who have limited capacity to translate the policies into agreement models, procedure manuals, training modules, roadmaps and guides for technocrats. The missing link is practical solutions that are easy to comprehend and implement. Yet it is precisely this practical aspect that is necessary to guide decision making, negotiation strategies, investment decisions and relations with investors. The Centre will therefore be an additional vehicle for bringing specialist expertise into the Bank and bridging the capacity gap in RMCs through provision of solution-focused products and services. This knowledge and capacity gap is the basis for RMCs' need for support, which in turn has informed the mandate and business model of the Center.

The Center's products will be designed with an emphasis on practical and solution-oriented approaches. The Center will translate existing knowledge within and outside the Bank into user-friendly policy frameworks, contract models, policy user guides and training manuals. The Center will design advocacy tools that spell out policy options, risks and rewards and trade-offs to inform public dialogue. To the extent possible the products will be designed to be adaptable from country to country and between sectors. To this end the first phase of program implementation will focus on developing internal capability and designing suitable knowledge products to support programs that capacitate RMCs. A number of products are currently being designed and will be piloted to assess their effectiveness in addressing NRM policy challenges and opportunities. This is an important value proposition given the lack of attention to tailor-made products for

capacity building and the large amounts and sometimes complex information that the RMCs have to digest to inform policy design.

2.9. Service Delivery Capacity

To improve sustainability and build internal capacity, the Center will undertake the following measures as part of its business model. In recognition of the significant amount of knowledge that exists in the private sector, the Center will partner with relevant industry associations to capitalize upon availability of sector specific knowledge because the associations are valuable sources of technical and commercial knowhow which is neither proprietary nor commercially sensitive but useful to bridge knowledge gaps in the Center and among RMCs. Other important prospective partners are research and policy institutions that receive endowments from private sector entities to conduct research as public good.

To ensure focus the Center will differentiate the type of knowledge in which to build in-house expertise and that which it will outsource. To this end the focus of the Center's role will be on identifying NRM issues of strategic importance to RMCs, designing solutions and distilling these into practical tool-kits to support policy design and implementation.

To gather information and data necessary to identify capacity gaps, grow demand and meaningfully engage RMCs and partners, the Center will conduct sector specific briefs at country level. The Center will document case studies as part of its practical solutions model.

To deliver the support to the RMCs the Center will partner and where appropriate outsource the work to regional knowledge institutions to administer training, conduct knowledge seminars and advocacy programs. Quite apart from the reduction of the level of resources necessary, in doing so the Center ensures that knowledge is decentralized limiting over dependency on it by capacitating RMCs through a network of regional and global partners. It lays the ground for the creation of institutional subject experts and potential Centers of Excellence which in the long run is more sustainable than an attempt for the Center to centralize all knowledge management and delivery of its support activities. However these products will be proprietary to the Center and used under agreement and overseen by the Center for compliance with best practice and for quality control purposes.

For instance, countries recognize that vertical linkages can increase value retention from natural resources. However, the availability of resources alone is not sufficient to successfully achieve this. Success depends on the overall business climate and country competitiveness, which often relate to structural and geographical factors. On the other hand downstream activities do not automatically optimize economic value and can sometime lead to high public expenditure due to high energy needs, the cost of importing technology while generating very little employment. Often investing in lateral and upstream linkages or investing in other primary sectors such as agriculture can deliver higher returns than downstream processing. Therefore while recognizing the long term value of vertical linkages, the Center's own program will contribute by building knowledge to pave the way for policy effectiveness. Through analytical work of the comparative economic value of vertical linkages the Center will increase understanding the structure of specific sectors and comparative economic value of public investment necessary to successfully promote vertical linkages in relation to economic returns. Through knowledge building, advocacy and advice the Center will pave the way for fact-based policy design and assist RMCs avoid the risk of counter-productive policies.

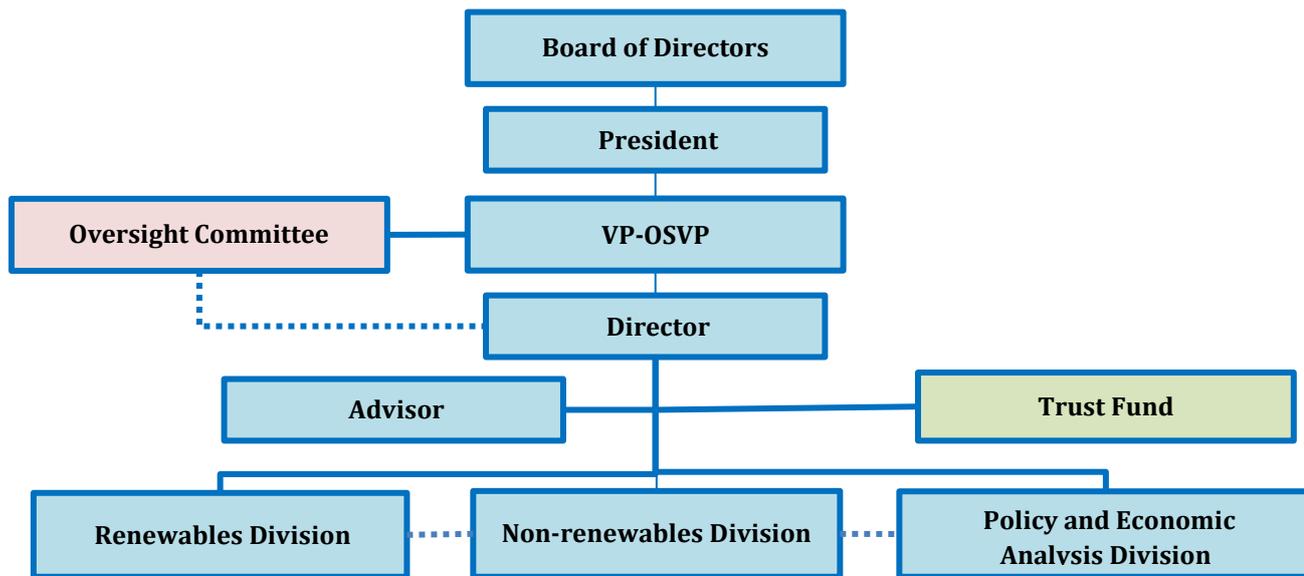
2.10. Operational Readiness (Governance, Funding, HR, Communication and Risks)

2.10.1. Proposed Governance Structure

To overcome NRM challenges that have eluded RMCs, the Center's operating model requires innovative approaches and a departure from "business as usual." Hence, the Strategy proposes a modified governance structure that departs from that of regular departments of the Bank. The proposed governance structure of

the Center makes allowance for the Center’s multi-faceted scope and approach to program delivery. Particularly, it reconciles the Center’s governance needs, resource requirements for its day-to-day operations. It allows for the Centre to be in a position to leverage the internal human resources of the Bank to deliver as many of its programs as possible in partnership with or through relevant departments of the Bank. The structure also proposes the establishment of a multi-donor trust fund. The proposal also ensures that the Center benefits from the expertise and best practices of a wide range of stakeholders in addition to OSVP oversight. Practically this means the Centre will be guided through an Oversight Committee (OC) appointed by the President, and Chaired by VP-OSVP. Under the proposed structure, the divisions created are the result of redeployment of existing resources, with no budgetary implications.

Figure 6 Proposed Governance Structure



2.10.1.1. Oversight Committee (OC)

The OC is a senior management instrument appointed by the President to be chaired by OSVP. It will comprise senior executives of the Bank emanating from OSVP, OIVP, ORVP, FNVP, ECON and GECL. The ANRC will provide the secretariat for the Committee. The main role of the OC is to ensure compliance with Bank directives and effective implementation of the ANRC mandate in alignment of the Bank’s TYS and best practices. The OC will be an ongoing source of guidance to the Center on strategic issues.

2.10.1.2. Trust Fund (TF)

The main role of the TF will be to approve and set directions for the Center’s programs that are funded through the multi-donor trust fund in line with the TYS and the Center’s approved strategy as well as to give strategic guidance based on best practices. It will also champion the Centre’s activities and resources mobilization. The TF will be composed mainly of donors.

See Annexure VII for details on proposed Governance Structure.

2.10.2. Funding Structure and Sustainability

The Center’s financial model will be a hybrid structure blending different sources of funding, which will also be in phases,

- direct support from the Bank administrative budget to the ANRC’s administrative expenses,

- funding of ANRC interim work programme through the Bank's ADB, ADF and NTF windows, as part of Bank delivery budget,
- external sources of finance, initially drawing on existing Trust Funds through ad-hoc applications to support specific activities,
- a new thematic trust fund supporting the whole ANRC strategy and business plan activities and programmes. This will consolidate the ad-hoc sources of finance in order to minimise administrative and reporting burden. Though the bulk of contributions are expected to come from bilateral donors and philanthropic organisations, it is proposed that the Bank may in future provide a seed finance to the thematic trust fund.
- in the medium to long run, the Center plans to charge fees for services to clients and project sponsors, where appropriate.

In the first phase, the Bank's contribution will represent a significant share of the resources. This includes ANRC administrative budget allocated from the Bank's administrative budget. In addition, benefiting from its presence within OSVP and Bank structure, the Centre's interim work program shall be financed through the Bank's ADB, ADF and NTF windows, as well as existing trust funds. As such, ANRC shall subscribe to the Bank's budgeting exercise in order to ensure its operational funding needs during this phase are met. As the revenue mobilization effort improves, external sources are expected to account for an increasing share of the finance. Initially ad-hoc sources of external finance will be utilized, while the thematic trust fund to be established will consolidate external sources of finance. The Trust Fund will provide the Center with predictable sources and more operational flexibility in the medium term. The Center is expected to receive seed finance from the Bank.

For long-term sustainability and as a mechanism to ensure commitment by clients, a small amount of resources is expected to be raised from fees charged on services rendered on commercial transactions and activities that can result in financial returns for clients. However, introduction of such an innovative tool will need to be phased in line with the. The fee based principle will be designed and piloted in phase II and only introduced subject to the outcome of the pilot. (See Annexure VIII).

2.10.3. Operating Structure and Human Resources

To meet the diverse skills requirements of the program, the Center will retain a core team of experts in line with strategic pillars while relying on consultants for specialist work as and when necessary. Cognizant of the need to balance skills requirements in all sub-sectors, the HR structure provides for one task manager per sector initially. The structure introduces the functions of experts in macro-economic policy and resource planning to support the task managers (sector experts) with content through analysis, case studies and product development in the areas identified in the pillars.

2.10.4. Communication Plan

The decision by the Board to create the Center testifies to the importance that the Bank attaches to the role of NRM in Africa's development and the level of expectation for the Center to contribute to the Bank's development agenda. This is consistent with the views of many internal and external stakeholders who have a keen interest in the subject of NRM and therefore, in the activities of the Center. Managing these expectations by ensuring that the limits of the Center's program are fully understood, articulating the Center's value proposition to differentiate the Center and raising visibility to attract the interest and support of donors are, therefore important components of the Center's operational readiness. A particularly important aspect of the plan will be to engage regional CSOs and clarify specific matters on which the Center will increase their knowledge in order to avoid false expectations.

To this end, preliminary discussions have commenced with the Communication and External Relations Department (CERD) to develop a comprehensive plan for implementation. The proposed human resources structure also provides for communication and donor relationships management experts. Both functions are essential to attract talent, secure donor support and the confidence of the RMCs.

2.10.5.Risk and Mitigation

Natural resources is a complex and diverse subject matter. It aggregates a wide variety of sectors, policies and embodies multiple industries with unique challenges and opportunities. Therefore, despite careful prioritization and focus on upstream activities, the Center’s mandate remains ambitious in terms of both its scope and the nature of interventions. To achieve the right balance clear priorities are essential at implementation. Hence the carefully selected initiatives and scope of the program in the initial phases. Another critical success factor for the Center is the need for upfront commitment of financial resources by the Bank. To determine a need to provide advice to the RMCs across seven sectors without matching this need with financial commitment may undermine the credibility of the Bank by bringing its commitment in question. By the same token this implies that significant amounts of time will need to be spent on fundraising, reporting to donors and managing relationships with partners whose contribution will be material to the Center’s program. However, a disproportionate investment of time in managing relations and administering donor agreements will detract from the focus of the work of the Center’s leadership team which is essential for internal capacity building in the early stages of the Center’s life. Diverse expectations will be managed proactively to avoid program derailment. Clearly communicating the scope of the Center’s work and maintaining focus will contain this risk.

On the other hand, capacity building programs, especially those relating to knowledge building and technical assistance, are labor intensive and manifest results over a long period of time. This may lead to perception of lack of effectiveness in the early years which will need to be countered by showcasing the work of the Center and communicating the limits of the program. As stated in the document, a position has been taken to define “natural resources” within the context of the Center’s work by proposing that it is limited to the upstream and raw material aspects of the value chain. It is essential to articulate the rationale and contextualize this definition for key stakeholders through systematic communication.

A summary of risk and mitigation measures is detailed below.

Table 1 Risks and Mitigation Measures

Risk	Mitigation measure
Complexity and heterogeneity of natural resources eco-system require multi-skilled and multi-disciplinary interventions.	Phased approach to implementation to allow testing of products, building of sector specific expertise, use of pilot approaches to programs.
Lack of human/financial resources.	Use of specialized consultant resources around a small core of staff, preparation and execution of a resource mobilization plan, proactive approach to partnerships within and without the Bank. .
Government policies and availability of resources to implement advice on sustainable development in the long term remains low in some of the RMCs.	The Center will promote partnership with other Bank departments and development partners to provide coherent advocacy to build political will. Selection of countries where institutional framework conducive to good governance and political commitment to sustainable development exist. Use of political economy analysis (where possible in collaboration with ORTS). Continued policy dialogue and coordination with other donors.
Fall in commodity prices significantly undermines incentives for investment.	Economic diversification and revenue management policies embedded in the Center’s program of support to help hedge risk.
Inadequate financial resources to fund in keeping with the vision of the Center.	Create a trust fund and leverage Bank resources.

3. RESULTS-BASED LOGICAL FRAMEWORK

	RESULTS CHAIN	PERFORMANCE INDICATORS	BASELINE	TARGET	MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES
IMPACT	Improved stewardship of natural resources through more transparent and accountable governance and shared economic benefits across local economies.	Average ranking of African resource rich countries in HDI Index	0.499	0.620 by 2020	UNDP HDI publication	Risk: Government policies, political will and commitment to sustainable development in the long term remains low in some of the RMCs. Mitigation: Selection of eligible countries where institutional framework conducive to good governance and political commitment to sustainable development exist and dialogue and coordination with partners.
	1. Improved governance of natural resources	Percentage of African countries scoring at least “satisfactory” in Natural Resources Governance Index which is a composite of revenue, transparency and use funds generated from natural resources	24% (2013)	40% (2017) and 60% (2020)		Risk: Inadequate commitment among some of the RMCs and stakeholders may hinder meeting expectations on good governance Mitigation: The Center will promote partnership with other Bank departments and development partners to increase resources towards building good governance structures in RMCs.
OUTCOMES	2. Strengthened economic impact of natural resources in domestic economies	Shared understanding of the steps for development of local content policies by African countries.	None /54	6/54 (2020)		Risk: Fall in commodity prices significantly undermines incentives for investment Mitigation: The Center will promote partnership with other Bank departments and development partners to increase resources and leverage
		# of natural resources projects that include integrated infrastructure for multi-purpose usage incorporated into investor agreements supported by ANRC	0	1 (2015); 2 (2016) and 3 (2017)		
	3. Improved integrated resources development planning	# of RMCs with national resources long term plan	2 – South Africa and Namibia	15 countries by 2020		
	4. African Natural Resource Center Business Model of NRM in Africa developed and refined	Degree of client satisfaction with responsiveness, effectiveness and efficiency of ANRC to meet RMC NRM needs.	To be established after 1 year	15 RMCs reaching 20% over and above baseline customer satisfaction	Customer survey	
OUTPUTS						
Integrated Resources Development						
	1. Support the development of RMC’s capacity to integrate natural resource management in national development planning. 2. Improve conservation of renewables through counter-depletion policy support 3. Undertake resource mapping at Regional Economic Community (RECs) and country level.	# of RMCs National Integrated Plan supported by the Bank # of Initiatives and Policy toolkits produced targeted at improving transparency and accountability in the exploitation of available land, fish stocks, water and forestry. # of countries provided with technical assistance to map, estimate natural resources endowments and geological maps and plans produced	0 0 0	10 RMCs by 2020 8 toolkits by 2020 3 Regions and 6 countries		
Good Governance of Natural Resources						

1. Support to policy, regulatory and institutional effectiveness	# of TA services provided to RMCs targeted at creating the right environment and incentives for natural resources development through mega projects.	1 (Gov. of Guinea)	10 RMCs by 2020	Africa Good Governance Index Report	
		No guidelines	10 RMCs by 2020		
2. Support transparency, accountability and participation	# of RMCs assisted with guidelines that clearly define roles for political institutions; technocrats'; politicians, parliamentarians and regulatory institutions in licensing resources exploitation, collecting and investing revenue.	None	15 RMCs by 2020		
	# of RMCs with designed systems for disclosure of information, decisions and processes relating to NRM in ways that can be easily understood by the public, parliamentarians, CSOs and other stakeholders.	1 (Gov of Guinea)	10 RMCs by 2020		
	# of RMCs provided with TA services to create knowledge and capacity to strategize and negotiate contracts that exclude partisan interests.				
Strengthened economic impact of natural resources in domestic economies					
1. Enhance capacity of RMCs to design policies and negotiate agreements that link resource projects to the main economy	# of RMCs assisted to design and implement relevant policies that link resources projects to mainstream economy – both upstream and downstream.	1 (Guinea)	10 RMCs by 2020		
	# of RMCs' initiatives supported that are aimed at enhancing transparent and accountable collection and expenditure of natural resources revenue	None	8 RMCs by 2020		
2. Improve technical capacity to manage revenue					
Partnerships, Internal Coordination and Management					
1. All the ANRC planned staff recruited	1.1 Number of vacancies in ANRC establishment	4	0 (2015)	Management Resolution	
2. ANRC puts in place its funding model	2.1 Adoption and approval of new organigram	Old organigram in place	New organigram approved (2015)	Report of the Governance Board	
		No trust fund in place	Trust Fund established receiving initial funding (2015) & replenished each yr.		
	2.2 Establishment of Trust Fund	No fee for services	Design of fee for services mechanism adopted (2016) and implemented (2017)		
	2.3 Establishment of fee for services				

4. CONCLUSION

The Boards are invited to approve the Center's Strategy for the period 2015-2020 as well as the proposed governance and funding structures.

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AFRICAN DEVELOPMENT BANK GROUP



ESTABLISHMENT OF A NATURAL RESOURCES MANAGEMENT CENTRE

CONCEPT NOTE

1. Background

1.1 Africa is endowed with abundant natural resources. If managed strategically, natural resource wealth could accelerate Africa's economic transformation, create job opportunities and play key roles towards inclusive and green growth. However, this potential has not yet been fully realized due to, inter alia lack of capacity and poor institutional frameworks for use of the resources. Against this background, the Bank has been working with countries in the management of natural resources to find paths to development that ease pressure on natural assets while better managing environmental, social and economic risks. Given the existing demand, for the Bank to play this role effectively and meet the expectations of RMCs, there is it needs to scale up its work on NRM. This paper outlines the challenges in NR management, the role of the Bank and a proposal for the establishment of a Natural Resource Center as a way to consolidate and reinvigorate the support to the sector.

2. Challenges and opportunities in natural resources management

2.1. Africa is well endowed with natural resources that hold enormous potential to accelerate its development. Estimates show that the continent accounts for about 15% of the world oil reserves, 40% of its gold, and 80% of the platinum metals, as well as a varied solid mineral base. Land is abundant, with around 23% of total world land area, 7% of forests and 4% of inland water being in Africa. These estimates are likely to be on the low side as Africa is relatively un-prospectured. Natural resources wealth has been one of the drivers of the recent buoyant economic growth in Africa. As resource-intensive economic growth in emerging markets and population growth are expected to continue driving demand, Africa might be facing the beginning of a commodity "super-cycle" which could be truly transformative. It is estimated that Africa's natural resources and extractive industry will contribute over US\$30 billion per annum in government revenues in the next 20 years¹. This natural resources wealth, leveraged through innovative financing instruments, offers great potential for the continent to finance its development and in particular to address its enormous infrastructure gap.

2.2. However, this natural resources-based economic growth has so far failed to translate into significant employment creation and poverty reduction. This gap stems first from the fact that African countries have not been able to secure a fair share of revenues from NRM, because of the failure to negotiate or re-negotiate, monitor and supervise, fair concession agreements, contracts, and licenses. This is mainly due to information gaps on the value of resources and lack of technical capacity in handling complex legal agreements. Secondly, a governance gap², with weak institutional checks and balance opened the way for rent-seeking and corruption, preventing resources from being spent in the most effective way. Thirdly, the extractive industries have also developed as enclaves with limited economic links to the domestic economy, thus failing to develop a robust value chain that creates wealth and employment domestically. Local communities in particular suffer from the consequence of NR exploitation while benefits accrue to distant places. Last, infrastructure bottlenecks and low capacity to plan have constrained the optimization of resources exploitation and to maximize value-added while limiting negative environmental impacts

2.3. Challenges in the renewable resources sub-sector including degradation and unsustainable use due to rapid population growth and poor land management practices, which have resulted in permanent loss of soil fertility in parts of the continent. Deforestation, driven by agricultural and energy demands, is also rampant. These challenges are often caused by inadequacies in sector policies, investment funds shortages, transparency issues in resource exploitation for trade, unattractiveness of the sector to the private investment due to its low returns and weak institutional capacity. At the same time, the high costs of infrastructure development and management, high variability and competing national priorities mean that Africa's water resources are vastly under-utilised, with only 4% of resources devoted to socio-economic development.

3 Global and Continental Initiatives in the Natural Resources Sector

3.1 In response to the challenges facing resource-rich countries, a range of multi-stakeholder voluntary approaches have been adopted. Among these are the Kimberly Process, which sets up arrangements for tracing the

¹ African Development Bank "Natural Resources and Structural Transformation in Africa", Board Issue paper

² Resource rich countries in Africa score consistently below non resource rich ones in the CPIA index, and no resource rich country in Africa scores as "satisfactory" in the Revenue Watch Institute's Resource Governance Index.

source of diamonds; and the Extractive Industries Transparency Initiative (EITI), which sets reporting standards and reconciliation process for payments to governments from extractive industries (and in some cases forestry). The recent adoption of more demanding reporting standards for the EITI will further increase information disclosure and opportunities to improve tax compliance, but will also pose implementation challenge to RMCs. Two other recently adopted mandatory approaches on payments disclosure are the US Dodd-Frank Act and the European Commission Accounting Directive. Together with the new G8 compact on tax transparency, they will generate a stream of data on payments by extractive companies, thus providing an opportunity to enhance tax compliance in developing countries. Bilateral donors and non-governmental organizations have also started a number of other initiatives providing technical assistance on natural resource management or benchmarking governance arrangements for NRM (e.g. the Natural Resource Charter).

3.2 The African Mining Vision (AMV), adopted by AU Heads of State in February 2009, represents an Africa-owned aspiration to leverage minerals to deliver development outcomes through improved revenue collection, infrastructure development, economic linkages with the domestic economy, and regional integration. An African Mining Development Center (AMDC) is being established to turn the principles of the Vision into specific activities at the continental and country level. The AfDB, together with the United Nations Economic Commission for Africa (UNECA) and the African Union Commission (AUC), has been tasked with supporting the implementation of the Vision.

3.3 The Land Policy Initiative (LPI) has developed guidelines on policies for sustainable land use under the auspices of the AU, UNECA and AfDB. The Congo Basin Forest Fund (CBFF) has been established with the twin goals of alleviating poverty and addressing climate change by slowing and eventually reversing the rate of deforestation in the Congo Basin. The Fund also supports activities and projects which complement particular aspects of the Central Africa Forests Commission (COMIFAC) In the water sector, the Bank collaborated with the African Ministers' Council of Water (AMCOW), the AU, UNECA and the Government of France, the Bank organized the 'Partnership for Strengthening Water Security in Africa' a platform for launching concerted efforts to build water infrastructure.

3.4 Global initiatives in the natural resources sector include the three main UN environmental conventions (UN Framework Convention on Climate Change, UN Convention for Combating Desertification and UN Convention on Biodiversity Conservation) to which all RMCs are committed and supported by the Bank in implementing their National Actions Plans.

4. Bank's Activities in the Natural Resources Sector

4.1 The Bank's activities in NRM involve a varied array of instruments including:

a) Lending activities through the public sector window, to support i) policy development reform – e.g. operations supporting improved water resources development and management; sustainable forest management and fisheries monitoring, control and surveillance (MCS) to promote sustainable fisheries, catch management, and control of illegal unregulated and unreported (IUU) fisheries; sustainable land management and biodiversity conservation; ii) reforms of legal and regulatory framework, e.g. mining and investment codes; and iii) RMCs compliance with the EITI standards³. Through its public financial management operations, the Bank has also supported resource-rich RMCs to improve the way that revenues are allocated and spent, by improving budget preparation, execution and control, and public investment planning and execution.

b) Lending activities through the private sector window in socially and environmentally sustainable projects – as assessed by the Additionality and Development Outcomes Assessment (ADOA) tool.

c) Advisory services and training in a range of areas, including assisting member countries to negotiate or renegotiate fairer concession agreements for exploitation of natural resources through the African Legal Support Facility; land use planning and land tenure through the Bank's engagement in the Land Policy Initiative (LPI); mainstreaming climate variability responses in the Bank's country assistance strategies.

³ So far, the Bank has supported implementation of EITI in 13 member countries.

d) Knowledge generation activities and high level policy dialogue. This includes research on natural resources status, sustainable macroeconomic policies and natural resource management; promoting water knowledge for the preparation of viable projects (through the Africa Water Facility). The AfDB is increasingly emphasizing the role of policy dialogue, through its engagement in global and regional initiatives such as the Land Policy Initiative, the African Mining Vision, the EITI, the Multi-Donor Water Partnership Programme and others.

4.2 The above work streams are implemented by a number of departments, including EDRI (research, advisory services); OSAN (land, forestry, fisheries, irrigation and water resources management); OWAS (water supply and sanitation); OPSM (transaction-based interventions in mining, oil and gas); ONEC (oil and gas and climate change); ORQR.4 (climate change and environmental safeguards); and OSGE (governance initiatives relating to legal and regulatory reforms, transparency standards, and economic management). The African Legal Support Facility (ALSF), a multi-donor outfit hosted by the Bank, provides legal support on complex concession agreements.

5. The case for the establishment of a Natural Resources Centre.

5.1 **Better natural resource management is key to Africa's economic transformation.** The next few years will be crucial if Africa is to use its abundant natural resources to put its economy on a transformative path. However, to realize this vision a number of gaps in natural resources management need to be overcome:

- A knowledge gap means that African governments are not aware of the extent or value of the resources they hold;
- A capacity gap limits the development and implementation of robust policies and negotiation of the right deals;
- An accountability gap means that many decisions on exploitation of natural resources are taken secretly with little participation of citizens; and
- A coordination gap often means that decisions on e.g. exploitation of shared resources are not taken with a regional perspective in mind.

5.2 The time to address these challenges is now: as more countries move from exploration to production, they are coming under increasing pressure to take decisions on their policy frameworks and contractual arrangements that will have consequences on their development path for generations. It is particularly important to strengthen technical capacity not just within African Governments, but also in Africa's independent institutions and private sector (e.g. academia, law associations, accounting profession) in order to expand the available pool of expertise in the continent.

5.3 **The African Development Bank is well-positioned to address these gaps for a number of reasons:** Firstly, its positioning as an African institution equips it to fulfil the high demand for credible independent advice. Given that NRM is a politically sensitive area, where commercial interests are deeply entrenched, RMCs are looking for advice from a trusted partner. The Bank's engagement and presence on the ground facilitates continued policy dialogue with its clients, and helps to build the relationship of trust needed to advance this difficult agenda.

5.4 Secondly, the AfDB regional role as Africa's DFI also allows it to foster dialogue across the continent to overcome coordination failures, promote regional integration in the use of shared natural resources and cross border infrastructure planning. The AfDB's role as convener and knowledge broker in the continent puts it in an ideal position to advise RMCs on how to get the best out of these initiatives – for example, the AfDB's role as an implementing partner of the African Mining Vision allows it to promote its importance as a pan-African framework with resource rich RMCs. The AfDB's central role as Africa's DFI also allows it to foster dialogue across the continent to bridge the coordination gap.

5.5 Thirdly, the AfDB's global standing and brand means that it can credibly play an advocacy role for Africa in a number of global initiatives in natural resources management – for example engaging with the G8 initiative in tax transparency to ensure that it results in global reporting standards that address African countries' needs (e.g. in increasing tax compliance).

5.6 For the Bank to play this role effectively and meet the expectations of RMCs, it needs to scale up its approach to NRM. In this regard, the pros and cons of several institutional options were considered. Among these, a Natural Resources Observatory would give only a passive snapshot whereas we would be looking for a high visibility instrument instead; a Network of Experts would have a limited scope for pro-active provision of support to RMCs; while an arrangement along the lines of the Climate Change Coordination Committee would be only internal to the Bank and could not provide the needed responsive advisory support that RMCs need. Therefore, **a dedicated Center**

is deemed the most appropriate institutional arrangement to deliver the AfDB's scaled up engagement in NRM for the following reasons:

- First, the time-critical nature of the technical and knowledge needs calls for an institutional arrangement that allows real time deployment of resources. RMCs need faster and more responsive advice than currently can be delivered through traditional Bank instruments.
- Second, work on NRM, and especially on extractives, is currently spread across a number of Bank departments, with no overall coordination mechanism. A clearer coordination arrangement has potential for significant gains in terms of economy of scale and cross-fertilization of ideas (for example, ensuring that the lessons learned from Private Sector Operations in terms of the impact of regulatory framework on investment could inform legal negotiations).
- Third, having a key focal point to engage with global and continental initiatives would further increase the Bank visibility and voice in the NRM space. The center will enable the Bank to establish itself as the main provider of advice on NRM in the continent given its significant work in the sector.
- Fourth, NRM is highly specialized and requires a complex set of skill mix. While the Bank already holds some expertise in this area (and especially in area of renewable resources), a dedicated center would provide a source of capacity building and up-skilling for AfDB staff.

5.6 Based on the above considerations, the paper proposes the establishment of a Natural Resources Management Center (NRMC), which would channel dedicated advisory and technical assistance resources to the sector under a responsive delivery mechanism. It will raise the visibility of the Bank's engagement in NRM and function as one-stop shop for information on Bank's activities in the sector. It will also coordinate all the Bank interventions in NRM, while benefitting from the legitimacy of the AfDB's "brand" and its credibility as an African-owned institution.

5.7.1 The center will be designed to carefully manage the risks of:

- duplicating or being seen to be in competition with other regional initiatives e.g. the AMV or the LPI;
- overlapping of functions with other departments and facilities (e.g. the Africa Legal Support Facility or the Africa Water Facility). In fact great efforts will be made to explore and optimize complementarities with these institutions; and
- increasing overhead costs.

6. Proposed objectives and areas of operation for the Centre

6.1 The objective of the proposed center is to provide independent advice and technical assistance to RMCs to maximize the development outcomes derived from natural resources, while increasing the impact of the AfDB Group activities in the sector.

6.2 It is proposed that the center operates at country level, regional and global level, and internally to the Bank, fulfilling three broad functions:

a) **Provide advisory services, technical assistance and training** to RMCs and regional organizations on NRM policy development and implementation. This would include issuance and monitoring of concession, contracts and licenses; development of policies and regulatory, fiscal and legal frameworks; development of geological information and Natural Resources endowment assessment and mapping; provision of training and capacity building to specialized agencies tasked with NRM and to non-state actors involved in the sector.

b) **Advocacy and knowledge generation**, to facilitate peer learning and the emergence of a continent-wide approach to NRM; coordinate the Bank's input and **facilitate RMCs participation into regional and global initiatives** on NRM; **facilitate dialogue** on management of shared and trans-boundary resources; **engage in advocacy** on behalf of its member states to ensure that Africa maximizes the benefits from global initiatives; and provide coordination with the work of other international financial institutions and organizations operating in the continent.

c) **Coordination of Bank activities and operations of the Bank Group** in the area of NRM; **provision of operational support** to Bank departments engaged on NRM and to **capacity building within the Bank** on NRM policies and programme design.

6.3 The work of the center will be complementary to those of other Bank departments currently engaged on NRM, in that the center will provide advisory services, training and technical assistance to RMCs, but will not implement lending operations.

6.4 In particular, the activities of the center have been designed to ensure complementarity with the ASLF, as illustrated in the table below.

Complementarity between the NRMC and ALSF

The ALSF's work	The NRMC's work
<ul style="list-style-type: none"> • Assisting RMCs in assessing and modernizing their legal framework • Identifying and provides high level legal expertise for the negotiation of specific contracts and concession agreements to achieve the policy objectives. • Providing capacity building and training on to RMCs on key legal issues and developing contract negotiations strategies and model agreements in the relevant industries. • Providing training to RMCs in the legal aspects of contract management. 	<p>Upstream from ASLF work</p> <ul style="list-style-type: none"> • Providing expertise on design of policy frameworks on NRM that inform objectives of specific contract and concession agreements. • Advising on contracting structures; and licensing regimes to optimize returns. • Facilitating access to geological information, NRM mapping and market value.
	<p>Downstream from ALSF work</p> <ul style="list-style-type: none"> • Providing advisory services and technical assistance to monitoring compliance with contracts and concession agreements (e.g. through tax audits; assessment of quality of infrastructures etc.)

6.5 Annex I provides further detail on the envisaged activities of the center.

7. Business model and implementation arrangements.

7.1 The skills- mix and expertise required to provide effective advice in the area of NRM is extremely varied and specialized. In order to retain the capacity to mobilize the right expertise quickly and flexibly, it is proposed that the center has a lean structure with a **small core of full time experts**, which could be in-house staff or long term consultants, and a large roster of expert consultants who can be recruited through streamlined procedures for specific assignments.

7.2 A total number of around 7 core staff is proposed, comprising:

- a) A Head and four NRM policy experts (2 for renewables and two for non-renewables).
- b) One training and capacity building officer, in charge of coordinating and executing training programmes, both internally and externally.
- c) A coordination and partnership officer, in charge of coordinating cross- Bank activities, monitoring the implementation of the work plan and engagement with external partners.

7.3 The center will draw on Bank resources in the existing Departments and Units dealing with NRM. Specific, focused advisory assignments, and a KPI structure will be devised to ensure that departments have the right incentives to release resources.

7.4 For the initial setting up of the center, it is expected that the Bank will provide seed money and full time staff. Given the strong interest in the international community for additional work in Natural Resources Management, efforts will be made to mobilize contributions from Member Countries, foundations and private sector companies, with particular attention to resource-rich RMCs. In order to ensure the center's sustainability and client ownership, part of the center's services will be provided on a refundable basis.

7.5 As part of its early activities, the center will put in place the necessary modalities for seeking external funding and put in place the mechanism for refundable technical assistance. The center will also lead the formulation of a Bank Group Strategy or Action Plan for NRM, based on the Bank Group Policy on NRM under preparation.

7.6 Because the case for a natural resource management center rests on the provision of responsive and timely advice as demand arises, specific **streamlined contracting procedures** will be designed to ensure that deployment of technical assistance and delivery of training and advice can be done quickly. Use of framework contracts and other arrangements will be explored to underpin the center's operations.

ANNEX I:

PROPOSED TERMS OF REFERENCE FOR THE NATURAL RESOURCE CENTER

1. Introduction

These ToRs set out the activities and function of a Natural Resource Management (NRM) center, based in the African Development Bank.

The objective of the proposed center is to provide independent advice and technical assistance to RMCs to maximize the development outcomes derived from natural resources and the benefits they receive from global and regional initiatives; while increasing the impact of the AfDB Group activities in the sector.

The center will provide technical assistance, advisory services and training to RMCs; will oversee engagement on regional and global initiatives on NRM; carry out advocacy activities; and provide internal coordination, capacity building and operational support for the activities of Bank departments engaged on NRM.

The activities of the center will also be complementary to those of other initiatives of which the African Development Bank is an implementing partner or a host.

2. Detailed activities

The center will operate at a country, regional/transboundary and global level, and provide a coordination and capacity building function internal to the Bank. Its activities will cover both renewable and non-renewable resources.

A. Country level:

A1: Provide **advisory services and technical assistance** directly to RMCs in the following areas:

- Issuance, implementation and monitoring of concessions, contracts and licenses (if necessary, supporting their negotiation or re-negotiations in coordination with the African Legal Support Facility)
- Developing and strengthening legal, fiscal, regulatory and licensing frameworks, including robust investment guidelines, taxation regimes, local content and social safeguards and enforcement mechanisms.
- Policy and strategy development and participation in international and regional initiatives and conventions (e.g. the Convention to Combat Desertification, the United Nations Framework Convention on Climate Change, Convention on Biodiversity Conservation, African Mining Vision)
- Development of approaches to economic diversification and “clustered development” around extractive sites that build links with the local economy (e.g. through local content provisions), and using NRM sector as a platform for infrastructure development through resource corridors” approaches.
- Environmental and social risk management.

A2: Provide **capacity building and training to specialized enforcement and oversight agencies** and activities, e.g. mining regulatory agencies, forestry and fisheries oversight bodies; tax audits of extractive companies; analysis of transfer pricing etc.

A3: **Support the transparency and accountability agenda**, particularly in the areas of concession deals (bidding, negotiations, pricing, terms of contracts; revenues collection and management, and on issues relating to communities rights), by engaging with and providing training to civil society and other non-state actors.

A4: Fostering and contributing to **policy dialogue** with countries and support partners to encourage them to include NRM policies as a strategic priority in national development strategies.

B. At the regional, trans-boundary and global level

B1: Advocate and promote the development of the Natural Resource sector on behalf of RMCs by:

- Initiating and maintaining close interaction with countries, regional institutions and other stakeholders to increase awareness on the importance of NRM for the development of African economies;
- Ensuring that global initiatives are tailored to the needs of the continent and that RMCs can maximize the benefits from them; to leverage investment and support to improve NRM in Africa; to advise RMCs on how to engage in the wide range of global initiatives on NRM; and to promote the development of global transparency and reporting standards in natural resources management.

B2: Fulfilling the Bank's mandate to **support the implementation of regional initiatives** of which the Bank is an implementer or a host (e.g. the African Legal Support Facility; Africa Mining Vision, Congo Basing Forest Fund; African Water Facility and others) by coordinating the Bank's input in their governance structures; ensuring complementarity in its own work programme with theirs; and ensuring that country-level operations in NRM are mutually consistent.

B3: Provide regional **information services** with the aim of creating informational public goods e.g. geological information and mapping, assessment of use of shared and cross border natural resources etc.

B4: Ensure **coordination and complementarity with development partners and international organizations**, operating in the NRM sector in Africa, by

- Promoting and facilitating exchanges and promote, synergies and complementarities among development partners taking into account their respective comparative advantages and institutional mandates.
- Serving as catalyst in arranging joint activities to be implemented by partners, including co-financing activities, joint development of knowledge products and assessments, and advocacy initiatives both at the country and regional levels;
- Identifying and proposing activities and initiatives for donor support, and assist in mobilizing support (technical and/or financial) for implementation of NRM activities at the country and regional level;

B5: Acting as a **knowledge broker** across the continent to foster exchanges of best practices and experiences, promote peer learning and provide technical assistance to regional organizations supporting NRM.

C. Internally to the Bank, the center will

C1: Coordinate and support natural resources interventions within the Bank, by.

- Leading the formulation of a Bank Group Strategy or Action Plan for NRM, based on the Bank Group Policy on NRM under preparation and oversee its implementation;
- Report to the Bank management on overall progress on the action plan;
- Advise on design and management of NRM operations, for example by:
 - i) Promoting good practice in evaluation and accounting of natural resources value.
 - ii) Drawing the lesson learned from Private Sector Operations in Natural Resources, (and especially from the ADOA) to feed into broader policy dialogue and governance intervention.
 - iii) Ensuring that the work on Public Financial Management is responsive to the specific needs of resource-rich countries.

C2: Building capacity within the Bank. The center will collaborate with EADI to design appropriate training programmes to increase Bank staff's technical knowledge and exposure to good practice in policy and programme

implementation development. The center will also be in charge of mentoring and overseeing the technical quality of a cadre of natural resource specialists that will be identified across the Bank.

3. Structure

The centre will have a lean structure with a **small core of full time experts**, which could be in-house staff or long term consultants, and a large roster of expert consultants who can be recruited through streamlined procedures for specific assignments.

A total number of around 7 core staff is proposed, comprising:

- a) A Head and four NRM policy experts (2 for renewables and two for non-renewables).
- b) One training and capacity building officer, in charge of coordinating and executing training programmes, both internally and externally.
- c) A coordination and partnership officer, in charge of coordinating cross- Bank activities, monitoring the implementation of the work plan and engagement with external partners.

The centre will also draw on Bank resources in the existing Departments and Units dealing with NRM. The reporting lines for the centre will be defined in due course.

Overview of ANRC Work Program To date

1. Introduction

The Center's activities over the last twelve months focused on the development of a strategy and Business Plan, design and implementation of select country and regional initiatives, conceptualizing of products and knowledge development tools, coordination of Bank wide initiatives and resources mobilization. There are summarized below.

2. Development of the Strategy and Business Plan

The Center's Strategy and draft Business Plan were submitted to the SMCC and cleared for submission to CODE. The process of review and approval is scheduled for completion mid-May 2015. In addition, the Center has commenced country support programs and conceptualized products to use to build knowledge and promote information based policy formulation. To mobilize resources, grant applications have been submitted to a number of funds and steps taken to formalize strategic partnership with regional and international organizations. The summary contains the highlights of the activities.

3. Country and Regional Programs

3.1 Fishery – the Center is providing assistance to the secretariat of Fisheries Committee for the West Central Gulf of Guinea (FCWC) and its 6 member countries with compliance to anti-illegal fishing regulation. The Center is member of the Steering Committee for the pan-African financed project "Strengthening institutional capacity to improve the governance of the fisheries and aquaculture sector in Africa".

3.2 Forestry – the Center and OSGE are working with the Government of Congo on a project to improve governance through capacity building, forest and wood product certification and the promotion of investments in the sector.

3.3 Land – as part of a Bank wide capacity building program for the US\$ 200,000 Simandou South Mine, Rail and Port Project, the Center supports the government of Guinea on land governance to help develop a land tenure policy and provide capacity building of the Land Commissions to facilitate compensation. The Center is a member of the Steering Committee of the Land Policy Initiative (LPI), and is working with UNECA towards implementation of capacity building activities for Government land lawyers and traditional authorities and leaders.

3.4 Mining the Center acts as focal point for the Bank by coordinating Bank's financial and capacity support for building the Simandou South Mine, Rail and Port Project in Guinea. In addition to land matters, the Center is assisting the government develop a local content policy. The Center provides strategic advice on mining issues to ensure that the interest of the States are well represented.

The Center represents the Bank as implementing partner for the Africa Mining Vision and its operational arm and contributed to the formulation of the Guidelines on preparing Country Mining Vision.

3.5 Petroleum –the Center together with ALSF fielded a mission to assess the needs of the Union of Comoros in the petroleum sector, with particular emphasis on recently signed petroleum exploration contracts. The team provided the authorities with a policy brief reviewing some of the issue in the overall regulatory review process for the framework. The Center also gave a commentary on the DRC's Petroleum Law.

4. Knowledge Building and Product Development

Themes for the knowledge products are **revenue; compliance with the EU Regulation on Illegal, Unreported Unregulated Fishing; Guidelines for equitable water resource benefits** and governance of competing water needs; **economic domestic linkages in the forest industry; land policy and governance; land policy sensitization training**; national resources master plan; local content roadmap in mining. On the other hand discussions are under way with EDRE to agree topics for internal and external knowledge seminars for 2015. The first of these will be a side event for the Annual Meetings on commodity volatility and lessons for policy makers.

5. Coordination of Bank Initiatives

5.1 **Simandou South Project** - Through the ANRC, the Bank will have a single focal point between the Government's and project sponsors on matters relating to the Bank's commitments. In addition, ORWA will expand the Bank's country office in line with requirements. The other departments involved are OSGE, EADI, GECL, ALSF, Africa50 and OPSM.

5.2 **Mining Indaba 2015** – the Center coordinated with ALSF, EDRE and OPSM the Bank's participation in the Mining Indaba Convention in 2015, Africa's largest mining investment conference. The objective was to increase visibility to mining investors, governments and CSOs as regional DFIs. A large stake, sponsorship of a Ministerial forum and a joint side event on the subject of shared resources shared value were secured and held.

5.3 **The Joint Bank and BMGF Report** – the publications has seven chapters on maximizing extractives for human development. The Center is the focal point between the BMGF and OSHD and EDRE. The report is intended to help leverage countries revenues from extractives for human development.

5.4 **Global Ocean Commission (GOC)** – the Center participated in the High-Level meeting to present the recommendations of the GOC report at the AUC in Addis Ababa. The focus of the Center under this initiative is to conduct advocacy work and assist RMCs fighting illegal fishing.

6. Assistance to Bank Operations and Strategies

The Center has contributed toward a number of field missions, peer review or formulation of reports, studies and policies (OSAN, OSGE, and OPSM etc.). The Centre also worked with Bank regional departments to provide for content on natural resources in some **CSPs** (Congo, Madagascar.).

The Center is a member of the **Climate Change Coordination Committee** and effectively participated in the completion of the Sector Guidelines on mainstreaming Green Growth into sector operation in agriculture and fisheries.

The Center is also contributing to the preparation of the new Bank's **Water Policy**, which is to replace the Bank's policy on Integrated Water Resources Management (IWRM).

7. Resources Mobilization and Partnerships

The Center is developing a plan to mobilise financial and technical resources with the support of FRMB.

The Center as submitted proposals for financing and technical assistance to Nigeria Trust Fund, Canada, French bilateral Fund, Korean Trust Fund, EU Pan-African Program and FAPA. To date, the Centre was granted US\$200,000 from FAPA, USD 450,000 from Nigeria Trust Fund, and USD 500,000 from The Korean Trust Fund.

Fund	Amount	Field	Comments
Nigeria Fund	USD 450.000	Land Governance	Request to draft a Protocol of Agreement to be signed between the Bank and UNECA on behalf of LPI was submitted
Canada	CAD \$ 20 million	Extractives	Unsuccessful.
French bilateral fund	Technical assistance	Management of extractive projects	A request for support from French bilateral fund has been formulated and submitted to FRMB and French authorities for review and approval. The request concerns a full-time consultant with expertise in project management in extractive sectors. Response is still pending
Korean Trust Fund	USD 950,000 USD 950,000	Land Local content	Two (2) proposals for work to design Large Scale Land Based Investment (LSLBI) monitoring tool and a roadmap for developing local content policies in the extractives has been submitted to FRMB for funding from Korean Trust Fund. Final response is awaited in October 2014.
EU Pan-African Program	EUR 2.5 million	Local content roadmap in extractives	A concept note for a possible funding of Euro 2.5 million through the EU Pan-African Program support to ANRC domestic linkages programme was drafted and shared with EU.
FAPA	USD 200,000	Local Content	Funds raised for the Simandou South Project, with a promise of additional US\$ 1,000,000.

Discussions are underway in order to develop partnerships, joint activities and technical assistance with a number of organizations. These include World Vision Canada, Oxford University, Natural Resources Governance Institute, DFID, GIZ, USAID, OECD, KAPSARC, University of Cape Town, and Columbia Center for Sustainable Investments (CCSI), Australia-Africa Mining Industry Group (AAIMG), Dutch development organization CORDAID...

8. Communication

Managing expectations and maintaining visibility is an important part of the Bank's strategy. The Center is developing an internal and external Communication Plan to be finalized in 2015.

9. Gender Mainstreaming

The Center is part of the OSVP working group on gender mainstreaming. The Center contributed to the formulation of recommendations to be implemented in the in the Complex' operations. The Center was also part of the preparation team of events on gender equality awareness coordinated by the Office of the Gender Envoy. The Center has developed TOR for the recruitment of a gender consultant to be tasked with approaches to gender mainstreaming in the Center's activities.

SWOT Analysis of the ANRC

For the Center to successfully manage challenges and capitalize upon opportunities, it is important to clearly understand their nature and ways in which they can impede program effectiveness. Therefore, to inform a review of the internal and external environments was undertaken, identifying strengths, weaknesses, opportunities and threats as summarized below:

Strengths

- **AfDB brand visibility and outreach:** This positions the Center and the program favorably to capitalize upon institutional stature and regional and existing global partnerships,
- **Internal complementarities** other departments provide the Center with collaborative opportunities to procure experts, deliver support, channels to build knowledge, disseminate information and deliver training,
- **Proximity to clients through field and regional offices** serves as a source of country knowledge and relationship management,
- **Availability of potential program partners** at regional, bi-lateral and multi-lateral levels is a valuable resource.

Weaknesses

- **The absence in the short term of tailor-made solutions and products** that demonstrate the Center's unique offer. It is important for the Center to design products, processes and modalities for a unique capacity building package. However, this requires time until the Center can develop appropriate solutions and products, this weakness will undermine its value proposition,
- **Need for a clear value proposition** to differentiate the Center. Many other organizations offer regional governments capacity building support on NRM issues. In some form or other, these organizations address similar issues to those identified in the Strategy. The absence of track record that enables the Center to credibly demonstrate a unique value and differentiate itself might lead to the view that it is just another opportunistic undertaking and fail to attract support,
- **The potentially large scale of resource needed.** The level and variety of expertise necessary to deliver the program is significant. To be impactful, many of the interventions require comprehensive hands-on support and mentoring. Together, these conditions translate into significant resources requirement and is therefore potentially challenging,
- **Unavailability of all the needed expertise and capacity to effectively deliver the Program:** The range of issues, challenging RMCs, types of skills and time required to effectively deliver an effective program across the seven sectors is potentially substantial. The wide range and depth of special skills needed to provide the high caliber advice needed to comply with the ANRC mandate means that a significant increase in human resources is needed over the current baseline,
- **Managing potential internal overlaps:** Many other departments in the Bank address natural resources development. Harmonizing and differentiating the Center's work with the departments will take time.

Opportunities

- **Well managed natural resources** present an enormous opportunity for growth and economic diversification. This presents a strong platform for growing demand for the Center's work,
- **Capacity to address renewable and non-renewable issues in an integrated way** by having, uniquely among DFIs, renewable and non-renewable resources under the same roof,
- **Opportunity to leverage both the Bank's public and private sector portfolios,** creating an integrated package of solutions and facilitating private-public dialogue with civil society participation,
- **There is a demonstrable gap between the ability** of the RMCs and the capacity needed to manage resources and a program tailored to respond to the unique challenges,

- **As the lead regional Development Financial Institution (DFI)**, the AfDB is well positioned to champion the governance of natural resources and to be a trusted broker between the RMCs and investors,
- **Donors' demonstrated interest** in the program because of the recognition that natural resources development can potentially reduce poverty and inequality, and because of the AfDB's strategic positioning with its clients allowing policy dialogue cognizant of political economy realities.

Threats

- **Resource mobilization might be difficult** because many other entities providing programs of support and / or budget constraints,
 - **Perception of program overlaps with other initiatives:** This perception can potentially undermine the Bank's fundraising efforts,
 - **Lack of absorptive capacity and conflicting development priorities in RMCs** may undermine long-term success of the program because this impact depends upon the response and capacity of the RMCs to implement advice and adopt policies that can unlock natural resources value,
 - **Unrealistically high expectations.** Public scrutiny and debates on NRM issues are lively. This state of affairs will undoubtedly manifest itself in the way that donors, RMCs, CSOs and others perceive the role of the Center resulting in perception of ineffectiveness,
 - **Time-lags between inception of activities and impact.** As the Center will focus on long-term issues through high caliber but small scale technical assistance and advocacy, the impact of the program will not be manifest in the short term and in the medium term this may erode program support,
 - **Lack of clear separation between NRM policy and the political environment:** Many challenges facing resources exploitation reside in the political aspect of policy and not in NRM clearly distinguishing the two is necessary to be impactful.
-

Evaluation of Strategic Options

A number of options were evaluated to determine the strategic orientation of the Center's work in view of its mandate, comparative advantage, resources implications, impacts and ability to deliver a region wide capacity building support programs. The table summarizes the main options and considers the rationale and pros and cons.

Option I	Exclusive Focus on Renewable Resources Upstream of the Value Chain	
	Rationale: Through lending projects, the current focus of the Bank's work is downstream. Therefore, focusing exclusively on renewables upstream would enable the Center to build on the extensive knowledge acquired in renewables and thus enhance its ability to effectively support RMCs and strengthen synergies with the relevant lending departments of the Bank.	
	Pros	Cons
	<ul style="list-style-type: none"> • Builds on existing resources expertise and internal initiatives, • Limits requirements for additional resources, • Provides manageable workload, • Increases the Bank's impact in renewables sectors, • Permits specialization, • Avails program and Bank economies of scale. 	<ul style="list-style-type: none"> • Deviates from current mandate which covers renewables and non-renewables, • Forfeits opportunities for the Bank to contribute to major drivers of growth in the non-renewables, • Makes integrated management of natural resources between the sectors and linkages difficult.
Option II	Exclusive Focus on Non-renewables Sectors across the Value Chain	
	Rationale: Non-renewables represent major drivers, FDI, revenue and infrastructure development necessary for economic growth in many African countries. However, the impact of these projects on the regional development and citizens are yet to be fully realized. This option could enable the Center to improve development outcomes by capacitating RMCs while ensuring greater linkages between the sectors.	
	Pros	Cons
	<ul style="list-style-type: none"> • Enhances the Bank's presence in sectors that can promote inclusive growth and expands the capacity to advise RMCs, • Responds to growing demand in extractive rich countries, • Creates linkages with the Bank's current work on renewables, • Promotes an area of focus for many development partners, • Addresses concerns of many regional and global stakeholders, • Has genuine economic transformation potential. 	<ul style="list-style-type: none"> • Diminishes the economies of scale resulting from integrated approaches to natural resources, • Offers no distinct value proposition in relation to existing regional initiatives, • Makes current renewables human resources in the Center redundant, • Deviates from the mandate which includes renewables and non-renewables.

Option III	Focus on Renewables and Non-renewables across the Value Chain	
	Rationale: An integrated approach to capacity building support programs for RMCs leverages internal capacity and complementarities on policy matters relating to resources exploitation and promotes sustainable development by advocating the management of renewables and non-renewables in a holistic way.	
	Pros	Cons
	<ul style="list-style-type: none"> • Aligns with the Center’s mandate which combines renewables and non-renewables, • Provides better resources utilization in the Center, • Allows greater impact, • Creates economies of scale from a holistic and integrated approach to NRM, • Enables cross-sector linkages and knowledge exchange between sectors, • Provides one-stop-shop on policy advice for NRM to RMCs. 	<ul style="list-style-type: none"> • Requires significant resources, • Spreads current resources thin, • Lacks focus and could reduce impact, • Makes managing diverse stakeholders onerous, • Creates complex donor reporting and M&E processes.
Option IV	Same as Option III Above except the Center’s Work Would Be Mainly Upstream Policy	
	Rationale: The option enables the Center to address policy issues common to raw material extraction while reducing the resources and administrative challenges and increases chances of being impactful through upstream focus.	
	Pros	Cons
	<ul style="list-style-type: none"> • (Refer to Option III above), • Permits greater focus, • Promotes cross-sector knowledge and fosters linkages • Reduces administrative burden, • Offers a stronger value proposition, • Remits internal development of expertise. 	<ul style="list-style-type: none"> • (Refer to Option III above), • Does not address downstream value chain challenges, • Potentially misaligns to RMC expectation.

Internal and External Working Complementarities and Synergies

The Table below summarizes the internal and external working complementarities and synergies:

Table Summary of Internal and External Complementarities and Synergies

Focus Areas	Internal	External	Interventions
Good Governance	OSVP	AU, French Agency for Development, UN agencies, WB	Contribute to effective land governance in the Republic of Guinea as pertains to mineral resources projects.
	ECON, OSVP	AU, UN agencies	Jointly work with AU-UNECA-AfDB (LPI) on continental land governance initiatives and produce a land governance assessment tool.
	-	EU Pan Africa Program, GOC, IUU Surveillance and monitoring unit	Contribute to reduction of illegal fishing by supporting the ratification and implementation of FAO “Agreement on Port States Measures, to prevent, deter and eliminate IUU fishing” (PSMA) and processes aimed at traceability of sources of fisheries products.
	ALSF	-	Support mechanisms to increase transparency of fishing contracts and agreements.
	OIVP, OSVP	GOC, UN agencies	Lead the Bank’s efforts to contribute towards global initiatives aimed at improving the governance of the high seas in particular in “Mission Ocean” of the Global Ocean Initiative.
	ECON, FRMB, OSVP	BMGF	Coordinate the contribution by OSHD, ANRC and EDRE towards a publication jointly funded by the Bank and the BMGF to highlight the potential impact of sound revenue management policies on human development. To use Tanzania and Mozambique as case studies.
	Africa50, ALSF, ECON, GCRD, GECL, GOEL, OIVP, ORQR, ORVP, OSVP	AU, Chambers of Mines of Guinea, French Development Agency, IFC, UN agencies, WB	Coordinate the Bank’s funding and capacity building support program by OPSM, Africa50, OSVP, ALSF, GOEL, ECON and GECL to the Government of Guinea as relates to the Simandou South mine and infrastructure project.
	ALSF	BMGF, NORAD, Oxford University	Assist the Government of Tanzania build capacity to negotiate concessions and other commercial agreements with investors by designing institutional and policy frameworks to inform state negotiation processes. Recommend structures for constituting negotiations teams and conduct training for negotiators to strengthen capacity to protect public interests.
Domestic Linkages	-	EU Pan African program, Industry and Trade Association	Promote timber products certification as a means to improve forest governance and reduce illegal logging and deforestation.

	FAPA, GOEL, OIVP	EU Pan African program, Industry and Trade Association	Support policy design on domestic linkages for timber products value addition in the Republic of the Congo.
	ECON, OIVP, OSVP	Investors	Build the capacity of the Government of Guinea to design a policy to promote domestic linkages between mining projects and the mainstream economy using the Simandou South and iron rail and port infrastructure project as the benchmark.
Integrated Renewables and Non-renewable Resources Management	OIVP	Investors	Participate in the implementation of the Bank's climate change action plan and green growth agenda.
	OIVP, ORVP	-	Develop an effective tool for sound management of shared water resources and particularly ensure gender parity.
	OIVP, ORVP	-	Design a water management toolkit to promote aqua-tourism in order to improve economic impacts and contribute to the social being of communities in river basins and inland lakes.
	ECON	AU, RECs	Develop a policy toolkit to understand trade-offs on revenue investment decisions and use the tool for advocacy and policy dialogue between policymakers and CSOs, and conduct analytical studies, internal and external knowledge seminars.
	FRMB, GECL	AU, UN agencies	Partner in implementing aspects of the AMV particularly the development of long term national visions by assisting RMCs in integrate resources development policies for minerals into a broader natural resources development plan.
	-	AAMIG, Industry associations, NRGI, Oxford University and EITI	Conduct training workshops for CSOs including parliamentarians on licensing procedures contracts and revenue management policy options.
Operations	FRMB, CHRM	-	Develop staffing and funding strategy
	FRMB	-	Develop a long term Resources Mobilization Plan
	CERD	-	Develop a long term Communication Plan

Internal and External Potential Areas of Complementarities

OBJECTIVE

A main input to ANRC's strategy and business plan has been internal and external consultations. The main objective of these consultations has been to present the ANRC's strategy and business plan to diverse groups of interested and knowledgeable stakeholders both internally and externally and solicit their views as transparently as possible. A specific objective was to avoid duplication of activities, identify gaps, seek complementarities and build partnerships.

TIMELINE OF CONSULTATIONS

The first quarter of 2014 was dedicated to internal consultations while external consultations were conducted during the second and third quarter.



INTERNAL CONSULTATIONS

The ANRC started with internal consultations during the first quarter of 2014, the following other departments of the Bank were met:

<input type="checkbox"/> CERD	M	<input type="checkbox"/> OPS
<input type="checkbox"/> EADI	S	<input type="checkbox"/> ORF
<input type="checkbox"/> EDRE	N	<input type="checkbox"/> OSA
<input type="checkbox"/> FRMB	E	<input type="checkbox"/> OSG
<input type="checkbox"/> OITC	D	<input type="checkbox"/> OSH
<input type="checkbox"/> ONEC	AS	<input type="checkbox"/> OW

Internal Initiatives of the AfDB were also consulted such as:

- African Legal Support Facility (ALSF)
- Congo Basin Fund (CBFF)
- African Water Facility (AWF)

EXTERNAL CONSULTATIONS

During the second and third quarter of 2014, external consultations were conducted with all relevant stakeholders including:

- African Union (AU)
- Economic Commission for Africa (UNECA)
- The World Bank and IFC
- International Monetary Fund (IMF)
- United Nations Agencies and Initiatives e.g. (UNEP, FAO, IUCN, UN-Habitat, IFAD, UNCCD, etc.)
- African Peer Review Mechanism (hosted by NEPAD Secretariat)
- Extractive Industry Transparency Initiative (EITI)
- Kimberley process
- Bill and Melinda Gates Foundation
- Natural Resources Governance Institute (NRGI)
- African Minerals Development Center (AMDC)
- UK (DFID)
- Norway
- Canada
- Australia
- NEPAD Secretariat
- European Commission (Directorate-General for Maritime Affairs and Fisheries)
- Global ocean Commission (GOC)
- Central African Forest Commission (COMIFAC)
- International Timber Tropical Organization (ITTO)
- RECs
- USA
- NEPAD Secretariat
- African Network for Basin Organization (ANBO)
- World Water Council (WWC)
- River Lakes and Basins Organizations
- Africa Ground Water (AGW)-Net

Internal Consultations with other Departments

The ANRC experts-team led by the Director engaged in bilateral consultations meetings and direct discussions with Experts, Managers and Directors from various departments to identify areas of complementarities and collaborations

DEPT	Relevant areas of ANRC mandate	Issues of common interest	Collaboration areas
OTSD (ORFS)	<ul style="list-style-type: none"> ✓ Good Governance ✓ Resource Mapping and Resource Accounting ✓ Accountability and transparency in the NRM sectors ✓ Counter-depletion policies on resources that are unsustainably exploited during cause of conflict (fisheries; forestry; land & mineral wealth) 	<ul style="list-style-type: none"> ✓ Institutional development and capacity building, ✓ Consideration of selected NRM Projects ✓ Targeted projects ✓ CSO Engagement ✓ Targeted Project support ✓ Analysis of political economy of resource exploitation. 	<ul style="list-style-type: none"> ✓ Support and strengthening of NRM policy regimes ✓ CSO Engagement ✓ Identifying and quantifying resource stocks ✓ Natural Capital Accounting ✓ Sustainable resource development and management to avert conflict ✓ Policy advice and technical support on counter-depletion policies and NR wealth management ✓ -Strengthening CSO that work to support counter-depletion policies
EDRE	<ul style="list-style-type: none"> ✓ Advisory services ✓ Knowledge generation 	<ul style="list-style-type: none"> ✓ Topics for research: on Resources capital accounting, local content, regulatory and policy frameworks, Shared resources management. ✓ Data use and statistics ✓ Inputs into Gates report on extractives and human development (which could inform EDRE's work on development policies) ✓ EDRE research project on economic complexity and differentiation in Africa ✓ Ongoing cooperation identifying topics for research ✓ Research data and statistics for NR trends monitoring. ✓ Thematic areas of potential NRM convergence within the Bank through Flagship Reports and Policy briefs on topical issues. • Setting-up a virtual NR information repository 	<ul style="list-style-type: none"> ✓ Identifying and quantifying resource stocks ✓ Natural Capital Accounting ✓ Policy advice and technical support on NR revenues management ✓ Resource corridors
EADI	<ul style="list-style-type: none"> ✓ Resources development in the national vision ✓ Leveraging NR for development ✓ Good governance ✓ Advocacy 	<ul style="list-style-type: none"> ✓ Development of strategies and policies ✓ Policy, legal and institutional frameworks ✓ Investment climate ✓ Economic linkages ✓ Negotiations ✓ Revenue management ✓ Counter-Depletion Policies 	<ul style="list-style-type: none"> ✓ Identify capacity gaps in governments, civil society, and private sector related to natural resources development ✓ Develop training modules to bridge the identified gaps ✓ Jointly raise financial resources to implement training modules ✓ Jointly develop a flagship capacity building/ advocacy

		<ul style="list-style-type: none"> ✓ Transparency ✓ Stakeholder consultation ✓ Equitable access to NR 	program (possibly in partnership with African universities)
ONEC	<ul style="list-style-type: none"> ✓ Visions and long term plans ✓ Counter depletion initiatives as part of Green growth ✓ Knowledge building on reduction of carbon footprint 	<ul style="list-style-type: none"> ✓ Operational and development of projects ✓ Policies design ✓ For renewable energies 	<ul style="list-style-type: none"> ✓ Support RMC's to develop visions underpinned with long term plans ✓ Inclusion of renewable NR policies as prerequisite for GG development plans ✓ Natural Capital Accounting ✓ Advocacy for best practices for Extractive Industries
OSAN	<ul style="list-style-type: none"> ✓ Visions and long term plans ✓ Counter depletion initiatives as part of Green growth ✓ Knowledge building on sustainability ✓ Land degradation; land use planning and land titling 	<ul style="list-style-type: none"> ✓ Operational and development of projects ✓ Policies design ✓ Adaptation issues and climate smart agriculture ✓ Project support 	<ul style="list-style-type: none"> ✓ Support RMC's to develop visions underpinned with long term plans ✓ Inclusion of renewable NR policies as prerequisite for GG development plans ✓ Natural Capital Accounting (through NAMA) ✓ Advocacy for best practices for forestry; fisheries and land ✓ Policy advice and technical support
OITC	<ul style="list-style-type: none"> ✓ Resources Visioning (up-stream) ✓ Resource Corridor mapping ✓ Economic impact/ Value-chain analysis ✓ Support to negotiations 	<ul style="list-style-type: none"> ✓ Support RMCs infrastructure policies ✓ Regional transport infrastructure to access NR ✓ Infrastructure development to foster economic activity ✓ Bank funding can help raise finance to develop projects 	<ul style="list-style-type: none"> ✓ Support elaboration of vision/ policy ✓ Regional vs National approaches to NRM, in order to superimpose resources and infrastructure ✓ Domestic linkage policies to maximize impact of infrastructure development ✓ Catalyze transport infrastructure development. ✓ Opportunities profiling
OWAS	<ul style="list-style-type: none"> ✓ Water Resources (WR) Policy ✓ WR strategy ✓ Water-led Project ID/Promotion ✓ Knowledge Generation ✓ Post-Evaluation ✓ Communication/Advocacy 	<ul style="list-style-type: none"> ✓ Custodian of the Bank's policy on water ✓ WR Strategy design ✓ Internal Coordination ✓ Knowledge (WR Management) ✓ M&E 	<ul style="list-style-type: none"> ✓ Support CSP Preparation ✓ Support Knowledge Generation (Operational) ✓ Identifying/promoting Water-related Projects ✓ External Partner Liaison ✓ Performance / KPI target setting
OSGE	<ul style="list-style-type: none"> ✓ Technical Assistance ✓ Advisory services 	<ul style="list-style-type: none"> ✓ Combating corruption ✓ Transparency, accountability and participation, ✓ Policy, regulatory and institutional effectiveness ✓ Good governance ✓ Private sector development 	<ul style="list-style-type: none"> ✓ Support to tax administration agencies for NR revenues ✓ Support to national vision; policy and legal and regulatory frameworks in land and extractives ✓ Expenditure management strategies and frameworks in resource rich countries ✓ Support and design to cadaster systems ✓ ANRC participates in OSGE mission teams and vice-versa, to support project development and implementation

			✓
OSHD	<ul style="list-style-type: none"> ✓ Skills development ✓ Research and technology transfer ✓ Knowledge generation ✓ Maximize rewards from investments ✓ Job creation ✓ Good governance 	<ul style="list-style-type: none"> ✓ Skills development to support private and public investments ✓ Inputs into Gates report on extractives and human development ✓ Strengthening local and regional research centers ✓ Human development ✓ Infrastructure investments to contribute to human development ✓ Through skills development; MSMEs ✓ Capacity building; accountability 	<ul style="list-style-type: none"> ✓ Skills profiles for NRM (discovery, exploitation, processing, marketing...) ✓ Broker relations between industry and research for technological innovations for NR ✓ Joint studies and reports to encourage natural resources as contributor to human development ✓ Promote NR resources infrastructure that benefits communities and contribute to HD ✓ Skills development; MSMEs feeding NR industries ✓ Strengthen capacity to manage revenues from NR; ✓ Broker dialogue among stakeholder: governments, local governments; investors, CSOs, community.
OPSM	<ul style="list-style-type: none"> ✓ Resources Visioning (up-stream) ✓ Provision of funding for complementary TA on transactions ✓ Private sector development. . ✓ Identification of investment opportunities ✓ Local content and linkages 	<ul style="list-style-type: none"> ✓ Investors' confidence is raised and facilitate Private sector operations ✓ Better negotiated deals facilitate private sector operations in the long term ✓ Funding or project structuring from OPSM and/or AFRICA 50 is a strong facilitation levy 	<ul style="list-style-type: none"> ✓ Support elaboration of vision/ policy and legal frameworks ✓ Support RMCs in negotiations of natural resources projects ✓ Opportunities profiling for OPSM operations ✓ Negotiate local content and multi-user infrastructure components in contracts ✓ ANRC can participate in OPSM mission teams and vice-versa, to participate in project development and implementation
ALSF	<ul style="list-style-type: none"> ✓ Negotiation – strategic ✓ Shared resources agreements & links with legal and policy frameworks ✓ Role of the Civil Society ✓ Capacity building ✓ Negotiations and contract management 	<ul style="list-style-type: none"> ✓ Negotiations –Training (negotiations and contract management) ✓ Legal and Policy frameworks 	<ul style="list-style-type: none"> ✓ Policy; advice; advocacy & Capacity building) ✓ Resources Visioning (up-stream) ✓ Resource Corridor mapping ✓ Knowledge generation and training ✓ Continental Initiatives (AMV; LPI) ✓ Shared Resources Management ✓ Transparency & Product Certification

External Partnerships and Complementarities

The ANRC initiated dialogue with external partners to identify and areas of partnerships and define modalities of engagements

Institutions	General Area(s) of Collaboration	Specific Area(s) of Collaboration	ANRC Role	Partner's Role
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Potential Partners for Renewables and Non-renewables				
African Union (AU) Economic Commission for Africa (UNECA)	Overall policy guidance	<ul style="list-style-type: none"> ✓ Drafting and implementation of pan-African policies and strategies ✓ Land Policy Initiative -- LPI ✓ African Mining Vision -- AMV ✓ Africa Water Vision 2025 ✓ IBAR 	<ul style="list-style-type: none"> • Contribute, to the drafting of relevant AU policy doc • Support the implementation of AU policies • Implementation of joint initiatives 	Provides regional standards and strategic directions
Internal Initiatives: African Legal Support Facility (ALSF) Congo Basin(CBFF) Fund African Water Facility (AWF)	Support to the negotiation of contracts, concessions and licenses Support certification Support River Basins, IWRM and regional cooperation	<ul style="list-style-type: none"> ✓ Support to the negotiation of contracts, concessions and licenses ✓ Cooperation on support to legal framework in compliance with investment framework for Simandou ✓ Assist the Government of Tanzania build capacity to negotiate concession and other commercial agreements with investors (cooperation with EDRE, 	<ul style="list-style-type: none"> • Technical inputs to contracts negotiations • Mobilization of funding to support ALSF assistance to RMCs 	<ul style="list-style-type: none"> ○ Legal inputs to contracts and licences negotiations ○ Capacity building
The World Bank and IFC	Implementation of joint initiatives in NRM, especially in governance, national strategies for economic diversification, local content policies.	<ul style="list-style-type: none"> ✓ Extractive industries, fisheries, forestry and land management. ✓ Cooperation in capacity building for private sector transaction and on local content policies (cooperation with OPSM, OSHD, ORQR, ONEC, OSAN, EDRE) 	<ul style="list-style-type: none"> • Elaboration of practical and country tailored toolkit to implement analytical work developed by the WB and the IFC. • Coordination in country on technical assistance on a case by case basis • Coordination of inputs into African Mining Vision • Division of labour on support to local content policy in mining Guinea 	<ul style="list-style-type: none"> • Coordination in country on technical assistance basis on a case by case basis. • Division of labour on support to local content policy in mining.
International Monetary Fund (IMF)	Implementation of joint initiatives in NRM	<ul style="list-style-type: none"> ✓ Revenue management and natural resources funds. ✓ Tax collections from natural resources. 	<ul style="list-style-type: none"> • Elaboration of practical and country tailored toolkit to implement analytical work developed by the IMF. • Coordination country on technical assistance on a case by case basis. • Joint knowledge dissemination initiatives (in cooperation with EDRE, OSGE) 	
United Nations Agencies and Initiatives e.g.	Implementation of joint initiatives in NRM	<ul style="list-style-type: none"> ✓ Management of renewable resources ✓ Natural Capital Accounting 	<ul style="list-style-type: none"> • Technical inputs 	<ul style="list-style-type: none"> ○ Data collection ○ Knowledge generation

(UNEP, FAO, IUCN, UN-Habitat, IFAD, UNCCD, etc.)			<ul style="list-style-type: none"> Financial resources to conduct ESW Advocacy and interaction with RMCs through Bank field offices 	<ul style="list-style-type: none"> Advocacy
African Peer Review Mechanism (hosted by NEPAD Secretariat)	Peer reviewing governance standards	✓ Assessment of extractives-related section of questionnaire	<ul style="list-style-type: none"> Facilitating review in country on a case by case basis, in cooperation with OSGE Provide technical assistance to follow up recommendations; advocating for implementation of recommendations. 	
Extractive Industry Transparency Initiative (EITI)	Overseeing and validating transparency standards (includes forestry)	✓ Support to RMCs in complying with standards/preparation EITI of reports	<ul style="list-style-type: none"> Provide technical assistance to national EITI secretariats and to address root problems emerged in cooperation with OSGE. Advocacy of approaches to application of standards reflective of RMCs needs 	
Kimberley process	Certification of origin for diamonds	✓ Ensure integrity of certification; use lesson learned in other areas.	<ul style="list-style-type: none"> Support on a case by case RMCs in their implementation; act as a convenor of lesson learned for other schemes. 	
Bill and Melinda Gates Foundation	Joint advocacy and knowledge dissemination on the human development opportunity from the extractive sector	<ul style="list-style-type: none"> ✓ Joint production of flagship report and dissemination. ✓ Collaboration on knowledge piece on revenue management options. ✓ Future programmatic activities on using extractives for human development. 	<ul style="list-style-type: none"> Leadership in preparation of three chapters of report and review of other chapters, in cooperation with OSHD and EDRE. Identification of appropriate fora for dissemination of report findings. Leading preparation of policy piece on options for revenue management. 	<ul style="list-style-type: none"> Leadership in preparation of four chapters, review of other chapters. Provides resources for communication and dissemination of flagship report. Peer review and support to dissemination on revenue
Natural Resources Governance Institute (NRGI)	Benchmarking governance standards in natural resources development.	<ul style="list-style-type: none"> ✓ Country by country basis and global advocacy ✓ Preparation of training workshops for policymakers, CSOs and parliamentarians on licensing procedures, types of contracts and revenue management policy options and protection (with Blavatnik School of Government) 	<ul style="list-style-type: none"> Provide technical assistance on case by case basis to countries who want to apply NRGI benchmarking methodology; advocate for application of NRGI standards; facilitate interface with NRGI and other African initiatives, notably African Mining Vision (AMV) Provide funding for organisation of 	<ul style="list-style-type: none"> Provide guidelines and standards for application of NRGI framework. Provide technical input into CSO seminar.

			CSO workshop	
African Minerals Development Center (AMDC)	Supporting African countries to maximise benefits from mining	<ul style="list-style-type: none"> ✓ Continental level in mining sector, on policy and regulation, governance, linkages and economic diversification; human capital and institutional capacities. 	<ul style="list-style-type: none"> • Provides technical input to AMDC steering committee • Advocate at continental and global level for AMV implementation • Support implementation of AMV-compatible strategies and policies 	<ul style="list-style-type: none"> ○ Sets guidance and standards for AMV-compliant strategies and support ○ Coordinates implementing partners
UK (DFID)	Programmes on governance of extractives, transparency, skills developments and public-private partnership	<ul style="list-style-type: none"> ✓ Country by country and regional initiatives ✓ Developing a partnership on skills with extractive industries in East Africa. 	<ul style="list-style-type: none"> • Advocate for funding of the Trust Fund • Partnering on specific initiatives (e.g. skills in East Africa). • Implementing programmes on behalf of partner. 	<ul style="list-style-type: none"> ○ Funding ANRC programmes ○ Partnering on specific initiatives (e.g. skills in East Africa).
Norway	Petroleum revenue management, licencing and concession regimes for petroleum, environmental management of petroleum extraction, tax collection and administration from extractives	<ul style="list-style-type: none"> ✓ Mostly petroleum sector; Country by country basis. ✓ Assist the Government of Tanzania build capacity to negotiate concession and other commercial agreements with investors 	<ul style="list-style-type: none"> • Advocate for funding of the Trust Fund • Partnering on specific initiatives • Implementing programmes on behalf of partner. 	<ul style="list-style-type: none"> ○ Funding ANRC programmes ○ Partnering on specific initiatives.
Canada	Governance in mining.	<ul style="list-style-type: none"> ✓ Mostly mining sector; country by country basis. 	<ul style="list-style-type: none"> • Advocate for funding of the Trust Fund • Partnering on specific initiatives • Implementing programmes on behalf of partner. 	<ul style="list-style-type: none"> ○ Funding ANRC programmes ○ Partnering on specific initiatives.
Australia	Transparency, governance and regulation in mining, skills, environmental sustainability	<ul style="list-style-type: none"> ✓ Mostly mining sector; country by country basis and partnership on specific initiatives (e.g. skills). 	<ul style="list-style-type: none"> • Advocate for funding of the Trust Fund • Partnering on specific initiatives • Implementing programmes on behalf of partner. 	<ul style="list-style-type: none"> ○ Funding ANRC programmes ○ Partnering on specific initiatives.

NEPAD Secretariat	Overall support to the fisheries and land sector and its inclusion in strategic national and regional developments plans.	<ul style="list-style-type: none"> ✓ Drafting of key policy documents ✓ Technical Support and Capacity building to RMCs, RECs and Regional Fisheries Organizations ✓ Knowledge work on the importance of the sector 	<ul style="list-style-type: none"> • Technical inputs to various policy and technical documents • Mobilization of funding • Support to the mainstreaming of fisheries into RMCs Comprehensive Africa Agriculture Development Program (CAADP) and Poverty Reduction Strategy Papers (PRSPs) 	<ul style="list-style-type: none"> ○ Knowledge generation ○ Advocacy to RMCs ○ Technical assistance support to RMCs and RFOs
European Commission (Directorate-General for Maritime Affairs and Fisheries)	Initiatives to fight illegal fishing	<ul style="list-style-type: none"> ✓ RMCs compliance with the EU regulation on illegal fishing 	<ul style="list-style-type: none"> • Drafting of guidelines to assist RMCs in their compliance process • Assistance to RMCs in becoming compliant 	<ul style="list-style-type: none"> ○ Dialogue with concerned RMCs ○ Assistance to RMCs in becoming compliant
Global ocean Commission (GOC)	Initiative to improve the overall governance of the oceans	<ul style="list-style-type: none"> ✓ Advocacy on ocean governance issues ✓ Implementation of the GOC recommendations 	<ul style="list-style-type: none"> • Advocacy in regional and international fora • Support to RMCs in implementing some key recommendations 	<ul style="list-style-type: none"> ○ Advocacy at global level ○ Joint initiatives with the Bank and the AUC
Central African Forest Commission (COMIFAC)	Forest resource management (Central Africa Region)	<ul style="list-style-type: none"> ✓ Sustainable forest management ✓ Forest product certification and governance 	<ul style="list-style-type: none"> • Support to the implementation of the Convergence Plan through knowledge generation and technical assistance 	<ul style="list-style-type: none"> ○ Technical inputs ○ Advocacy
International Timber Tropical Organization (ITTO)	Forest management (Africa)	<ul style="list-style-type: none"> ✓ SFM and Governance ✓ Forest product certification 	<ul style="list-style-type: none"> • Collaboration on issues of common interest 	<ul style="list-style-type: none"> ○ Technical inputs and knowledge sharing
RECs	Land and forest ecosystems	<ul style="list-style-type: none"> ✓ Regional and trans-boundary ecosystems management 	<ul style="list-style-type: none"> • Support to policy formulation and implementation through technical assistance and knowledge generation 	<ul style="list-style-type: none"> ○ Advocacy ○ Resource mobilization
USA	Sustainable Forest Management (Central Africa Region)	<ul style="list-style-type: none"> ✓ USAID/Central Africa Regional Central Africa Regional Program for the Environment (CARPE) 	<ul style="list-style-type: none"> • Support to policy formulation and implementation through Technical assistance and Knowledge generation 	<ul style="list-style-type: none"> ○ Technical inputs and knowledge sharing
NEPAD Secretariat	Regional cooperation, Integrated Water Resources, Management (IWRM) policies	<ul style="list-style-type: none"> ✓ Coordinate with NEPAD and RBO's and RMC's member states to create enabling environment for regional cooperation 	<ul style="list-style-type: none"> • Contribute to policies and fostering of cooperation through technical assistance and advices 	<ul style="list-style-type: none"> ○ Studies, knowledge generation and support
African Network for Basin Organization	Supports Lakes and Basins organizations, capacity building,	<ul style="list-style-type: none"> ✓ Knowledge generation, networking, and capacity building 	<ul style="list-style-type: none"> • Contribute to strengthen knowledge base at lakes and rivers basins, 	<ul style="list-style-type: none"> ○ Consultation and dissemination

(ANBO)	IWRM, strategies and plans		IWRM, policies and strategies	
World Water Council (WWC)	Promote awareness, build political commitments and trigger actions on critical water issues at all levels	✓ Leadership and commitment on visions and long term strategies	• Develop and support visions and long term strategies at political level	○ Establish dialogue forums, consultation and dissemination and high level commitment
River Lakes and Basins Organizations	Promote regional integration, cooperation and good practices, development of knowledge base, good practices	✓ Knowledge base development ✓ Capacity building ✓ IWRM	• Technical advice • Participate and contribute to the regional activities • Support data and information and dissemination	○ Regional data, information knowledge and platforms for consultation dialogue and consultation on regional issues
Africa Ground Water (AGW)-Net	Capacity building in Ground Water (GW) management, IWRM GW, awareness, enhance the sharing of information, regional cooperation	✓ Knowledge base development, mapping and networking	• Coordinate and support development of data, information and knowledge and support dissemination	○ Knowledge and information and dissemination

Proposed Governance Structure: African Natural Resources Center

1. Introduction

ANRC has the mandate to build knowledge and ensure cohesion through interface across themes and sectors on NRM matters. The Center will develop capabilities that are recognized by the Bank for their importance as a source of value enhancement through knowledge creation, capacity building and by bringing cohesion in NRM matters in the Bank. Through advocacy work, strategic advice, capacity building and contribution to CSPs, the Center will generate knowledge that can be leveraged by RMCs and operations in the Bank to achieve corporate goals.

The proposed governance structure seeks to ensure that the Center has a decision-making environment that optimizes its contribution to the Bank's business, leverages the Bank's resources and is capable of attracting donor support while providing the Centre with agility and flexibility required to engage with both private and public partners.

2. Proposed Governance Structure

The proposed governance structure of the Center makes allowance for the Center's multi-faceted scope and approach to program delivery. Particularly, it reconciles the Center's governance needs, resource requirements for its day to day operations. It allows for the Centre to be in a position to leverage the internal human resources of the Bank to deliver as many of its programs as possible in partnership with or through relevant departments of the Bank. The proposal also ensures that the Center benefits from the expertise and best practices of a wide range of stakeholders in addition to OSVP oversight.

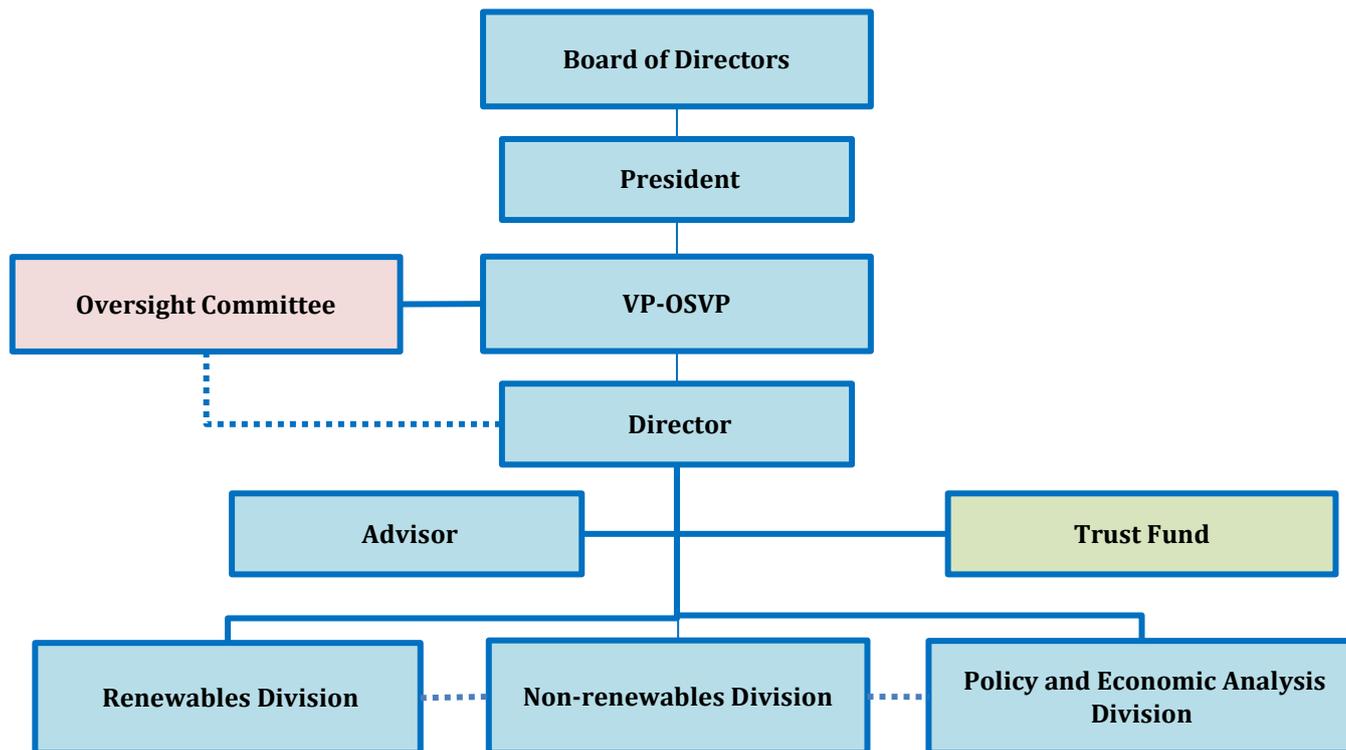
The Center's governance model resembles that of a Center of Excellence' (COE), which assumes a unit within an organization that exemplifies capabilities that are recognized by the parent entity (AfDB) for their importance as a source of value creation. The distinct value proposition of ANRC as a CoE in the Bank is therefore that these capabilities can be leveraged by the Bank and its constituent units and departments to excel and achieve corporate goals.

Practically this means:

- The Centre will be guided through an Oversight Committee (OC) appointed by the President, and chaired by VP-OSVP. The Director will report to VP- OSVP,
- The Director will take accountability for the day to day management of the Center including decisions on the implementation of the Strategy, human resources, budgeting and management of relations with donors, in line with approved rules and regulations,
- The Trustee's primary role is to review programs funded through a Trust Fund in line with the TYS and the Center's Strategy.
- The operations of the Center will develop additional set of policies and procedures to respond to emerging needs.

Under the proposed structure, the divisions created are the result of redeployment of existing resources, with no budgetary implications.

Figure 1 Proposed Governance Structure



2.1.Oversight Committee (OC)

The OC is a senior management instrument appointed by the President to be chaired by OSVP. It will comprise senior executives of the Bank emanating from OSVP, OIVP, ORVP, FNVP, ECON and GECL. The ANRC will provide the secretariat for the Committee.

The main role of the OC is to ensure compliance with Bank directives and effective implementation of the ANRC mandate in alignment of the Bank’s TYS and best practices. The OC will be an ongoing source of guidance to the Center on strategic issues.

2.2.Trust Fund (TF)

The main role of the Trust Fund will be to approve and set directions for the Center’s programs that are funded through the multi-donor trust fund in line with the TYS and the Center’s strategy. It will also champion the Center’s activities and resources mobilization.

The TF is mainly composed of donors to the Trust Fund and other stakeholders. It will comprise 10 members representing donors, a mix of internal and external candidates who bring a combination of sector expertise and regional know-how. Indicatively,

- One member of the Bank’s executive (OSVP or his appointee),
- Three seats for senior representatives of donors who have contributed to the multi-donor trust fund,
- Two senior representatives of AU resources policy initiatives (e.g. AMV ,LPI, AMCOW),*
- Two senior representatives of regional natural resources industry organizations for renewables and non-renewables respectively *(on a two-year rotational basis)*
- A senior representative of the regional office of IUCN.

The ANRC will provide the secretariat of the Trust Fund.

Non-Bank members will serve for a minimum 2 and a maximum of 4 years. This will balance the need for continuity with the importance of bring fresh ideas to the Center. The Trustees shall meet twice a year.

2.4 Ad-hoc High Level Panel of Advisors

An ad-hoc Panel could be constituted as necessary. It shall be composed of imminent personalities to be appointed by the President. The *ad-hoc* panel shall serve for a limited period in line with its mandate.

The *ad-hoc* Panel will be a sounding board for the leadership of the Bank on the Center's role in Africa's development agenda and an ongoing source of independent views on the Center on strategies. The *ad-hoc* Panel will be a valuable source of regional and international networks as well as knowledge and expertise that are relevant to the Center's activities. The *ad-hoc* Panel will support the Center by acting as champions to raise awareness and generate support for the Center from donors, RECs, industry and others. The *ad-hoc* Panel will pave the way for the Center's programs of support as advocates for important but challenging policies that require regional consensus such as regionally integrated natural resources development initiatives, good governance and illicit flows.

3. Implementation of the Structure

It is envisaged that the Center's governance structure will be effective after approval of its Strategy and as resources permit. However, the TF will be effective after the formal and legal establishment.

4. HR and Procurement Policies

The Center will apply Bank's HR and procurement policies (Special procedures will be developed as needed and approved by the Bank management).

Funding of the ANRC under the Proposed Governance Structure

The Center's financial model will be a hybrid structure blending different sources of funding, which will also be in phases,

- direct support from the Bank administrative budget to the ANRC's administrative expenses,
- funding of ANRC interim work programme through the Bank's ADB, ADF and NTF windows, as part of Bank delivery budget,
- external sources of finance, initially drawing on existing Trust Funds through ad-hoc applications to support specific activities,
- a new thematic trust fund supporting the whole ANRC strategy and business plan activities and programmes. This will consolidate the ad-hoc sources of finance in order to minimise administrative and reporting burden. Though the bulk of contributions are expected to come from bilateral donors and philanthropic organisations, it is proposed that the Bank may in future provide a seed finance to the thematic trust fund,
- in the medium to long run, the Center plans to charge fees for services to clients and project sponsors, where appropriate.

In the first phase, the Bank's contribution will represent a significant share of the resources. This includes ANRC administrative budget allocated from the Bank's administrative budget. In addition, benefiting from its presence within OSVP and Bank structure, the Centre's interim work program shall be financed through the Bank's ADB, ADF and NTF windows, as well as existing trust funds. As such, ANRC shall subscribe to the Bank's budgeting exercise in order to ensure its operational funding needs during this phase are met. As the revenue mobilization effort improves, external sources are expected to account for an increasing share of the finance. Initially ad-hoc sources of external finance will be utilized, while the thematic trust fund to be established will consolidate external sources of finance. The Trust Fund will provide the Center with predictable sources and more operational flexibility in the medium term. The Center is expected to receive seed finance from the Bank.

For long-term sustainability and as a mechanism to ensure commitment by clients, an amount of resources is expected to be raised from fees charged on services rendered on commercial transactions and activities that can result in financial returns for clients. However, introduction of such an innovative tool will need to be phased in line with the market. The fee based principle will be designed and piloted in phase II and only introduced subject to the outcome of the pilot.

While programme related expenditure provides the most direct link with the policy outcomes the Center will pursue, it is important that the Center is set up with sufficient resources to cover its administrative expenses. Because of inevitable set up costs, the proportion of administrative expenses over programme expenses is expected to be relatively high in the early years, but decline to below a fifth of operating expenses in the medium term in subsequent years, as the Center consolidates its activities and achieves economies of scale, programme expenses are expected to rise faster than administrative expenses.

The governance structure discussed in annex VII and funding are closely intertwined with the funding structures. It is particularly important to consider the ability of the Center to secure funding to meet its administrative expenses. In order to inform the options available, the funding structures of three entities operating within the Bank but with varying degrees of flexibility have been considered as detailed below;

- The African Legal Support Facility (ALSF) has been set up as an independent financial entity. At the time it was set up in 2010 activities were initially funded through a UA 10 million transfer from the Bank special account (net income), part of which was then used to cover the ALSF administrative

expenses. After the set up phase, the ALSF has received contributions from bilateral donors as well as a contribution from the Transition Support Facility portion of the ADF 13 allocation.

- The Congo Basin Forest Fund activities including administrative matters are entirely funded through the trust fund and donor contributions.
- The African Water Facility (AWF) is set up to operate as an entity within the governance and operational modifications to those relating to departments. Specific examples relate to Bank matters with some additional autonomy concerning the levels of financial disbursement and the operation of the Trust Fund discussed in the document. Currently, the AWF accesses the Bank administrative budget (around UA2 million in 2014) to cover staff costs and other administrative expenses. This covers about half of the AWF administrative expenses, with the other half being funded through the Trust Fund. The Bank has also contributed to the tune of UA10 million from its surplus account (net income) to the Water Fund.

The governance structure outlined in Annex VII is consistent with the financing strategy illustrated above. As the center remains in the ambit of the Bank, it will be able to access administrative resources to support its activities in the initial stages of the implementation of this strategy, while accessing and managing external finance through flexible and effective procedures.
