Mining for Development in Africa
Above: Dr Stuart Bull (from the Australian Research Council Centre of Excellence in Ore Deposits, University of Tasmania) explaining drill core logging to African geologists at Kinsevere, the Democratic Republic of the Congo as part of the West African Exploration Initiative. The Australian Government is supporting capacity building in geochemistry, exploration, and geology through the Australian-led initiative.

Photo: Dr Alan Goode, AMIRA International, 2008

Cover: Mining governance study tour participants from Guinea, Cameroon and the Central African Republic at the lookout point of BHP Billiton’s Mount Whaleback mine in Newman, Western Australia. Mount Whaleback is the biggest single-pit open-cut iron ore mine in the world.

Photo: AusAID
Australia is a resource-rich country with substantial experience in both mining and development. We are also a significant recipient and effective manager of foreign investment in mining.

Australia is well-placed to share this experience and assist African countries wanting to reap the benefits and overcome the challenges of a growing mining sector.

Australia’s Mining for Development assistance will support African governments as they strive to harness their rich resources, grow their economies and provide social benefits to their people.
A Driver of Development

In resource-rich but economically-poor countries, the mining sector can unlock significant socioeconomic benefits, reduce poverty and support progress towards the Millennium Development Goals (MDGs). However, the extent to which these benefits are achieved depends heavily upon how countries meet the institutional and policy challenges that come with mineral resource wealth.
Mining and Africa

Despite the global financial and economic crisis, Africa continues to experience a significant resource boom: about two-thirds of African countries have mining activities underway; more than half the countries of Africa regard mining as an important economic activity and are producing minerals for an international market outside Africa; and there is still further potential in the sector.

Africa contains around 30 per cent of global mineral reserves. It has the world’s largest mineral reserves of platinum, gold, diamonds, chromite, manganese and vanadium. Commercial exploration expenditure in Africa has outstripped global increases, rising from US$300 million in 2000 to more than US$2 billion in 2008.

Well managed, the mining sector could contribute substantially to Africa’s economic growth and progress toward the MDGs.

Mining for Development in Africa—a shared vision

Australia shares the mining vision of African countries: ‘transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development’. This ‘Africa Mining Vision’ was adopted by the African Union Summit of Heads of State and Government in Addis Ababa in February 2009. Australia will align its mining for development assistance with, and support the implementation of, this vision.

Australian mining and Africa

Australian mining and resource companies have an active presence in Africa and a positive reputation for fair dealing, results, efficiency, advanced technology and corporate responsibility. Around 200 Australian mining companies are active in Africa, where there are more Australian projects than in any other region outside Australia: some 600 projects in exploration, extraction and processing covering close to 40 African countries and with total current and projected investment of more than US$45 billion.
The Australian mining experience

Mining has played an important part in Australia’s development—starting with the gold rushes of the 19th century, through the iron ore and nickel booms of the 1960s, the growth of the coal industry and the current high demand for minerals to fuel the world’s industrial growth. Mining has been a driving force for much of the exploration of remote inland Australia and for Australia’s industrial development.
The mining sector continues to make a major contribution to Australia’s economic and social growth and development. For example, mining contributed around US$100 billion to Australia’s income in 2010–11 and employed more than 220,000 Australians.

The mineral resource sector in Australia includes exploring, extracting and processing resources such as coal, uranium, iron ore, nickel, bauxite, gold, lead, copper, zinc, mineral sands and diamonds. Major processing industries include base metal smelting and refining, conversion of bauxite into alumina and aluminium, and iron ore into iron and steel. Australia’s vast mineral resources, productive efficiency and cutting-edge support industries allow Australia to remain at the forefront of the minerals sector globally. Australia also remains a significant recipient and effective manager of foreign investment in the minerals sector.

Mining companies operating in Australia benefit from a stable regulatory environment with low sovereign risk, a highly skilled workforce and world-leading technologies. This has helped mining operations in Australia to remain among the most efficient in the world.
The Australian Government is creating a policy framework to expand Australia’s resource base, increase the international competitiveness of Australia's resources sector and improve the regulatory regime—consistent with the principles of environmental responsibility and sustainable development.

The Government’s Leading Practice Sustainable Development Program for the Mining Industry is a series of handbooks on leading practice in the Australian mining industry in areas including: biodiversity management; community engagement and development; hazardous materials management; mine closure and completion; mine rehabilitation; stewardship; water management; and working with indigenous communities.

At the Australia-Africa Foreign Ministers’ Mining Breakfast in Perth in October 2011, the Australian Government launched a new handbook on Social Responsibility for the Mining and Metals Sector in Developing Countries. The handbook outlines the key considerations for socially responsible mining development and is a resource for companies, governments and communities alike. It draws on leading practice examples from Australian companies operating both domestically and internationally.

A range of support options

Managing a booming mining sector has its challenges. Without effective financial management and macroeconomic planning and without appropriate environmental standards, labour laws and social responsibility standards, the boom can be short-lived and benefit few.

Australia’s domestic experience and world-class experts and institutions mean we can provide a range of training options to help countries get the strongest possible development benefits from their mining sectors. Through targeted capacity-building activities, Australian assistance can be tailored to meet the specific needs of individuals, organisations or countries.
Sharing the Australian Mining Experience

In 2011, the Australian Government provided mining related assistance to 33 countries in Africa.
Study tours provide exposure to Australian regulatory frameworks, systems and processes, and enable Australia and African countries to determine areas of common interest and potential cooperation. In 2011, Australia hosted a series of study tours for more than 120 African officials from 19 African countries. Study tours covered issues including mining approvals and licensing; royalties, taxation and revenue management; community engagement; infrastructure planning; occupational health and safety; and environmental management. The tours enabled participants from mining, environment and finance ministries to interact with Australian
government departments, universities, mining companies and communities in Queensland, South Australia, Western Australia and the Northern Territory. Delivery of these tours has been supported by the Australian mining industry, in particular Rio Tinto, BHP Billiton and Newmont Mining, through hosting site visits. Further study tours will be delivered in 2012.

**Australian Mining Awards in Africa**

Australia is supporting the capacity building efforts of African governments, organisations and individuals through formal study opportunities. Australian Mining Awards provide scholarship opportunities for participants to undertake short-course or long-term study, predominantly in Australia, to help meet the training and development priorities of African countries.

Since 2008, Australia has provided more than 100 short-course Australia Awards for officials from more than 20 African countries to study mining-governance in Australia. In 2012, Australia will provide a further 115 of these Awards to African officials.

**Australian Mining Awards — Making a Real Difference**

In 2010, two officials from the Sierra Leone Ministry of Mineral Resources undertook a three-month scholarship at the University of Sydney on regulation and management of the mining sector. They studied both government and industry practices in Western Australia and compared Australia’s approach to policy development and regulatory frameworks with those in Sierra Leone. They spoke with international experts on global oil and gas contracts, and had specific training on monitoring exploration and mining licence conditions. The two officials are now establishing a new unit within their ministry advising on policy reform, regulation and management of Sierra Leone’s diamond industry.
Australia also provides long-term Masters-level Australia Awards to build capacity in a range of sectors including mining governance, macroeconomic and financial management, natural resource management, and environmental management. These long-term Awards are provided for between 12 and 24 months and are delivered by Australian Universities. Australia will offer around 325 long-term Awards to candidates from 28 African countries in 2012. Mining related fields will remain one of the focus areas for these Awards.
Strengthening Training and Research in Africa

Building Africa’s capacity to conduct its own mining-related training and research is vital to ensuring sustainable mining development in Africa and is an area of focus of the Africa Mining Vision.

Through the Australian-led West African Exploration Initiative (WAXI), Australia is supporting the mining industry body AMIRA International to build the capacity of four West African universities in Burkina Faso, Ghana, Guinea and Senegal to provide geosciences services to the exploration and mining sector. Under WAXI, Australia has also supported training in geochemistry, exploration and geology for African participants from Burkina Faso, Ghana, Guinea, Liberia, Mali, Niger, Senegal, South Africa, Togo and Zambia. Support for this Initiative will continue until the end of 2013.
Australia has also invited nominations for up to 90 African participants to attend the 2012 International Geological Congress and a related mining governance workshop in Brisbane, Australia. Geoscience Australia is assisting in the delivery of the workshop on geosciences and geological information systems, and how these can be used for mineral exploration and to attract foreign direct investment in Africa.

Building on this support, Australia’s Prime Minister Julia Gillard announced at the Commonwealth Heads of Government Meeting in October 2011, the creation of an International Mining for Development Centre in Australia. The Centre will operate globally, and will support Australia’s mining for development work in Africa through partnerships and building the capacity of African institutions; publishing guides and tools; and by hosting conferences and alumni events. The Centre is hosted by the University of Western Australia’s Energy and Minerals Institute in partnership with the University of Queensland’s Sustainable Minerals Institute.

**Technical Assistance**

Australia can provide a range of technical assistance including short-term professional development programs, work attachments, workshops and seminars, study tours and exchanges, and short-term placements of technical/advisory assistance. For example in Mozambique, Australia is providing capacity-building support to the Ministry of Mineral Resources and supporting infrastructure planning in resource-rich Tete Province.

Under Australia’s new Mining for Development Initiative, a government linkages program will enable Australian federal, state and local government agencies and universities to share expertise on Australia’s policy and regulatory frameworks with counterparts in African countries and other parts of the globe.
**Working with regional and global partners**

To support our mining for development work with African governments, Australia will continue to engage with and fund the African activities of global and regional partners.

Australia believes that transparency and accountability are critical for countries to reap the full benefits of their mining sector and that these features need to be reflected in national regulatory frameworks. Australia is a leading donor to the Extractive Industries Transparency Initiative (EITI) where Africa is leading the way. As of December 2011, six of the 11 countries that have achieved and maintained EITI compliance are African. A further 14 African countries (22 countries globally) have achieved and maintained EITI candidate status. Australia will also pilot domestic implementation of EITI, and will provide a further $12.7 million to assist developing countries with the technical challenges of EITI implementation.

Australia is partnering with the International Monetary Fund (IMF) to provide assistance in areas such as tax policy, revenue administration, macroeconomic policy, asset and liability management and resource statistics. More than 40 African countries will be covered by the partnership which includes support for the IMF’s network of technical assistance centres (AFRITACs) in East, West, South and Central Africa and the IMF Topical Trust Fund for Managing Natural Resource Wealth.

Australia is also supporting the development and application of the Natural Resource Charter led by Professor Paul Collier. The Charter is a set of economic principles for governments and societies on managing the opportunities created by natural resources for development.
Mining governance study tour participants from Cameroon, Central African Republic, Guinea, Nigeria and Rwanda at Bunbury Port in Western Australia. With links to rail and road, Bunbury Port is a pivotal point for world-wide distribution of mining, manufacturing and agricultural products from the south-west of Australia. Photo: AusAID
Examples of where Australia can assist

**Strengthen revenue transparency**

- sound and transparent mining sector taxation, royalty and revenue collection systems
- frameworks for and capacity to procure, negotiate with, and contract enterprises to undertake resource development
- fair distribution of the benefits and costs of resource developments to various stakeholders, including women, while ensuring an appropriate proportion of the proceeds are reinvested in other forms of capital for the future

**Support improved partner government regulatory frameworks**

- legislation, guidelines, benchmarks and standards on environmental management, impact assessments, mine rehabilitation, waste management, water management and ‘green procurement’
- standards for responsible stewardship of natural resources and the environment
- appropriate institutional frameworks, such as geo-science agencies and anti-corruption mechanisms
- identifying and resolving ambiguities, contradictions and overlaps in legal, regulatory and institutional frameworks relating to the mining sector
Support improvements in social and environmental safeguards

- domestic labour requirements
- occupational health and safety
- environmental safeguards including strategies for mitigating the environmental impacts of mining operations
- working with indigenous communities
- models for participatory and representative decision-making by men and women
- models for complaints-handling, dispute resolution and appeal mechanisms including how to manage community/stakeholder grievances in mining operations
- land management and acquisition
- inclusive business models to increase local, regional and national employment and economic participation of women in the sector

Maximise economic opportunities

- effective use of public-private partnerships
- joint infrastructure planning and financing
- collaboration on social responsibility activities, skills development and inclusive business development
- how to budget and plan for extractives-related revenue, to avoid ‘boom and bust’ cycles
- appropriate macroeconomic fiscal policies to minimise the effects of Dutch disease and inflation

Build partner government capacity to obtain and manage geotechnical data

- methods and models for developing and consolidating geoscience information into geographic information systems
For further information on Australia’s mining-related assistance in Africa, please contact a relevant Australian Embassy or High Commission. Contact details can be found at www.dfat.gov.au/missions