



# Mining for Development Conference 2013

Sydney, Australia

## SESSION SUMMARY - KEYNOTE TWO Mining for Development: an international perspective Mr Mark Lowcock

An endowment of oil, gas, coal, metals and minerals creates an unambiguous development opportunity said Mr Mark Lowcock, Permanent Secretary, Department for International Development, United Kingdom, at today's Mining for Development Conference 2013.

“With soaring global demand and ever better technology, extractives can be a much bigger part of the development story for more of the poorest countries than has been previously considered,” Mr Lowcock continued.

The International Energy Agency predicts the global demand for energy will increase by over a third up to 2035. This is expected to be especially true for industrial minerals and other raw materials, as the appetite of developed and emerging markets for inputs for infrastructure, construction and manufacturing continues to grow.

The commodities boom has led to a surge in exploration in many poorer countries. For example, extractives industries account for around a third of African growth in the last 10 years. And by 2010, the total volume of official aid to Africa, at \$48 billion, was exceeded by the value of just Angola's oil exports - \$51 billion.

There are also a number of smaller players as well, many of them new entrants. So the question is, what can development agencies do to help?

“An African Progress Panel chaired by Kofi Annan stated that the key to managing non-renewable resources successfully is a coherent long term national strategy, embracing all stakeholders that can convert temporary natural resource wealth into the permanent human capital that can expand opportunities across generations,” said Mr Lowcock.

The panel identified five main components:

1. An enduring contract between governments and citizens sustaining the highest standards of transparency and accountability.
2. Ensuring the benefits are distributed sustainably across society, both by spending on basic services, but also by putting in place the infrastructure and skills needed to foster inclusive growth
3. Progressively strengthening the linkages between the extractives sector and local markets, maximizing value added.
4. Developing resources in a way that protects and benefits host communities, and safeguards the natural environment
5. Providing civil society groups with the political space to monitor what is going on, including in contracts, concessions and licensing agreements.

### International Mining for Development Centre

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“The Annan report makes important recommendations for the international community as well as how development agencies can help.

“They also call on the G8 to take the lead on a new agenda on tax, disclosure and transparency,” said Mr Lowcock.

The Extractive Industries Transparency Initiative (EITI) covers 37 countries and has helped entrench an expectation of transparency and demonstrated how business, governments and citizens can work together to deliver change. The revised standard will help drive transparency and accountability in government systems further.

“Only last month, the EU took a historic step by agreeing to require all companies in the extractives industry to report their payments to all governments project by project, matching rules already set by the US.”

This will fight corruption, strengthen the investment climate in resource-rich countries and spur economic growth,” Mr Lowcock continued.

The African Progress Panel also called on donors to make a concerted and sustained effort to build a capacity of governments to manage their resources well.

This is how the UK’s Department for International Development has responded:

1. We have financed advice and expertise at the request of countries thinking of setting up sovereign wealth funds or worried about how to handle the macroeconomic challenges created by rapid development of mineral resources.
2. We have asked for help in a range of countries including Malawi and Sierra Leone, to put in appropriate legislation to develop mineral resources and have the negotiation skills so that concessions and licenses work for investors and the host country.
3. We provide expertise on tax policy and administration.
4. We have been asked by both investors and national and local governments in some places to help develop economic opportunities for local people and communities on the back of mining ventures.
5. We can work with private investors to increase the development impact of their projects.

“There is a lot at stake - for governments, investors, the international community, but above all for citizens, in how the current minerals super cycle plays out,” Mr Lowcock concludes.