



ANNUAL REPORT

As of December 31, 2012

**EI-TAF Donors Meeting
Offices of NORAD, Oslo, Norway
March 1, 2013**

I. INTRODUCTION

This report has been prepared with a view to providing Extractive Industries Technical Advisory Facility (EI-TAF) donors with an update on progress made since the program's inception in 2009. The report is divided into four sections: Section One provides an introduction to and background on EI-TAF; Section Two provides an update on the current status of the Facility and its activities; Section Three discusses emerging lessons; and the financial update, including Sources and Uses of Funds, is provided in Section Four.

Background—Objectives and Expected Outcomes

The objective of EI-TAF is to assist resource-rich, developing countries to correctly structure extractive industry transactions and related sector policies from the outset, thus reducing the risk of costly or politically difficult remediation at a later stage. The EI-TAF facilitates rapid-response advisory services and capacity building for extractive industry resource policy frameworks and transactions. EI-TAF also supports the production and dissemination of global knowledge products on extractive industry sector issues to help address the lack of an integrated body of good practice for sound extractive industry sector governance and management around proposed developments.

The expected outcome from EI-TAF assistance is to level the playing field and ensure that resource-rich, developing countries, and ultimately their citizens, benefit from the exploitation of their extractive resources. A robust, results-based performance framework, including quantitative and qualitative indicators, will be developed and used to evaluate EI-TAF interventions.

Key Components

The EI-TAF has two key components: (i) rapid-response advisory services; and (ii) global knowledge management/good practice in extractive industries sector governance in support of grant implementation.

(i) Rapid Response Advisory Services

Rapid-response advisory service activities by their nature cannot always be predicted, but are likely to focus on eligible countries with capacity needs in the following areas:

- Contract negotiation for extractive industry transactions, including the cost of logistics of such negotiations;
- Short-term capacity building for members of the beneficiary country's negotiation teams, including studies to prepare for negotiations;
- Technical assistance in support of a specific extractive industry transaction under review, to update the policy, institutional, fiscal, legal and regulatory frameworks of the country concerned, including revenue management and benefits sharing across levels of government and community; and
- Technical assistance on structuring extractive industry licensing rounds, public offerings (tender/auction), and competitive and transparent tender packages to help resource-rich countries optimize the value of national extractive industry resources.

In most cases, rapid-response advisory services are recipient executed as such services are channeled primarily to individual countries. Though none have yet been proposed, activities with regional/sub-regional organizations will also be considered under EI-TAF.

(ii) Knowledge Management

Knowledge management activities aim to facilitate the gathering and dissemination of good practices in extractive industry sector governance and support grant implementation through a standardized workshop around the *Extractive Industries Source Book*. A limited amount of funding from the EI-TAF is allocated to:

- Provide a framework of good practices and discussion of issues that may be relevant for governments facing the task of making extractive industry resources available to private investors;
- Gather and disseminate lessons of experience based on advisory services provided, including through publications, workshops, conferences, and the like;
- Commission work urgently needed to address EI-TAF objectives (such as mining and infrastructure); and
- Training for negotiations.

Demand-driven Approach

Provision of support for rapid-response advisory services is demand-driven. Requests for assistance are generated via:

- Direct requests from resource-rich, developing country governments;
- Sector dialogue between SEGOM and resource-rich client countries;
- Dialogue between other World Bank staff and resource-rich client countries;
- Commitments in World Bank Country Assistance/Partnership Strategies, linkages to World Bank lending operations, analytic work, technical assistance, and so on;
- Dialogue between other stakeholders (e.g., donor partners) and resource-rich client countries.

Requests for support for rapid-response advisory services are assessed along the following lines:

- Level of political commitment and national ownership. Degree of commitment of a government and stakeholders to implement sound sector governance, including readiness to move on reform steps needed.
- Country capacity gaps/needs. The assessed capacity gaps (especially in fragile states, IDA-eligible, and post-conflict countries) in a country in which the EI-TAF interventions could have a high pay-off and impact.
- Resource dependency and poverty impact. The size of the extractives sector and revenues to the economy and exports—and the poverty-alleviation potential from rapid-response advisory services.
- Demonstration potential in sub-region context. Potential for demonstration effect to “pull” other countries in the sub-region to adopt sound sector governance principles (e.g. Aynak Tender).
- Potential for sustainable investment. Impact in terms of facilitating sustainable private sector investment in the country’s extractives sector.
- Value for Money. Overall cost-efficiency of activities, which should aim to ensure value for money, consistent with appropriate standards of quality.

II. CURRENT STATUS OF ACTIVITIES

Rapid-response Advisory Services

The current allocation of projects reflects the distribution of the Bank’s policy support around oil, gas and mining. Bank task team leaders on this broader dialogue serve as the point of contact for EI-TAF requests, prepare documentation and supervise implementation of the grants. A concentration of mining-based EI-TAF grants reflects the activities of mining teams during the EI-TAF start-up period (2009 – 2012); and the number of oil & gas grants is expected to increase as those teams engage in-country more deeply, and there are now a number of projects in the pipeline. Geographically, the portfolio of activities under EI-TAF spans the globe (Latin America, Africa, and South Asia), but there is clearly a concentration of projects in Africa. Moving forward, African countries will remain a source of demand for advisory services, but the team will work towards a more diversified country portfolio. Moreover, the portfolio also reflects a priority given to governments facing time-bound decisions around new proposals, selected from a larger pool that included the possible renegotiation of existing development agreements.

Since the trust fund’s inception in 2009, over US\$7.6 million has been committed across the portfolio, financing country-specific projects and global projects. Three projects have completed (Liberia, Mexico, and Rwanda) for a total amount of US\$1.7 million. Active country-level grants include: Colombia, Guinea, Kenya, Kyrgyz Republic, Liberia (Regional Petroleum Sector TA), Mauritania, Mozambique, Pakistan, Seychelles, and Sierra Leone (total commitment amount US\$5.8 million).

The pipeline of 11 potential projects includes Republic of Congo, Guatemala, Guinea, Haiti, India Orissa State, India Federal, Lesotho, Mauritania, Morocco, Pakistan, and Peru (total value US\$5.0 million). Projects in Cote d’Ivoire, DRC, Guinea Bissau, Mongolia, and Togo are also under discussion.

EI-TAF Consultant Pool for Advisory Assistance

In an initial effort to expedite the deployment of advisers, the World Bank team pulled together a consultant roster on which EI-TAF recipient countries can draw. This roster is now being used to provide governments with vetted long or shortlists of consultants that fit the profile of the type of assistance sought.

Going forward, the EI-TAF proposes creating a mechanism whereby a group of pre-qualified consultants will be contracted through the Bank under a retainer-type arrangement. These arrangements will be particularly relevant in Bank-executed projects, allowing task managers to rapidly deploy experts on a short-term basis, enhancing grant administrative efficiencies.

Knowledge Management

The *Extractive Industries Source Book* (www.eisourcebook.org) was financed through a grant from the Development Grant Facility (DGF), and is the primary knowledge management tool and product, developed through the EI-TAF. The aim of the EI Source Book is to support the EI-TAF in building capacity for large-scale transactions in the extractive industries in client countries, when used as a capacity building tool. The Source Book is being piloted as an orientation guide and knowledge resource for EI-TAF activities (i.e. EI-TAF Balochistan). Through a global collaborative partnership, the preparation of the Source Book builds upon research from leading academic/research industry institutions having core specializations in the extractive industries.

Development of the EI Source Book was led by the University of Dundee in partnership with the World Bank and the Global Knowledge Consortium.¹ To date, activities under the Source Book have included: (a) preparation of a narrative (guide) document on international good practice in the oil, gas and mining industries organized around the EI Value Chain; (b) development of an online wiki-like website to host the narrative, which is complemented by a comprehensive annotated bibliography, training materials, case studies, and other documents; (c) comprehensive knowledge gap analysis to guide the EI Task Group on the selection of frontier topics with operational relevance to be developed into knowledge products; (d) preparation of knowledge products to fill some of the identified knowledge gaps; and (e) establishment of a global consortium of knowledge centers on the extractive industries. Five principle knowledge products have been developed by our partners, including on: i) upstream gas terms; ii) granting mineral rights; iii) public infrastructure and mining; and iv) community development agreements; and v) model mineral development agreements. In addition, preparation of three new knowledge products on resource corridors, geo-data as a public good, and a template for contract disclosure was recently commissioned.

In addition, in conjunction with the *E4D Knowledge Partnership* initiative, in Fall/Winter 2011 the Source Book underwent a series of three regional “soft launches” bringing together stakeholders from within the Bank, civil society, government and industry in (1) Jakarta, Indonesia (October 2011 to coincide with the EITI board meetings); (2) Tunis, Tunisia (November 2011 in partnership with the African Development Bank), and (3) Washington, DC (December 2011). These regional launches culminated in a final launch in Brazil in November 2012.

¹ The EI Global Knowledge Consortium (GKC) is led by the University of Dundee, and includes the Universities of Witswatersrand (South Africa) and Queensland (Australia), Adam Smith International (ASI), International Council on Mining and Metals (ICMM), Revenue Watch Institute (RWI), the African Center for Economic Transformation, Global Witness, and others.

Since 2012 marked the final year of DGF financing for the EI Source Book, continued maintenance and funding for the coming years will need to be determined. The University of Dundee has submitted a proposal for approximately US\$50,000 from April 2013 to July 2013 for (a) maintenance and update of the Source Book, and (b) preparation and implementation of a Forward Business Plan, for EI-TAF Donor consideration.

III. Emerging Lessons/Issues

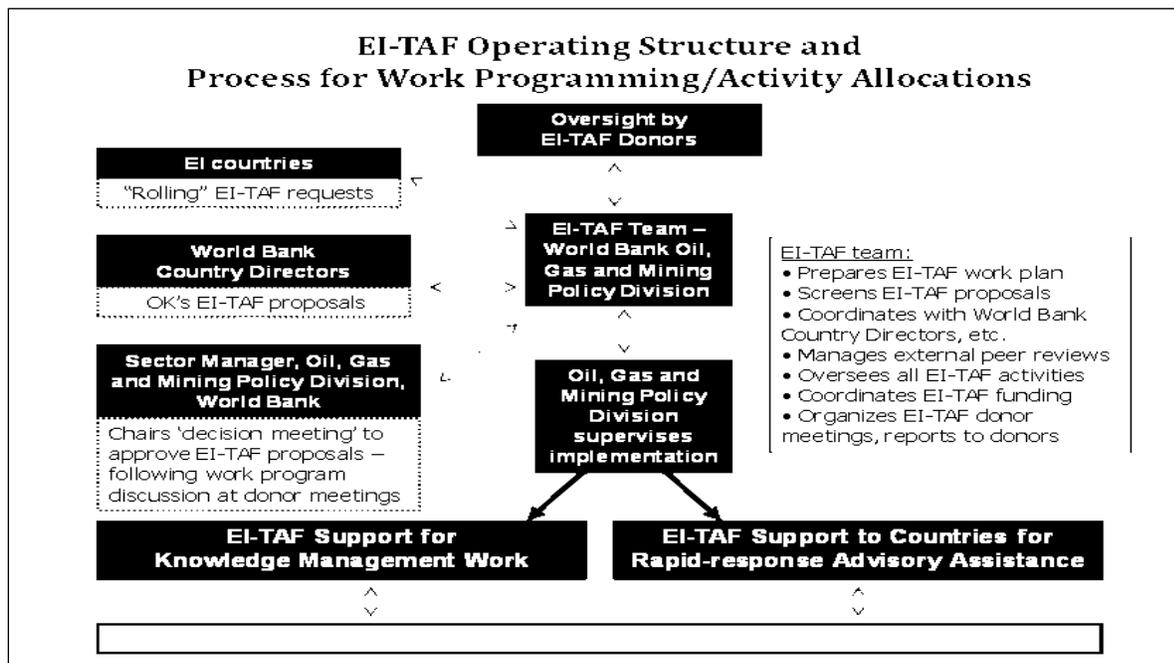
The following lessons/observations from EI-TAF implementation to date have emerged:

- **Bank v. Recipient Executed Activities:** As discussed in previous EI-TAF donor meetings, recipient execution of rapid response activities has proven difficult in many of our client countries, due to weak capacity and lack of experience with World Bank trust fund procedures on the part of the ministries usually involved. By contrast, those activities that have been executed by the Bank on behalf of the client were relatively more responsive to filling the capacity needed for a successful transaction, with quicker implementation on the ground. The EI-TAF team will continue to use Bank execution where appropriate within the Bank's Trust Fund Policies. The amendment to drop the staff costs cap will help this effort going forward.
- **Knowledge Dissemination:** The EI-TAF team recognizes the need to create a standardized set of capacity building/training resources to provide an orientation around some basic concepts on the extractive industries. The training tools will be targeted toward community, civil society, and policy-makers, and will be organized around the EI Value Chain, focusing on issues such as contract negotiations, legal and policy frameworks, gender and community benefits and consultation, developing economic linkages and integrated land use planning, and infrastructure. Training tools will be developed and hosted within the *Extractive Industries Source Book*. The aim of these tools will be to enhance the rapid response nature of the EI-TAF by providing stakeholders with an immediate, baseline knowledge of the oil, gas and mining industries.
- **EI-TAF Consultant Pool for Rapid Response:** As described above, over the next few months a mechanism will be established to pre-qualify a pool of EI-TAF consultants to be contracted through the Bank under a retainer-type arrangement. These arrangements will be particularly relevant in Bank-executed projects, allowing task managers to more rapidly deploy experts on the ground on a short-term basis.
- **Expansion of EI-TAF Activities:** Going forward, the number of EI-TAF activities is expected to continue to grow through (a) SEGOM country-based activities including ongoing mining and a deepening of oil and gas dialogue at the front-line; (b) cross departmental support from other World Bank teams engaged on policy issues such as licensing, contract enforcement, fiscal regimes and revenues management; and (c) referral from other donor-led dialogue, as was the case in Sierra Leone and Rwanda. Beyond the expansion of existing activities, the EI-TAF will continue to receive requests to support capacity building around the negotiation of associated infrastructure (power, road, rail, pipelines and ports). This lends an opportunity for "greener options" that might include alternative site selection and routing, and cleaner technologies that might include hydro development. Our work in Guinea (Additional Financing) provides a good example of this trend.

IV. FINANCIAL UPDATE

Operating Structure

1. The World Bank's Sustainable Energy, Oil, Gas and Mining Unit (SEGOM) is responsible for administering the EI-TAF (including fiduciary and M&E responsibilities), preparing the EI-TAF work plan, supervising activities, organizing donor meetings and reporting to donors.
2. The EI-TAF donors meet annually to (a) review and approve the EI-TAF Progress Report (work plan), including proposed activities (pipeline) and estimated budgets; (b) review and approve the EI-TAF Financial Report; (c) review the lessons and experiences of the implementation of the EI-TAF activities, including results achieved; and (d) provide strategic guidance to the EI-TAF Team on the implementation of the activities. Given EI-TAF's rapid-response, demand-driven nature, it is possible that requests for assistance not included in this work plan will come up over the course of the coming year and all such new projects will be circulated for review and comments by the donors.



3. **Sources of Funds.** Table 1 shows the sources of funds as of December 31, 2012. A total of US\$25.1 million has been pledged to the EI-TAF by the current six donors (US\$23.7 million received).

Table 1: EI-TAF Annual Contributions from Donors FY09-13 (US\$ '000)

Country	FY09	FY10	FY11	FY12	FY13	Total Receipts FY09-FY13	% of Total	Pledges Not Yet Received
Australia – AusAID				4,002		4,002	17%	1,032
Belgium – Ministry of Development Cooperation					1,292	1,202	5%	
Canada – Canadian International Development Agency				10,070		10,079	43%	
IFC – FMTAAS	1,000	400	500	850		2,750	12%	
Norway – Oil for Development		2,282	778	419	859	4,337	18%	451
Switzerland – State Secretariat for Economic Affairs		1,000	200			1,200	5%	
Total from Donors	1,000	3,682	1,478	15,350	2,151	23,660	100%	1,483
World Bank – Development Grant Facility (DGF)		500	500	500		1,500		
TOTAL	1,000	4,182	1,978	15,850	2,151	25,160		1,483

7. **Agreements from last meeting.** At the EI-TAF Donors Meeting in April 2012, Donors agreed to amend the EI-TAF Administration Agreements to achieve the following: (i) add back the expense category *Extended Term Consultants* that was inadvertently omitted from the eligible expenditures list during the Amendments in March 2012; and (ii) drop the current 20% cap on Bank staff time and travel charges for EI-TAF. These changes will be reflected in the Amendments to be drafted and signed in March 2013.

8. **Uses of Funds.** Table 2 shows the Disbursements of Funds received as of December 31, 2012. Table 3 shows proposed pipeline uses of funds totaling US\$5.0 million. Total funds received as of December 31, 2012 were approximately US\$23.7 million equivalent, with approximately US\$1.5 million pledged but not yet received. Of these funds, the total budget for FY13-15 is US\$13.6 million allocated for current and pipeline grants and US\$2.8 million for global knowledge and general/fiduciary activities. There is a funding available balance of approximately US\$8.9 million as of December 31, 2012.

Table 2: EI-TAF Disbursements, FY10-13 (US\$ '000)

Activities	Allocation	Actual EI-TAF Disbursements				Total FY05-13
		FY10	FY11	FY12	FY13	
<i>Country-specific grants (Actual and Planned)</i>						
Africa	7,087	300	467	1,377	902	3,046
East Asia	100	0	0	0	0	0
Europe and Central Asia	500	0	90	63	31	184
Latin America	2,458	0	0	179	82	262
Middle East and N. Africa	200	0	0	0	0	200
South Asia	1,750	0	0	456	96	352
Total Country-Level Grants *	12,095	300	557	1,875	1,111	3,843
Technical Assistance by Bank	1,493	22	137	238	165	562
Global Knowledge and Learning	1,626	54	73	43	135	305
Fiduciary	658	149	109	96	47	401
Administration Fee	473					473
TOTAL USES OF FUNDS	16,345	526	876	2,252	1,457	5,584

Issues for Discussion/Decision by the Donors

- **The new Africa Region Trust Fund for Extractive Industries** was launched in October 2012 under the leadership of Mr. *Makhtar Diop*, World Bank Vice President for Africa. France has provided US\$10 million in support and the World Bank is currently actively pursuing other donors. The envisaged size of the fund is US\$50 million. The new fund has a regional focus on Africa and is meant to complement EI-TAF's global approach. The thematic focus of the new Trust Fund will be broader than EI-TAF: 1. Legal advice to secure improved contractual terms from investments in extractive industries; 2. Technical assistance to address environmental risks; 3. Technical assistance to address social risks; and 4. Advice on policies for developing backward and forward linkages for extractive industries.
- **Expanding the scope of EI-TAF:** Based on lessons learned during the first few years of operations and further discussions with EI-TAF donors, the EI-TAF team will continue to explore opportunities to expand the scope of the trust fund to provide support to capacity building around infrastructure, licensing, contract monitoring, and design of fiscal regimes and tax administration. These gaps were initially discussed with the International Monetary Fund (Managing Natural Resource Wealth Topical Trust Fund—MNRW), whose activities are focused further downstream on revenue management. As recommended by EI-TAF donors, the World Bank holds regular consultations with the IMF MNRW.
- **Knowledge Component of EI-TAF:** A great deal of success has been achieved under the knowledge management component of EI-TAF through the development of the *Extractive Industries Source Book* and its associated knowledge products. The Bank fully recognizes the continued need to support the development of knowledge on extractive industries for frontline operations. Donors to the EI-TAF have expressed varying views around sustaining the knowledge component within EI-TAF after the closing of the DGF funds. This remains a point for discussion. The following potential knowledge management activities have been added to the Uses of Funds table, for consideration by the donors:
 - **El Source Book (Post-DGF):** As described above, CY12 marks the final year EI-TAF will receive support through the Development Grant Facility. As such the development of a sustainability plan for the Source Book is currently underway.
 - **Negotiations Training (IBA):** The International Bar Association has proposed a training program for the negotiation of Mine Development Agreements. The objective is to train developing country governments on the effective negotiation of mining contracts with foreign investors.
 - **Governance Index (RMG):** Raw Materials Group has proposed an annual survey which scores the performance of mining in developing countries, on various indicators, as useful information for both mining companies and countries looking to attract investments in their natural resource sector. The mining index and accompanying report will be developed for four countries to start: Botswana, Finland, Papua New Guinea, and Zimbabwe.
 - **Contract Transparency (WBI):** The research would look at the issue of contract transparency in the broader “contracting” context, i.e. outlining the importance of a chain of actions: reducing the importance of contracts by strengthening legislative and regulatory frameworks, contract negotiation, and monitoring compliance. It would evaluate the effect of the different ways of publishing contracts, based on review of how, where, and why contract transparency currently takes place, in which countries disclosure is occurring but is not legislated, when in the process contracts are disclosed, in what form, what content is published, how the legal language for contract disclosure is framed and what the source of the obligations is. Finally, it would evaluate the impacts of contract disclosure to date. This

will include but not be limited to assessing impacts on investment, and whether the information disclosed has been used to monitor compliance or promote informed debate about the costs and benefits of the extractive industries sector.

- **Results Framework:** The EITI MDTF team has circulated a program-level results framework to the EITI MDTF Management Committee for discussion. Once the EITI framework is finalized and agreed with the EITI MDTF donors (including most of the EI-TAF donors), the framework will be adapted to EI-TAF and shared with the EI-TAF donors for review and discussion.

Table 3: EI-TAF Uses of Funds (as of December 31, 2012)

	Inception to Date		Projected FY13-15		Total
	Expenses	Supervision	Expenses	Supervision	
General, Fiduciary and Administration Fee	1,053	-	292	-	1,345
General Activities	153	-	11	-	164
Program Management	210	-	132	-	343
Program Administration	191	-	124	-	315
Administration Fee	473	-	-	-	473
Project Pipeline	25	-	25	-	50
Country-Level Grants	3,842	562	2,978	231	7,613
<i>Active Grants</i>	<i>2,326</i>	<i>365</i>	<i>2,978</i>	<i>219</i>	<i>5,888</i>
1. Colombia: Strategic mineral resource areas tenders)	82	31	497	19	629
2. Guinea: Key constraints in large mining investments	403	39	97	11	550
3. Kenya: Oil and Gas Legal Framework	7	19	593	31	650
4. Kyrgyz Republic: Full review of mining investment climate	183	51	317	13	564
5. Liberia: Regional Petroleum Sector TA	-	-	225	50	275
6. Mauritania: Aid in power agreement for mining sector	183	53	217	7	460
7. Mozambique: Addressing bottlenecks in negotiating MDAs	550	33	200	77	860
8. Pakistan: Capacity building to Balochistan's mining sector	352	48	148	2	550
9. Seychelles: Petroleum agreement tender	50	41	450	9	550
10. Sierra Leone: Build capacity to review existing MDA	516	50	234	0	800
<i>Completed Grants</i>	<i>1,516</i>	<i>197</i>	<i>0</i>	<i>12</i>	<i>1,725</i>
1. Liberia: Build capacity for contract negotiation	1,000	55	0	0	1,055
2. Mexico: Build capacity on royalties system	179	49	0	0	228
3. Rwanda: Hydrocarbon Exploration License	337	40	0	12	389
4. Yemen: (no grant signed)	-	53	-	-	53
Pipeline Grants	0	0	4,925	600	5,525
1. Congo, Republic of: Mining TA Dialogue	-	-	475	50	525
2. Dominican Republic:	-	-	350	50	400
3. Guatemala: Mining	-	-	500	50	550
4. Guinea: Build capacity to negotiate large-scale infrastructure	-	-	350	50	400
5. Haiti: Mining	-	-	350	50	400
6. India Orissa State:	-	-	500	50	550
7. India Federal:	-	-	500	50	550
8. Lesotho:	-	-	350	50	400
9. Mauritania: Mining negotiations	-	-	500	50	550
10. Morocco:	-	-	200	50	250
11. Peru:	-	-	500	50	550
12. Togo	-	-	350	50	400
Knowledge Management	126	0	1,286	0	1,412
Knowledge Management – General	35	-	19	-	54
Support of Global Knowledge Exchange	23	-	57	-	80
IBA (completed)	25	-	0	-	25
Sierra Leone Tonkolili contract (completed)	18	-	0	-	18
Contract Monitoring and Compliance (completed)	25	-	0	-	25
Pre-Competitive Geo-Data	0	-	50	-	50
Knowledge Management on Fiscal Regimes	0	-	50	-	50
Mongolia – Mineral Law Review	-	-	10	-	10
Peru – Update of Foundation Study	-	-	20	-	20
Contract Negotiation Training (IBA)	-	-	500	-	500
Contract Transparency (WBI)	-	-	80	-	80
Governance Index (RMG)	-	-	300	-	300
Source Book Continuation	-	-	200	-	200
Total Uses of Funds (actuals and projected)	5,021	562	9,481	831	15,895
Balance available from funds received 12/31/2012					9,385

Annex Table 1: Extractive Industries Technical Advisory Facility (EI-TAF) Active Projects

Project Title	Brief Description	Approx. Grant Amount US\$000'	Task Team Leader	Status
Colombia	One of Colombia's strategies to increase the developmental impact of the exploitation of its best mineral assets was the creation of strategic reserves for key minerals such as gold, PGEs, copper, iron-ore, phosphates, uranium and coal. The strategic mineral reserve areas are to be tendered to increase the level of technical, environmental and social responsibility, which makes for a more rational use of strategic minerals owned by the country aiming at obtaining the best conditions and benefits for the state. The development objective for this grant is: improved legal/regulatory frameworks and technical, environmental and social standards for the undertaking of transparent and non-discretionary competitive tenders for strategic mineral reserve areas as well as enhanced capacity for the Colombian Ministry of Mines and Energy for the preparation of bidding packages for future tendering processes. The activities would include an evaluation of the "auctionability" of the selected areas. Deliverables would include tendering packages for up to three strategic mineral reserve areas to be selected. It is expected that the tenders be carried out by the GoC resulting in new exploitation concessions with better terms for the country.	579	Daniele La Porta	The project is divided into two components which focus on (i) developing a tender methodology for the competitive bidding of SMRAs, which will include the drafting of template tendering documents; and (ii) capacity building around mineral tendering processes, including workshops and programmed study tours to review and learn from international best practices. The project has been approved and will begin implementation in early 2013.
Guinea: Extractive Industries Technical Advisory Facility	Aimed at supporting the government to address key constraints to the realization of proposed large mining investments, specific activities as follows: (a) facilitate consensus and shared vision amongst stakeholders in the development of the mining and hydrocarbon sectors in Guinea—in response to a time-bound proposal for mining/infrastructure developments; (b) build the capacity of the GoG to review mineral development agreements in response to a time-bound proposal for mining/infrastructure developments; and (c) support updating of the legal, regulatory, and fiscal framework in the mining and hydrocarbon sectors.	500	Boubacar Bocoum	Project has been approved and started implementation. Component 1: review selected mineral development agreements. Component 2: strengthen policy, institutional and regulatory reforms. Component 3: develop a shared vision for the management of the minerals sector.
Kenya Oil and Gas	Ministry of Energy (MOE), acting as the policy maker and regulator for the industry, does not yet have the	600	Alexander	The EI-TAF grant will support the following activities: 1) Technical assistance and capacity building to the Ministry

Legal Framework	<p>experience needed for negotiation of natural gas contracts. A number of exploration licenses for offshore blocks have been issued. There is an expectation that these blocks will be mostly gas-prone and a number of international oil and gas companies have asked the MOE to propose gas terms for the contracts prior to signing exploration contracts. However, the Ministry of Energy has asked for more time on account of its lack of experience in negotiating gas terms. Therefore, Ministry of Energy has requested funding from the Extractive Industries Technical Advisory Facility (EI-TAF) managed by SEGOM</p>		Huurdemann	<p>of Energy on the development of gas terms for exploration and production contracts and negotiation practices, based on international best practice, which will attract private investments while maximizing the Government take from future production revenues; 2) Review of the current petroleum legal and regulatory framework with a view of bringing it in line with best international practices for future developments and engagements with oil and gas exploration; 3) Technical assistance to the Government of Kenya in drafting a comprehensive petroleum policy and, 4) Support to the Government of Kenya to raise its awareness about the gas sector and to enhance its preparedness to deal with the risk of spills during offshore exploration for oil and gas. The activities will be phased with the objective to prepare gas terms at earliest opportunity in support of the Government's negotiations with the private sector.</p>
Kyrgyz Republic: Mining Sector TA	<p>In the Kyrgyz Republic, EI-TAF financed a full review of the mining investment climate, including a review of licensing, legal, regulatory and institutional arrangements in support of the Togolok Gold Tender. Based on the review, which was shared with the authorities, a three-day seminar was organized to build capacity around mining legislation, regulations, fiscal arrangements, and on mining tender procedures.</p>	500	Gary McMahon	<p>Phase one will be Bank-executed and will focus on providing capacity building to MNR and other mining sector stakeholders on the country's legal and regulatory frameworks in the minerals sector. Due diligence of the mineral deposit will also be conducted during this stage of EI-TAF. A scoping study of mining community engagements in Kyrgyz republic will be conducted and a framework for further engagement proposed. Particular attention will be paid to social issues around the Togolok deposit. This phase will finance 2 workshops, focusing on a review of the legal/regulatory framework, and on the community engagement/social aspects of the mining sector, respectively. A total budget of US\$300,000 is proposed. Provided that Phase one initial results are positive, EI-TAF will move to Phase two. Phase two will finance advisors and workshops required to accomplish the proposed objectives regarding carrying out the mining tender and achieving the outcome of a structuring mining (namely gold) public offerings (tender/auction), compiling a competitive and transparent tender package and capacity building of involved stakeholders, focusing mainly on staff from the MNR. This phase will be Recipient-executed and will start 6-9 months after launch of Phase 1.</p>
Liberia: Regional Petroleum Sector TA	<p>The project is intended as a flexible, multi-year program to improve the ability of key institutions to carry out</p>	225	David Santley	<p>Implementation of the project is at an early stage.</p>

	government's policy-making and regulatory functions in the emerging petroleum sector. Assistance will be delivered by means of periodic missions to Ghana, Liberia and Sierra Leone by Bank petroleum specialists and consultants and through workshops, policy papers, and other knowledge products. An allocation of Bank Budget will support policy dialogue with the three governments by the Bank TTL and regional events on topics common to the three countries. Trust Funds (EI-TAF and PGI) will be brought in to supplement the BB and to support country-specific activities identified during the periodic Bank missions.			
Mauritania - Gas-to-Power Negotiations Technical Assistance Project	In line with the objective of EI-TAF to provide transaction-oriented consulting services, the activities under this project will finance capacity building aimed at moving the identified transactions towards contractual closing. In particular, Consultants will assist the Government of Mauritania's (GoM) negotiation team in: (i) structuring and reviewing the contractual arrangements related to the GoM's participation in the power utility company; (ii) reviewing the terms of the Gas Supply and Purchase Agreements; (iii) reviewing the contractual arrangements related to the construction and operation of the power plant; and (iv) defining negotiation strategies. However, negotiations will be conducted by the GoM's negotiation team without the participation of the Consultants. The Consultants will also develop recommendations on the required legal, regulatory, licensing, and fiscal adjustments driven by the transaction.	400	Silvana Tordo	A law firm specialized in energy related transactions was hired in February 2012, and has been working alongside the GoM negotiation team to help review the legal and regulatory structure necessary to implement the project. However, the project implementation schedule originally envisaged by the sponsor has suffered some delay, owing to difficulties in agreeing on the sizing and siting of generation and distribution infrastructure. The final decision is expected to be reached by the end of February-beginning of March 2013. The parties still anticipate financial close to occur by the end of June 2013.
Mozambique: Extractive Industries-Technical Advisory Facility	Aimed at addressing immediate regulatory and capacity bottlenecks towards successful negotiations of new mineral development agreements, the activities under this project include: (a) supporting government's negotiations and technical teams on Chibuto Mineral Sands Project tender; (b) updating mining cadastre to enable issuance of large-scale mining licenses through tenders in accordance with regulations; and (c) updating the current legal and regulatory framework for the management of large-scale mining associated with the tender.	750	Ekaterina Mikhaylova	In November 2011, the Ministry of Mineral Resources requested to include new eligible activity for this grant – specifically support for liquefied natural gas (LNG) infrastructure negotiations. As a result, the grant closing date will be extended until June 30, 2013 to allow for sufficient time for implementation. There has been some grant implementation delays due to (i) a delay with opening the designated account (now opened); and (ii) delay on the Chibuto tender due to non-compliance of the investor (the framework agreement with the investor was cancelled in November 2011; the new bid was issued in December and the proposals are due in April 2012 -- thus the grant will provide assistance only starting in April, starting with the bids evaluation). The mining cadastre contract is under review.
Pakistan (Balochistan)	Launched in August 2011, the EI-TAF assistance to the mineral	500	Daniele La Porta	In October 2011, in coordination with Balochistan and federal

Technical Advisory Facility	rich province of Balochistan focuses on building capacity in one of the country's most impoverished and perhaps unstable regions, where if structured properly, the mining sector could have a significant impact on the economic development of the province and the communities around a mine. As the provincial government embarks on awarding one of the country's first contracts for large-scale mining, capacity building is in response to a time-bound proposal for resource developments and will center on: (a) global norms to establish governance and support policy formulation, leading to strong mineral development agreements and (b) the evaluation of technical reports, including feasibility studies associated with the award of mining concessions.			counterparts, the World Bank team carried out the first two workshops to introduce global norms of large-scale mineral development to a mix of policymakers, civil society representatives, media reps, and community leaders. The workshop was held in Islamabad and was facilitated by a team of mining industry experts, aimed at training key stakeholders on global mining norms. In April 2012, the World Bank team hosted, in collaboration with other donors, a round table discussion, targeted towards provincial secretaries (mining) from around the country and relevant representatives of the federal government. The round table was lead by the government and aimed to build capacity around sector promotion and to establish a forum for dialogue between provinces.
Seychelles Oil and Gas	The development objective of the project is to provide time-bound assistance to the Government of the Seychelles to build capacity and to remove information asymmetries that would otherwise impede the Government from implementing competitive transactions for hydrocarbon development. The technical support, beginning ahead of an anticipated 2013 licensing round, would be guided by "good fit" international norms and policies and build understanding of operational and administrative issues typically associated with these activities.	500	Alan Cunningham	The funded activities will include: 1) An assessment of the 1976 Petroleum Act and the Model Petroleum agreement to determine what amendments, if any, are desirable to ensure that the legal and contractual foundations for the transparent promotion, evaluation and award of petroleum agreements is in place. This activity will address possible weaknesses in the procedures and criteria used in negotiating petroleum agreements. 2) Capacity building in the modeling of petroleum agreements and an assessment and recommendations regarding the tax and fiscal regime that will apply to future petroleum agreements. This activity will help to remove information and capacity asymmetries between the Government and potential investors. 3) Commercial and legal assistance in the promotion and evaluation of petroleum agreement proposals. This activity will address current limitations in Government staff capacity to fully and effectively conduct this specialized function.
Sierra Leone Technical Advisory Facility	The Grant will finance the services of a multi-disciplinary team of five specialists to build capacity of Government of Sierra Leone (GoSL) to review existing mining development agreements and negotiate new ones. The objective of the project is to strengthen the Government's capacity to assess time-bound investment proposals, review or negotiate terms for mining development agreements (in line with the Mines and Minerals Act of 2009), and manage the concession granting process.	750	Mamadou Barry	Implementation of this project is continuing. A review mission took place in December 2012. The project is expected to close in June 2013.

Annex Table 2: Extractive Industries Technical Advisory Facility (EI-TAF) Closed Projects

Project Title	Brief Description	Approx. Grant Amount US\$000'	Task Team Leader	Status
Liberia - Support from Extractive Industries - Technical Advisory Facility	The objective of this project is to assist the Government of Liberia to (a) build capacity with contract negotiations and management of mining concession process, and (b) move three identified extractive industries transactions towards contractual close. The Grant will provide technical advice on due diligence and evaluation of mining proposals, make recommendations on selection of proposals and on the required regulatory adjustments to provide level playing field for future investors. It will also provide capacity building to improve sector governance.	1,000	Ekaterina Mikhaylova/ Mamadou Barry	This project has been successfully and fully implemented. Lessons learned included: Individual contract negotiations can inform wider legal and regulatory reforms. Transaction's close is not easily predictable as it depends on several factors outside the grant's control. So the ambitions of the Grant should be limited to capacity building rather than promising that a deal will close because of the technical support. The long term benefits of the grant cannot be achieved if the Client does not have a stable team for negotiations. The overall outcome was a repository of information on all aspects of mining concessions, an iron ore cash flow model to be used in negotiations to test the impact of various decisions on economic returns, and recommendations for follow up reforms. The outcome is likely to be sustainable because the government has already embarked on some of the recommended reforms. The Grant has substantially improved government's ability to analyze investment proposals and negotiate concessions. EI-TAF has helped to attract new resources: WB additional financing for EGIRP (\$1.6 million), USAID GEM project (about \$8 million allocation to capacity building on concessions; GIZ (mineral governance project and EITI). The database of reports and background documents related to the project served a knowledge exchange tool. It is available on-line to authorized users. EI-TAF findings played a major role in government's decision to review the legal and regulatory framework of the mineral sector. Coordination by the client is very important for successful implementation. Where capacity is weak, consideration should be given to hiring a single firm to do the coordination and quality control. Government needs to understand the limitations of the grant and request it only when transactions are close to being finalized. EI-TAF findings should have a follow up to address policy shortcomings. The grant size may be inadequate for countries like Liberia, Sierra Leone, Guinea where multiple transactions worth several billions of dollars are being

				considered. To be effective, the grant should be provided to complement ongoing programs rather than as a stand-alone assistance. Given the rapid-response nature of the grant and the need to support transactions that are driven by the private sector, Bank normal approval procedures (particularly for procurement clearance) need to be flexible and responsive to client needs.
Mexico Royalties Reform for the Mineral Sector	This project aims to achieve the following objectives: 1) Support an assessment of Mexico’s legal, fiscal and regulatory framework for the adoption of a new fiscal regime for the mining sector – in response to a rapid increase in in-bound investments; 2) Build capacity around international best practices on fiscal reforms for the mining sector with the consideration of the adoption of mineral royalty instruments vis-à-vis the Mexican framework in response to a rapid increase in inbound investments; 3) Support an assessment and build capacity around the implications for the adoption of royalties and other fiscal regimes for different Mexican stakeholders; and 4) Support the preparation of a consultation roadmap for the adoption of a new fiscal regime for the mining sector.	179	Daniele La Porta	All activities under this project have been successfully implemented. Some of the highlights from this project include: (i) Royalty Options Based on a long- list of best practice “royalty” options identified and presented by the World Bank team, three fiscal options were jointly selected by the Secretaria de Economia and Secretaria de Hacienda. A detailed roadmap was prepared and discussed with Secretaria de Economia listing the alternative steps that would be necessary for the implementation of a royalty scheme. After the selection of the royalty type, a selection of the best legal approach to carry out the necessary reforms was presented. (ii) Community development investment In discussions with policy-makers there was a strong preference not to create a new statute requiring a tax revenue distribution system, but an acceptance that direct investment by miners in mining community development should be encouraged. The proposed example legislation presented in the report was discussed and a roadmap was prepared, taking into account the different options and respective timetable for the fiscal reform. (iii) Amendments to mining law and regulations The review of Mexico’s current fiscal regime for the mining sector identified the need for updates to the current mining law and regulations so that the sector is in line with best international practices.
Rwanda - Support from Extractive Industries Technical Advisory Facility	Aimed at supporting the Government of Rwanda in the preparation, negotiation, and finalization of a Production Sharing Contract (PSC), this project consists of the following activities: (a) technical advice on drafting and negotiating PSC, (b) designing an economic/fiscal model to assess the fiscal and financial impact of proposed contract terms under a variety of economic conditions of the Recipient; and (c) preparation of a medium-term and final report on the final outcomes of PSC.	337	David Santley	After some delays in initiating the implementation of the Grant activities, Rwanda is now making good progress. A draft Production Sharing Contract (PSC) has been prepared and the economic and technical reports have been delivered. An important negotiation session with the investor is scheduled for early 2012 after which the PSC will need to be finalized and the enabling policy and legislation drafted. The GoR has prepared a Work Plan detailing the timing for these activities, which has been reviewed by the Bank team and found to be acceptable. The grant has now closed and a completion report is being prepared.

Annex Table 3: Extractive Industries Technical Advisory Facility (EI-TAF) Potential Pipeline

Country	Background	Proposed Objectives	Sector	Implementation Period (estimate)	Approx. Grant Amount US\$000'
Republic of Congo Mining TA Dialogue	Following the Government priority, the project will initially focus on the Zanaga iron-ore mining project. The extent to which the project could expand to both the Zanaga and the Mbalam/Nabemba projects will be explored in the first phase of the project.	The project is composed of 3 components: Component A) Training related to mining negotiations. Proposed output: - Development of a negotiation methodology and calendar, focusing on the Zanaga project (see attached a recent presentation of the process by the company) - Trainings on iron-ore market and project development, financial forecasting and fiscal revenues, environmental and social aspects, mining infrastructure developments Component B) Advisory activities related to the review of legal and fiscal frameworks. Proposed output: Recommendations for legal and regulatory adjustments based on lessons from past and current negotiations Component C) Development of a skills gap analysis for mining sector institutions. Proposed output: Recommendations for further institutional capacity building (especially a skill gap analysis)	Mining	To be determined	475
Dominican Republic	Mining Sector – identification stage; first mission planned in March 2013.	Mining Sector Assistance (preliminary discussions).	Mining	To be determined	350
Guatemala	Mining Sector – request from government, but still preliminary.	Mining sector assistance (preliminary discussions).	Mining	To be determined	500
Guinea – Second Phase	Second phase funding. First phase aimed at supporting the government to address key constraints to the realization of proposed large mining investments, specific activities as follows: (a) facilitate consensus and shared vision amongst stakeholders in the development of the mining and hydrocarbon sectors in Guinea—in response to a time-bound proposal for mining/infrastructure developments; (b) build the capacity of the GoG to review mineral development agreements in response to a time-bound proposal for mining/infrastructure developments; and (c) support updating of the legal, regulatory, and fiscal framework in the mining and hydrocarbon sectors.	The objective of the proposed second phase of funding under the Guinea EI-TAF grant is to provide the government with advisory services aimed at strengthening its technical and financial negotiation skills on mining ancillary infrastructure to enable meaningful progress toward infrastructure licensing and development in the short term, and in so doing create conditions for the mining companies to fulfill their engagement to exploit and export iron ore within the next 2-3 years.	Mining	To be determined	350
Haiti	Mining Sector (preliminary discussions) mission completed in March 2013.	The objectives would be to update the legal and regulatory framework for extractive industries, build	Mining	To be determined	500

		capacity for policy and negotiation of mining agreements, and provide transaction advice during negotiations of mining conventions.			
India Orissa State	Mining Sector – identification stage; first mission planned in March 2013.	Mining sector assistance (preliminary discussions).	Mining	To be determined	500
India Federal	Mining Sector	Mining sector assistance (preliminary discussions).	Mining	To be determined	500
Lesotho	Mining Sector	Mining sector assistance (preliminary discussions)	Mining	To be determined	350
Mauritania – Mining Negotiations	Phase II Mining	The objective of the activity would be to enhance Government of Mauritania’s negotiation position and capacity prior to final negotiations of mining deals in 2012/13 with Xstrata (iron ore), Kinross (gold), Bumi (iron ore).	Mining	June 2012 – February 2013	500
Morocco	Mining Sector	Mining sector assistance (preliminary discussions)	Mining	To be determined	200
Peru	Mining Sector – identification stage	Mining sector assistance (preliminary discussions).	Mining	To be determined	500
Togo	Mining Sector – identification stage; mission planned in March 2013.	Mining sector assistance (preliminary discussions).	Mining	To be determined	350