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T-20777

MEMORANDUM FOR THE MINISTER

**CANADIAN INTERNATIONAL INSTITUTE FOR EXTRACTIVE INDUSTRIES AND
DEVELOPMENT**

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MEMORANDUM FOR THE MINISTER

**CONSULTATIONS ON THE CANADIAN INTERNATIONAL INSTITUTE FOR
EXTRACTIVE INDUSTRIES AND DEVELOPMENT**

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MEMORANDUM FOR THE MINISTER

**CANADIAN INTERNATIONAL INSTITUTE FOR EXTRACTIVE INDUSTRIES AND
DEVELOPMENT – CONSULTATION PROCESS**

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MEMORANDUM FOR THE MINISTER

CANADIAN INTERNATIONAL INSTITUTE FOR EXTRACTIVE INDUSTRIES AND DEVELOPMENT – OPTIONS FOR FOCUS

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**OPTIONS FOR THE FOCUS OF THE CANADIAN INTERNATIONAL INSTITUTE FOR
EXTRACTIVE INDUSTRIES AND DEVELOPMENT**

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MEMORANDUM FOR THE MINISTER

CANADIAN INTERNATIONAL INSTITUTE FOR EXTRACTIVE INDUSTRIES AND DEVELOPMENT

For Decision

PURPOSE

- To seek your concurrence on working definitions for the purpose, activities and areas of focus for the recently announced Canadian International Institute for Extractive Industries and Development (the "Institute"), a proposed consultations approach with Canadian and international stakeholders, and a critical path including a potential Treasury Board submission.

SUMMARY

- The announcement by the Prime Minister of the creation of an institute on extractives and development has garnered significant attention from Canadian non-governmental organizations, extractive industry firms, universities and academics and other Government departments.
- The Institute has the potential to fill a knowledge gap for developing countries and is an important opportunity to leverage Canadian expertise. This note seeks your views on proposed working definitions for the purpose, activities and areas of focus for the Institute that would be used to inform planning and consultations, as well as on the way forward.

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CONTEXT

On October 27, 2011, the Prime Minister announced the creation of the Canadian International Institute for Extractive Industries and Development. Once established, the Institute will provide another tangible example of CIDA's work to implement the Agency's Sustainable Economic Growth Strategy.

The announcement of the Institute has garnered significant attention from Canadian non-governmental organizations, extractive industry firms, universities and academics and other Government departments. The response has been very positive overall with numerous players indicating their interest in participating in the design and activities of the proposed Institute and seeking details on how to compete.

Since the announcement, Agency officials have been working to scope out the details of the Institute in terms of its function and establishment given the desire to house the body at a university through a competitive process.

PURPOSE, ACTIVITIES AND AREAS OF FOCUS

In order to advance Agency planning and to facilitate consultations with outside stakeholders, working definitions are proposed regarding the Institute's purpose, activities and areas of focus. It is expected that these working definitions will be refined over the coming months as consultations proceed and decisions are made regarding machinery issues related to standing up the Institute.

Purpose

Announced by the PM, the purpose of the Institute will be to help developing countries better manage their extractive sectors in order to harness the benefits of economic growth and reduce poverty. The Institute has the potential to fill an important gap among Canadian institutions active in the related fields of mining, oil and gas, and international development. While there are currently numerous research institutes in Canada focusing on extractive-related industries and, separately, on international development, none brings the two issues together to offer both cutting-edge policy research and practical, technical assistance.

The Institute, therefore, could integrate an applied policy research capacity that identifies demand-driven needs in developing countries and cutting-edge solutions with a robust technical-assistance function that harnesses Canadian expertise in the private sector, NGOs, and the federal and provincial governments to build the capacity and institutions

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needed to effectively manage and benefit from extractive industries. Such an integrated approach by the Institute, that builds capacities targeted to identified needs through long-term partnerships, would fill the gap in making natural resource governance a sustainable engine for economic growth and poverty reduction.

Activities

Two specific functions were identified in the announcement of the Institute (see Annex D): policy research to identify best practices in extractive sector management and the arrangement of technical assistance to governments and communities in developing countries. To undertake these functions, the Institute will need to combine a strong public financial management capacity (i.e. tax and royalty regimes) with an in-depth knowledge of extractive sector issues in developing countries (ranging from engineering and reforestation needs to environmental and local community management needs). It will also need to have the operational capacity to manage technical assistance with developing countries.

In addition to these activities, and given that it is to be housed in a Canadian university, the Institute could also undertake an education / training and knowledge-sharing role in line with the broader mandate of a post-secondary institution. Overall, this would result in an Institute with four core activities:

Proposed Vision: to help developing countries harness the benefits from the sustainable development of their natural resources to generate long-lasting, economic growth, and poverty reduction.

Proposed Mandate: to build on and leverage world-class knowledge, innovation and experience in the extractive resource sector to help build capacity in developing countries to manage sustainably the use of their natural resources.

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RECOMMENDATION



Margaret Biggs
President

8/12/11

Date

I AGREE with the recommendation. I DO NOT AGREE with the recommendation.

Beverley J. Oda
Minister of International Cooperation

Date

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T-20858

MEMORANDUM FOR THE MINISTER

**CONSULTATIONS ON THE CANADIAN INTERNATIONAL INSTITUTE FOR
EXTRACTIVE INDUSTRIES AND DEVELOPMENT**

For Decision

PURPOSE

To seek your approval for the proposed approach to consultations on the Canadian International Institute for Extractive Industries and Development.

SUMMARY

- The informal roundtable on the Canadian International Institute for Extractive Industries and Development (the Institute) held on December 12, 2011 demonstrated a high level of interest among key stakeholders in the private sector and in universities and colleges. The discussion raised a number of key themes that will need to be factored into Agency work to design and stand up the Institute.
- As was mentioned by some of the participants at the roundtable, it will be important to widen the tent to a broader range of interests to ensure the credibility of the consultative process.

CONTEXT

The informal roundtable on the Canadian International Institute for Extractive Industries and Development (the Institute) held on December 12, 2011 demonstrated a high level of interest among key stakeholders in the private sector and in universities and colleges. It was clear from the overall discussion that there is agreement that the Institute is the right initiative at the right time and that there is potential for the Institute to achieve world renown for Canada and Canadian expertise in the sector.

Throughout the discussion a number of key themes emerged that will need to be factored into Agency work to design and stand up the Institute:

- **Clarity on the purpose of the Institute:** There was broad agreement with your description that the Institute would focus on offering concrete, practical assistance to developing countries to create the proper enabling environment for extractive industries to produce economic growth and reduce poverty. You emphasized that this meant working

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with national governments to ensure the right regulations, laws and processes are in place, but also working with local governments and communities to ensure they benefit from these activities. You also emphasized that the Institute was not about supporting Canadian extractive firms to undertake Corporate Social Responsibility (CSR) activities as this was the role of the CSR Centre of Excellence.

- **Defining the scope of activities:** Participants underlined the importance of setting priorities for the Institute, but also noted that the scope of activities could not be cast too narrowly. They stressed that it would be important to ensure linkages across the key issues affecting the sector (eg., regulations, taxation, artisanal mining, safety and security, effective use of economic rents, etc...). Many participants also noted the need for the Institute to have an analytical capacity to understand developing countries' demand-driven needs, the challenges faced by private sector actors and the most appropriate solutions to responding to these needs and challenges. It was noted that a "cookie-cutter" approach would not work and so it would be critical to have the capacity to identify problems, best practices and the most appropriate, practical assistance that could be offered.
- **Role of the Institute:** On the issue of how the Institute would undertake its activities, most participants suggested a "networked" approach given the multiplicity of resources and institutions that will need to be called upon to offer practical assistance to developing countries. Participants argued that the Institute should act as a "focal point" of Canadian expertise and help to coordinate across the breadth of Canadian expertise. It was also noted that the Institute should facilitate both "inside and outside" flows: international students and practitioners should be drawn to Canada to learn and Canadians should be going to the field to offer their expertise. You noted your agreement with these ideas but stated clearly that the Institute nevertheless had to be "housed" at a university through a competitive process.
- **Funding and relationship to the Government of Canada:** A number of participants underlined that in order to ensure the credibility of the initiative, the Institute needed to be arm's length to the Government of Canada and needed a long term financial commitment from both the public and private sectors.

CONSIDERATIONS

The informal roundtable event provided a good opportunity to obtain some initial, unofficial soundings from key stakeholders on the possible shape of the Institute.

Annex 1
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Canadian International Institute for Extractive Industries and Development Working Definitions and Key Questions

Purpose

To help developing countries harness the benefits from the sustainable development of their extractive resources to generate long-lasting, economic growth and poverty reduction.

Role

To act as a focal point to build on and leverage Canada's knowledge, innovation and experience in the extractive sector and related areas of resource governance to help increase capacity in developing countries to sustainably manage the use and benefits of their natural resources.

Scope of Activities

- **Analytical capacity** to identify developing country needs and best practices in extractive sector management

- **Technical assistance** to build capacity in developing country governments (national, regional and local), and in local communities, drawing on the expertise of Canadian governments, private sector firms, NGOs, academics and other organisations.

- **Education, training and knowledge-sharing** to engage international students and practitioners to learn and develop practical solutions to the complex challenges facing developing countries in the management of their extractive sectors and to ensure a wide-dissemination of Canadian knowledge and expertise

Annex 2

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MEMORANDUM FOR THE MINISTER

CANADIAN INTERNATIONAL INSTITUTE FOR EXTRACTIVE INDUSTRIES AND DEVELOPMENT – CONSULTATION PROCESS

For Decision

PURPOSE

- To seek your decision on the consultation process for the Canadian International Institute for Extractive Industries and Development (the "Institute"). This memo builds on prior information memoranda (T-20777 and T-20858) and the outcome of the December 12, 2011 roundtable.

SUMMARY

- As you indicated at the December 12, 2011 roundtable in Ottawa on the Institute, it will be important to launch a more formal consultations process to include a broader range of stakeholders.

CONTEXT

The informal roundtable on the Institute held on December 12, 2011 demonstrated a high level of interest among key stakeholders from the private sector and universities and colleges. As was mentioned by some of the participants at the roundtable, it will be important to broaden the consultations to include other stakeholders in order to ensure the credibility of the consultative process. First Nations groups, including the Assembly of First Nations, have also noted their particular interest in the Institute and its development.

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ANNEX 3

Canadian International Institute for Extractive Industries and Development Working Definitions and Key Questions

Purpose

To help developing countries harness the benefits from the sustainable development of their extractive resources to generate long-lasting economic growth and poverty reduction.

Role

To act as a focal point for Canadian expertise in the extractive sector and resource governance and to build on and leverage world-class knowledge, innovation and experience to advance applied policy research, knowledge and offer practical, technical assistance.

Scope of Activities

- **Analytical capacity** to identify developing country needs and best practices in extractive sector management.
- **Technical Assistance** to build capacity in developing country governments (national, regional and local), and in local communities, drawing on the expertise of Canadian governments, private sector firms, NGOs, academics and other organisations.
- **Education, training and knowledge sharing** to engage international students and practitioners to learn and develop practical solutions to the complex challenges facing developing countries in the management of their extractive sectors and to ensure a wide dissemination of Canadian knowledge and expertise.

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ANNEX 4

National Roundtable Canadian International Institute for Extractive Industries and Development

March, 2012
8:30 a.m. to 1:30 p.m.

Ottawa or Toronto

Host: Minister Beverly Oda
Chair: Margaret Biggs, President

Agenda

Time	Subject	Lead
8:30 - 8:40	Opening Remarks and Welcome	Minister Beverly Oda
8:40 - 9:00	Institute mandate and purpose	Margaret Biggs, President
9:00 - 10:00	Key Questions for Guidance Purpose and Role	Margaret Biggs, President
10:00 - 10:15	Health Break	
10:15 - noon	Key Questions for Guidance (contd.) Activities Structure	Margaret Biggs, President
Noon - 1:15	Luncheon with Speaker from a Developing Country Partner	
1:15 - 1:30	Closing Remarks	Minister Beverly Oda

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MEMORANDUM FOR THE MINISTER

CANADIAN INTERNATIONAL INSTITUTE FOR EXTRACTIVE INDUSTRIES AND DEVELOPMENT – OPTIONS FOR FOCUS

For Decision

PURPOSE

To present you with options and a recommendation for the focus and scope of activities for the Canadian International Institute for Extractive Industries and Development (the "Institute").

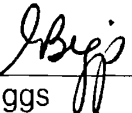
SUMMARY

- The process for defining the focus and scope of activities for the Canadian International Institute for Extractive Industries and Development (the Institute) is an important next step prior to launching a consultation process and issuing a call for proposals thereafter.
- A proposed purpose, focus, role and scope of activities, along with three options for the scale of ambition for the Institute, are outlined in the attached document.

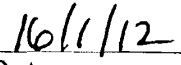
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RECOMMENDATION

It is recommended that you approve the proposed purpose, including the proposed objective and proposed mandate for the Institute, and the scope of work outlined in option 3. We would welcome an early opportunity to discuss the proposed recommendation.



Margaret Biggs
President



Date

I AGREE with the recommendation.

I DO NOT AGREE with the recommendation.

Beverley J. Oda
Minister of International Cooperation

Date

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OPTIONS FOR THE FOCUS OF THE CANADIAN INTERNATIONAL INSTITUTE FOR EXTRACTIVE INDUSTRIES AND DEVELOPMENT

ISSUE

To seek direction on the focus and scope of activities of the Canadian International Institute for Extractive Industries and Development (Institute).

BACKGROUND

At the informal roundtable on December 12, 2011 with representatives of industry and academia, a number of key themes emerged:

Purpose and Focus

- You emphasized that the Institute needed to focus on the **demand-driven needs** of developing countries, and there was broad agreement with your description that the Institute would need to offer concrete, **practical assistance** to developing countries to create the proper enabling environment for extractive industries to produce economic growth and reduce poverty.
- Participants underlined the importance of focus, but also noted that the work of the Institute should not be cast too narrowly, i.e., there was a need to **ensure linkages** across all the key issues affecting the sector (e.g., regulations, taxation, artisanal mining, safety and security, effective use of economic rents, etc).
- The Institute would need to address the lack of **governance capacity** in the resource and extractive sectors in developing countries and the limited benefits the poor receive from the exploitation of their countries' resource endowments.

Role and Scope of Activities

- The Institute should act as a "**focal point**" and help to coordinate across the breadth of Canadian expertise.
- Many participants also noted the need for the Institute to have an **analytical capacity** to understand developing countries' demand-driven needs, the challenges faced by private sector actors and the most appropriate solutions to responding to these needs and challenges.
- The Institute should facilitate both "**inside and outside**" flows: international students and practitioners should be drawn to Canada to learn and Canadians should be going to the field to offer their expertise.

DESIGN OPTIONS FOR THE INSTITUTE

As stated in the Prime Minister's announcement, the Institute is intended "to help developing countries better manage their extractive sectors in order to harness the benefits of economic

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growth and reduce poverty." The Institute has the potential to fill an important gap among Canadian institutions active in the related fields of mining, oil and gas, and international development. While there are currently numerous research institutes in Canada focusing on extractive-related industries and, separately, on international development, none brings the two issues together to offer both cutting-edge policy research and practical, technical assistance.

Proposed Purpose

Flowing from the Prime Minister's announcement and the December 12, 2011 roundtable discussion, the following is proposed for the Institute's core objective and mandate:

Proposed Objective: To help developing countries better manage their extractive sectors in order to stimulate economic growth and reduce poverty.

Proposed Mandate: To act as a focal point for Canadian expertise in the extractive sector and resource governance and to build on and leverage world-class knowledge, innovation and experience to advance applied policy research, training and offer practical, technical assistance.

To deliver on this objective and mandate, three inter-connected and progressively larger design options are identified. These options cover the range of identified developing country needs from the strictly operational and technical level to the larger concerns of sustainable development and poverty reduction.

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