

WEBINAR

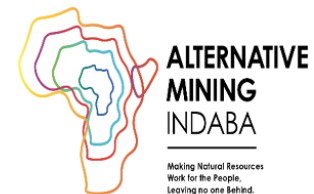
Thursday
May 5, 2022

11:00 GMT
13:00 SAST

THE FUTURE OF RESOURCE TAXATION UNDER THE AFRICA MINING VISION

**IN ENGLISH
AND FRENCH**

Official side event of 2022 Alternative Mining Indaba



Agenda

Presenters: **Viola Tarus**, Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development

Mukupu Nsenduluka, Tax Justice Network Africa

Panelists: **Ezera Madzivanyika**, African Tax Administration Forum

Kalale Mambwe, Zambia Revenue Authority

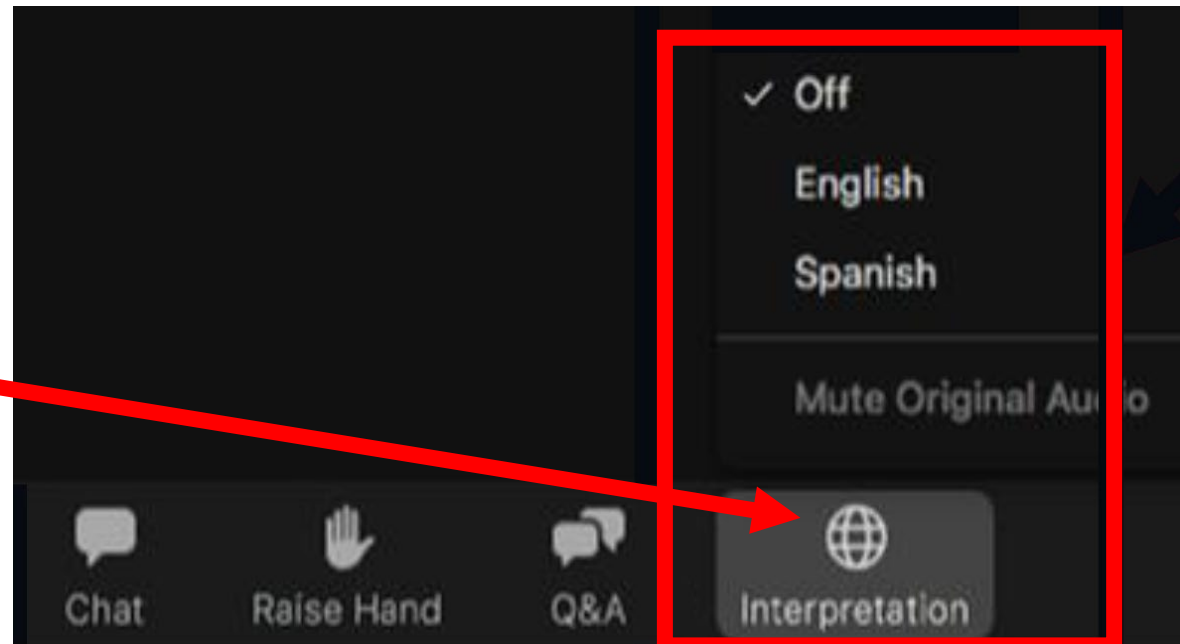
Roshelle Ramfol, University of South Africa

Yao Graham, Third World Network

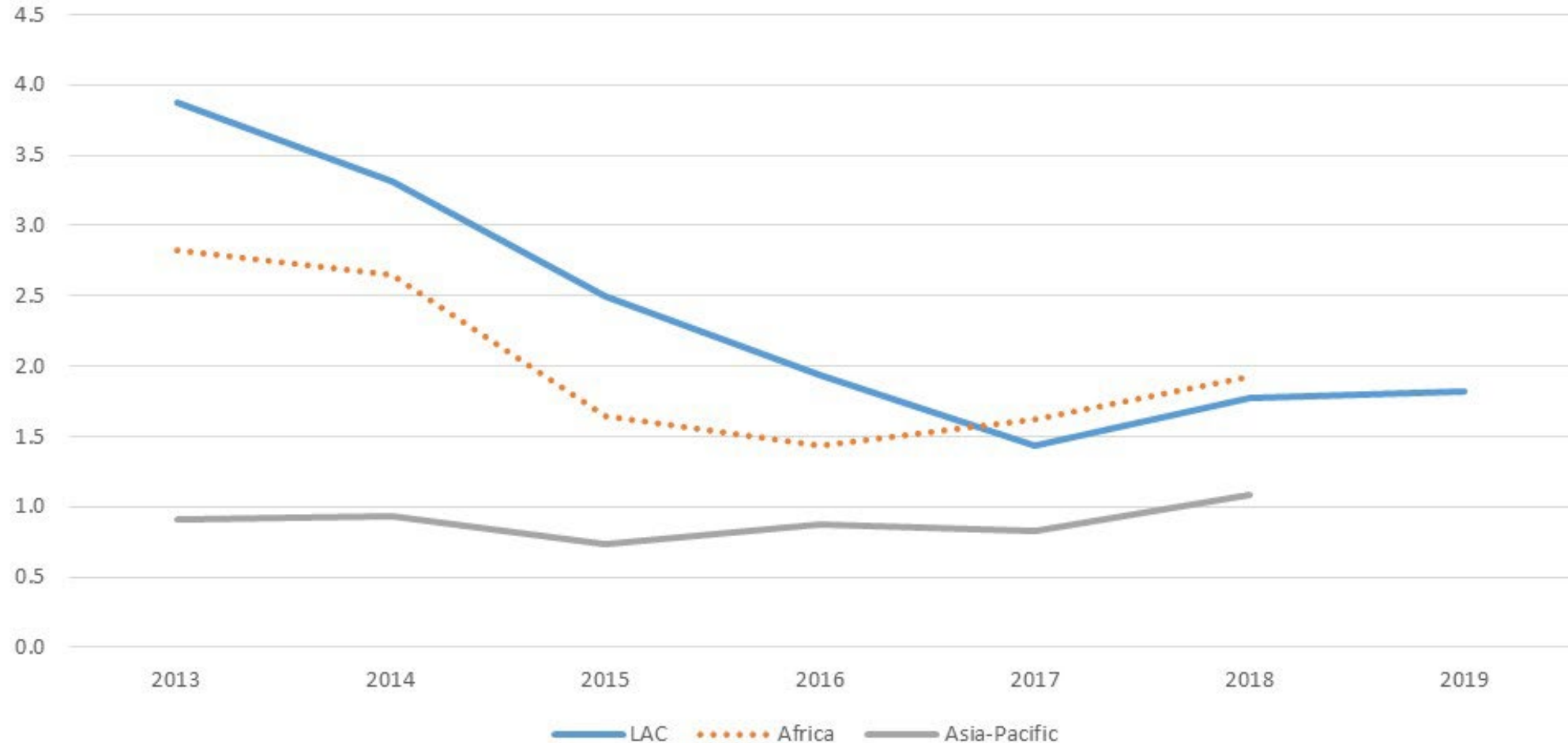
Q&A

Language Interpretation

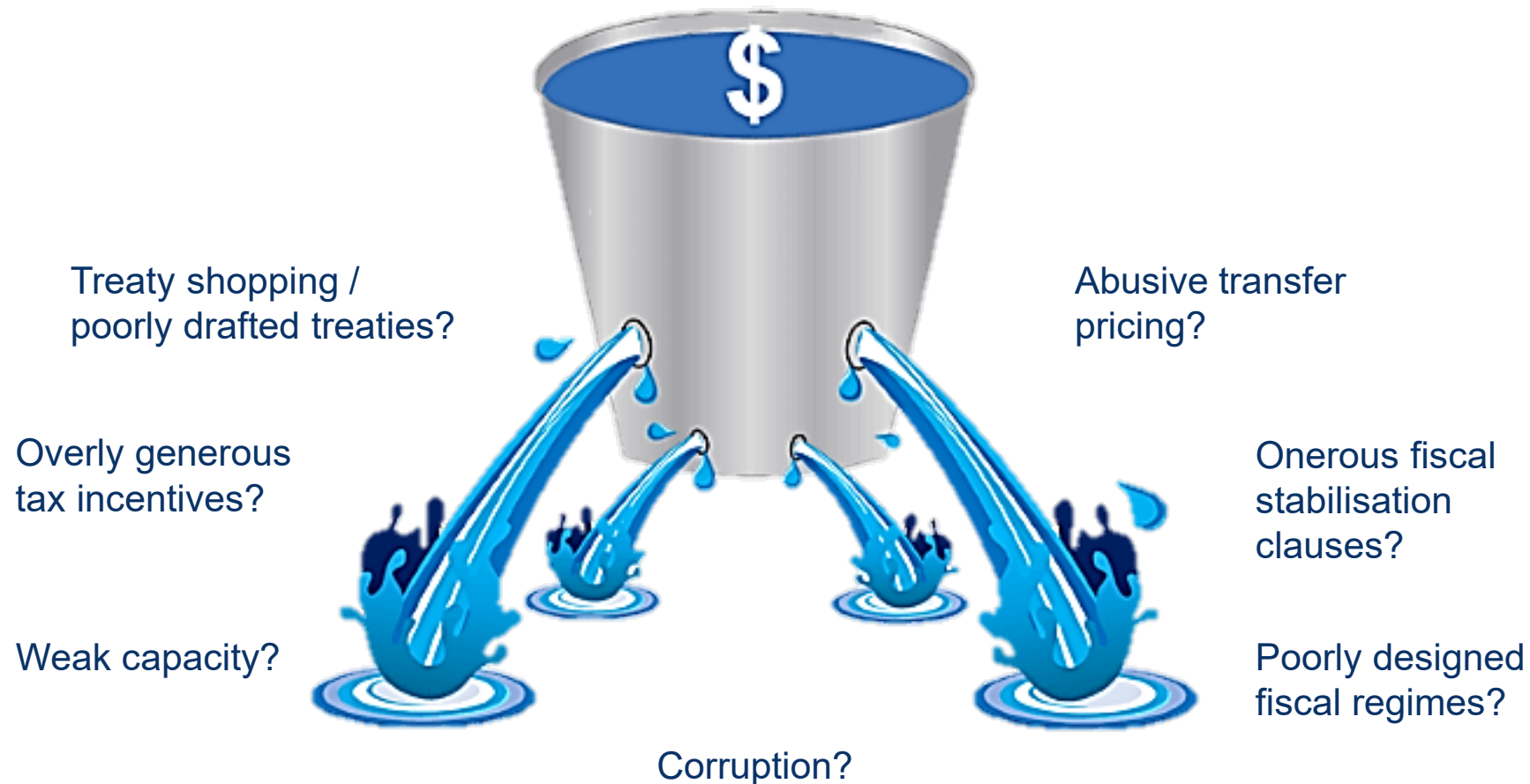
- **[EN] Languages:** Use the “interpretation” icon (globe) at the bottom of your screen to hear.
- **[FR] Langues :** Utilisez l'icône "interprétation" (globe) en bas de votre écran pour entendre.



Government Take Not Meeting Expectations: Extractive Sector Tax Revenue as a Percentage of GDP



Ongoing Challenges to Mining Revenue Collection



New risks and Opportunities Emerging for Mining Taxation



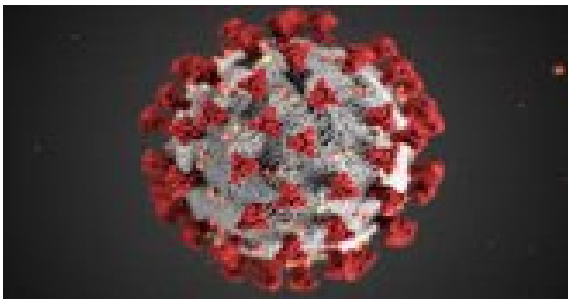
Industry undergoing major technological transition

- Greener, safer, but fewer lower skilled jobs
- Reduced payroll taxes, indirect taxes
- Growth in hard-to-value intangibles
- Opportunities to improve government monitoring



Opportunities and challenges from low carbon minerals

- An uncertain landscape
- Chasing prices is not a recipe for success
- Governance risks



Additional financial pressures

- Re-building public finances post-COVID
- Diversifying away from fossil fuel
- A more engaged citizenry

The Future of Resource Taxation

The Future of Resource Taxation initiative brings together government and non- government stakeholders to rethink how developing countries benefit financially from their mineral resources.

The initiative seeks to constructively challenge the status quo with the below two questions:

1. How can the dominant revenue model for mining, based on royalties and corporate income tax, be improved, in design, implementation and effectiveness, especially for resource rich developing countries?
2. Are there alternative revenue models and modes of taxation available to resource-rich countries to maximize the revenues from their mineral wealth?

THE FUTURE OF RESOURCE TAXATION



Understanding
fiscal policy's role and
important trends



Crowdsourcing
innovative ideas from
all stakeholders



Assessing ideas
and further research

Handbook for Policy-Makers

New Ideas to Transform Mining Revenues:

- State ownership / majority shareholding
- Production sharing contracts for mining
- Profit split
- Variable royalties

We received 30+ ideas from academia, NGOs, CSOs & industry including:



Africa Mining Vision: An Opportunity for Revenue Maximization

- Work to promote fair tax systems in Africa for **Domestic Resource Mobilisation** (DRM). As a pan-African CSO, we believe that African States must have the capability to generate their own revenue to finance their development
- We therefore see the Africa Mining Vision an opportunity for DRM given the on-going contextual changes in the mining sector with **the energy transition and the technology** advancement given that this sector is the most prone to tax evasion, tax avoidance and IFFs as research by the IMF and UNCTAD has confirmed

Africa Mining Vision: An Opportunity for Revenue Maximization

- Developed in 2009 by the African Union, the Africa Mining Vision (AMV) in 2009 seeks to foster a “**transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development.**”
- Promotes broad-based development that can be achieved through the **creation of local value to realize** sectoral linkages.
- The AMV also a progressive fiscal regime that can curb the hemorrhaging of the continent’s resources through **tax evasion and avoidance and illicit financial flows** from the mining sector.

Africa Mining Vision: An Opportunity for Revenue Maximization

- As Tax Justice Network Africa, we work to promote the AMV pillar **on fiscal regime design and revenue management** to address the challenge of illicit financial flows in the extractive sector and ensure African governments optimise revenue collection.
- We think that on-going contextual changes are an opportunity for African governments to rethink taxation of the extractive sector and the meet aspirations of the **fiscal design and revenue management pillar**
- The AMV in its African Governance Minerals Framework **has a set of evaluation questions/criteria** which can be used to assess fiscal policy designs in Africa's resource rich countries.

Our Work (TJNA)

- **Three main areas:** Research, Capacity building and Convening

Research on the AMV

- Research in progress: currently commissioned 4 studies in **Liberia, Zambia, Ghana and Uganda** to assess implementation progress of the AMV
- Currently developing a **fiscal regime design tracking tool** to assess implementation of the fiscal regime and revenue management pillar as well as to assess their fairness in terms of aspects related to Tax incentives, DTAs

Our Work (TJNA)

Capacity Building

1. Working with **parliamentarians** through our African Parliamentarian Network on IFFs (**APNIFTT**) to form national level caucuses. Provide **technical support** to Parliamentarians.
 - Liberia Success Story - House of Reps Rejected Mining deal that had bad fiscal terms with company called ArcelorMittal
2. Training **national and regional level CSOs**/Journalists on tax and illicit financial flows and Domestic Resource Mobilization
3. **Key platforms** : Annual Tax Justice Academy, Media Training and the National level Tax Platforms and partner engagements

Our Work (TJNA)

Convening: Key Moments

- Annual Conference **Pan African Conference (PAC) on IFFs**: Decentralized process happening at regional and national levels. TJNA leads at regional level whilst network partners lead national level engagements.
- Annual **APNIFFT Conference**: bringing together MPs across Africa for peer to peer learning and information sharing.

Some civil society organizations policy asks

- Governments to design policies and laws that promote **progressive fiscal regimes** for the Extractive sector in Africa
- Governments must continue to invest in **adequate tax administration capacity**
- Mining laws and policies that promote **transparency and accountability** like Contract disclosures and beneficial ownership disclosure
- **Taxing Value:** EI sector must provide direct linkages to the local economy for meaningful taxation to happen.

Thank You!