Clare Short: why the EITI is making a difference

Interview pages 8-9

THE GREAT FRACKING DEBATE

Dave Baxter reports on the energy issue which has divided the country in half – pages 6 & 7
WHILE there has rightly been huge media coverage over the increasingly high-profile fracking debate, when it comes to responsible extraction we should really focus on Africa, where the biggest opportunities, issues and risks lie.

The African continent is richly endowed with mineral resources; it has the largest or second largest reserves of bauxite, cobalt, industrial diamonds, manganese, phosphate rock, platinum and others.

Since colonisation, Africa has been the provider of natural resources via its former colonial masters to much of the western world. Britain, Portugal, France and Belgium were at the forefront of extracting precious metals and gems from the early 1800s. Since then there has been sporadic foreign investment into mining across the continent. While much was extracted, this investment was nowhere near consistent enough; consequently, infrastructure and safety standards have lagged way behind the rest of the world.

A recent study by the World Bank has again highlighted “the need for infrastructure, stable legal systems, a predictable fiscal regime, profit repatriation guarantees and access to foreign exchange”. The significant shift in investment on the continent from 2000 to 2011 has resulted in Africa receiving some 15 per cent of total global mining investment during 2012.

One could say the future looks bright for Africa’s mining sector, especially as vast swathes of rich potential remain totally unexplored.

However, on August 16-2012, in Marikana, South Africa, the world watched in disbelief as police, fully kitted in riot gear and armed with semi-automatic rifles, unleashed a spray of bullets on striking workers on the outskirts of this small mining town. This tragedy was brought about by poor working and safety conditions and seriously low pay for the miners.

On a trip to Sierra Leone at the beginning of 2000 I had a striking personal experience of the “resource curse”. Here was a small independent nation that had easily accessible diamonds but, with next to no appropriate infrastructure or governance, this potential wealth had become the catalyst for a civil war nightmare. The uncomfortable scenes of post-war Sierra Leone should serve to remind us why responsible extraction needs to be about much more than words and intent, and must become reality across the African continent.

At the recent G8 summit, prime minister David Cameron made extractive transparency a priority. “The G8 must move towards a global common standard for resource extracting companies,” he said.

There is still a huge scramble for Africa’s natural resources, with China at the forefront. China accounted for 16 per cent of Africa’s exported commodities in 2012, purchasing more than $100 billion of minerals during 2012 from more than 100 different countries, including 23 nations in Africa. A new generation of African leaders has found it so much easier to strike deals with the Chinese because of their no strings attached approach, as well as the “in-return” infrastructure investments; the building of roads, airports, schools, hospitals and so on.

While the West screams foul, and the World Bank continues to be seen as interfering in their economies, many African nations continue to barter with the Chinese. But we are also seeing the rise of resource nationalism, where governments and communities are starting to stake claims for control over the resources located within their national boundaries. This has helped force the move towards responsible extraction.

As long as the African countries continue to struggle to establish their own mining companies and build the necessary modern infrastructure they will remain reliant on foreign extractors with increasing tension and potential tragedies on the horizon.

Cameron’s intent is clear and unarguable, but not all seem to care. The business of business is not just business anymore – it must be more than that.

A GREAT GOLD MINE IS BORN

Less than four years after the acquisition of the Moto project, as it was then known, the US$1.7 billion Kibali mine poured its first gold bar on 24 September 2013 – ahead of schedule and within budget.

In that short time, Randgold Resources, the developer, operator and 45% owner of Kibali, transformed a basic feasibility study into a working plan for an integrated open pit and underground mine; doubled the reserve to 11 million ounces (and counting); peacefully relocated 20,000 villagers from the site to a specially constructed model town nearby; created an infrastructure; and built a successfully operating mine, all in a remote region of the Democratic Republic of Congo, deep in the heart of Africa.

Kibali is the fifth world-class gold mine Randgold has built. And even as it moves into full production, taking its place among the front rank of the world’s great gold mines, the Randgold exploration teams are hunting for the next big one in Africa’s most prospective regions.
For corporate responsibility, the extractive firms must keep digging

By Dave Baxter

FIVE years ago, the world had begun an ominous drift towards financial turmoil. With the growing likelihood of rising living costs, pay freezes or, worse, redundancy, 2013 could have looked like the bright light at the end of a long, dark tunnel.

There are signs of global financial recovery. But in countries where things are looking up, much of the general population remains hard-up. People obsess over the bottom line despite the good news.

Companies, who have also had a tough ride, must avoid this trap. With customers already suffering, businesses putting the profit motive above all else can attract serious ire.

The idea of corporate social responsibility is in vogue, particularly for global companies with clout and a long supply chain. Companies love talking up their wider responsibilities beyond paying the staff and pleasing the shareholders. Google, now seen as something of a goliath, cannot forget its old motto, “Don’t be evil.”

For the extractive industry, responsible behaviour is more than an exercise in brand development. The consequences mining, for example, has on communities, local wealth, other industries and the environment put huge ethical pressure on companies.

Many firms will find it hard to run a site without a responsible approach, mainly because of the resistance they face.

Frances Wall, head of Camborne School of Mines, says: “What a lot of mining companies are aware of, and the others need to be aware of, is the need to talk to the local people when you are going to open a new project.”

“There are good examples of this in Alaska, but it applies right down to tin exploration in Cornwall where there’s just one drilling rig. Right at the very first stage, you have to open that dialogue.”

“There will always be opposition. There might be people who live right on top of the mine and would have to move if it opens, and they will always oppose it. But you will fail if you don’t involve local people.”

Many companies will employ within the surrounding community. This pays dividends in winning support for a project.

Employing local people can help firms to be seen in a good light.

But finding skilled labour locally can be tricky. Wall says: “Most mines are expected to employ local people. That could be a condition of being there. But in many areas you don’t have trained people. Working out some scheme to train those people is an important part of it.”

And though she notes mining firms always focus on cost efficiency, she warns them not to cut costs in tough times.

“A mine needs to make money,” she says. “If it’s not making money, what it must not do is start cutting corners by not replacing equipment that needs to be replaced or not maintaining the mine.”

Mining has displayed a focus on good practices, and a raft of related initiatives, in recent years. But more can be done. Parts of the industry, such as artisanal mining – often involving individuals or small groups who use minimal technology, mine for subsistence and are at risk of accidents – get minimal attention.

Lina Villa, of the Alliance for Responsible Mining (ARM), says: “I think the last 10 years have seen some important progress in the mining industry in standards, but still there’s the challenge of addressing smaller mining and overall sustainability in the sector.”

“We need particularly to work with governments to enable better standards in small-scale mining.”

The extractive industry has certainly made some promising developments in recent years. But new pressures are no reason to forget these.

How Colin Firth’s wife added real brand value

Appealing to firms’ commercial ambitions could be the key to making extraction practices more ethical and sustainable, according to those behind one project.

Brand consultancy Eco Age began its project, the Green Carpet Challenge, three years ago, after actor Colin Firth’s wife Livia was asked if she could take to the red carpet in an ethically-sourced outfit.

Nicola Giuggioli, Livia’s brother and the company’s CEO, decided to work on the project, which has led to Gucci introducing a handbag collection certified for not contributing to deforestation, and luxury brand Chopard showcasing a responsibly-sourced gold and diamond necklace.

Giuggioli now believes companies could get more involved in ethical practice if they are persuaded it will improve their brand.

He says: “What we try to teach to businesses is that this creates value. The idea is that we have to start developing corporate social responsibility activities from brands, based around what the target market requires.”

Lina Villa, director of the Alliance for Responsible Mining, which worked with Chopard on its jewellery project, agrees that focusing on the commercial benefits of sustainability may help.

But she argues that more needs to be done to highlight ethical issues to companies.

“We need to educate the industry much more,” she says. “For many of them, they just think the gold comes from the bank. They don’t think about where it really comes from, or the ethical issues around sourcing it.”
Africa Oil Corp. views our commitment to corporate social responsibility as a strategic advantage that enables us both to access and effectively manage new business opportunities in complex environments.

We are committed to addressing the challenge of sustainability – delivering value to our shareholders, while providing economic and social benefits to impacted communities and minimizing our environmental footprint.

Keith Hill  
President & CEO

A MAJOR EMERGING OIL COMPANY  
IN EAST AFRICA

World class exploration play fairway

250,000 square km of acreage

3 new basins

4 separate petroleum systems

3 new significant oil discoveries

+251 (0) 11 618 8155
africaoilcorp@namdo.com
africaoilcorp.com

TSXV, OMX – AOI  
A Lundin Group Company
Braeval Mining executive released by ELN after seven-month hostage ordeal

By Dave Baxter

A MINING executive has returned to his home country after Colombian rebels held him hostage for seven months.

Gernot Wober’s kidnap and the rebel group’s subsequent demands have helped to highlight the dangers for firms operating in the country.

Wober, Braeval Mining Corp’s vice president of exploration, was seized in January by the ELN, one of Colombia’s biggest rebel groups. The left-wing guerrilla organisation took a number of the company’s employees hostage.

Some were released shortly after their capture, but Wober was not let go until late August, when he was handed over to the International Committee of the Red Cross. A statement put out by Braeval at the time reads: “Mr Wober is in good health in the care of Colombian authorities and is receiving consular services from officials with the Canadian embassy. He will be returning to Canada to be reunited with his family at the earliest opportunity.”

“Braeval Mining wishes to thank all of the organisations in both Canada and Colombia for their support and assistance in obtaining Mr Wober’s release.”

Mr Wober’s employer had been exploring for gold in north Colombia, but the ELN claims the land where this was taking place had been stolen from its legitimate owners.

The ELN had been demanding the return of the company from the land. And in a victory for the group, Braeval Mining Corp announced in July that it was ending all operations in Colombia.

The country promises high risks but also high rewards for miners. Cuoro Resources, a Canadian exploration company, describes Colombia as “the world’s leading producer of emeralds, and South America’s second largest producer of gold and only producer of platinum”.

It also notes that Colombia has large coal, oil and natural gas reserves, all factors which have helped to make it “a top tier international destination for exploration, mining and investment activity”.

But as attractive as this sounds for exploration firms, Colombia is a risky place to operate. It has been dubbed the “kidnap capital of the world” because of the frequency with which tourists and foreign workers are snatched from the streets for ransom or political concessions.

The country has been in the grip of a bloody civil war for decades, with clashes between the government and rebel groups such as ELN and FARC. Over its long duration this conflict has killed hundreds of thousands of people and displaced millions.

Colombia is a major producer and exporter of illegal drugs such as cocaine. This has helped to fund the activities of the rebels. At the same time, it has led to further chaos in the country because of strife between different gangs with a stake in the drugs trade.

World Gold Council introduces conflict-free mining standard

THE link between gold and armed conflict could be reduced by a recently introduced industry initiative aimed at increasing transparency.

Industry body the World Gold Council has developed the conflict-free gold standard, aimed at encouraging responsible mining practices.

The standard, published in October 2012, aims to improve industry practice and is open to any party with a link to the extraction or supply of the precious metal.

The standard looks at five different criteria, including whether the area a company works in is affected by conflict, what processes are in place to keep gold from the hands of armed groups, and what is carried out to check gold from external sources has no link to conflict.

There are hopes it will improve confidence and integrity in the industry. A World Gold Council release reads: “Gold produced in conformance with the conflict-free gold standard will provide confidence that it has been extracted in a manner that does not cause, support or benefit unlawful armed conflict.”

Terry Heymann, director of gold for development at the World Gold Council, argues that this could help in war-torn nations such as the Democratic Republic of Congo, but that it would not automatically solve conflicts.

“There have been concerns around the role miners play in financing kidnapping, conflict and various forms of financing,” he says. “It’s not as if the situation will be resolved if this one element is removed.”

Canada vows to scrutinise Arctic drilling

CANADA wants to help local people and protect the environment during its chairmanship of the Arctic Council.

Plans for drilling in the Arctic have been controversial, as fears grow over oil spills and other risks. Companies operating there have come under criticism, with activists climbing Arctic oil platforms in protest.

Canada will chair the Arctic Council, which aims to provide a dialogue between countries operating there and indigenous communities, until 2015. The country has put emphasis on protecting the Arctic’s marine environment and local culture.

This involves establishing a Circumpolar Business Forum to nurture economic development, guidelines to establish how the region could handle tourism in a sustainable way, and recommendations on incorporating traditional ways of local life into its operations.

“Canada has a clear vision for the Arctic, in which self-reliant individuals live in healthy, vital communities, manage their own affairs and shape their own destinies.”

“Arctic Council recognises and celebrates the importance of traditional ways of life for northern communities and will work to increase regional and global awareness of these ways of life.”

In May the council signed an agreement committing each nation to set up a system for promptly responding to oil pollution in the region. But environmentalists and critics claim not enough research has been done on the environmental risks this work could incur.
Fracking is viable and but is it responsible?

By Dave Baxter

It HAS been blamed for the arrest of an MP, minor earthquakes and kitchen taps spitting flames. Protesters march on drilling sites to oppose it. Greenpeace describes it as “a dangerous gamble that will threaten local environments, derail efforts to tackle climate change and cost green jobs and investment.”

Hydraulic fracturing, or fracking, is the latest controversy in Britain’s heated debate over energy policy. It involves drilling holes and injecting liquids into rocks at high pressure to fracture them, releasing gas.

There are fears that fracking, widespread in America, causes earthquakes and environmental damage. Claims have been made that it can leave water supplies laced with methane, meaning taps, alarmingly, could spew flames.

UK fracking looks increasingly likely. In 2011, two seismic tremors occurred following fracking in Lancashire, leading to a ban. But the government lifted this after deeming the risks manageable.

Organisations are quietly lining up to advocate fracking. The government backs it, but stresses the need to uphold best practices.

The Institute of Directors (IoD) argues that shale gas production could potentially support 74,000 UK jobs, boost tax revenues and reduce the country’s reliance on imported gas. IoD spokesman Christian May says: “We are interested in the industrial and economic benefits it could bring. We believe it has the potential to create over 70,000 jobs in the UK. Very few regions would be untouched by the benefits of shale gas in terms of the employment it could bring. It could do a huge amount of good for the UK’s regions. But it could also create jobs in the leafy south east. Unemployment isn’t confined to the north.”

Others believe fracking could help Britain cut carbon emissions.

Simon Moore, an environment and energy researcher at think tank Policy Exchange, says fracking could help free up time and money for energy research.

“It has the potential to offer a way to decarbonise our electricity sector more cheaply than what we are choosing to do at the moment,” he says. “If you switch electricity production from using coal to gas, you reduce carbon emissions from the electricity sector, at less cost than some of the other things we are doing.”

“We have a pretty dirty system right now that is very coal-based. We could move to gas in the next two or three years and then change to something that’s completely zero carbon at the end. That could be carbon storage, or renewables, or nuclear. It will probably be a bit of all those things.”

“If switching coal to gas allows you to transfer more cheaply, then you have more money that you could use for other purposes like early stage research to bring down the cost of things such as renewables.”

But these arguments do little to address the risks.

Ed Hough, of the British Geological Survey, says: “There is the risk of pollution. This could be pollution by chemicals, which has mostly been coming from surface activities and includes spills. There is also pollution by gas, where there is potential for methane to get from a shale well and contaminate groundwater. This has often been due to the poor design of boreholes.”

“The second big risk is of earthquakes. With the activities in Lancashire, for example, it’s known that the fracturing caused a series of minor earth tremors. But they haven’t been widely reported to be associated with shale gas.”

But he says America’s mistakes are avoidable. “The United States is interesting because the resources underground belong to the landowner,” he says. “But in the UK the underground is owned by the crown, which means companies need permission to do fracking.”

“The UK also has a strong regulatory framework, and ways to mitigate the risks. There is a regulatory framework that deals with boreholes, to mitigate pollution.”

“With minor earth tremors, a traffic light system can record them, and if they reach a certain level you can stop work.”

But some warn not to repeat America’s famous “rush to shale”.

Dr Dorothy Satterfield, a senior geology lecturer at the University of Derby, says: “If shale gas extraction can be done safely and economically, it would seem wise to carry it out in a more paced fashion than the rush to shale gas in the US.”

“The government needs to continue development of a national policy, based on scientific research and economic analysis. This has to be followed by thoughtful planning decisions. Now is the time to carry out the research on volume present, safe extraction techniques and the economics of extraction.”

Hough adds: “The British Geological Society’s intention has been to inform the debate, which can get quite heated. I would say that there is still a distinct lack of peer-reviewed science. Even those that are peer-reviewed have been the subject of much discussion in academic communities.”

Fracking advocates also have the major task of winning over the public.

Paul Rice, an energy and natural resources expert at law firm Pinsent Masons, says: “As fracking develops, things will hopefully get better and less emotive. With nuclear power, there’s a relative level of acceptance because the risks are palatable and known.

“But they aren’t known with shale gas. People see things like Erin Brockovich and are influenced by that.”

Paul Fennell, senior lecturer in clean energy at Imperial College London and member of the Institution of Chemical
Fracking How shale gas is extracted

Gas is found in shale formed from deposits of mud, silt, clay and organic matter

UK shale formations

£1.5 trillion
Estimated value of shale gas beneath the UK

Explorers drill down and sideways into gas-bearing shale deposits

Shaped charges blast holes in the well walls

Water and chemicals pumped in at high pressure opening up fissures

Gas is driven out by pressure and pumped up to surface

Black shale deposits
Onshore licences with exclusive rights to exploration and drilling

Source: British Geological Survey

IN a speech in February, president Obama announced: “After years of talking about it, we are finally poised to control our own energy future. “We produce more natural gas than ever before, and nearly everyone’s energy bill is lower because of it.”

For both camps, the argument about fracking always leads to America. The country has become both a trailblazer in the global energy market and the star of fracking’s biggest nightmares. Desolate towns in places such as Pennsylvania have been reinvigorated by well-paid work on drilling sites, as well as the services providing for workers. As a result, America has also begun to export gas, reducing its reliance on other countries for energy. But fracking has also caused rifts between communities and hordes of new workers moving in. And concerns about whether fracking could cause earthquakes, or whether fractures themselves could be more vulnerable to earth tremors, are yet to be put to bed. Unlike the densely populated UK, America has been busy carrying out fracking on its expansive terrain. But the arguments are just as fierce.

The view from America: a controversial form of energy extraction

There needs to be proper regulation to make sure those who break the rules are punished. “But it could take 10 or 15 years to develop. We have to realise that it’s not a panacea for all the UK’s energy problems.”

By Jo Swinson, business minister

WE know that a wealth of natural resources can be a blessing or a curse. Each year, international oil, gas, forestry and mining companies pay millions to the governments of resource-rich countries. This income should be used to build schools and hospitals, lay roads, train teachers and create jobs but all too often the 3.5 billion who live in these resource-rich countries fail to see any improvements in their quality of life.

This is why we are calling for greater transparency over how resources are used and what happens to the money that comes in. Only when this information is made available to local people will they be in a position to know how their resources are used, whether their money is going missing and whether they are really getting a good deal from their government.

Here in the UK we have a strong system of transparency and freedom of information. Over the past year we have pushed hard to ensure oil, gas, mining and forestry companies report the payments they make to governments in each country in which they operate.

This was an important step, but in order to make a real difference we need a common global transparency standard. This means that wherever they operate, extractive companies publish what they pay to governments, and governments publish what they receive.

That is why I was delighted when the prime minister announced in May 2013 that the UK would be adopting the Extractive Industries Transparency Initiative (EITI). As he said at the time, it will “create a level playing field for business, help the British people hold decision makers to account and encourage other countries around the world to take similar steps”.

The EITI will help shine a light on the revenues that countries earn from their natural resources. In 2009 an EITI report on Nigeria identified an $800m discrepancy between companies’ payments and the government’s receipts for oil. It is vital that gaps like these are identified if citizens are to be empowered to hold their governments to account, so that the sale of natural resources benefits the many, not just the few.

WE know that a wealth of natural resources can be a blessing or a curse. Each year, international oil, gas, forestry and mining companies pay millions to the governments of resource-rich countries. This income should be used to build schools and hospitals, lay roads, train teachers and create jobs but all too often the 3.5 billion who live in these resource-rich countries fail to see any improvements in their quality of life.

This is why we are calling for greater transparency over how resources are used and what happens to the money that comes in. Only when this information is made available to local people will they be in a position to know how their resources are used, whether their money is going missing and whether they are really getting a good deal from their government.

Here in the UK we have a strong system of transparency and freedom of information. Over the past year we have pushed hard to ensure oil, gas, mining and forestry companies report the payments they make to governments in each country in which they operate.

This was an important step, but in order to make a real difference we need a common global transparency standard. This means that wherever they operate, extractive companies publish what they pay to governments, and governments publish what they receive.

That is why I was delighted when the prime minister announced in May 2013 that the UK would be adopting the Extractive Industries Transparency Initiative (EITI). As he said at the time, it will “create a level playing field for business, help the British people hold decision makers to account and encourage other countries around the world to take similar steps”.

The EITI will help shine a light on the revenues that countries earn from their natural resources. In 2009 an EITI report on Nigeria identified an $800m discrepancy between companies’ payments and the government’s receipts for oil. It is vital that gaps like these are identified if citizens are to be empowered to hold their governments to account, so that the sale of natural resources benefits the many, not just the few.

Our decision makes us real leaders in the battle to make sure natural resources are used to combat poverty, boost economic growth and improve social mobility.

I will be championing the UK’s EITI commitments, and am keen for the UK to drive forward with implementation – providing real international leadership that will encourage other countries to follow suit.

Transparency has also been a key theme of our G8 presidency. This summer the prime minister successfully secured commitments from other countries at the G8 summit showing that an increasing number of countries across the world recognise how vital transparency is.

Alongside the UK, France, the US, Germany and Italy are all taking steps to implement or pilot the EITI. Australia, the next chair of the G20, is also currently conducting a pilot. In July I welcomed more than 130 representatives from industry, civil society and government departments to our EITI launch event. The next step is to set up the Multi Stakeholder Group. UK Oil and Gas and civil society organisations are currently considering nominations for representatives on this group, which will take all the key decisions on implementation. The first meeting of the group is due to take place next Wednesday, October 9, and I’ll look forward to working with our partners to implement the EITI here in the UK.

There is much to be done to encourage the adoption of strong reporting rules so that citizens in the UK and around the world have access to this important information. However, with the example we are setting, I am hopeful that we will see more countries making commitments to fairness and transparency as well.

This will give people the detailed information they need to track payments and work out whether they are seeing the benefits of the funding invested in their country.
By Dave Baxter

A five-year-old initiative called the Extractive Industries Transparency Initiative (EITI) promises to give the public a clearer picture of how much money governments earn from natural resources – but for now it seems to be doing little to attract investment in the Democratic Republic of Congo (DRC), for example, has huge natural resources but is dogged by corruption and bloody conflict – EITI has enjoyed a solid take-up so far. Five years in, around 40 nations and more than 80 companies are involved. Short doesn’t fail to mention this. But she also wavers slightly when asked about EITI’s achievements, as if she is unconvinced enough has been done.

“After five years of being operational, we have strengthened our stance. Simply producing lots of figures that are clear stops some bad practice and improves transparency,” she says.

“I’m not saying having produced [the figures] isn’t an achievement. This whole sector used to be extremely murky. It’s now become normal to expect transparency.”

“Everybody has agreed that governments will be more accountable. People will be able to hold their governments to account. But we need to do more to make the reporting of the figures accessible, so the people know [what the situation is].”

Short believes more can be done to make these figures easy for populations to digest. But it isn’t all bad news. She argues that just having the figures available can make people...
Clare Short (left) is campaigning for greater industry transparency. (Below left) at the ICAR conference in March; (right) as Secretary of State for International Development during the Blair years

A leading provider of market research and consulting services within the engineering, OEM and field services sectors of the energy industry.

We are an independent organisation supported by proprietary data, insight and knowledge with one of the largest sector-focused teams located in our offices in the Americas, Europe and Asia.

Douglas Westwood energy business insight

+44 203 4799 505
www.douglas-westwood.com
research@douglaswestwood.com

Responsible extraction

Like us: facebook.com/business-reporter
Find us online: business-reporter.co.uk

Demand more from governments and companies.

“The DRC has started to report the numbers so far. The amounts going to the government are pathetic. The poor old people remember,” she says.

“People say that if you have transparency, you can stop it. In these countries there are always journalists and lawyers and activists. The people might not read the EITI reports, but they will know. Smartphones are everywhere.”

What else could be done? Short mentions those nations getting a “tiny” share of revenues because companies use tax havens. She also notes that when revenues do come in, they need to be managed well to help those in poverty.

She says: “On the back of the commodity boom, growth in Africa has been better in the last 10 years. It’s significant because of the commodity boom, but inequality has grown, particularly in mining countries.

“The proceeds of this, done well, could lift hundreds of thousands of people out of poverty. But managed badly, it moves people to [a situation similar to that in the Democratic Republic of the Congo].”

From projects in Birmingham, where she once served as a politician, to her work in Africa, Short’s post-Westminster reincarnation is taking her around the globe.

But, as we are just ten minutes from the House of Commons, it’s hard not to ask if she misses life as an MP.

“People ask me whether I miss Westminster, but I don’t,” she says, shaking her head. “I did 27 years as an MP. I’m a Sixties kid – I graduated in 1968.

“My generation thought we had to work very hard but you could make the world free and fair and help people get the benefits we have had, of full employment, the health service and women’s rights. Politics was noble and about making the world safer.

“I’m afraid people don’t think politics is noble now. Obviously Iraq [which led to her resigning as a minister] was big for me, because the Labour party didn’t hold Tony Blair to account for the way he led everybody astray.

“I was a Catholic, but you realise the Pope says you can’t have contraception and that’s it. I lapsed again, this time with faith in politics, after Iraq.”

Despite this, Short is upbeat and has not given up on changing the world. She tells me British people are “very lucky” to have such high living standards and talks zealously about global issues until time is up. “As you can see, I’m still passionate about it,” she says.

Short will serve a second, three-year term chairing the EITI and has no plans beyond that so far. As much as she dislikes tardiness, it seems she has bigger problems to solve.
Kenya: the next big hitter in African oil exportation?

Speculative drilling in the sub-Saharan nation points to major economy boost

KENYA has moved a step closer to becoming an oil exporter after a new discovery in the north of the country.

British company Tullow Oil announced in late September that drilling work had revealed the presence of oil in the Auwerwer and Upper Lokone sandstone reservoirs. The company will now carry out further tests.

For the company, which began drilling in Kenya last year, this is the fourth consecutive discovery of oil there. Earlier this year, the firm decided there was enough oil for commercial exploitation of reserves in the country’s Turkana area.

In a statement, Angus McCoss, Tullow’s exploration director, said: “This success is further evidence of the exceptional oil potential of our East African Rift Basin acreage. We are now increasing the pace of exploration in Kenya, aiming for 12 wells over the next 12 months.”

Keith Hill, CEO at Canadian firm Africa Oil, which is working with Tullow Oil in the region, said: “We are thrilled with the 100 per cent success rate of the drilling programme to date in northern Kenya, and with 10 additional leads and prospects in this basin, we can expect additional discoveries in the future.

“This discovery gives us further incentive to aggressively push forward plans for development studies of this world-class project, in conjunction with our partners and the government of Kenya.”

If Kenya begins shipping out oil, it would be a huge boost for its finances. Robust exports of oil would underpin the country’s shilling currency and help it compete with other African nations offering natural resources, such as Uganda and the Democratic Republic of Congo.

Over the years, many oil firms have tried their luck in the country without success. A Deloitte report from earlier this year, The Deloitte Guide To Oil And Gas In East Africa: Where Potential Lies, reads: “Kenya has no proven commercial hydrocarbon discoveries at the time of writing. BP and Shell carried out exploration work in the 1950s, with the first exploration well being drilled in 1966. Over the past 50 years, many other oil and gas companies have tried their luck offshore and onshore, including Exxon, Total, Chevron, Woodside and CNOOC.

“Of 33 wells drilled in the country prior to 2012, 16 showed signs of hydrocarbons, but none were considered commercial.

“Tullow is undertaking an exploration drilling campaign in the hope of replicating its recent Ugandan success.” With oil exports likely to boost the country’s economy, the Kenyan government will be hoping to hear of more discoveries soon.

Speculative drilling in the sub-Saharan nation points to major economy boost

Africa Oil: kings of East Africa

Working at the forefront of Africa’s emerging oil industry

INDUSTRY VIEW

To succeed in Africa, it helps to have a pedigree of success and know the terrain. If you’re part of a multi-billion dollar group of companies that has been in global resource investment for more than 70 years, you can be sure that success is part of your DNA.

Africa Oil, the East Africa focused younger member of the Lundin Group, is rapidly growing to be the most watched part of the group.

Operating in Ethiopia, Kenya and Puntland, with multi-billion barrels oil field potentials on trend, Africa Oil, with Tullow as its JV partner, has opened up the eyes of the energy world to Kenya.

Its first well, Ngamia-1, on Block 10BB, Kenya, drilled in 2012 by Tullow was a clear success, with now more than 200 metres of net oil pay, and generated headlines across the world. Its second well, the Twiga South-1 exploration well, located in Block 13T, onshore Kenya, encountered more than 70 metres of net oil pay in tertiary sandstone reservoirs. The follow up to Twiga was a discovery on the Etuko prospect in the Lokichar Basin in Block 10BB in Kenya, with net pay of 40 metres and excellent reservoir qualities. Not content with that, their most recent drill in September 2013 was also successful.

The Ekales well JV with Tullow discovered oil in Block 13T in Kenya with a potential pay zone of 60 to 100 metres representing the fourth consecutive significant oil find in this basin. Four major drills have resulted in four significant finds that will change the economics of East Africa with risked net best estimates of more than 1.2 billion barrels of oil in the Lokichar sub-basin alone.

With a market cap of $2.2 billion on the TSX, and a market cap of $2.2 billion on the TSX, and a With a market cap of $2.2 billion on the TSX, and a market cap of $2.2 billion on the TSX, Africa Oil will replicate the success of Tanganyika Oil, which was taken over by Sinopec in a multi-billion dollar group of companies that has been in global resource investment for more than 70 years, you can be sure that success is part of your DNA. Africa Oil, the East Africa focused younger member of the Lundin Group, is rapidly growing to be the most watched part of the group.

Operating in Ethiopia, Kenya and Puntland, with multi-billion barrels oil field potentials on trend, Africa Oil, with Tullow as its JV partner, has opened up the eyes of the energy world to Kenya. Its first well, Ngamia-1, on Block 10BB, Kenya, drilled in 2012 by Tullow was a clear success, with now more than 200 metres of net oil pay, and generated headlines across the world. Its second well, the Twiga South-1 exploration well, located in Block 13T, onshore Kenya, encountered more than 70 metres of net oil pay in tertiary sandstone reservoirs. The follow up to Twiga was a discovery on the Etuko prospect in the Lokichar Basin in Block 10BB in Kenya, with net pay of 40 metres and excellent reservoir qualities. Not content with that, their most recent drill in September 2013 was also successful. The Ekales well JV with Tullow discovered oil in Block 13T in Kenya with a potential pay zone of 60 to 100 metres representing the fourth consecutive significant oil find in this basin. Four major drills have resulted in four significant finds that will change the economics of East Africa with risked net best estimates of more than 1.2 billion barrels of oil in the Lokichar sub-basin alone. With a market cap of $2.2 billion on the TSX, and a strong team behind the company, investors are hoping Africa Oil will replicate the success of Tanganyika Oil, which was taken over by Sinopec in a multi-billion dollar group of companies that has been in global resource investment for more than 70 years, you can be sure that success is part of your DNA.

Africa Oil, the East Africa focused younger member of the Lundin Group, is rapidly growing to be the most watched part of the group.

Operating in Ethiopia, Kenya and Puntland, with multi-billion barrels oil field potentials on trend, Africa Oil, with Tullow as its JV partner, has opened up the eyes of the energy world to Kenya. Its first well, Ngamia-1, on Block 10BB, Kenya, drilled in 2012 by Tullow was a clear success, with now more than 200 metres of net oil pay, and generated headlines across the world. Its second well, the Twiga South-1 exploration well, located in Block 13T, onshore Kenya, encountered more than 70 metres of net oil pay in tertiary sandstone reservoirs. The follow up to Twiga was a discovery on the Etuko prospect in the Lokichar Basin in Block 10BB in Kenya, with net pay of 40 metres and excellent reservoir qualities. Not content with that, their most recent drill in September 2013 was also successful. The Ekales well JV with Tullow discovered oil in Block 13T in Kenya with a potential pay zone of 60 to 100 metres representing the fourth consecutive significant oil find in this basin. Four major drills have resulted in four significant finds that will change the economics of East Africa with risked net best estimates of more than 1.2 billion barrels of oil in the Lokichar sub-basin alone. With a market cap of $2.2 billion on the TSX, and a strong team behind the company, investors are hoping Africa Oil will replicate the success of Tanganyika Oil, which was taken over by Sinopec in a multi-billion dollar group of companies that has been in global resource investment for more than 70 years, you can be sure that success is part of your DNA.
While Dogberry loves sniffing out the big stories in the extractive industry, he can't ignore the weighty issues behind the scenes. In developing countries with abundant natural resources, it's hard to forget the link between extractive work and some of the globe's bloodiest conflicts.

Initiatives are springing up to increase supply chain transparency, which is encouraging. But how can consumers avoid products which may use conflict minerals or metals? Food retailers chose to offer fairtrade products, which were met with significant demand. Could manufacturers do the same for products containing precious metals?

Some consumers should be able to answer this question at the end of 2013. FairPhone, a company which began in 2010, claims it is now close to delivering its first batch of “conflict-free” smartphones. The company outlines the “road map” of its product online, from the small-scale miners in the Democratic Republic of Congo it works with to attempts to boost transparency in its supply chain. In terms of design, the company’s ultimate aim is to create recyclable phones.

It all sounds good for the ethically minded phone user. But you’ll need to get in quick – FairPhone has a limited batch of initial products.

Going underground

Around three years ago, Dogberry was gripped by the story of 33 Chilean miners who spent 69 days trapped underground before emerging from the depths. Dogberry wondered what the future held for them. A return to the world of mining?

Or would they become stars, destined for book deals and the bright lights of Hollywood?

One thing is likely: the miners are to be immortalised on screen. The 33, a big-screen retelling of their ordeal, is set to begin shooting in November. Antonio Banderas (left) will play Mario Sepulveda, or “Super Mario”, the first of the 33 to emerge above ground. Sadly, one big name, Jennifer Lopez, has pulled out. She allegedly has bigger priorities: a stint on music show American Idol.
New PM Tony Abbott has pledged to abolish Australia’s carbon tax when all business costs are increasing, international competitiveness at a time export competitors face. These costs that none of Australia’s minerals extraction businesses uncompetitive during a difficult time for the industry. His post reads: “The net cost of emission permits, the six cents per litre shadow-carbon price on diesel and the ten per cent increase in energy prices as a result of the tax are a massive impost on the minerals sector for no material environmental dividend. They are deadweight costs that none of Australia’s minerals export competitors face. These costs undermine value and reduce Australia’s international competitiveness at a time when all business costs are increasing, commodity prices are tempering and the dollar remains stubbornly high.”

Australian prime minister Tony Abbott has pledged to repeal the tax. New PM Tony Abbott has pledged to abolish Australia’s carbon tax.

INDUSTRY association the Minerals Council of Australia has attacked the nation’s carbon tax. Writing on the association’s website, chief executive Mitchell Hooke criticises the tax for making Australian extraction businesses uncompetitive during a difficult time for the industry.

His post reads: “The net cost of emission permits, the six cents per litre shadow-carbon price on diesel and the ten per cent increase in energy prices as a result of the tax are a massive impost on the minerals sector for no material environmental dividend. They are deadweight costs that none of Australia’s minerals export competitors face. These costs undermine value and reduce Australia’s international competitiveness at a time when all business costs are increasing, commodity prices are tempering and the dollar remains stubbornly high.”

Australian prime minister Tony Abbott has pledged to repeal the tax.
CAAMPAIGNER Amnesty has called on companies and governments to help protect miners in the Democratic Republic of Congo (DRC) from human rights abuses. The charity’s 2013 report, Profits And Loss: Mining And Human Rights In Katanga, Democratic Republic of Congo, focuses on miners in the region of Katanga, where resources including gold, copper, tungsten and cobalt are extracted, with this work often linked to conflict, corruption and human rights violations.

The report points to a variety of ills, from forced evictions to exploitation and the prevalence of dangerous working conditions, and demands that the authorities, as well as companies and their governments, take action to crack down on violations.

The report reads: “The government of the DRC has proved unwilling or unable to act to effectively regulate companies operating within its territory. However, some of the companies implicated in serious human rights abuses in Katanga are multinational companies whose headquarters are in another country.

"Home state governments, such as China, have an obligation, grounded in international law, to regulate companies headquartered in their territory in relation to their global operations."

The report also says the DRC should require all extractive companies to carry out and disclose assessments covering the environmental, social and human rights impact of their work, introduce health and safety inspections at mining sites in order to protect workers, and compensate victims of abuses such as forced eviction.

Companies working in Katanga are urged to review practices and policies to crack down on human rights abuses and co-operate fully with any investigations into criminal actions committed at mines. And the home governments of these companies are told to guide these firms and put in legal reforms forcing the companies to carry out due diligence on their supply chains.

Meanwhile, African countries at the UN recently called on the DRC government and opposition to quickly resolve renewed conflict in the country. There is still much work to be done.

DR Congo

CAMPAIGNER Amnesty has called on companies and governments to help protect miners in the Democratic Republic of Congo (DRC) from human rights abuses. The charity’s 2013 report, Profits And Loss: Mining And Human Rights In Katanga, Democratic Republic of Congo, focuses on miners in the region of Katanga, where resources including gold, copper, tungsten and cobalt are extracted, with this work often linked to conflict, corruption and human rights violations.

The report points to a variety of ills, from forced evictions to exploitation and the prevalence of dangerous working conditions, and demands that the authorities, as well as companies and their governments, take action to crack down on violations.

The report reads: “The government of the DRC has proved unwilling or unable to act to effectively regulate companies operating within its territory. However, some of the companies implicated in serious human rights abuses in Katanga are multinational companies whose headquarters are in another country.

"Home state governments, such as China, have an obligation, grounded in international law, to regulate companies headquartered in their territory in relation to their global operations."

The report also says the DRC should require all extractive companies to carry out and disclose assessments covering the environmental, social and human rights impact of their work, introduce health and safety inspections at mining sites in order to protect workers, and compensate victims of abuses such as forced eviction.

Companies working in Katanga are urged to review practices and policies to crack down on human rights abuses and co-operate fully with any investigations into criminal actions committed at mines. And the home governments of these companies are told to guide these firms and put in legal reforms forcing the companies to carry out due diligence on their supply chains.

Meanwhile, African countries at the UN recently called on the DRC government and opposition to quickly resolve renewed conflict in the country. There is still much work to be done.

Canada

CANADIAN researchers and journalists have been calling on their homeland to look at the human cost of mining in the developing world.

In response to a report by journalists Shefa Siegel, Natalie Brender, publications co-ordinator and research associate at the Centre for International Policy Studies (CIPS) in Canada, criticised mining’s impact on communities in the developing world.

In a piece published in the Toronto Star this year, she writes: “…Canada also has a strong track record in advocating for voluntary measures such as transparency initiatives… As appealing as they are, however, they amount to top-dressing on the tip of an enormous iceberg of problems besetting the global mining industry. Renewable resources such as agriculture, fishing and forestry have been scrutinised with respect to their impacts on development and the environment. But the ecological and human sustainability of mining, by contrast has received almost no comprehensive ethical study.”

She references Siegel’s argument that large industrial mining projects often monopolise an area, with artisan miners left without livelihoods, rivers diverted and farmlands taken over, sometimes by force.

Canada has a good reputation for its ethics in extraction. But, as Brender argues, still more could potentially be achieved.

With financial markets as volatile as ever and traditional investments performing poorly, undoubtedly there’s never been a better time to invest in physical silver. Read on to discover how silver coins could help you protect your wealth, beat inflation and offer good growth potential.

Did you know that many states, banks and the world’s richest individuals are buying physical silver in large quantities to safeguard their wealth? It is widely recognised as a valuable investment — often outpacing the value of gold — and it could strengthen your financial situation.

Making the grade with savvy investors

Over the medium to long term (5–10 years), silver is a relatively low-risk, stable investment opportunity. Short term prices may rise and fall, but over longer periods silver tends to hold or increase its value. What’s more — not only is silver highly sought-after by industry, it’s less costly and often more desirable than gold.

FACTS ABOUT SILVER

Silver is the most reflective, most thermally and electrically conductive element in the world. Its natural antibiotic properties are widely exploited in the medical and sportswear sectors. Silver is the second most used commodity in the world. The British Pound has devalued by over 97% in the last 100 years; silver has maintained or increased its value.

Protect YOUR WEALTH in silver coins

With financial markets as volatile as ever and traditional investments performing poorly, undoubtedly there’s never been a better time to invest in physical silver. Read on to discover how silver coins could help you protect your wealth, beat inflation and offer good growth potential.

Did you know that many states, banks and the world’s richest individuals are buying physical silver in large quantities to safeguard their wealth? It is widely recognised as a valuable investment — often outpacing the value of gold — and it could strengthen your financial situation.

Making the grade with savvy investors

Over the medium to long term (5–10 years), silver is a relatively low-risk, stable investment opportunity. Short term prices may rise and fall, but over longer periods silver tends to hold or increase its value. What’s more — not only is silver highly sought-after by industry, it’s less costly and often more desirable than gold.

FACTS ABOUT SILVER

Silver is the most reflective, most thermally and electrically conductive element in the world. Its natural antibiotic properties are widely exploited in the medical and sportswear sectors. Silver is the second most used commodity in the world. The British Pound has devalued by over 97% in the last 100 years; silver has maintained or increased its value.

SPECIAL OFFER!

No Capital Gains Tax or VAT
Classed as “Investment Gold”
22 carat gold, 7.98 g.
£225.00

Queen Elizabeth II
Full Gold Sovereign

We’re offering you the chance to own the very first sovereign to be struck for her Majesty the Queen at the special price of £225.00 (RRP £325). Invest in the 1957 Queen Elizabeth II gold sovereign and enjoy your very own valuable coin showing the classic St. George and the Dragon on the reverse - free from Capital Gains Tax for just £225.

ACT NOW!

Only 200 coins available at this special price, call us today on 020 7481 0125 to order yours and make sure you don’t miss out.

FREE GIFT WITH EVERY PURCHASE

Buy a sovereign today and get a LED mini microscope absolutely free!

Fast secure delivery only £4.99!

Silver Britannia now on 0207 481 0125
buy online at www.hallmarkcoins.co.uk

Call us now on 0207 481 0125
or buy online at www.hallmarkcoins.co.uk

SPECIAL OFFER!

No Capital Gains Tax or VAT
Classed as “Investment Gold”
22 carat gold, 7.98 g.
£225.00

Queen Elizabeth II
Full Gold Sovereign

We’re offering you the chance to own the very first sovereign to be struck for her Majesty the Queen at the special price of £225.00 (RRP £325). Invest in the 1957 Queen Elizabeth II gold sovereign and enjoy your very own valuable coin showing the classic St. George and the Dragon on the reverse - free from Capital Gains Tax for just £225.

ACT NOW!

Only 200 coins available at this special price, call us today on 020 7481 0125 to order yours and make sure you don’t miss out.

FREE GIFT WITH EVERY PURCHASE

Buy a sovereign today and get a LED mini microscope absolutely free!

Fast secure delivery only £4.99!

Silver Britannia now on 0207 481 0125
buy online at www.hallmarkcoins.co.uk

Call us now on 0207 481 0125
or buy online at www.hallmarkcoins.co.uk
As natural resources become scarce, companies are likely to hunt for them in far-flung parts of the world. This isn't easy. As well as difficult terrain and remote locations, this work can involve dealing with different cultures and even managing local concerns.

But, as the head of one major company argues, there is a better, more ethical way to safeguard projects than pouring money into security.

Peter Botten, managing director at Oil Search, which has a market capitalisation of around US$10 billion and is headquartered in Papua New Guinea, argues that much of its success comes through working closely with local communities and levels of government, building strong relationships and ultimately establishing a social licence to operate.

The company was incorporated in Papua New Guinea in 1929 and is now its largest oil and gas producer, but also operates in places such as Kurdistan and Tunisia. With the main concentration of oil and gas in the country's highlands, exploration was difficult in Papua New Guinea until helicopters were available to navigate the difficult terrain and remoteness of the operations.

In the 1990s Oil Search began major oil and gas developments there, and is now working on a major liquefied natural gas (LNG) project expected to provide them with benefits in terms of training, education and health services. You can't supply enough security or the rule of law in these remote areas. In 2012, the company invested US$11.9 million, either directly or indirectly, in community development, with almost half of that going to health programmes through its Health Foundation.

It's also very hard for a developer with any social conscience to turn someone away from the gate if they have a broken leg or are pregnant and about to give birth. Companies elsewhere tend to spend a lot more than we do on fences and security. We spent more money on co-operation and integration. That's just part of our DNA.

In 2011 Oil Search formalised its community health programmes by establishing the Oil Search Health Foundation, which Botten describes as "our social licence to operate. A cornerstone of the foundation is to provide them with benefits in terms of training, education and health services."

The Oil Search Health Foundation was established in 2011 to identify high-profile health issues in Papua New Guinea (PNG) and to seek opportunities and partnerships to strengthen the country's health systems and processes. The Foundation aims to deliver high-impact health interventions that improve service delivery and health outcomes for the people of PNG.

The Oil Search Health Foundation is one of its public-private partnership with the country's Department of Health to help with HIV and AIDS treatment. But the foundation also has dedicated programmes to combat malaria, tuberculosis and improve maternal, child, and reproductive health services.

Botten is also an advocate of the Extractive Industries Transparency Initiative (EITI), which aims to strengthen governance by improving transparency and accountability in the extractive sector. "We actively advocated the government to adopt EITI principles and to manage wealth appropriately through the establishment of a sovereign wealth fund," he says.

"I think the challenge is to let people know how much money is coming in so communities can hold their government to account, EITI addresses that."

Oil Search believes the EITI provides companies with a means for engagement with stakeholders by promoting a more transparent business environment which, over time, can assist in minimising corruption in extractive industries. A government's commitment to EITI implementation sends a strong signal to the global investment community about that country's commitment to transparency.

Greater awareness by local communities about government revenues from the extractive industries can help mitigate social tensions and lead to improved public accountability and public stability. Together, these aspects promote investor confidence.

More companies will seek natural resources abroad in the future. But success may need more than guards and fences.

www.oilsearch.com
www.oilsearchhealthfoundation.org
+61 2 8207 8400

The Oil Search Health Foundation was established in 2011 to identify high-profile health issues in Papua New Guinea (PNG) and to seek opportunities and partnerships to strengthen the country’s health systems and processes. The Foundation aims to deliver high-impact health interventions that improve service delivery and health outcomes for the people of PNG.

Operating responsibly in Papua New Guinea

- $US$11.9 million invested in sustainable development
- $US$4.9 million donated to the Oil Search Health Foundation
- 11% reduction in greenhouse gas emissions
- 83% of Oil Search’s PNG workforce are PNG citizens
- 22% of senior managers are PNG citizens
- 79% of PNG employees believe sustainability is consistently considered in the way Oil Search operates
- 59% of PNG employees considered sustainability performance when deciding to work at Oil Search

Source: Oil Search 2012 Sustainability Report

Operating with integrity
Enhancing social licence to operate
Generating shared value
Managing resources responsibly
Continuous performance improvement

Sustainable. Oil Search.
Building fences is not our approach when it comes to community relations

Oil Exploration companies working abroad are likely to fail if they clash with local communities, according to the head of a major oil company. Peter Botten, managing director at Oil Search, which has enjoyed success in Papua New Guinea, where it is based, warns that companies will not survive if they just spend money on security in developing countries.

He says building fences is "not enough" and that a disgruntled community can and will shut down operations, particularly in a remote area, if they want to. "You need to get people onside and focus on community relationships, whether through training or providing materials to build churches and schools," he says.

"This is an approach we have developed in Papua New Guinea, but our approach is very similar in other areas where we operate, such as Kurdistan, in terms of relationship building. Essentially, if local communities want to stop you, they can do and will do. If you don’t have them onside, you don’t have an ability to operate effectively.”

With many of Papua New Guinea’s oil and gas reserves located in the country’s treacherous highlands, getting to exploration sites is difficult. Companies also find the country hard to work in because of its disparate, decentralised population. It has great linguistic diversity, with hundreds of native tongues across the country, and the majority of the population live in isolated, rural areas. The country has a large number of tribes who depend on subsistence agriculture and have little contact with each other.

Botten says: "Once you step out of the capital, the people in the country have few ties back to the central government. We play a significant role but in the end it is their country. It also has a very diverse local and cultural mix. It’s a unique country to work in.”

His company has long been involved in working with the community on initiatives ranging from offering a scheme which gives local people equity in the firm’s various projects to running health programmes through the Oil Search Health Foundation.

“"We are very proud of the work that the Oil Search Health Foundation performs and are committed to working with the PNG Government and like-minded partners to deliver targeted programmes focusing on education, training, prevention and treatment of diseases including malaria, HIV, tuberculosis, maternal and child health and lifestyle diseases,” said Botten.

“We operate on the principle that we must leave the communities in which we operate in a better state than when we arrived.

“I truly believe that through our operations and the Foundation, we are fulfilling that objective and working together to create a better future for all.”
WITH resources dwindling around the world, Papua New Guinea is a tempting location for would-be explorers. But getting the most out of the country is difficult. The country’s mineral deposits are extensive, and include gold, nickel, silver and copper. It also has large amounts of oil and natural gas. But none of these resources are easy to reach, and the country has poor infrastructure which slows down any work there.

Exploration is made harder by the Papua New Guinea terrain. A large amount of its resources can be found in the country’s highlands, which are difficult to navigate.

But progress has been made in recent years. In its profile of the country, the World Bank notes air transport and telecommunications markets have opened up, benefiting the population.

The World Bank also stresses that more needs to be done to diversify the economy, which is heavily reliant on natural resource exports, and to boost employment.

It points out the need to maintain law and order, make the country more business-friendly, commercialise state-owned enterprises and cut red tape. It also argues that the performance of the civil service could be improved.

Papua New Guinea may be tempting for miners hungry for resources. But finding these takes work.