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Billion Dollar Map to Help Africa Turn Mining into Prosperity

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Twenty countries in sub-Saharan Africa are classified as “resource-rich” by the International Monetary Fund. Most of these resources are minerals such as iron ore, gold and bauxite, as well as oil and gas. But of these, 14 are ranked higher for GDP per person than they are for their score on the UN human-development index. So what constrains such resource wealth from yielding greater development gains?

In his 2013 paper titled “The Africa Progress Report (http://www.africaprogresspanel.org/publications/policy-papers/africa-progress-report-2013/),” Kofi Annan, the former UN Secretary-General, points out that poorly negotiated deals are partly responsible for countries not benefiting from their resource wealth. In essence, governments are selling mining concessions too cheaply. The study compared the selling price for five

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mining assets in the Democratic Republic of Congo with an independent assessment of their value, and found the difference to be over \$1 billion. So why are states selling their mineral assets too cheaply?

A key reason is determining the real value of mineral resources. Most African countries do not have thorough geodata to assess the value of minerals in their lands. Often a mining company would come to the negotiating table with much more information about the country's mineral prospects than the country's government. Consequently, the government often accepts an offer that seems high to them, but in reality may be lower than what its resource is really worth.

The World Bank's launch of the Billion Dollar Map project seeks to address this constraint and consolidate mineral geodata coverage across Africa. It will promote standardization and accessibility of this information and thus level the playing field. It will also incentivize investment in the region by making the job of private sector exploration teams more effective. This geological data map will uncover the incredible mineral wealth throughout Africa and enable better analysis of cost and benefits.

For governments, having reliable geological information will guide priorities as they seek to attract billions of dollars in mining investments. Mining companies covet this geological data, especially these days, due to low commodity prices that are limiting their investment appetite and budgets.

The potential investment that publicly available geo-data could mobilize for many countries in Africa would far exceed revenue they now receive in development assistance. Under sound, transparent and accountable management, this investment can lead to local job creation, along with revenues to government that translate into programs in health and education, among others, that help reduce poverty and boost shared prosperity.

The groundwork for the initiative has evolved over the past ten years, with the World Bank investing over \$200 million in geological data information in Africa. For example, we are currently supporting the acquisition of geophysical data over the entire landmass of Malawi, but there are many more gaps we hope to fill.

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While we are still raising funds to make the Billion Dollar Map a reality, the

overwhelming positive response from government and companies at the recent Mining Indaba assures us that there is great demand for this endeavor. In addition to government and company support, Sir Paul Collier, renowned scholar and expert on African economies, mentioned the Billion Dollar Map in his keynote speech at Indaba as an endeavor he has long supported and has great potential for catalyzing investment in the region.

The Billion Dollar Map will literally “map out” the path ahead for more investors to join the journey to deliver on the promise of poverty alleviation and economic development that minerals offer the people of Africa.

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Write a response...

SAVE

john metzger

APRIL 14, 2014

Indeed -- some information on the ACT, PRACTICE, and MANAGEMENT/verification of the MAP is very important. Will the data be intergarted from current commercial and NGO-type efforts .. see -- <http://portals.flexicadastre.com/drc/en/> or our we reinventing the wheel ...? What practice options are there for validating the data .. interface to SEC and Canadian "SEC" information and /risk reporting datasites...

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Harsha

FEBRUARY 20, 2014

Can you share more information on the "geological data map" mentioned in the blog. The status /progress of it how it will be developed? More information on this would be of great help.

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Anonymous

FEBRUARY 20, 2014

This article summarises the fundamental cause of deprivation, lack of good leadership and anemic economic prosperity in Africa. It is and always will be the case if African leaders are not highly educated or selfless to make informed and calculated decisions that will benefit its people. Other well educated leaders from developed nations will always take advantage of this to...

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