

**SPEECH OF THE PRINCIPAL SECRETARY, THE NATIONAL
TREASURY DR. JULIUS MUIA, EBS ON THE LAUNCH OF THE
EXTRACTIVE INDUSTRIES SEMINARS AT 9 A.M. ON AUGUST 2, 2019
AT FAIRVIEW HOTEL - NAIROBI, KENYA**

Good morning Ladies and Gentlemen,

Thank you for having me here today.

I am delighted to launch this seventh workshop that has been organized by EADB for public sector legal professionals with a focus on strengthening East Africa's negotiation capacity in handling deals related to the extractives industry.

Capacity building in the extractives industry is very important because it empowers our professional to better understand the processes of removing metals and aggregates from the earth such as oil and gas, mining, dredging and quarrying.

The participants of the proposed regional seminars will be senior government officials including those leading parastatals and other government ministries responsible for policy development and implementation, negotiating, structuring and approving international business transactions on behalf of Government, with emphasis on the extractive industries sector.

The seminar should also provide a networking forum, and an opportunity for East African senior officials to exchange views and share experiences on the subjects of

the seminar and related matters.

Looking at running specifically: currently the mining sector contributes to less than 1% of total economic activity in Kenya, less than 2% in Uganda, less than 3% in Rwanda and less than 5% of total economic activity in Tanzania. However, the region is well endowed in natural resources and as national governments attract foreign investors to explore and develop East Africa's mining sector, we must ensure that the region's natural resources benefit the region.

I think that we have all heard of the resource curse, where dependence on exports of one commodity, or natural resource, causes the exchange rate to appreciate and thus renders the rest of an economy's exports uncompetitive. Dependence upon raw commodity exports can also leave an economy vulnerable to the effects of price fluctuations and external demand. However, well-structured government policy relating to natural resource exploration, exploitation and exportation can prevent an economy from experiencing the infamous resource curse and can instead leave an

economy better off, with more resources to invest in healthcare, education, infrastructure and a diversified economic base, that will in turn promote job creation and cement the gains to sustainable economic growth.

As new natural resources are discovered across East Africa, and as national Governments seek to maximize the revenue from existing natural resources, it is critical that we, as civil servants, all work together to maximize the benefits accruing to our local economies and populations from natural resource rents. Natural

resources are finite, and so we must ensure that we fully utilize the potential benefits accruing from a one-time endowment from the onset.

Whilst it is our job, as economists and civil servants, to ensure that a sensible framework is in place to prevent the resource curse and ensure that natural resources deliver socioeconomic development, the final contracts between the developers or miners, and national governments are critical in ensuring that our strategies and policies are implemented.

At EADB, we believe that well drafted and carefully negotiated mining exploration and development agreements are key to ensure that East Africa's natural resource wealth benefits our socio-economic development. Mining agreements typically constitute substantial and long-term investments and are complex to structure, requiring specific attention to environmental and social issues, land issues, the protection of artisanal miners in the establishment of multinationals, taxation, royalties and value addition.

Therefore, I encourage everyone here today to make the most of this opportunity to enhance the gains from natural resource rents and development of the mining sector to deliver sustainable long-term socioeconomic development to the population of East Africa. The trainers have informed me that you will be provided with a substantive background into natural resource markets, taught how to conduct technical analysis into the extractive industries and finally helped to develop superior negotiation skills in order to represent your country in obtaining win-win contracts that develop the mining sector, the real economy and the local population.

I implore you to make the most of this training and I look forward to seeing the results of well-functioning extractive industries in the coming decades. I am delighted to open the East African Development Bank's training on the extractive industries here in Nairobi.

Thank you.