



**USAID** | **GEORGIA**  
FROM THE AMERICAN PEOPLE



Governing for  
Growth  
in Georgia

# CAPACITY BUILDING FOR THE NATIONAL AGENCY OF MINES

FOR INTERNAL USE ONLY

USAID GOVERNING FOR GROWTH (G4G) IN GEORGIA

22 May 2019

This publication was produced for review by the United States Agency for International Development. It was prepared by Deloitte Consulting LLP. The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

# CAPACITY BUILDING FOR THE NATIONAL AGENCY OF MINES

FOR INTERNAL USE ONLY

USAID GOVERNING FOR GROWTH (G4G) IN GEORGIA

CONTRACT NUMBER: AID-114-C-14-00007

DELOITTE CONSULTING LLP

USAID | GEORGIA

USAID CONTRACTING OFFICER'S REPRESENTATIVE:

PHILLIP GREENE

AUTHOR(S): KIRK ADAMS

ACTIVITY AREA: MINING REFORM, 2430

LANGUAGE: ENGLISH

22 MAY 2019

## DISCLAIMER

This publication was produced for review by the United States Agency for International Development. It was prepared by Deloitte Consulting LLP. The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

**Reviewed by:** Irakli Gelovani

**Project Component:** GoG Capacity Strengthening

**Practice Area:** Mining Sector Reform

**Key Words:** Training, Workshops, Marketing, Presentation, Effective Communication, Conflict Mitigation and Mediation, Resource Reporting, Reserve Reporting, FDI, Project Valuation.

## ABSTRACT

This report provides an overview of the capacity strengthening workshops undertaken for the National Agency for Mines (NAM) in Georgia. The workshop methodology and delivery were conducted by Kirk Adams, international mining expert, and was commissioned by the USAID Governing for Growth (G4G) in Georgia project. The workshops were undertaken between 9 December 2018 and 22 March 2019. The workshops covered:

1. Training on asset preparation and marketing skills for foreign direct investment (FDI) in the mining sector;
2. Training on effective communication and conflict mediation;
3. Training on reserve reporting, management, and monitoring systems.

The training programs included detailed materials on the subject matter with regular tests to check for understanding of the topics explained.

## ACRONYMS

CRIRSCO	Committee for Mineral Reserves International Reporting Standards
EBRD	European Bank for Reconstruction and Development
FDI	Foreign direct investment
G4G	Governing for Growth in Georgia
GIS	Geographic Information System
GoG	Government of Georgia
JORC	Joint Ore Reserves Committee
NAM	National Agency of Mines
NAPR	National Agency of Public Register
PDAC	Prospectors and Developers Associate Conference
PSA	Public Speaking Anxiety
USAID	United States Agency for International Development

# CONTENTS

1. EXECUTIVE SUMMARY .....	7
2. BACKGROUND .....	8
3. METHODOLOGY .....	9
4. FINDINGS.....	11
5. RECOMMENDATIONS .....	12

# 1. EXECUTIVE SUMMARY

## 1.1 OBJECTIVES

The objective of this assignment was to strengthen the capacity of the NAM to effectively implement the future Mining Sector Strategy and Action Plan. The capacity building aimed at equipping the staff of the Agency with up-to-date knowledge and skills and best practices in areas such as (1) asset preparation and FDI attraction in the mining sector; (2) effective communication and conflict resolution; and (3) reserve reporting, management, and monitoring.

## 1.2 DELIVERABLES

The training for each workshop was undertaken over three days. Due to high-interest expressed during the last two workshops from the Agency employees and to ensure that the employees in their day to day operational activities were not impacted by the training workshops, the last workshops were delivered twice in two separate three-hour sessions to two separate groups of NAM staff. Kirk Adams, the G4G international mining expert, used his knowledge and experience to prepare the workshop materials, which included slide packs, case studies, videos and other supporting materials and documents specifically for NAM. Adams specifically utilized knowledge attained from the undertaking of the *Mining Business Perception Survey in Georgia* to tailor the training programs, thus leveraging the G4G understanding of the needs within the mining sector.

The first series of workshops took place during 12-14 December, 2018 and were focused on asset preparation and marketing skills for FDI in the mining sector.

The series of second workshops took place during 20-22 February 2019 and were focused on effective communication and conflict mediation.

The third series of workshops took place during 19-21 March 2019 and trained participants in reserve reporting, management, and monitoring systems.

## 1.3 FINDINGS AND OBSERVATIONS

The attendees were found to be diligent and attentive delegates who engaged in the workshop programs with energy and enthusiasm. There is a need to impart best practice capacity and skills within the Agency, and such training is eagerly accepted, particularly by the younger delegates in the NAM.

To attract FDI, there is a need to make the data and material contained within the archives of the Agency more accessible to mining companies the Agency seeks to attract.

It was pleasing to note that the Government of Georgia (GoG) attended and presented at the Prospectors and Developers Associate Conference (PDAC) in Canada in March 2019 (as recommended by G4G).

Given the need to bring NAM up to speed with the World Standards for Mineral Resource and Reserve Reporting, the third workshop was particularly well received.

The delegation proved to be highly attentive based on testing of their understanding of the material proving good understanding of the topics and key learning points.

## 1.4 RECOMMENDATIONS

The development of skills and capabilities within NAM is still at an early stage. It is recommended that a larger and more expanded training program is undertaken to transfer a significant tranche of best practice skills and capabilities to the Agency. It is recommended that a needs assessment is undertaken to identify areas of further training in this regard.

The legislative changes envisaged in the Mining Legislation Reform will create a significantly different legislative environment. Preparing the NAM staff for this new envisaged environment would be a positive force for embedding the reforms.

## 2. BACKGROUND

Natural resources play an essential role in promoting sustainable development. Georgia must use and manage its limited natural resources efficiently, judiciously, and responsibly. Sustainable resource utilization can support economic growth; particularly, it can increase investments and employment opportunities.

The GoG, with the support of the European Bank for Reconstruction and Development (EBRD), is working to develop a Mining Sector Strategy and Action Plan and plans to reform the sector's regulatory framework in accordance with international best practices. G4G was requested by the Environmental and Natural Resources Committee of the Parliament of Georgia and the NAM to conduct a business perception survey on problematic issues in the mining sector (the Survey) that will largely contribute to the strategy's development. In March 2018, G4G engaged international mining expert, Kirk Adams, and local organization PMO, to commence the survey on businesses' perception of the policy environment, regulatory environment, and how administrative practice has changed over the past years. The Survey was completed in December 2018. The findings of the Survey will contribute to the development of the Mining Sector Strategy and Action Plan, and the skills developed in the workshops will assist in the implementation of the plan.

NAM manages the authorization (licensing), monitoring, and coordination of the use of mineral resources (except oil and gas) in Georgia and is the key GoG stakeholder to implement the Mining Sector Strategy and Action Plan. NAM requested G4G assistance to build the capacity of the NAM's staff to equip the Agency with relevant, up-to-date knowledge and skills in selected critical areas to effectively implement the upcoming Strategy and Action Plan. G4G's international mining expert, Kirk Adams, provided technical assistance to the NAM by delivering capacity building training to the NAM staff between the period of December 2018 to March 2019.



### 3. METHODOLOGY

The main goal during the preparation of materials was to analyze the “performance gap” between the current capacity of the Agency and what they should be able to do in the future to achieve capacity building goals. For example, the employees needed to know what the Joint Ore Reserves Committee (JORC) standard of reporting is, how the reporting standard is used, and (most importantly) the tasks the workers must perform on the job to understand and implement the standard in the workplace.

Expert also developed training activities that assisted trainees to better understand the practical application of the tasks developed for the workshop. Hands-on learning exercises and cases were presented to the delegates at the training sessions, and videos illustrating specific learning points were utilized.

#### **Workshop:**

Three workshops were delivered by Mr. Adams from December 2018 to March 2019 at G4G’s office. In total, around 25 Agency employees benefited from the workshop. During these training sessions, Expert conducted regular knowledge checks.

#### **Workshop 1: Asset Preparation and Marketing Skills for FDI in the Mining Sector:**

Dates: 12-14 December 2018

Specific areas included in the training were:

- The global mining industry – market and industry players;
- Attracting FDI in mining;
- Success stories;
- Mining investment decision criteria factors;
- FDI trends;
- Policy considerations for level and structure of mineral taxes and royalties; asset preparation;
- Investment promotion channels and other marketing skills.

#### **Workshop 2: Effective Communication and Conflict Mediation**

Dates: 20-22 February 2019

The topic raised high interest and the same sessions were delivered twice per day to allow more Agency staff to benefit from the sessions.

Specific areas included in the training were:

- How to conduct presentations;
- Active listening;
- Communication techniques;
- Types of communication;
- Barriers to communication;
- Causes of conflict;
- Avoiding conflict;
- Mediation;
- Conflict management.

### **Workshop 3: Training on Reserve Reporting, Management, and Monitoring Systems**

Dates: 19-21 March 2019

The topic raised high interest, and the same sessions were delivered twice per day to allow more Agency staff to benefit from the sessions.

Specific training areas included:

- International standards for reporting mineral resources and reserves;
- Best practices of monitoring and management of the mining licensees;
- Mineral project valuations;
- The key deliverable for this session was the Committee for Mineral Reserves International Reporting Standards (CRIRSCO) guidelines accepted as the global standard for International reporting of mineral resources and reserves.

## 4. FINDINGS

The attendees were found to be diligent and attentive and they displayed energy and enthusiasm during the workshops. There is a need to impart best practice capacity and skills within the Agency, and such training is eagerly accepted, particularly by the younger delegates in NAM.

The Agency staff while eager to learn and participate in the training programs, come from a relatively outdated base of knowledge and skills in the sector. There is a dearth of up to date knowledge; it is recommended that training programs covering a much broader and larger range of skills and capabilities be developed to further assist in the capacity development within the sector in the future.

The originally identified needs were:

- Investment promotion;
- Effective communication (including mediation and conflict management);
- International investment disputes (basic);
- Geographical information system (GIS) training;
- Best practice of organizing mining;
- Responsible mining;
- Reserves reporting and approval system;
- Monitoring methods.

One standout area which is key to an effective mining sector is the development of effective health and safety monitoring approaches. Further development in this field will not only contribute to economic growth but will also improve the safety of those involved in the sector.

Given the paucity of “state of the art” skills in Georgia, consideration to the development of such skills in the universities and other technical establishments would be valuable. The mining industry is always changing. Exploration methods, techniques, equipment, and technology continue to evolve dramatically. And they continue to evolve as progress makes the industry more efficient, effective, and safe. Twenty years ago, for example, remote-controlled underground earthmoving equipment was developed to solve some of the dangers of underground mining. Nowadays, entire fleets can be operated remotely from a control room great distances away.

To attract FDI, there is a need to make the data and material contained within the archives of the Agency more accessible to mining companies the Agency seeks to attract.

It was pleasing to note that the GoG attended and presented at the PDAC in Canada in March 2019 (as recommended by G4G).

Given the need to bring NAM up to speed with the World Standards for Mineral Resource and Reserve Reporting, the third workshop was particularly well received.

The delegates proved to be highly attentive with oral testing of their understanding of the material proving good understanding of the topics and key learning points.

It is notable that the Georgian mining sector has not kept pace with the continuous improvement of health and safety in the mining sector. This is evidenced by the accidents which occur in the country. While it is common to hear the “excuse” that the sector cannot afford to implement safer practices and that thousands of jobs will be lost, the reality is that a safer mining sector is a more profitable one.

## 5. RECOMMENDATIONS

The development of skills and capabilities within the NAM is still at an early stage. It is recommended that a larger and more expanded training program is undertaken to transfer a significant tranche of best practice skills and capabilities to the Agency. It is also recommended that an additional needs assessment is undertaken to identify areas of further training in this regard.

The Agency has started working to establish, improve, and effectively implement the Mining Sector policy, regulatory framework, and relevant standards based on international best practices. At the moment, the capacity building of the staff and the exchange of the relevant expertise is crucial. The following further assistance might be considered:

- Investment promotion – next steps in this area include the development of a detailed written investment promotion strategy along with Georgian specific promotional materials to assist senior government officials in their promotional activities. This would include promotional slide decks, brochures and pamphlets, a digital strategy using social media, and a fully functional website amongst other investment promotion activities.
- Effective communication (including mediation and conflict management) – the next step in this area is to learn and practice more advanced communication and conflict mitigation skills including the approach to international dispute resolution. Skills would include but not be limited to the practice and use of assertiveness in different situations, understanding the main causes of ineffective presentations, and ways for overcoming and projecting the right verbal and non-verbal characteristics essential in powerful presentations, pinpointing the main reasons that lead to public speaking anxiety (PSA), and ways for eliminating them prior to presenting as well as conflict management in teams and engaging in effective team-level problem-solving.
- GIS training would include training on how to manage and maintain spatial data management systems, improve and automate work processes, produce and publish high quality GIS datasets, plans, maps and web-maps for established map series, process, manage and publish aerial imagery captures through image web servers, maintenance of GIS software packages and associated license accounts.
- Best practice of organizing mining and responsible mining and monitoring methods.

Regulatory reform is ongoing in Georgia. Once the main legislation has been developed and implemented, supporting legislation in health and safety, along with a stronger monitoring capacity, could lead to considerable economic growth. Initiating the development of reform in this area would be of considerable long-term benefit to the country, its communities, and the economic sustainability of the sector.

**USAID Governing for Growth (G4G) in Georgia**  
**Deloitte Consulting Overseas Projects LLC**  
**Address: 5 L. Mikeladze st., 0162, Tbilisi**  
**Phone: +995 322 240115 / 16**  
**E-mail: [info@g4g.ge](mailto:info@g4g.ge)**