

UNCSD 18 LEARNING CENTRE

Mining and sustainable development: are they compatible realities?

Under this broad theme, the sponsors of the Learning Centre examined some of the key issues surrounding the contribution of mining to sustainable development.

The learning Centre was held in conference room D of the UN North Lawn Temporary Building, May 5, 2010, 10.00 to 13.00 hrs.

Mining, people and the land (May 5, 10.00-13.00hrs)

This learning event has three segments

Segment 1: Mining and people

The sustainability of mining requires the participation of the local community and workers in their development process. For most communities, large scale mining is an activity with implications that are unknown and that will have a major impact on their lives for better or worse. Development will not succeed if it is externally imposed; it must be a process that is stimulated from within.

It is now recognized that communities must be involved in their development process and that workers be treated in a manner that is consistent with international conventions and best practices. Industry practices to implement those processes are promoted in the International Finance Corporation's Performance Standards on Social & Environmental Sustainability, and specific guidance is available in the ICMM/World Bank/UNCTAD Community Development toolkit. Industry needs to work with the communities but is not able on its own to act as an agent of social change. Partnerships by all interested parties are required.

A presenter for the World Bank examined global developments in best social practices with communities and labour including the growing importance of Corporate Social Responsibility. Another presenter from Canada shared the Canadian experience with so-called Impact Benefit Agreements with Indigenous remote communities.

Segment 2: Mining and the environment

The technical, administrative and management responses to most environmental issues related to mining are generally well known. The issue is to ensure they are implemented in a manner that will bring the expected results. This requires the participation of the local community early in the project and throughout the period of mining.

Environmental challenges first need to be clearly identified before the start of the mining activity. A management strategy needs to be identified ahead of mining and its implementation must thereafter be periodically assessed in the course of mining. Closure plans also need to be identified as part of the permitting process before the start of the mining activity, and they will also be subject to periodic review. Financial provisions

must also exist to ensure that the closure plans can be fully implemented. The most important process to put in place the necessary elements to achieve those objectives is the Environmental and Social Impact Assessment and the resulting Environmental and Social Management Plans. While companies may have the necessary capacity to conduct the SEIAs and to implement the SEMP, the development of regulatory capacity to address mining related pollution is key.

A senior mining company executive made a presentation on the practices now being implemented by major mining companies, particularly the member companies of ICMM.

Segment 3: Artisanal/small scale mining (ASM): poverty and beyond

Estimates of ASM miners vary but they are in the tens of millions throughout the world. While all ASM are often lumped together, there are differences. Typically, artisanal miners will be individuals who may mine full or part time (farmers mining in the off season). They tend to move to different sites over the years. It is most often a subsistence activity. They are often at the mercy of moneymen who exploit and control them in a criminal manner. They operate in a manner that is often unsafe for their health (e.g. mercury, ditch collapse, etc), and the environment (e.g. destruction of river beds and mercury poisoning). They represent the bulk of the ASM group.

The small scale miners work in groups, or in the better cases, in cooperatives. They are generally full time miners. While most of them will generally be considered poor, they may live above the basic subsistence level. They may also be at the mercy of money men or have sales network through state or cooperative led organizations. The generally have larger operations, i.e. they can have greater environmental impact but some of them have acquired capacity to operate in more responsible ways.

A number of organizations work to improve the lot of ASM miners. Strategies include formalization of the ASM sector, regrouping in cooperatives and marketing networks that also provide advice on safer and better mining, capacity building towards better practices, particularly as they relate to the use of mercury, soil stability, etc.

The largest global initiative for ASM is called Communities and Small Scale Mining (CASM). It is mainly supported by the World Bank and the UK's DFID. For over 10 years, it has worked with dozens of countries from all parts of the world to understand ASM as well as develop and implement policies and strategies to improve the lives and ASM.

A senior executive from an NGO involved in CASM will report on the outcomes and lessons learned in the CASM work program

Key conclusions of the learning event are:

Mining and people

- A leading step to advance the management of environmental issues is to build capacity to monitor & enforce existing laws & regulations
- Governments often fail to keep competent staff during mining boom, given civil service salaries.
- Transparency is critical so that NGOs & other civil society members can act as watchdogs in the meantime.
- The management of social issues demands tripartite negotiations between governments, companies and communities.
- There is a need for a continuous dialogue with a voice for minority/marginalized groups.
- Action plans to deal with in-migration by people seeking improved livelihoods from the mining activity
- Avoid compensation that leaves recipients without livelihoods.
- Governments and companies need to provide safety nets for those left behind
- Economic issues are better advanced through community consultations involving all stakeholders and voices essential again; expectations need to be managed.
- Best solutions depend on capacity and will vary over time as capacity is built up
- Solutions also depend on mine 'density', longevity, and proximity to larger markets ('geography matters')
- Strategy must be tailored differently if the long term objective is to build a mine cluster or a sustainable post-closure community
- Large fiscal revenue flows to communities are not a sufficient response.
- Emphasis needs to be placed on building the skills that allow local government and community members to take advantage of opportunities.
- Types of opportunities will depend on complementary inputs (infrastructure, targeted programs).
- The pre-requisites for successful development through Impact Benefit Agreements are
 - A Mineral Tenure System that secures mineral rights
 - Settled Land Claims
 - Aboriginal Consultation – consult early & often
 - Development of Institutions of public governance that provides control of development
 - The human capital and legacy infrastructure resulting from mining provides the means to diversify the economy into the future
 - Integration of traditional lifestyles with industry work patterns remains an ongoing challenge.

Mining and the environment

- There are now very strong drivers for companies to improve environmental performance:
 - the need for access to land and to capital,
 - the increasing societal expectations and public scrutiny
 - the development of reporting systems such as GRI

- the development of International Finance Corporation performance guidelines and the Equator Principles
- access to top talent
- continuing licence to operate
- In response, major companies and particularly the members companies of ICMM, now plan mines from the outset with a view to managing the environmental and social impacts of decommissioning and closure.
- The companies take measures to conserve and protect the environment through the efficient use of natural resources, including energy and waste.
- Companies are contributing to both mitigation and adaptation in addressing climate change challenges. Many of their products are at the core of GHG reduction technologies and ‘green energy’ alternatives.
- Companies recognize the importance of using land and water with proper consideration for the needs of others.
- Companies undertake to demonstrate active stewardship of land, freshwater systems and biodiversity.
- The technical solutions to environmental issues are known. The issue is to ensure the implementation. This requires company commitment to the best environmental practices and transparent reporting, as well as capacity by governments to exercise good governance of the mining activities. It also requires the involvement of the local community
- The best practice guidance across a wide range of environmental management challenges has been developed with other stakeholder groups and is publicly available.

Artisanal/small scale mining(ASM): poverty and beyond

Progress made and lessons learned

- Artisanal mining has a legitimate role to play in the mining sector. With technical assistance, safety standards and environmental protection, it can be an efficient way to exploit sub-industrial resources. However, this requires legalization and formalization, which in most cases requires increased government capacity.
- There are now perhaps 20m artisanal miners worldwide and about 100m people who depend on ASM globally – a 50% increase in 10 years. This number is expected to triple in the next ten years. The sector is growing faster than the ability to respond to the needs. The growth is stimulated by the increasing prices of minerals and metals. This makes alternative livelihoods less attractive.
- Efforts to improve the lot of ASM miners that are driven by needs on the ground and involve the voices and perspectives of the miner themselves have a greater chance of success. ASM is not just a ‘mining issue’; it is about resource rights, equity, nationality, security, economics, development and environment issue.
- Although there are many success stories to report over the last ten years, interventions continue to be ad-hoc and under-resourced. Improvements have been greater in Latin America whereas the situation in Africa, particularly, shows only patchy progress probably due to lower capacity and weaker implementation of regulations. There is no ‘silver bullet’; finding sustainable solutions requires

creativity and commitment from a variety of actors. We must concentrate on getting to scale.

- Governance frameworks have been strengthened in many countries; however, access to, and tenure of, resources continues to be generally weak for ASM. Governance priorities include:
 - Coordination with existing / parallel initiatives and other stakeholders is imperative.
 - Taxation and transparency mechanisms which explicitly increase revenues from ASM and which link them directly to local development (e.g. integrating ASM into EITI).
 - Capacity building: Formalization does not work if the government does not have adequate capacity to support the sector and enforce regulations.
 - Formalization can work best when artisanal miners can be and actively supported. Although zoning might work in some cases, there is a grave risk of ghettoizing ASM if it is used to ‘contain’ mining communities. Availability of sites suitable to ASM makes it easier to form a cluster and organize miners, but artisanal miners must be convinced that prospective sites hold economic promise.
 - Cooperatives have had mixed results. They work well for getting access to finance or equipment, but as well not for organizing production.
 - Formalization works when traditional structures and norms are taken into account in re-organizing the sector
- Gender is increasingly recognized as an important issue but the number of women in ASM continues to grow and their situation is still precarious.
- Focusing on ways to improve the economic potential of mining is an imperative, possibilities and considerations include:
 - It is essential to find ways to link national and international markets more explicitly to the mines. Initiatives for standards and certification of ASM “fair trade” minerals are one method of achieving this, but they need to be scaled up substantially.
 - ASM is increasingly quoted in national poverty reduction and rural development strategies but little improvement is seen due to the challenges of implementation and changing external dynamics and pressures.
 - There is a recognition that artisanal miners are often not ‘the poorest of the poor’ and that mechanisms that enable them to capture more of the value of their product (e.g. through savings and financial services) are essential if ASM is to be a driver of poverty alleviation.
 - Increasing pressure on viable resources to meet market demand may lead to increased possibility of conflicts between LSM and ASM. More effort is needed to mitigate: Example: The work of CASM, IFC and ICMM (“Working Together”) needs to be implemented and expanded. This is a tool for LSM and so a sister program needs to be developed for the ASM community.
- A need to accurately collect baseline data on ASM’s scale and importance, and contribute the information to a global database, rather than using ‘guesstimates’ –

- we need sound data and science; Using agreed indicators (e.g. CASM's Performance Indicators/MDGs) to credibly report impact.
- CASM is the natural home for this coordination. Expanded formal government and industry participation in CASM and increased commitments from donors are essential. Current annual budget of US\$1 million is inadequate.
 - TA should not be a one-off intervention nor be restricted to safety and environment; it should be:
 - planned over the long term and appropriately funded or be self-sustaining;
 - Focus on efficiency of production and the possibility of earning higher incomes to ensure highest possible adoption rates adapted to local situations. The objective should be to adapt technology to the miners, not the other way around;
 - A decentralized TA delivery must be established to ensure equal access to training and extension services to those who need it and be.
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 - professionally managed Conflict associated with ASM often occurs when ASM communities neighbor LSM operations:
 - ASM/LSM relations are influenced by commodity prices and the economic circumstances of the host country. Marginal deposits become attractive to both ASM and LSM sectors in times of high commodity prices, and encroachment is likely during difficult economic circumstances. LSM Companies with strong CSR policies are better able to manage relationships with ASM. But cohabitation options are limited by legal issues (mineral rights) and concerns over liabilities.
 - Efforts to employ artisans or purchase their production have limited effectiveness if they are not part of a comprehensive solution. Short term appeasement can backfire and forceful removal can worsen tensions.
 - Risks of conflicts can be reduced when LSM companies work in partnership with governments, civil society, and donors to implement comprehensive solutions over the long term: setting aside ASM sites, registering miners, providing TA, supporting alternative livelihoods.
 - Only a portion of ASM can be made sustainable. Therefore any strategy to address ASM issues must have an alternative livelihood program and a macro approach integrating ASM to non-mining sectors is needed for a credible alternative livelihood program.
 - Where companies make efforts towards local procurement, significant business opportunities were created to offer alternatives to mining.

Conclusion

Participants recognized that remarkable progress has been achieved in developing best practices in dealing with the whole range of mining issues. The real challenge now is to ensure that those practices become the reference and base line in all mining around the world. For true sustainable outcomes from mining, all key stakeholders must work in partnership: no one group can, by itself, deliver sustainable development. To enable local

and regional governments and communities to contribute fully to such partnerships, there is a need for a substantial increase in capacity building support from donors.

The sponsors of this learning event

This learning event is jointly sponsored by ICMM (<http://www.ICMM.com>), the Communities and Small Scale Mining initiative (<http://www.artisanalmining.org/>), PACT (<http://www.pactworld.org/>), the Intergovernmental on Mining, Minerals, Metals and Sustainable Development (www.globaldialogue.info), and a number of other organizations with an interest in mining.