

The Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF)

A report for UNCSD 18

As a partnership established at the 2002 World Summit in Sustainable Development in Johannesburg, the IGF is pleased to report on its work and progress to the UNCSD 18.

A Commitment to Poverty Reduction and Sustainable Development

Mining can be a major driver of economic growth – and consequently poverty reduction and sustainable development - in many countries with mineral resources. For this to happen, governments need to commit to good governance, appropriate environmental and social standards, the protection of rights, and the equitable sharing of benefits. Without these, mining could hinder development progress rather than support it.

The 2002 World Summit on Sustainable Development in Johannesburg reaffirmed that sustainable development and poverty reduction are interlinked global goals. Poverty reduction requires economic development. Economic development can be sustained if it is competitive and if it is based on a country's comparative advantages. For developing countries, there are often limited options for comparative advantage. When they exist, they need to be developed.

A number of developing countries have mineral endowments that give them a global economic advantage. Where feasible and desired by the host country, these endowments can be prudently converted into more sustainable forms of capital. Countries such as Canada, Australia, Chile, and Botswana have shown that mining can make impressive contributions to social and economic development. Experiences in some other countries have also shown the opposite if the exploitation of these resources is not well managed.

Numerous studies over many years have concluded that good public and private sector governance are essential for mining to contribute to sustainable development. Mining, however, is one of the most demanding industrial sectors to manage. Few developing countries have sufficient capacity to do this effectively. They need support. The Intergovernmental Forum responds to this need.

Origins and Mandate of the Forum: The 2002 World Summit on Sustainable Development in Johannesburg

At the World Summit, a number of countries (as well as leaders in the private sector) with an interest in mining decided to take action to change the perception of mining as a threat to development and to demonstrate that the mining sector is a potentially significant driver of development. A section on mining/metals was included in the negotiated text of the Johannesburg Plan of Implementation (JPOI). This projects a positive perspective on the contribution of mining to sustainable development. It also

identifies priorities that need to be addressed in order to enhance the potential contribution of mining to sustainable development.

To mobilize and coordinate efforts to put the JPOI into more widespread effect, a partnership was formed amongst interested countries. Their efforts led to the 2005 inauguration of the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (formerly known as the Global Dialogue on Mining/Metals and Sustainable Development).

Membership and Nature of the Forum: A Voluntary Commitment to Leadership

Under the initial joint chairmanship of Canada and South Africa, the Forum has now become the leading global intergovernmental policy forum on mining and sustainable development. Membership is open to all member countries of the United Nations that have an interest in effectively managing their mining/metals sector in a manner that optimizes its contribution to sustainable development. It is a member-led, voluntary partnership with no legally or financially binding obligations. National representatives at the Forum are officials with leading responsibility for the mining and mining-related activity in their country.

Observer bodies include intergovernmental bodies such as the United Nations Conference on Trade and Development (UNCTAD), the United Nations Department of Economic and Social Affairs (UNDESA), the United Nations Environment Programme (UNEP), World Bank Group, the International Labour Organisation (ILO), the United Nations Industrial Development Organisation (UNIDO), and the United Nations Institute for Training and Research (UNITAR), among others.

Participation of stakeholders (e.g. industry, civil society, academics, etc.) in the Forum meetings as members of national delegations is strongly encouraged.

Objectives of the Forum

The objectives of the Forum are to improve, enhance, and promote the contribution of the mining, minerals and metals sector to sustainable development and poverty reduction. Through sharing experiences and developments across the sector, the Forum helps enhance capacity for the improved management of member countries' mineral wealth.

The Secretariat of the Forum resides with Natural Resources Canada. The chair elected by members is currently the representative from Malawi.

Membership as of 2009

The 43 members of the Forum are Argentina, Bolivia, Botswana, Brazil, Burkina Faso, Burundi, Canada, the Dominican Republic, Ethiopia, Gabon, Ghana, India, Jamaica, Kazakhstan, Kenya, the Kyrgyz Republic, Madagascar, Malawi, Mali, Mauritania, Mexico, Mongolia, Morocco, Mozambique, Namibia, Niger, Nigeria, Papua New Guinea, Peru, Philippines, the Republic of Guinea, Romania, the Russian Federation, Senegal, Sierra Leone, South Africa, Suriname, Swaziland, Tanzania, Uganda, the United Kingdom, Uruguay, and Zambia. Government delegations can comprise industry and other interest groups.

Funding

Forum funding primarily facilitates the participation of delegates from developing countries. Funding or in-kind assistance for Forum meetings has come from governments (U.K., Canada, Germany), from multilateral organisations (UNCTAD, UNDESA, World Bank), the ICMM, and mining companies.

The inauguration of the Forum

After two years of negotiations, the inaugural meeting of the Forum took place in 2005. It opened with a personal message from the UN Secretary General, Mr. Kofi Annan. He wrote:

“The establishment of the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development is a significant step towards maximizing the contribution of the mineral sector to sustainable development.

Mining can make an important contribution to development. The dramatic increase in mineral prices over the past couple of years has underlined the potential for the poorest and least developed countries to use mining to generate the resources needed to break out of the poverty trap.

At the same time, mining poses considerable challenges for all parties involved. Mining operations can inflict a tremendous toll on the environment. Moreover, weak or corrupt governance can allow what was meant to be the exploitation of natural resources for the common good to deteriorate into a process that instead enriches elites, undermines institutions, exacerbates social tensions and, at worst, fuels violent conflict.

Governments, industry and civil society must work together to address these challenges. However, many governments have limited experience in mining and, being newcomers to the game, find it difficult to respond to the need for proactive, positive engagement posed by large-scale mining projects. Indeed, it takes time to acquire the specialized knowledge necessary for formulating and implementing clear and transparent policies, for enforcing rules, and for exercising their regulatory responsibilities. Building such capacity is an important task for providers of assistance, including the United Nations system.

Such capacity building activities must be complemented by cooperative efforts that allow governments to exchange views, share best practices and benefit from each others' experiences. The initiative taken by the governments of Canada and South Africa to create this forum thus deserves our support. This Forum is well placed to play a constructive role in the intergovernmental dialogue on mining issues. It can also help governments develop their capability to improve governance and address the economic, social and environmental issues raised by mining in an open and inclusive framework. In that hopeful spirit, please accept my best wishes for the success of this initiative."

The work program of the Forum seeks to meet the expectations and priorities expressed by the UN Secretary-General in his address.

Annual General Meetings

The members of the Forum meet annually unless business matters require additional meetings. These meetings are usually co-hosted by UNCTAD in Geneva, Switzerland. The meetings take place with simultaneous interpretation in order to facilitate open discussion between members.

The development of the agenda of the meetings is influenced by the priorities listed in paragraph 46 of the JPOI as well as the priorities identified by members in the course of their meetings. The meetings cover the broad set of issues related to sustainable development, be they environmental, social, economic or other sustainability issues.

The meetings are also an opportunity to inform members on major global initiatives related to the mining/metals sectors such as the Communities and small scale mining or CASM, the Extractive Industries Transparency initiative or EITI, and more. In this manner, Forum members are provided with a one-stop shop to access information on relevant developments for the sector.

The work program of the Forum

The Forum mandate covers the broad set of issues related to sustainable development, be they environmental, social, economic or other sustainability related issues. A summary of the work done by the Forum can be found below.

Forum discussions are supported by world class experts who are invited to share their experience and knowledge. These experts come from multilateral agencies (e.g. UNCTAD, World Bank, UNEP, etc), governments, private consultancies, mining and financial industry, civil society, academics and more. Discussions will follow the presentations by experts where members share their own national experience and identify lessons that can be learned and elements of best practices.

While the Forum is a policy forum, the approach to issues is consistently as operational as possible in order to make it easier for members to implement whatever best practices have been identified. Members are often provided with how-to templates, step by step guidance, concrete case studies.

The work program of the Forum is directly influenced by paragraph 46 of the JPOI but also by the priorities expressed by members. In this manner, the work program of the Forum has adapted to meet evolving priorities.

To support its work, the Forum has established committees including a Market Outlook Committee, an Investment Outlook Committee and a UNCSD Committee. These committees report to members on latest developments, trends and initiatives in the course of each Annual General Meeting.

Dealing with economic and related policy issues.

The responsibility of governments is to set out the legislative and policy frameworks within which the different members of society will operate. Policy frameworks are often broad and contain elements that cover more than a single issue. For the sake of this report, Forum work on broader policy frameworks will be included under this section.

A topic that receives a lot of attention is the national mining policy framework, its priorities, data collection and management. Work included a presentation on the World Bank Extractive Industries Review, its genesis and outcomes as a strategy to bring to the fore the leading issues that mining needs to address. Work also included the development and discussion of a template for a national mineral policy framework. The template provides members with a checklist of items that a mining policy framework ought to address, from exploration to mine closure.

The generation and distribution of benefits from mining investment has been a key topic for the Forum. The high prices of most commodities over the last few years had made this topic particularly relevant. This led many countries to consider reviews of their fiscal frameworks in their efforts to ensure that they get equitable return on the production of their mineral resources.

In response to this interest, extensive work was done to look at the fiscal and legislative framework and how they affect investment decisions and revenue sharing. Work done included:

1. A review of the different objectives that a country may wish to pursue in its fiscal framework, from exploration to mining, to better understand how different objectives call for different features in the framework and how the pursuit of a given goal may affect the pursuit of other goals.

2. Examples of how different features in a framework deliver varying levels of government revenues, varying investment conditions for the companies and competing outcomes between different goals.
3. Chile's newly revised fiscal and legislative framework was presented as an example of trends in recently revised frameworks. It focused on changes to the labour, investment and tax regimes.
4. The multiplicity of sources of government revenues that can come from mining was analysed. Mining has high local operating costs and this can generate significant local economic activity and a variety of sources of revenues for the governments. ICMC also shared the outcomes of its multi-stakeholder Resource Endowment Initiative.
5. The influence of tax policies on mining investments was also reviewed, highlighting the implications of different approaches for both the companies and the governments.

Strategies for the generation of benefits from mining investments also received a lot of attention. Work included:

1. The present understanding of how mining can contribute to sustainable development, highlighting the important and specific roles of the governments, companies and civil society. It emphasized how the fate of the community and company are closely tied, where the success of one also means the success for the other. Key benefits highlighted include employment and income, local human and institutional capacity, services and economic infrastructure and trust fund.
2. Strategies to enhance the business linkages with mining development. It showed the importance of developing a local supplier network for the mine and discussed strategies to promote the emergence of such a network
3. The generation of benefits through the promotion of downstream mining related activities. The discussion included identifying the economic, trade, technical and other conditions that may permit benefits up to the primary metal stage and benefits up into the fabricating stage.
4. Examination of the statistical framework that will permit the measurement of the benefits generated by mining and to better inform on the impact of mining investments. The statistical framework of Canada was provided as one example.

Other topics studies in relation to economic issues include:

1. Template developed by companies for the assessment of the risks that may exist when investing in a country. These include security, the possibilities of changes in the business and regulatory conditions, as well as social, operational, reputational and other risks.
2. Rarely done in a structured manner and in response to the previous perspective, members were also provided with a framework on analyzing and evaluating the economic, social and environmental risks posed by an exploration and/or mining project or company. It explored what governments put at risk when they give a company a licence to explore or mine.

3. A review of programs developed by industry, including industry associations to respond to the demands and expectations placed on mining companies. As an example, the Mining Association of Canada presented its “Towards Sustainable Mining” program.

In addition to the Forum committees’ reports, outside experts from a mining company, the banking community or multilateral agencies may be invited to add his or her own perspective to the information provided in the report of the Forum committees on investment and markets.

Dealing with social issues

The priority given to social issues has grown consistently for Forum members. This has led to a number of discussions on relations with communities.

Case studies were presented by company officials, anthropologists, representatives from multilateral agencies and other experts. Topics covered included:

1. The evolution in the relations between mining companies and local communities over the last many years, identifying the key challenges and lessons learned.
2. Cases were reviewed to illustrate the lessons learned and challenges.
3. A review of Canada’s approach with mining and its indigenous communities and the increasing use of “impact and benefit agreements” as viewed from an indigenous perspective.
4. The implications of mine closure for communities, including how to plan, prepare and implement strategies to support the sustainability of communities, focusing on the role of the company and of the community.
5. The development and implementation of emergency response plans with local communities in case of mine related accidents.

Dealing with environmental issues

Discussions on mining will generally quickly veer towards environmental issues. Mining is an activity that has very significant environmental impacts. The Forum is a policy forum, not a technical one. Governments have the responsibility to put in place the environmental framework, policies and regulations, that mining companies will have to comply with. That is why the Forum has not focussed per se on operational solutions to environmental problems. The technical solutions to environmental issues are generally left to industry to decide. The outcomes or results of these solutions will on the other hand be mandated by governments.

The environmental work of the Forum has thus focused mainly on fiscal and legislative frameworks. Work done included:

1. The definition, objectives and key components of the Environmental Impact Assessment process for mining projects as well as a review of key issues and

- challenges. The key components reviewed included screening, scoping, assessment, reporting, review, decision and appeal (where necessary). The issues and challenges of each of those steps were discussed. The need to include a mine life cycle perspective to the EIA process was highlighted. Governments were encouraged to establish EIA support groups.
2. The use of financial surety instruments for environmental protection, particularly as it relates to mine rehabilitation and closure. Members agreed on the importance of preventing further mining legacy issues and that financial surety instruments were a useful tool towards that end. Work included an examination of needed legislation, regulations, administrative procedures, policies, technical standards and guidance, forms of financial assurance, etc.
 3. Members were offered an overview on “Orphaned & Abandoned Mines: Insights and Ideas for Developing Countries”. The presentation surveyed latest developments around the world in dealing with orphaned and abandoned mines. Topics examined included the liability laws, short and long term actions, site assessment and prioritization, the roles of governments, industry and communities, funding issues (taxes and levies), etc. This session concluded that
 - a. each jurisdiction must recognize that it must provide the leadership required to prevent orphaned mines in the future and to initiate site recovery programs on a priority basis,
 - b. the ability to finance the regeneration of orphaned mines over the long-term will be well beyond the funding ability of developing nations and international support will be required,
 - c. the mining industry has a responsibility to play a greater role in the provision of financial and other resources to assist in seeking support from the international community.
 4. A multinational mining company shared its experience and lessons learned with mine closures at sites around the world. This included the closure process, the mine closure tool box and how its components work and the business drivers for closure. It emphasized the importance of planning the mine around its later closure and to have a clear closure vision.
 5. There are international initiatives that help deal with the legacy issue. Representatives were invited from the Blacksmith Institute (<http://www.blacksmithinstitute.org/>) and the Post Mining Alliance (<http://www.postmining.org/>). A background paper on the IUCN/ICMM roundtable and report on the restoration of legacy sites was also tabled.

Dealing with other issues and activities

Consistent with its objective to enhance capacity for good governance and improve the contribution of mining to sustainable development, the Forum also conducts other activities. It provides an opportunity to regularly inform members on major global initiatives related to the mining/metals sectors such as the Communities and small scale mining or CASM, the Extractive Industries Transparency initiative or EITI, the Kimberley Process and more. In this manner, Forum members are provided with a one-

stop shop to access information on relevant developments for the sector. Other guests include:

1. The International Union for the Conservation of Nature or IUCN insisted on the need to prevent future legacies, avoid dead-end debates, create enabling frameworks, identify clear limits such as no-go areas, and to address the needs of indigenous peoples.
2. The International Finance Corporation reported on the performance guidelines for the extractive sector.
3. Germany presented on its certification scheme for selected minerals
4. The Enterprise and Industry Section of the European Commission presented on the EU Raw Materials Initiative
5. Canada presented on its national Corporate Social Responsibility strategy
6. Ghana reported on the Stakeholder Accra workshop, a part of ICMM's Resource Endowment Initiative
7. UNCTAD and the World Bank report on their activities related to mining

Bringing it all together

The Forum will be an active participant at the upcoming United Nations Commission on Sustainable Development (UNCSD) 4th implementation cycle to evaluate progress made in implementing sustainable development goals and identifying obstacles and constraints since the 2002 World Summit in Johannesburg. This will include a review of paragraph 46 on mining/metals of the Johannesburg Plan of Implementation (See annex). The Forum has established a UNCSD committee that developed a strategy in preparation for this two-year cycle (CSD 18-19) that begins in 2010. The key objectives of the strategy are:

- To demonstrate the value of the Forum in addressing the priorities contained in paragraph 46 or the JPOI;
- To articulate how mining investments can contribute to sustainable development and poverty reduction in developing countries;
- To raise awareness of the challenges that developing countries face in exercising good governance in the management of their mineral resources;
- To raise awareness of the need for greater capacity building efforts by development agencies to optimize the ability of mining to contribute to sustainable development in developing countries;
- To enhance the participation, credibility and influence of national mines ministries in global policy development and debates with respect to the mining and metals sector;
- To have national mines ministries inform the multilateral community and the world at large on the latest developments in best practices in dealing with the full range of sector related issues and challenges.

In pursuit of the proposed objective, the deliverables are:

- 1- The members of the Forum will be encouraged to submit a national report on mining for the UNCSD 2010 review meeting;
- 2- The forum will organise side events on the margins of the UNCSD meetings in order to inform all UNCSD delegates on the contribution of mining to sustainable development and the challenges that need to be addressed to optimize this contribution;
- 3- Based on the work done by the Forum since its inception, the members will participate in the development of a mining/metals policy framework for submission at the 2011 UNCSD review meeting. This **policy framework** will identify best practices in addressing the full range of sector issues and challenges from a government perspective
- 4- The Forum will promote the joint participation of other mining/metal sector organisations and stakeholders in the UNCSD review process.

Conclusion

The Forum has implemented an extensive work program over the last many years. The members have often confirmed that the lessons learned in the course of this work have proved useful and have led to changes in their countries.

While the Forum is the only global intergovernmental policy forum on mining, there are other such forums at the regional level that have also helped mining officials learn about dealing with issues related to mining. Those forums include the Mines Ministries of the Americas, the Africa Mining Partnership and the Asia-Pacific Economic Cooperation Expert Group on Minerals and Energy Exploration and Development (GEEMEED) working group. United Nations regional commissions such as the Economic Commission for Africa (ECA) and the Economic Commission for Latin America and the Caribbean (ECLAC) are also actively contributing to this learning. Conferences sponsored by the World Bank, UNCTAD and other organizations also play a role in supporting the knowledge and expertise of mines officials. The Forum has sought to bring together and share the work done in all those other activities and organizations.

While there is always more to learn and new challenges to meet, it is now possible to say that mines officials are now well informed on best practices in dealing with issues related to mining. This is why the Forum is preparing to submit the proposed policy framework in the course of the UNCSD 2011 meeting. According to the national mines ministry officials of the Forum, the greatest challenge they face in the management of the mineral sector is the lack of capacity in dealing with many issues, be they social, environmental or economic.

Annex

Pa 46. Mining, minerals and metals are important to the economic and social development of many countries. Minerals are essential for modern living. Enhancing the contribution of mining, minerals and metals to sustainable development includes actions at all levels to:

- (a) Support efforts to address the environmental, economic, health and social impacts and benefits of mining, minerals and metals throughout their life cycle, including workers' health and safety, and use a range of partnerships, furthering existing activities at the national and international levels, among interested Governments, intergovernmental organizations, mining companies and workers, and other stakeholders, to promote transparency and accountability for sustainable mining and minerals development;
- (b) Enhance the participation of stakeholders, including local and indigenous communities and women, to play an active role in minerals, metals and mining development throughout the life cycles of mining operations, including after closure for rehabilitation purposes, in accordance with national regulations and taking into account significant transboundary impacts;
- (c) Foster sustainable mining practices through the provision of financial, technical and capacity-building support to developing countries and countries with economies in transition for the mining and processing of minerals, including small-scale mining, and, where possible and appropriate, improve value-added processing, upgrade scientific and technological information, and reclaim and rehabilitate degraded sites.