

14th IGF AGM Highlights: Wednesday, 17 October 2018

Delegates at the 14th Annual General Meeting (AGM) of the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) continued their deliberations in a plenary session on 'climate-smart mining' in the morning, and in six parallel sessions throughout the day, covering diverse topics.

At lunchtime, they took part in an interactive session about using digital resources for the governance of the extractives sector, and heard a presentation on 'How can Africa get the most value from its diamonds?' by Vanessa Ushie, African Development Bank (AfDB).

Session 7: Climate-Smart Mining

Christopher Sheldon, World Bank, moderated the session, and Daniele La Porta, World Bank, presented the Bank's 2017 report that mapped the potential mineral demand of low-carbon technologies. La Porta outlined challenges for the mining sector, including: reducing its carbon and materials footprint; creating market opportunities for renewable energy; integrating landscape management into planning and infrastructure; and recycling.

Joseph Mankelov, British Geological Survey, suggested consulting historic geological data to identify endowments of the critical metals needed in electric vehicles, as well as aluminum and copper, and improving extraction methods.

Matthew Bateson, Rio Tinto, affirmed the value of partnerships along the mining value chain, and highlighted his company's involvement in the Aluminium Stewardship Initiative. He outlined the challenges for large operations to

transition to low-carbon approaches, including their heavy reliance on diesel transport and coal-fired infrastructure, and proposed a 30-year transition period as being realistic.

Guy Ethier, Umicore, introduced his company's investment in research on electric vehicle batteries and recycling opportunities, noting that fragmentation in the supply chain makes it difficult to tackle issues regarding product life cycles and to address related social issues.

Evelyn Daphne Blackie, Deputy Minister of Mines and Mineral Resources, Sierra Leone, emphasized the importance of engaging communities, local leaders and national politicians in decision making for transitions to climate-smart mining practices.

Participants discussed, *inter alia*: communicating with the public, infrastructure development, creating an enabling environment for investment, competing land-use priorities, and the implications of a circular economy for the mining sector.

Session 8: Forest-Smart Mining

Moderator Estelle Levin-Nally, Levin Sources, introduced a Program on Forests (PROFOR) video on the links between mining and forest management.

Pippa Howard, Fauna & Flora International, presented research identifying 1,500 large-scale mining (LSM) operations in forests and another 1,800 forthcoming projects in development, which together would affect one-third of the world's forests. She noted that, whereas LSM is a regulated, mechanized industry, artisanal and small-scale mining (ASM) is diffuse and often unlicensed. She recommended that business and government cooperate to mitigate and manage cumulative and direct impacts, consider other uses of the landscape and work with stakeholders.



Daniele La Porta, World Bank



Estelle Levin-Nally, Director, Levin Sources

Nick Cotts, Newmont Mining Corporation, stated that impacts around the fringes of the 50-km mining zone were difficult to control. He recommended that large mining companies serve as role models for medium-sized mines by raising their own environmental standards.

Teresa Macayo Marín, Ministry of Energy and Mines, Peru, described Peru's registry of informal mines, which she said helps understand and manage impacts on forested areas. She highlighted her government's establishment of a protected forest category of nearly 400,000 hectares where mining activities are forbidden, and provision of tax incentives for mining companies adopting forest-smart approaches.

On reforestation and commitments to no net loss of forests, panelists underscored the importance of cooperation across various ministries to harmonize priorities and ensure proper oversight, as well as to engage with the private sector and reduce 'false starts' on initiatives such as biodiversity offsets.

Participants described mining companies' initiatives for reforestation and biodiversity protection, and reflected that illegal logging plays a far greater role in deforestation than mining. Cotts underscored that illegal logging is often indirectly driven by mining activities, such as the creation of access roads, and stressed the role of government in law enforcement.

Session 9: The Relevance of Internationally Agreed Voluntary Instruments for Contract Negotiations

Moderator Karl Sauvart, CONNEX Advisory Committee, remarked that investors are increasingly turning to investor-state dispute settlement processes, which, he noted, provide protection to investors under trade agreements, but do not necessarily spell out companies' obligations.

Nneoma Nwagu, World Bank, highlighted that voluntary instruments set norms that inform lawmaking, and can serve to fill a gap while laws 'catch up' to existing norms.

Louis Maréchal, Organisation for Economic Co-operation and Development (OECD), affirmed that countries are turning voluntary guidelines into mandatory requirements, citing EU regulation of gold importers as an example. He highlighted the African Mining Vision, the UN Guiding Principles for Business and Human Rights, and the OECD Due Diligence Guidance for Responsible Supply Chains as the relevant instruments.

Herbert McLeod, CONNEX Advisory Committee, emphasized the importance of having champions in countries, who will promote understanding of UN and OECD principles.



Nneoma Veronica Nwagu, World Bank

In the ensuing discussion, a participant mentioned an international arbitration case in which the tribunal had given legal weight to a human rights principle. Panelists underlined the need to incorporate voluntary instruments into national policies, suggesting that governments improve their capacity to understand these instruments and the spirit behind them. They called for closing the gap between large, public-listed companies that have the capacity to comply with voluntary principles, and small companies that do not have such capacity. An African delegate suggested African governments should incorporate the existing voluntary instruments in their long-term strategies in order to avoid 'resource curse' outcomes in which countries' natural endowment of minerals do not benefit society at large.

Session 10: Mine Closure Best Practices: Tools for Companies and Governments

Moderator Hilary Morgan, Natural Resources Canada, outlined the Canadian government's Green Mining Innovation programme on water and waste management and the National Orphaned/Abandoned Mines Initiative (NOAMI) as part of the broader Canadian Minerals and Metals Plan being developed.

Andrew Gunua, Mineral Resources Authority, Papua New Guinea (PNG), lamented that the country's current regulations contain only limited provisions for mine closure. He described PNG's pilot implementation of the Mine Closure Checklist for Governments, developed by the Asia-Pacific Economic Cooperation Mining Task Force under a programme coordinated by Natural Resources Canada, and explained that PNG's mine closure and rehabilitation guidelines are scheduled to be completed next year.

Nicky Black, International Council on Mining and Metals (ICMM), stated that governments are imposing increasingly stringent regulations for mine closure, such as bans on open-pit mining and requirements to backfill open pits. She noted that post-mining land use is an issue affecting local communities, and that stakeholders are often unsure how to collaborate for successful mine closure. She highlighted the ICMM's development of a business case to highlight the importance of progressive and integrated mine closure.

Participants raised issues of: whether companies that abandon mines can be pursued for reparation; the need to plan for mine closure; reviewing and updating mine closure plans; and conducting a strategic environmental assessment of catchment areas, including the need for water treatment. They



Moderator Hilary Morgan, Natural Resources Canada

noted that closure planning in some countries would require mining companies to provide a security bond to the regulator to ensure rehabilitation of the mine site. An African participant expressed concern that there has not been a case study of successful rehabilitation. A large mining company responded that this is a fairly new endeavor, and stressed the need for clarity of regulation around closure criteria to enable better planning.

Session 11: Leveraging Innovation for a Sustainable Mining Sector

Moderator Alec Crawford, IGF Secretariat, observed that access to new technologies is accelerating, while costs are declining. He invited panelists to share the ways in which their countries and companies will ensure that mining continues to contribute to sustainable development.

Marcela Angulo González, Chilean Economic Development Agency (CORFO), presented the Chilean 2035 technology roadmap to address productivity challenges through a robust, collaborative public-private innovation ecosystem linking industry, suppliers, research and development entities and the public sector. She highlighted: strategies and technologies to recover high-value minerals from tailings; an interoperable enabling platform to ‘smart-connected’ mining operations; solar photovoltaic power technologies for high radiation; and the solar mining technology institute.

Scott Yarrow, Glencore, remarked that technological innovation is needed to reach new deposits of minerals in remote areas and at deep levels. He presented two cases where the company had used new technology to reduce environmental impacts and improve safety of mining activities: the introduction of battery electric vehicles and remote-controlled ‘autonomous’ operations in its Sudbury operations in Ontario; and the establishment of wind turbines in the Raglan mine in the Arctic.

Vanessa Ushie, AfDB, presented innovations developed by the African National Resources Center, highlighting AfDB research in the planning, conservation, and economics of natural resources are covered by the research. She mentioned 200,000 mine workers will lose their jobs in the Southern African Development Community region, and called for policy imperatives for the African mining sector to ensure an increase in jobs in manufacturing and services.



Scott Yarrow, Glencore

In the ensuing discussion, questions from the audience addressed the management of confidential data, gender gaps, job losses, and diversification of the mining industry. Panelists then discussed their organizations’ efforts for gender equality, job creation and workplace transition.

Session 12: Promoting Responsible Supply Chains

Moderator Assheton Carter, The Dragonfly Initiative, opened the session, noting that it would discuss the roles of governments, companies at the downstream end of the value chain, operating mines, and custodians of responsible sourcing initiatives.

Ben Chalmers, Mining Association of Canada, described the Towards Sustainable Mining programme, which addresses environmental footprints, energy efficiency, and community and people in the Canadian context. He offered a definition for responsible sourcing and highlighted a new standard, Responsible Steel. He stressed that voluntary standards must complement good regulatory systems.

Louis Maréchal, OECD, reported that 48 countries have committed to promoting use of the OECD Due Diligence Guidance for Responsible Supply Chains, and underscored that the Guidance serves as a tool to help companies maintain relations within fragile states and remain engaged in these areas.

Vivaswath Kumar, Tesla, provided an overview of Tesla’s innovations in electric vehicles and energy storage products, including the ‘Gigafactory’ that aims to provide 50 GWh of energy storage by 2020, all of which are driving demand for lithium. He noted the need for lithium has grown by 100% since Tesla started developing electric vehicle batteries, requiring a higher level of governance and sustainable practices.

During the ensuing discussion, panelists and participants highlighted: the costs of compliance and market rewards from compliance; costs and effort involved in implementing independent audits and of not having standards in place; ways of implementing the standards and defining good practices; having a wider conversation and developing relationships with the government; the role of community-of-interest panels in setting standards; obligations of companies in the supply chain to work with governments to reduce irresponsible practices; and the challenges of tracing practices and metals to the source companies.



Moderator Assheton Carter, CEO, The Dragonfly Initiative, and Vivaswath Kumar, Tesla

Participants also discussed how standards can support ASM to play a positive role in countries' development, and a representative from a European association described its efforts to promote socially inclusive and better environmental practices.

Session 13: Promoting Diversification Through Local Content Strategies

Nicky Black, ICMM, moderated the session. Johannes Danz, Federal Institute for Geosciences and Natural Resources, Germany, argued that opportunities for local suppliers should focus on products that are in constant demand throughout the life of the mine, since stability of demand enables local suppliers or manufacturers to improve the quality of their product or service and move into the mining value chain.

Kojo Busia, UN Economic Commission for Africa (UNECA), highlighted the unrealized potential for developing local content in many countries, and recommended that countries establish comprehensive national supply and development programmes and overcome institutional rigidities that prevent supply chains from being built. He announced that Ghana is about to enact a law on local content.

Dione Macedo, Ministry of Mines and Energy, Brazil, cautioned that suppliers to the mining industry should expand their services to other sectors, since commodity prices fluctuate greatly and may affect opportunities within the industry.

Mónica Ospina, O Trade, shared her experience of supporting mining communities in many developing countries, calling for consideration of local communities' needs. She suggested local content policies should go beyond supply chain considerations to promote local communities' access



Moderator **Nicky Black**, ICMM, and **Kojo Busia**, UNECA

to education, health, and other services. She called on governments to play a facilitation role, without too much intervention.

In ensuing discussion, a delegate from the Arab region shared successful experiences of promoting local hiring in his country's mining sector. Other developing country delegates emphasized the need for incorporating local content into long-term development strategies, and for collaboration between governments and industry. A mining company representative indicated that local content strategies have become an obligation and have rigorous implementation processes, which has enabled some local suppliers become competitive at the national level. Panelists noted the complementarity between government policy and companies' initiatives to promote diversification, and called for more engagement with local communities.



Lunch event on "Making the Most of Digital Resources for Extractives Sector Governance." L-R: **Joanne Jones**, Extractives Hub; **Fatma Nyambura**, Adam Smith International; **Gokce Mete**, University of Dundee; and **Marina Ruete**, IGF Secretariat.