Daily #3

IGF Bulletin

A publication of the International Institute for Sustainable Development

Friday, 19 October 2018 Vol. 210 No. 13

14th IGF AGM Highlights: Thursday, 18 October 2018

Council members of the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) met in a closed session on Thursday morning, the final day of the IGF's 14th Annual General Meeting (AGM). During the day, delegates took part in sessions on environmental and social impact assessments (ESIA), community engagement, new technologies, UN tools for sustainable mining policies, and future tax regimes.

At lunchtime, the UN Institute for Training and Research (UNITAR) and the UN Environment Global Mercury Partnership presented a handbook for countries developing national action plans for the artisanal and small-scale gold mining (ASGM) sector, and the Inter-American Development Bank discussed fostering dialogue among stakeholders in extractive sector investments in the Latin American and Caribbean region.

At the close of the AGM, delegates expressed appreciation for the rich discussions. They declared their intention to further engage in dialogue and encourage other countries to join IGF.

Session 15: Environmental and Social Impact Assessments

Moderator Suzy Nikièma, IGF Secretariat, reminded participants to provide their inputs into the draft ESIA guidance document, a framework for mining responsibly and sustainably. She highlighted five gaps identified through case reviews, including: lack of clarity on the role of ESIA in contracting processes; timing of permit withdrawal based on ESIA; poor sequencing of ESIA processes; shortcomings in the procedure of preparing ESIA, such as automatic acceptance of reports; and lack of appropriate mechanisms for monitoring and evaluation.

Moderator **Suzy Nikièma**, IGF Secretariat

Cathryn MacCallum, SRK Consulting, presented a fictitious case study on mine development, outlining problems that can arise in the process. She lamented that no ESIA—for which terms of reference are set by governments—yet requires full community profiling that would help mining companies better understand the local development context.

Rob Verheem, National Commission for Environmental Assessment, the Netherlands, commended the ESIA guidance document for suggesting countries strengthen their legal frameworks, which he believed would improve the quality of assessments. He proposed the Secretariat present guidance at the next AGM on best practices for ESIAs. He highlighted the need for conducting strategic environmental assessments (SEAs) before mining projects are approved.

Rafael Benke, Proactiva Results, urged mine operators to consider ESIA as a mechanism for healthy strategic development of an enterprise, rather than an obstacle. Describing current approaches as "mine-centered," he called for addressing the social, environmental and economic aspects in an integrated approach through broad regional development.

Responding to questions from the moderator, MacCallum highlighted opportunities to create a binding social framework compact between a community, a mine and a government by drawing on best practices relating to free, prior and informed consent (FPIC). Verheem stressed that once permits are granted a company needs to trust it can operate, and underscored that, should an ESIA or SEA find major impacts, risks or constraints, there are mechanisms for compensation. Noting that there are many elements to consider, he emphasized that it is better to know the facts rather than to insist on what is allowed by the permit.

Cathryn MacCallum, SRK Consulting

The *IGF Bulletin* is a publication of the International Institute for Sustainable Development (IISD) <info@iisd.ca>, publishers of the *Earth Negotiations Bulletin* © <enb@iisd.org>. This issue was written and edited by Delia Paul, Adam Fishman, Suzi Malan, and Yixian Sun. The Digital Editor is Diego Noguera. The Editor is Brett Wertz <brett@iisd.org>. The Director of IISD Reporting Services is Langston James "Kimo" Goree VI <kimo@iisd.org>. Specific funding for coverage of the 2018 AGM has been provided by IISD. IISD can be contacted at 111 Lombard Avenue, Suite 325, Winnipeg, Manitoba R3B 0T4, Canada; tel: +1-204-958-7700; fax: +1-204-958-7710. The opinions expressed in the *Bulletin* are those of the authors and do not necessarily reflect the views of IISD. Excerpts from the *Bulletin* may be used in other publications with appropriate academic citation. Electronic versions of the *Bulletin* are sent to e-mail distribution lists (in HTML format) and can be found at http://enb.iisd.org/. For information on the *Bulletin*, including requests to provide reporting services, contact the Director of IISD Reporting Services at <kimo@iisd.org>, +1-646-536-7556 or 300 East 56th St., 11D, New York, New York 10022, USA. The IISD team at AGM 2018 can be contacted by e-mail at <delia@iisd.org>.

Asked whether economics should inform "EESIAs," Benke noted that investors should consider a project's long-term viability and sustainability, but that this question is not often discussed with planning ministries.

In the ensuing discussion, an Arab delegate underscored that community engagement should be key for all ESIAs as it can help stakeholders understand the fundamental issues. Questions were also raised from the audience on how to help the government to build capacity to check ESIAs and how to leverage funding to escalate development across regions. Panelists underscored the importance of building high-level policymakers' awareness of project implications, and improving coordination within government at different levels.

Session 16: Engaging Communities in the Mine Life Cycle

Moderator Wendy Tyrrell, Development Partners Institute, invited panelists to share their experiences of partnering with communities in several countries.

Joyce Nyamukunda, Zimbabwe Environmental Law Association, outlined issues that drive the conversations about community engagement in her country, including cost-versus-benefit discussions, the effects of blasting, loss of human lives and livestock, investigative research, new investments and contract monitoring. On what governments can do to facilitate effective community engagement, she highlighted: institutional and legal reforms that promote sustainable and responsible mine investments; implementation, enforcement and monitoring compliance by mining companies; and transparency, accountability and community participation across the mining value chain.

Speaking on behalf of a client, Aurania, Monica Ospina, O Trade, discussed early engagement for exploration in Ecuador, emphasizing that the minerals sector cannot be separated from the social component. Underscoring the value of human and social capital, Ospina outlined Aurania's social portfolio and highlighted collaboration and participation as key assets for community engagement.

André Xavier, Canadian International Resources and Development Institute (CIRDI), reported that social conflicts around mines are rising, most of them around environmental issues. He elaborated on participatory monitoring processes that serve as mechanisms for dialogue between mining companies and host communities. Xavier pointed to socio-environmental conflicts, community concerns about environmental impacts of mining, and changes in legislation and regulatory frameworks as reasons for companies to engage in participatory monitoring processes.

Agapito Alexander Rodríguez Escobar, Honduran Institute of Geology and Mines, outlined how the government had sought to bring artisanal and small-scale mining (ASM) under control following a 2014 accident, working to transfer titles to communities that organized themselves, with government support and training, to work in a safe manner. Expressing satisfaction with the results to date, he noted that the model may be replicated throughout the country.

Questions from the audience covered challenges faced when building relationships between communities and governments. An African participant commented that governments have, to some degree, failed in being coherent, calling for legal impact studies. Tyrrell emphasized that the way for governments to be effective is through deep engagement that acknowledges and respects people. Ospina highlighted the complexity of engagement and resource constraints, which restricts officials during the assessment and decision-making process.

Session 17: New Technology, New Deal – What Lies Ahead?

Tracey Cooper, Executive Director, Mining Dialogues 360°, moderated the session.

Janne Kaiser-Tedesco, German Corporation for International Cooperation (GIZ), acknowledged the prospect of widespread job losses due to adoption of new mining technology, while also noting that digital innovations could help improve the governance of extractives. She highlighted the need to help governments evaluate the different policy options for managing the transition.

Howard Mann, IGF Secretariat, outlined insights from the 2016 IISD study, 'Mining a Mirage?', noting that adoption of new technology had resulted in 50-70% reductions in employment. He expressed concern that 70-80% of the gains from technology adoption would accrue to the mining companies, whereas the costs would accrue to governments and local communities. He explained that manufacturing and maintenance of high-tech equipment presents other employment opportunities, and recommended that government and industry consider how developing countries can benefit from such opportunities.

L-R: **André Xavier**, CIRDI; **Mónica Ospina**, O Trade; and moderator **Wendy Tyrrell**, Development Partners Institute

Janne Kaiser-Tedesco, GIZ

Benjamin Aryee, Ministry of Lands and Natural Resources, Ghana

Ida Hyllested, UNICEF, and **Pamela Coke-Hamilton**, UNCTAD

Benjamin Aryee, Ministry of Lands and Natural Resources, Ghana, stated that mining policy should be coordinated within the broader framework of industrial policy and development goals. He described impacts in Ghana as former mine workers moved into illegal, small-scale mining. He noted the development of alternative livelihoods, including in oil palm, has provided returns equivalent to those from unskilled mine labor. He outlined options for negotiating with mines to undertake capacity building with their contractors and Ghanaian partners.

Richard Morgan, Anglo American, said that mining companies must 'repurpose' themselves in the context of SDGs. Noting that 70% of Anglo American's mines are in water-stressed areas, he discussed how water-saving technologies can contribute to sustainable development of relevant regions. He recommended that all companies work closely with local communities and governments, and that they inform them about the potential impacts of new technologies.

Participants asked questions on, *inter alia*: mining taxes linked to the percentage of local content in company operations; arrangements to share benefits among different stakeholders; and the impacts of technological change on the ASM sector. In response, panelists highlighted that technological change can have both positive and negative impacts, so stakeholders need to work collectively and transparently to consider potential solutions. A participant commented that new technologies are not necessarily associated with job losses, and can lead to new development paths for people in mining regions. Another participant suggested the mining sector should draw lessons from the oil and gas sector in order to better prepare for the transitions that will be driven by new technologies.

Session 18: New UN Tools Supporting Sustainable Mining Policies

Pamela Coke-Hamilton, UN Conference on Trade and Development (UNCTAD), welcomed the tools developed by UN agencies to integrate sustainability principles in mining policies.

Uyanga Gankhuyag, UN Development Programme (UNDP), underscoring 'development for people' as the motivation that drives her agency, presented two publications that help governments address challenges in mining: 'Managing Mining for Sustainable Development: A Sourcebook' and 'Extracting Good Practices: A Guide for Governments and Partners to Integrate Environment and Human Rights into the Governance of the Mining Sector.' She described UNDP's work on extractive industries for sustainable development through its Development Minerals Programme in African, Caribbean and Pacific states, and its Environmental Governance of Mining programme.

Ida Hyllested, UN Children's Fund (UNICEF), presented a toolkit and results from a study examining how children are affected by the mining industry, describing children as both rights holders and relevant stakeholders for business. She stressed that children are more vulnerable to the impacts of mining than adults and noted that UNICEF's work is part of an effort to encourage businesses and governments beyond their current focus on child labor.

Harikrishnan Tulsidas, UN Economic Commission for Europe (ECE), presented on the UN Resource Management System, which he said can serve as a Swiss army knife to address multiple facets of sustainable development within the global workspace. Noting that mineral resources are essential for achieving the SDGs, Tulsidas asserted that mining is often seen as an undesirable activity, partly due to the terminology and imagery associated with mining.

A participant suggested that large-scale mining operators tend to be more compliant, whereas small-scale mining is often associated with problems and illegality. In closing, Coke-Hamilton reflected on the complexity of the human dimension in mining and sustainable development.

Session 19: New Technology, New Deal: Implications for Future Mining Tax Regimes

Moderator Alexandra Readhead, IGF Secretariat, asked panelists whether countries are likely to benefit, if technological change leads to increased profitability of mining companies. She further questioned whether the risks to companies would also change, and whether governments will face greater complexity in addressing tax evasion.

Ross Lyons, mining tax consultant and former Rio Tinto employee, stressed that the company's focus is on increasing efficiency of extraction and transport of ore, rather than reducing jobs. Citing efforts to develop driverless trains in the Pilbara region of Western Australia, he noted that it is unclear whether the company's investment in this technology will ultimately achieve increased revenue and profitability.

Alexandra Readhead, IGF Secretariat

Chris Sanger, EY, added that efficiency takes different forms, noting, for example, that technology that accelerates the rate of ore extraction is different from the social gains achieved from technology that extends the life of an old mine, and that tax policy should treat these gains differently.

Boitumelo Moche, South African Revenue Service, suggested that, for countries to benefit from efficiency gains in mining, programmes would need to be established to make that happen, and it is not clear who would fund those. He highlighted the need to develop intellectual property "at the local level."

Panelists discussed what tax reforms would enable host communities to share in the benefits from the mining sector's increased profitability, while creating an enabling environment for technological innovation. Participants asked what challenges new technologies are posing for tax regimes. They raised issues relating to intellectual property, accessibility and costs of data, and profit shifting based on remote operations. Panelists commented that digital technologies can improve governments' capacity and efficiency to collect tax, and that governments should use a holistic approach to promoting technological innovation and benefit sharing. Recognizing uncertainty about the impacts of new technology on profitability, Readhead concluded the session by highlighting the need for governments to further engage with the private sector.

Session 20: Closing Plenary

Alexander Medina, Chair, IGF, expressed appreciation for the presentations and discussions, noting they had provided members with comprehensive material to take back to their respective governments.

Pamela Coke-Hamilton, UNCTAD, congratulated the IGF for tackling complex and sensitive topics in the mining sector through this year's theme of using legal frameworks to underpin accountable, equitable and innovative approaches. She urged participants to develop "advanced solutions" to the challenges posed by automation and the impacts of ASM, especially with regard to women. She pledged UNCTAD's continued support for the governments of mining countries through the IGF and its AGM.

Nathalie Bernasconi, IISD, thanked participants for their contributions, and UNCTAD for hosting the AGM. Noting the importance of legal frameworks to the mining sector, she

Alexander Medina, Chair, IGF, gavels the meeting to a close at 5:16 pm

highlighted that rules must be clear, laws and codes coherent, and contracts fair. Innovation and voluntary standards, Bernasconi emphasized, can enable adaptation to new circumstances, such as the current context of increased demand for lithium. She observed that voluntary standards are evolving to become mandatory requirements, but neither voluntary nor mandatory standards will make a difference if they are not inclusive in their design and implementation.

Responding to the Secretariat's invitation to propose topics for further discussion at regional meetings or the next AGM, participants expressed interest in: mine closure and rehabilitation; shared-use infrastructure; establishment of research laboratories; and women's participation in mining activities and associated child care. An Asian delegate expressed appreciation for the knowledge and good practices shared at the AGM, and declared his intention to encourage all members of the Association of Southeast Asian Nations (ASEAN) to join the IGF.

Medina affirmed the role of mining as a major force to combat poverty, and expressed confidence that the IGF will continue to improve the capacities of governments worldwide. He invited participants to the 15th AGM from 7-11 October 2019, and gaveled the meeting to a close at 5:16 pm.

IISD-RS Summary: The IISD-RS summary report of the the 2018 AGM will be available on Sunday, 21 October 2018, at http://enb.iisd.org/igf/agm/2018/

During the lunch event on "Formalizing the ASGM Sector for Inclusive Sustainable Development" panel speakers show the handbook "Developing National ASGM Formalization Strateiges Within National Action Plans." L-R: **Malgorzata Stylo**, UNITAR; **Kirsten Dales**, CIRDI; and **Jorden de Haan**, UNITAR.