IGF 2016 HIGHLIGHTS:
26 OCTOBER 2016
The second day of the 12th Annual General Meeting (AGM) of the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) discussed activities related to the Mining Policy Framework (MPF). During the morning, participants heard from countries that have completed an assessment of their mining policies using the MPF as a guide. Participants also discussed the Extractives Industry Transparency Initiative (EITI) and transparency policies and challenges. In the afternoon, parallel sessions considered mining challenges as they relate to water and employment, local purchasing and the shared value paradigm. Lunchtime presentations addressed gender and power issues related to the artisanal gold mine sector and the European Partnership for Responsible Minerals.

MPF ASSESSMENT OVERVIEW AND UPDATE
The second day of the AGM was opened by Glenn Gemerts, Chair of the IGF Executive Committee, with an overview and update of the MPF Assessment process. Alec Crawford, IGF Secretariat, described the six pillars of the Framework, which would allow mining to make its maximum contribution to the sustainable development of a country’s mining sector. Through an examination of the mining context in Mongolia, Senegal, and Suriname, which have completed their assessments over the past year, Crawford highlighted how the MPF identifies strengths and weaknesses as well as gaps for improving mining governance through capacity building and technical support.

A video was then presented on the value of the MPF assessment that took place in Suriname.

MPF PANEL DISCUSSION: THE VALUE OF ASSESSMENTS
This panel opened with presentations by two government representatives on the MPF assessment undertaken in their countries.

Glenn Gemerts, Ministry of Resources, Suriname, indicated that the assessment provided opportunities for the Surinamese government to work with all stakeholders to improve many legal and policy institutions dealing with mining issues.

Roseline Mbaye, Director of the Control of Mining Operations, Senegal, noted that the assessment was helpful to identify reforms needed in the mining sector and elaborate a new mining code as a part of Senegal’s plan for a new development model.

In response to the audience’s questions, Mbaye underscored the participation of a broad range of stakeholders and inputs of foreign experts in the assessment; Gemerts emphasized the value of capacity building and technical support that IGF can provide for Members after the MPF assessment identifies strengths and weaknesses.

MPF PANEL DISCUSSION: IMPLEMENTATION LESSONS AND OPPORTUNITIES
In a second session discussing the value of the MPF assessment, the focus shifted towards the technical support and capacity building in which IGF works closely with national focal points to design a programme to fit contextual needs and priorities.

Alexander Medina, Ministry of Energy and Mines, Dominican Republic, spoke on the opportunities the assessment offered to improve sustainability in his country’s mining sector, emphasizing the sharing of mining benefits for community development, enhanced educational opportunities in accessing dignified jobs, and the formalization of the ASM sector among others.

Vincent Kedi, Ministry of Energy and Mineral Development, Uganda, discussed Uganda’s MPF assessment experience. He highlighted that the assessment incorporated stakeholder discussions and targeted capacity building, based on identified needs. He noted that the assessment identified options for revision, with the government deciding which recommendations to adopt during its review of the country’s mining policy.

In the ensuing discussion, participants discussed the importance of technical support for the rehabilitation of mining zones after closure as well as the potential for integrating ASM into the mining supply chain.

In the second half of the session, Matthew Bliss, IGF Secretariat, introduced Martin Lokanc of the World Bank to speak on a complementary mining assessment tool known as “MInGov.” Lokanc noted that the tool is neither a ranking nor an
Théophile Ndougsa Mbarga, Cameroon

index, but is designed to focus on the investment attractiveness in addition to improved governance of the mining sector. He described the methodology of the assessment tool using the case of Zambia and identified the potential for synergies between “MlnGov” and the MPF, including: the potential for cost-savings through a single diagnostic tool and a single consistent message; differentiating assessment potential with capacity building and technical support, and incorporating multiple viewpoints through a learning-by-doing approach. In the ensuing discussion, participants questioned whether the tool could be applied for decentralized mineral regimes, and how governments can concretely benefit from the tool to take measurable action for improving mining governance. Lokane underscored that a country report is offered which identifies strengths and gaps for governments, investors and civil society as well as a priority list of targetable actions.

TRANSPARENCY AND THE SDGS

Suzy Nikiëma, IISD, moderated the session and generated discussion on how to collect the right data and use them properly to increase transparency.

Miles Litvinoff, Publish What You Pay UK, highlighted that 50 countries have implemented the Extractive Industries Transparency Initiative (EITI) standard for which the reporting requirements are becoming increasingly demanding and rigorous, but also indicated some weaknesses of EITI, including the absence of BRICS countries and a lack of information on human rights and livelihoods.

Ben Chalmers, Vice President, Mining Association of Canada, indicated that reporting and national-level multi-stakeholder dialogue are two key elements for transparency, and highlighted the Association’s efforts in collecting data on wages, publishing standards on sustainable mining, and creating the Community of Interest Advisory Panel.

Mandakhbat Sereenov, Ministry of Mining and Heavy Industry, Mongolia, discussed the introduction of EITI to Mongolia and said it has led to cooperation between the government, private sector and civil society and provides mechanisms to build trust among these actors. He said collection of more data is not the purpose, the challenge is to provide relevant data.

Andrea Shaw, Transparency International (TI) Australia, challenged participants to not just think of transparency as financial flows. She noted that there is little transparency around the decisions regarding where mining will be allowed and who will do the mining. She said TI has a new program to examine the vulnerabilities for corruption in these decision making processes, and to develop recommendations to close off these vulnerabilities before they become problems.

During the discussion, participants stressed that inappropriate reporting burdens should not be placed on ASM. Challenges related to transfer pricing were discussed, with participants noting extreme cases in which a shell company buys a product at a higher price than that which the company that initially sold the product and paid royalties on. One speaker pointed out that robust regulatory frameworks help ward off those who are trying to game the system.

WATER AND ECOSYSTEMS: FOCUS ON WATERSHED-BASED INTEGRATED MANAGEMENT

In the afternoon, in a session relating the mining sector with watershed-based integrated management, facilitator Dimple Roy, IISD, underscored the close linkages between mining and water use and the need to provide guidance on how the mining sector can help achieve SDG 6 in ensuring the availability and sustainable management of water and sanitation.

Jan Pieter Barendse, Ministry of Foreign Affairs, the Netherlands, compared the long history of multi-stakeholder cooperation and innovation for water management in his country with opportunities for achieving innovative and consensual solutions for integrated water management in collaboration with mining companies, governments and local communities.

Hayley Zipp, International Council on Mining and Minerals (ICMM), highlighted that water is the “lifeblood of the mining industry” from extraction to the processing of minerals. She emphasized that the mining sector should look beyond water use as an operational issue and more towards stewardship from a multi-stakeholder perspective. She briefly described ICMM’s water stewardship framework, which identifies several key issues for water and mining including: transparency and accountability in terms of water use; proactive and inclusive engagement, and a catchment-based approach to water risk assessment. Hilde Passier, Deltares, the Netherlands, provided an overview of examples of impacts from mining on water from the domestic, agriculture and industrial sectors. She noted that the World Economic Forum’s examination of the SDGs in relation to mining indicates that mining’s most negative impact is with regard to SDG 6 (clean water and sanitation).

During the discussion, panelists were asked what works to facilitate collaboration. Barendse stressed the importance of democratic processes, including elections. He also highlighted the value of information sharing and consensus.

With regard to communicating with local communities, panelists noted that a common language should be found to convey information about the ways that water interacts with mining and to make the community feel more engaged in the discussion. The need to manage expectations for both
the negative and positive consequences of mining was also highlighted, and it was noted that multi-stakeholder processes take time to set up.

**WATER AND CLIMATE-RISK MANAGEMENT: TOOLS AND APPROACHES**

Facilitated by Dimple Roy, the second session on water and mining examined the link between water and climate risk management tools and approaches. Robert Jan Smeets, Royal HaskoningDHV, described the linkage between water and the mining sector in terms of water shortage concerns for mining operations; the need for a social license to operate given that mining competes with other water users; and the importance of reputation management to make sustainability a strategic priority for the mining sector. He stressed the financially profitable opportunities that exist to improve mining water footprints and the need to consider the full water cycle in operational decisions. Lifeng Li, WWF International, highlighted the physical, reputational, regulatory and ultimately financial risks associated with poor water management by the mining industry. He presented WWF’s Water Risk Filter as a free online tool that can help assess, analyze and mitigate risks at the national, catchment, or sub-catchment level and across different sectors. Nick Cotts, Newmont Mining, offered insights from the perspective of a mining company on how water and climate-related risks are managed. He identified: key risks for the enterprise; tools and management approaches adopted by Newmont, including full-cost water value accounting, ecosystem protection, and climate adaptation planning; and strategies that Newmont has implemented for adapting to risks, including shadow carbon pricing for 2017, carbon footprint reduction, and the development of a water accountability framework among others. He noted his company’s efforts in scenario planning of potential climate change impacts and forecasting the key drivers that will influence mining operational conditions in the short and long term.

In the ensuing discussion, panelists stressed the need for strong water quality standards so that mining facilities can be designed to meet such standards from the start of operations, and the need to transfer best resource-efficiency practices across industrial sectors to ensure energy, water, raw material, and cost savings.

**EMPLOYMENT, LOCAL PURCHASING AND THE SHARED VALUE PARADIGM: CHALLENGES**

Howard Mann, IISD, moderated the session by highlighting the mining industry’s challenges in employment and local purchasing arising from the deployment of new technology.

Perrine Toledano, Columbia Center on Sustainable Investment, introduced a study of the shared-value paradigm in light of the technological advances in the mining sector, which shows that the adoption of existing new technologies in the sector would cause negative impacts for employment and local procurement. She further indicated that these impacts are likely to be more significant in developing countries as many of them are over-dependent on the extractives sector, lack financial and technical capacity for adaptation of technological changes and also for shifts from low-skills to high-skills jobs.

Johannes Danz, Federal Institute for Geosciences and Natural Resources (BGR), Germany, presented BRG’s recent research on local content requirements in the mining sector in four African countries. Noting that economies of scale are a critical condition to require local content in the mining sector, he indicated that local content in many developing countries is considered as a political priority, but many of them still lack instruments for practical implementation of local content requirements, with the misperception of where the added-value is generated.

Based on evidence gathered in Central Africa, Milasoa Cherel, UNCTAD, discussed how to achieve shared value in the mining sector. She indicated that while the mining sector can draw experiences from many other sectors to achieve a shared value paradigm according to the willingness of the sector in Central Africa, the scale of activities remained questionable. She called for political leadership to use shared value in mining as a “stepping stone” for economic diversification through an inclusive policy design process, and recommended that governments lock shared value for the SDGs in their policy and adopt friendly and transparent fiscal policies.

Isabelle Ramdoo, African Minerals Development Centre, introduced the African Mining Vision, a sustainable development paradigm for mineral-led development aiming to support the continent’s structural transformation. She emphasized that the Vision uses a holistic approach to help countries build capacity to improve mining regimes and better integrate mining into development policies.
In the discussion, a participant asked the definition of local content. Panelist agreed that there is no universal definition, indicating the limitation of local content requirements for sustainable development.

**EMPLOYMENT, LOCAL PURCHASING AND THE SHARED VALUE PARADIGM: OPPORTUNITIES**

Jeff Geipel, Engineers Without Borders (EWB), introduced a common reporting system created by EWB and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) for local procurement. Noting the challenges and gaps in disclosing data on local procurement, he indicated that the standardization of reporting can prevent countries, companies and NGOs from recreating the wheel when making local content programs, and this system can help companies achieve better management, demonstrate their contributions to the national economy and provide a qualitative basis for how realistic targets and regulations are.

Lahar Liberti, OECD Development Centre, presented an OECD development policy tool on collaborative strategies for in-country shared value creation for extractive projects, which highlights that shared value creation requires innovation by business, governments, and non-profit organizations working collaboratively and strategically. She noted five steps identified by this tool to achieve shared value creation: adopting a comprehensive long-term vision and implementation strategy to build competitive and diversified economies and creating in-country shared value out of natural resources; building an empirical basis to inform decision making through an inclusive participatory process; unlocking opportunities for in-country shared value creation; supporting and contributing to innovation, leading to new products and services; and establishing effective and transparent monitoring and evaluation systems, and regularly reviewing the collaborative strategy.

Delayne Weeks, Angkor Gold Corp, discussed how the mining industry can contribute to shared value creation and balance negative impacts caused by the use of new technology, citing examples in Ghana and Cambodia where mining companies help economic and social development of local communities. She noted that good resources management in the mining region can provide many other development opportunities for local communities, and encouraged mining companies to integrate shared value creation in their business to contribute to the SDGs.

During the discussion, the importance of communities’ voices and the need to put communities’ interests first were stressed as being central to the SDGs and to corporate social responsibility.

In response to a question about how the classification of “local” procurement is done, a panelist said it is defined based on distance as well as ownership. One speaker emphasized the need to manage expectations effectively.

Mann presented information about a mining arbitration case and stated that shared value will not go away as a demand. He reported that, in the settlement of a mining arbitration between Venezuela and Gold Reserve for the Brisasa Cristianas project, *inter alia*:

- Venezuela received 55% equity in a new joint venture company; Venezuela will appoint four individuals to the board of directors and Gold Reserve will make three appointments;
- a progressive royalty scheme will be based on the period of production, and increases every 10 years; and
- a progressive profit sharing scheme will be based on commodity prices.

**LUNCHTIME PRESENTATIONS**

During a lunchtime discussion, Joanne Lebert, Partnership Africa Canada, presented on “From Informal to Responsible: Gender, Power and Lasting Improvements in the AGM Gold Sector,” and Jan Pieter Barendse, Ministry of Foreign Affairs, the Netherlands, discussed the newly created European Partnership for Responsible Minerals.

Lebert noted that the SDGs require transformational change, including with regards to gender. She said that gender refers to both women and men and the power dynamics between them. She stressed that attention to gender is not just a matter of including female participants in a consultation. She reviewed the experience of the “Just Gold” pilot project and its incorporation of attention to gender issues, as it seeks to bring conflict-free, traceable gold from artisanal mines in the Democratic Republic of Congo to international markets.

Barendse noted that the multi-stakeholder partnership seeks to increase the amount of responsibly produced minerals from conflict-affected and high-risk areas and to support the responsible extraction of minerals in a way that contributes to local development.