Mining and the Sustainable Development Goals

November, 2015
Presentation Overview

1. Why Mining and Sustainable Development?
2. “Mapping Mining to the SDGs
   - Roles and responsibilities
3. Mining & Sustainable Development - Key dimensions:
   - Legal framework
   - Ensuring the financial benefits
   - Maximize socio-economic benefits
   - Minimize environmental impacts
   - Manage transition after mining
4. Moving forward – Knowledge, dialogue, action
1. The 2030 Agenda and the SDGs
1. Mining and Sustainable Development / SDGs

Why is it relevant?

Share of Export Revenue from Hydrocarbons and Minerals 2012
1. Mining and Sustainable Development / SDGs

Why is it relevant?

- **Unprecedented spirit of cooperation** required to achieve SDGs – all sectors
- Large-scale mining is a global industry - 6,000 companies, 2.5 million direct employees
- POSITIVE: Economic development, public revenues for sustainable development
- NEGATIVE: environmental degradation, lack of diversification, inequalities, conflicts, corruption, etc
- THEREFORE: Significant opportunities to align mining policies & practices with the SDGs, national development priorities
- BUT - Not a new debate, a lot of efforts in past decade to learn from
  - Mining and Minerals for Sustainable Development (MMSD, 2002)
  - ICMM, IFC, EITI, VPSHR, HR principles etc etc
2. “Mapping Mining to the SDGs”

• “Mapping Mining and SDGs” (UNDP, WEF, CCSI, UNSDSN) in consultation with industry, governments, NGOs

• There are no dedicated goals or targets to Extractives – but mining impacts on all goals...

• ...and a lot is happening in the sector related to many goals – the SDGs provide an opportunity to align efforts under one global framework
2. “Mapping Mining to the SDGs”

1. **Mining impacts all 17 SDGs**
   - To varying degrees
   - Core business, social investments, taxes and investment of public revenues
   - Multi-directional impacts

2. **Mining impacts six goals most directly**
   - SDG9 (Infrastructure, Innovation, and Industrialization)
   - SDG8 (Employment and Economic Growth)
   - SDG7 (Energy Access and Sustainability)
   - SDG6 (Clean Water and Sanitation)
   - SDG15 (Ecosystem and Biodiversity Protection)
   - SDG13 (Climate Action)
2. “Mapping Mining to the SDGs”
2. Mining and Sustainable Development
Roles and Responsibilities

**Role of Industry and mining operations:**
- Core business – align with national / local development plans
- Social investments – align with local / national development priorities
- Indirect – taxes, contribute to public policy
- Beyond legal compliance in weak governance environments

**Roles of Governments:**
- Legal, regulatory & policy frameworks, aligned with national sustainable development plans
- Monitor and enforce regulations
- Manage and invest revenues in the SDGs
- Facilitate inclusion, dialogue and collaborative processes
- Transparency and information

**Communities, civil society, academia**
- Monitoring, transparency
- Capacity development
- Information, data, statistics

**Development partners, multilateral organizations**
- Capacity development
- Expertise
- Facilitate cross-country exchanges, learning
- International and home country standards
3. Mining and Sustainable Development - Key dimensions...

...for countries to transform natural resource wealth into human and sustainable development:

A. Legal, policy, institutional frameworks
B. Optimize financial benefits
C. Maximize socio-economic benefits & wider economic growth
D. Minimize environmental impacts
E. Manage transition after mining – design for mining closure
3.A. Legal, policy and institutional frameworks

- Overall conducive environment that enables maximizing mining’s contribution to SD
- Sector organizations and institutions - Clear responsibilities, accountability
- Linkages to national development strategy
- Generation and access to geological information
- Up to date mining codes and standards
- Proper permitting process that includes, e.g.:
  - Consultations with communities
  - Integrated economic and ESI Assessments
  - Identifying risks, impacts, opportunities - mitigation / management plans (including social investments)
  - Closure plans
  - Full transparency of process
3.A. Legal, policy and institutional frameworks

Good governance requirements

Good governance can only be ensured through accountability and transparency of procedures and decision making by stakeholders

• Accountability requires:
  • Clarity of roles & responsibilities
  • Authority, via legislation, regulations, contracts or other administrative instrument
  • Well established, standardized reporting and accounting procedures
  • Capacity to undertake their roles

• Transparency
  • Requires Access to up to date, reliable and complete information
  • Promotes:
    • Clarity and Consistency of decision-making
    • Trust
3.B. Optimize financial benefits

- Revenue generation that balances maximization of revenues and adequate returns for investors - while reducing volatility
- Trend to move from contracts regime to licensing regime
- Use corporate income taxes based on net profits as standard approach
- Provide open transparent data and info on revenues and expenditures – anti-corruption measures
- Intergenerational equity, save for the future – Sovereign Wealth Fund?
- Integrate mining sector with other economic sectors to optimize broader economic development - revenues
3.B. Optimize financial benefits

Example – move from contract to licensing regime

- Most developed mining countries use licensing regimes
- In Latin America licensing regimes are more common
- Chile, Peru – clear legal framework and non-discretionary mineral rights regimes.
- Ecuador - young mining industry negotiated a first large contract 2012
- Zambia prohibits any special agreements for large-scale mining licenses (2008)
- Liberia, Guinea move towards contracts to licensing regimes (2012, 2013)
3.C. Maximize socio-economic benefits & economic growth

- Undertake Social Impact Assessments (integrate into EIAs)
- Maximize linkages to local economy – skills, jobs, enterprise development
- Explore value added – processing and using natural resources
- Leverage mining to catalyze economic diversification
- Provide and share infrastructure
- Avoid negative impacts on women, children
- Manage in-migration of workers, job-seekers
- Consultations & inclusive decision making - Prevent conflicts, protect & respect human rights, Free Prior and Informed Consultation & Consent
3.C. Maximize socio-economic benefits

**Example – local content**

- Local content - significant source of income to national economy, potentially higher than tax and royalty revenues
- World Gold Council – $35bn of $55bn annual spending by 15 Gold Council member companies in 2012 were payments to other businesses (subcontracting and procurement)
  - **Brazil**: local content part of concession
  - **Ghana**: local content policy

**Chile’s integrated approach to local content: institutional mechanisms and public-private partnerships**

- Institutional mechanisms to foster increased cooperation with the private sector from project inception
- CORFO, the Chilean Economic Development Agency is leading the collaboration with individual mining companies or regional associations such as the Antofagasta Industry Association (AIA) and the Corporation for the Development of the Atacama Region (CORPROA)
- In 2008, the National Council Mining Cluster Strategy included a “supplier development” group among its technical groups - to support development of internationally competitive suppliers to supply regional markets
- Many local supply clusters and supplier programs as result
3.D. Minimize environmental impacts

- Environmental Impact Assessments (EIA) - central continuous management tool
- Strategic Environmental Assessments (SEA)
- Regulations for full mining life cycle – permitting – exploration – extraction / operation – closure
- Tailings disposal – central challenge
- Climate change impacts
- Use “mitigation hierarchy” for ecosystems and biodiversity impacts
- The NO-ACTION alternative
3.D. Minimize environmental impacts

*Example: Biodiversity - Multi-stakeholder Approach*

### South Africa Mining and Biodiversity Guidelines

- Enables industry and regulators to ensure incorporation of BD issues to EIAs, mining licensing and water licensing
- Approved by Ministers of Environment, Mineral Resources
- Chamber of Mines committed its 69 members to implementation.

**How?** 3-year multi-stakeholder process resulted in guidelines – change in policy & business practices
3.E. Manage transition after mining – mining closure

- Incorporate mine closure into Law
- Design for mine closure from the start – require updated mine closure plans
- Ensure progressive / continuous rehabilitation
- Ensure financial mechanism is in place to cover closure, rehabilitation
- Mine tailings rehabilitation requires special focus
- Social dimensions are critical – transition from dependence on mining (avoid ghost-town effect)
UNDP and Extractive Industries support?

*Global work streams*

**Global Project on Extractives and Sustainable Development**
- Extractive Industries and SDGs
- Knowledge, partnerships, country support

**Governance and Conflict:**
- Assessing Corruption Risks in Extractive Industries
- Conflict prevention
- Role of parliaments
- Human rights, Indigenous people

**Environment**
- Environmental governance (UNDP – SEPA initiative)
- Biodiversity protection, mitigation (GEF)

**Economic development**
- Skills development and vocational training
- Local content, supply chain development

**Productivity & Sustainability in Low value minerals – small scale operators (with EC, ACP)**
- 40 countries (ACP regions)
- 6 focus countries

**Private sector engagement & partnership support**
4. Moving the mining & SDG agenda forward – Work in Progress

Understanding SD:
• “Mapping Mining and the SDGs” – Davos 2016
• SDG specific work streams
• Online space for knowledge and exchanges

Policies & systems
• Align (public and private) mining policies with SDGs and national development priorities

Dialogue & Cooperation:
• Dialogue & partnership platforms at country level
• Global dialogues to assess progress

Capacity to implement:
• Joined up capacity building efforts

MMSD: 4 steps to support SD in mineral sector (From IIED report, 2012)
THANK YOU