



Mining, Minerals and Sustainable Development Project

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PROJECT NEWS BULLETIN

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EXPERTS DISCUSS MINING AND BIODIVERSITY

On 11-12 July 2001, MMSD's first biodiversity and mining experts workshop brought together individuals from nine countries representing mining and energy companies, conservation and development NGOs, research institutions, international organisations and governments. The participants supported the formation of a small advisory group of 6-8 members to provide regular feedback on the process, and to hold a second workshop towards the end of October 2001.

The workshop focused on the challenge of thinking imaginatively about how to ensure that conservation and the sustainable use of biodiversity are incorporated into land use planning and management mechanisms. It was widely acknowledged that, whilst mining certainly instigates biodiversity losses, other sectoral activities, such as forestry and agriculture, are usually as, if not more, responsible.

A series of presentations set the scene by highlighting the different institutional and regional perspectives brought in by participants. On the second day the discussion moved on to specific initiatives: at policy level and within institutions, and on the

ground. Subsequently three break-out groups – on biodiversity measurement, land use and governance – identified a series of follow-up actions.

The issue of ‘no-go’ for mining in IUCN Categories I-IV protected areas (as expressed in the IUCN resolution) remained a key concern for both mining and conservation interests. There are still areas of divergence within and between industry and certain conservation groups. However, several proposals on how to move forward were presented. These included: reaching a better understanding of the real implications of mining-induced biodiversity losses through more effective ‘metrics’; developing mechanisms that can weigh up the relative costs and benefits of mining at the planning stage more effectively (e.g. through establishment of regional land use planning and decision-making frameworks/matrices); compensating for losses of biodiversity caused by mining ventures (e.g. through use of offsets); and making ‘best practice’, guidelines and lessons-learnt information much more widely available.

There was broad recognition that governments’ role in managing mining and biodiversity issues is critical, whether in land-use planning or regulation or establishing suitable incentives. However, it was also acknowledged that in many parts of the world governments face capacity and budgetary constraints – and in some cases, a lack of interest given abject poverty levels – which may hamper their effectiveness in this area. Therefore, strengthening governmental capacity to play a role in and fulfil their responsibilities over mining in areas of high biodiversity is a high priority.

The regional perspectives of Australia, the Philippines, Russia and Chile were also brought to the table. Existing initiatives, such as the Energy and Biodiversity Initiative (Shell and Conservation International), ‘Man and the Biosphere’ (UNESCO), English Nature, the Kyrgyzstan Community and Business Forum, and other company initiatives were also discussed.

A schedule of future activities was also agreed on. For minutes of the workshop, visit www.iied.org/mmsd/mmsd_pdfs/biodiversity_minutes_11_12_june_2001.pdf. For more information on MMSD’s activities on biodiversity, contact Izabella Koziell at izabella.koziell@iied.org.

CALL FOR PARTICIPATION IN MMSD BIODIVERSITY ACTIVITIES

The MMSD biodiversity team is seeking out case study material, or possible sources of further information (institutions or persons), relating to the areas identified below. Acquiring case studies that address different regional perspectives, different social, economic and ecological contexts, and different minerals’ cycles, is considered especially important for MMSD’s analysis to be reflective of the *diversity* of views, interests and issues. The case studies/information collected will be used in compiling an MMSD biodiversity and mining report as part of the Project’s Working Papers series.

Policy, Legislation and Planning mechanisms: any examples of policy, legislative or (land-use) planning mechanisms that have attempted to minimise conflicts over

mining in sensitive areas. Examples might include the formulation of MoUs between government and mining companies (as English Nature has done with Hanson Aggregates), or establishing policy or legislative review processes on mining and conservation issues etc., or adopting innovative mechanisms, such as offsets or corporate community partnerships etc. These examples could include government, company and/or NGO initiatives.

Policy, Legislation and Planning outcomes: any case studies that have analysed the outcomes of different policies, legislation and planning mechanisms or decisions on biodiversity and mining initiatives, and the associated social, economic and ecological consequences (e.g. an analysis of the consequences of a decision not to mine in a PA).

Mine Life Cycle: any examples or case studies of mining and biodiversity issues at all stages of the mine life cycle, i.e. exploration, site selection, operations, closure and rehabilitation, both inside and outside protected areas. The team is looking for examples that discuss:

- (a) Positive and negative, direct and indirect, impacts on biodiversity, including analysis of the possible consequences of these impacts (e.g. discovery of new species or rehabilitated mines as breeding grounds for certain species)
- (b) The team is especially interested in any examples that have attempted to address conflicts through various 'better practice' mechanisms. The latter could include policy changes, technological improvements, partnership arrangements or other incentive mechanisms.

Abandoned and orphaned mines: any examples of impacts of these mines on biodiversity. Also any cases that include a discussion of governance and responsibility for such mines.

Any other examples or case studies, or sources of further information on:

- Innovative ways of measuring and quantifying potential and actual biodiversity impacts.
- An analysis of key biodiversity policies and their relevance to mining.
- Impacts of different sectors (e.g. agriculture, forestry etc.) on biodiversity as compared to mining.
- Making biodiversity considerations in EIA (for mining) more effective.
- Consensus building and conflict resolution between mining and conservation interests.

Contact Izabella Koziell at izabella.koziell@iied.org if you are interested in participating in MMSD biodiversity activities.

MMSD AND IISS HELD WORKSHOP ON ARMED CONFLICT AND THE MINERALS SECTOR

MMSD and the International Institute for Strategic Studies (IISS) co-hosted an experts' workshop on armed conflict and natural resources, with particular reference to the minerals sector, at the IISS offices in London on 11 July 2001. This workshop was the first in a series planned by MMSD which will explore the interface between

the minerals sector and armed conflict, the minerals sector and corruption (Berlin, 6 September), and the minerals sector and human rights (Berlin, 7 September).

The workshop was attended by over 30 experts, representing the minerals industry, governments, NGOs and academia from many parts of the world, including Australia, Indonesia, Papua New Guinea and Peru. The case studies presented focused on experience in Papua New Guinea, on the issue of conflict diamonds in Angola, and on the role which voluntary principles and binding agreements can play in preventing, lessening and resolving conflict.

It was widely agreed that armed conflict could become an increasingly significant factor for the minerals industry in the future, not least because the demand for minerals located in politically unstable areas of the world, where ownership is often poorly defined, is likely to increase. Many major operations are also nearing the end of their productive lives, and mine closure often heightens tensions and leads to disputes which can escalate into violent conflict.

Conflict is invariably the enemy of sustainable development. It can lead to the loss of lives and livelihoods, to the abuse of human rights, and to political and economic turmoil hindering development. The nature of conflict may vary from full-scale civil war – which may or may not be triggered by mining operations – to minor skirmishes. It is important at the outset to distinguish between conflicts which stem from the activities of the minerals industry, and conflicts which are directly or indirectly financed by the minerals industry. The creation of vast open pits, the appropriation of land without adequate compensation, the failure to negotiate with local communities: these may fuel conflict, but conflict is not part of the business plan. In contrast, the digging of diamonds in rebel-held territory in Liberia, Sierra Leone and Angola is providing the rebels with the wherewithal to purchase arms and perpetuate long and bloody conflicts.

After hearty debate it was accepted that tackling conflict involves a multiplicity of approaches, from the global to the local and that it is not a matter of either/or, of having either voluntary principles or binding agreements. “We need a combination of incentives, voluntary initiatives and legislation,” said one participant, since different initiatives serve different purposes at different levels.

A report on this workshop will be available shortly on the Project’s website www.iied.org/mmsd. For more information, contact Bernice Lee at bernice.lee@iied.org.

PwC SURVEY REPORT NOW AVAILABLE

PricewaterhouseCoopers (PwC) has completed the *Mining & Minerals Sustainability Survey 2001*, for MMSD, on the sustainability-related corporate practices of 32 global mining companies based on a survey questionnaire and interviews undertaken earlier this year. The survey was designed to provide an independent assessment of corporate understanding of and engagement in sustainable development concepts and practices in the industry as well as a baseline against which future developments can be compared. These results are expected to inform MMSD’s findings and, in addition,

stimulate a broader debate on best practice for incorporating sustainability concerns into company decision-making and operations.

Fifty-eight of the major global mining and minerals companies were invited to participate in this survey. Of these, 32 responded – a 55% response rate. The results were obtained from a written questionnaire and a total of 18 face-to-face interviews with CEOs, health, safety and environmental managers and other senior executives. The biggest challenge for management, the report says, is linking the pursuit of sustainable development to the delivery of short-term financial success.

An independent Review Panel – made up of representatives from academia, industry and NGOs – assisted in the design and content of the questionnaire and in reviewing the survey results and report.

The survey reveals that companies have taken the first critical step towards better understanding of sustainable development, by acknowledging its importance to the industry. It also shows that companies are aware of the importance of their interaction and consultation with local stakeholders, and of the economic and environmental impacts on their employees and on the local communities where they operate.

While there is a strong endorsement and recognition of sustainable development, many surveyed companies are wrestling with the concrete steps necessary for making this recognition operational. The survey shows that many companies are still developing a detailed vision of all the steps necessary for adapting to a business environment led by sustainable development principles.

Investment decisions are also being influenced by the need to consider sustainability-related issues such as community attitudes, human rights and biodiversity. However, the implementation of environmental management appears to be more developed than the management of social issues and wider economic impacts. Environmental and social issues are generally being managed through the adoption of associated policies, management systems and risk management processes. Public environmental reporting has already been adopted by two thirds while public social reporting by just under half of the respondents.

A key socio-economic concern identified by the survey is how to engage more effectively with stakeholders, and with local communities in particular. A growing recognition of companies' responsibilities towards stakeholders beyond local communities was also reported. On the other hand, it was found that most respondents do not consult formally with stakeholders across the mineral cycle. Formal consultation was most prevalent with government stakeholders, employees and local communities, while only 13% of respondents engage formally with partners and suppliers, and 20% with customers.

This output of this work gives MMSD a useful starting point in developing an understanding of some of the practical concerns faced by mining companies in adjusting to a world of sustainable development. The Project is now asking other stakeholders for comment on the survey in order to incorporate their perspectives in its Project Report.

To view the full *Mining & Minerals Sustainability Survey 2001* report, visit www.iied.org/mmsd/mmsd_pdfs/baccp_mining_minerals_sustainability_survey_2001.pdf (3.5MB). For hard copies, write to mmsd@iied.org.

MMSD WORK ON HEALTH AND SAFETY ISSUES IN THE MINING SECTOR

MMSD is looking at the critical issues surrounding mining and the health and safety of workers and communities, and on practical steps that can be taken forward to improve current practice. Main themes that will be explored include the legal environment, the relationships between governments and companies operating in areas affected by mining; and the role of international organisations and NGOs in ensuring good practices in a safe work environment.

MMSD and the Environmental Epidemiology Unit (EEU), Department of Public Health and Policy (PHP), of the London School of Hygiene and Tropical Medicine (LSHTM) will host a workshop on 10 September 2001 to explore these themes. The LSHTM specialises in identifying and assessing the relationships between environmental health risks and health policies, with a particular focus on developing countries.

The specific objectives of the workshop are to (a) identify the main health and safety issues faced by mine workers and communities during mining operations, and the related social impacts, (b) discuss the drivers and constraints towards reducing risks and developing health and social measures, and (c) discuss potential actions for improving health and safety practices and culture at all levels (local, national and international) for each actor involved (unions, companies, governments, international organisations and NGOs/CBOs) and to do so on a consensual basis.

The workshop will also aim to shed light on the risks faced by workers and the necessary changes in health and safety measures/policies that should be undertaken. It is hoped that the findings will give guidance towards a more coordinated international policy.

Experts are being invited from governments, labour unions, international organisations, NGOs/CBOs, and academia. For more information, contact Wai Lee Kui at wailee.kui@iied.org.

SPECIAL FEATURE: **MINING AND SUSTAINABLE DEVELOPMENT IN THE FORMER SOVIET UNION** ***Khakassia and Kyrgyzstan***

Members of the MMSD Work Group travelled to the Khakassia Republic of the Russian Federation at the end of June where they met representatives of local industry, natural resources and legislative government departments, and nature

preservation NGOs. Khakassia, in Southern Siberia, is one of Russia's principal mineral-mining regions, with substantial proportions of national prospected minerals deposits and important metals processing industries. Mining provides approximately 20% of the Republic's GDP.

A number of issues were raised by those affected by and involved in the mining and minerals sector.

Nature preservation and biological diversity: Khakassia provides habitats for many rare species of plants and animals in areas which frequently compete with mining and other industrial activities. In some cases, mainly where new preservation areas are being developed, committees have been set up, with representation from local government, industry, environmental NGOs and local communities, to address existing conflicting interests: the rights of local people who have traditionally farmed and hunted the land, the environmental implications of existing mining operations, the access to new mineral reserves, such as small gold deposits, the ecological and financial impacts of tourism and the preservation of biodiversity. In some cases these committees have significantly influenced government decision-making on mine licensing procedures, including the stipulations on exploration, environmental impact monitoring, community support and future mine closure in newly-issued mining permits.

Rents: The industry encounters financial difficulties arising from 'double taxation' (national and local), affecting smaller companies in particular. Compared to other areas of Russia, Khakassia has a large industry relative to the size of its population and the discrepancy between taxation and the Republic's allocation of federal funds is often perceived as unfair national distribution of local wealth. Research has been undertaken into developing schemes for large-volume mining waste disposal, rehabilitation of abandoned and closed mines, and general technological developments to improve efficiency of operations and reduce their negative environmental impacts. However, there is insufficient national-level funding to implement many of these schemes.

Recruitment of young expertise: Further concerns were voiced about the recruitment and retaining of new experts in the sector. Though there are training facilities in the Republic there may be poor financial incentives for employment in the sector such that the younger generation may move either away from the southern Siberian region, or into different sectors. This concern is particularly pertinent to smaller enterprises.

Transportation and infrastructure: Many of the important mineral deposits are located in mountainous terrain, difficult for access and transportation. Much of Khakassia's mineral produce is exported throughout the Federation and to foreign markets. Export revenues consequently suffer under high transportation costs.

Communities around abandoned and closed mines: In a population of around 600,000 Khakassians it is estimated that some 5,000 workers and their families are now unemployed as the result of mine abandonment and closure. High unemployment rates across the country and few other locations with better employment opportunities frustrate attempts to find alternatives for these communities.

The trip continued into Kyrgyzstan where the MMSD team met national NGOs, representatives of industry associations, and staff from the Kumtor Gold mine, Kyrgyzstan's largest enterprise, accounting for 9% of GDP. They also visited a number of small villages and communities, meeting members of local community NGOs.

Kyrgyzstan also has significant mineral deposits and, in spite of its small size, provided large proportions of national mineral supplies during the Soviet era. Since its independence in 1991, 80% of Kyrgyz mining enterprises have closed and many of those remaining run at reduced capacity. The country now faces the challenges brought on by the closure and abandonment of mines and large volume waste deposits. Toxic wastes are of particular concern as they risk polluting the waters flowing from the Tian and Alatau mountain ranges through Kyrgyzstan and on to neighbouring countries.

Mine Rehabilitation: Concerns were often raised about reclaiming land from closed and abandoned mine sites, both for the support of natural ecosystems and the restoration of lands for pasturing and agriculture. How will potentially hazardous tailings wastes be disposed or treated and who will fund the reclamation? Furthermore, how do mining licenses ensure that provisions are made now for future mine closures?

Attracting foreign investment is seen as a priority for industry and government. However, current laws, internal taxes and financial lending rates discourage foreign capital investment into new and existing mining enterprises, particularly in comparison with its neighbouring competitors, Kazakhstan and Uzbekistan, to whom potential investment in Kyrgyzstan is lost.

Transportation and Infrastructure: Communities near mine sites claim that their roads have been damaged by the heavy mine vehicles and that the mining companies should contribute more to the maintenance of such local infrastructure. However, the industry reply that they cannot afford to subsidise locally, in addition to their national-level transport taxes and, indeed, that they too need better quality roads. Many requested that there be greater transparency on government and industry spending.

Access to Information – Capacity and Transparency: A broad range of issues arose around the provision and acquisition and dissemination of information:

- There needs to be more publicly available financial reporting of industry and government taxation and spending: how much taxes are paid, and by whom? Where do these revenues go? Can mining-affected communities see the advantages of mining revenues?
- This information needs to be actively disseminated amongst small communities and their capacity for understanding these reports increased.
- Local NGOs need training for writing and assessing grant proposals; writing reports and requests to government and industry; interacting and holding meetings with government and industry, understanding their perspectives; and collecting and collating information for their own communities.
- Communities need to be educated of their rights and the obligations government and industry have towards them.

“Are the mining companies responsible for bad weather?” a local NGO representative quoted, referring to this summer’s unusually hot weather. Many people blame the Kumtor mine for this season’s poor harvest brought on by high summer temperatures. Trust needs to be built up, and suspicion dispelled, between government, industry and local community populations.

Future MMSD activities in the FSU.

MMSD is currently in the process of commissioning three pieces of research within the former Soviet Union for its Final Report: firstly, a baseline study, to gather data to inform MMSD’s eight challenges as they face the Russian Federation and other CIS countries; secondly, a similar report focussing on the mining and mineral industry in Khakassia; and thirdly, a baseline report on the sector in Kyrgyzstan, with a focus on the interactions between local, indigenous communities, local and national government, and the mining industry.

MMSD would like to extend its thanks to Irina Sannikova, Manager of Strana Zapovednaya, Khakassia, and Assurance Group member Cholpon Dyikhanova, National Project Manager of the Community and Business Forum, Kyrgyzstan, for their support in organising the events described above.

For more information on activities in the former Soviet Union, contact Ben Sandbrook at ben.sandbrook@iied.org.

IN BRIEF:

Large Volume Waste Workshop. On 14-18 July MMSD held its main workshop on large volume waste, abandoned mines and mine closure issues in Vancouver, Canada. Participants from 13 countries attended the event bringing on the experiences and issues of about 70 government, industry, technical experts, environmental NGOs and other civil society groups representatives. A full report on the workshop outcomes will be available soon in the Project’s website at www.iied.org/mmsd. For more information, contact Anne-Marie Fleury at anne-marie.fleury@iied.org or Silvia Kyeyune at silvia.kyeyune@iied.org.

Voluntary Initiatives Workshop. On 18 July MMSD held an experts workshop in Santa Fe, New Mexico, USA, where the central theme of discussion surrounded possible Project outcomes, specifically voluntary initiatives. Representatives from labour organisations, industry, NGOs and mining lawyers participated in the event. The workshop sought to engage those involved in the legal aspects of the industry in a dialogue over the concrete issues posed by developing a voluntary initiative in the sector. This discussion will feed onto the Project’s planning for outcomes component. A report on this workshop will be available soon in the Project’s website at www.iied.org/mmsd. For more information, contact Patricio Leyton at patricio.leyton@iied.org.

HEADS UP FOR:

Corporate Social Responsibility: From Words to Actions. MMSD has teamed up with the Royal Institute of International Affairs and the Control Risk Group (CRG) to host a conference on corporate social responsibility issues on 15-16 October 2001 in Chatham House, London. This conference will look at how corporate social responsibility (CSR) policies can best be implemented. It will examine the international and sectoral frameworks within which corporate CSR policies must operate, what lessons can be learned across different sectors, and how these policies can best be implemented on the ground. To view the conference brochure, visit www.iied.org/mmsd/mmsd_pdfs/corporate_citizenship_conf_oct2001.pdf (122KB). For more information, contact Bernice Lee at bernice.lee@iied.org, or Georgina Wright at conferences@riia.org.

MMSD Activities in August:

Life Cycle Analysis Experts Workshop. To take place in New York on 9-10 August 2001 to discuss Robert Ayres's manuscript on life cycle analysis. Background papers and case studies are being sought. Contact: Caroline Digby, caroline.digby@iied.org.

Managing Mineral Wealth Experts Workshop. To take place in London (note change of venue) on 14-17 August 2001. Its objective is to address MMSD Challenges 2, 3 and 5 through a series of case study presentations and discussions on issues related to the economic and institutional aspects of the management of mineral rents in developing countries. The agenda of the workshop is being planned. Contacts: Libby Wood, libby.wood@iied.org and Bernice Lee, bernice.lee@iied.org.

For MMSD activities beyond August, go to www.iied.org/mmsd/timeline.html#now. If you would like to print a copy, it may be downloaded from www.iied.org/mmsd/mmsd_pdfs/timeline.pdf.

OTHER NEWS FROM THE SECTOR:

NEW VOLUNTARY CODE FOR THE GOLD INDUSTRY

The **Cyanide Management Code** is being developed as a voluntary industry code for the gold mining industry under the direction of a multistakeholder Steering Committee formed under the auspices of the United Nations Environment Programme (UNEP) and the International Council on Metals and the Environment (ICME).

The Committee, consisting of representatives from the gold mining industry, governments, non-governmental organisations, cyanide producers and financial institutions is working cooperatively on the development of the code, which should be finalised late this year.

The purpose of the Code, as embodied in its Mission Statement, is "To assist the global gold mining industry to improve its cyanide management, thereby minimizing

risks to workers, communities and the environment from the use of cyanide in gold mining, and reducing community concerns about its use.”

For more information or to be included in the list of contacts for the Code – as a potential participant and/or to stay informed – visit www.cyanidecode.org and provide the appropriate information.

TRAINING SEMINAR ON CORPORATIONS, COMMUNITIES, HUMAN RIGHTS AND DEVELOPMENT

The Centre for Energy, Petroleum and Mineral Law and Policy, University of Dundee, Scotland is offering a training seminar from 27-31 August 2001. Its theme will be “Corporations, Communities, Human Rights and Development”, with a focus on natural resources development.

The primary aim of the seminar is to prepare professionals for an emerging field of legal practice, advising corporations and host country governments on policies and laws dealing with their relationships with the communities affected by mining and the development of energy and mineral resources. The focus on mining and mineral development will be contained within a broader context of foreign investment trade and the role of corporations in social development.

The seminar will look at initiatives undertaken by various actors: corporations/industry codes of conduct, voluntary initiatives, guidelines, environmental and human rights organisations, other development and environmental NGOs and the UN.

For more information, visit www.cepmlp.org, or contact Moira McKinley at m.r.mckinlay@dundee.ac.uk.

MMSD seeks to promote dialogue on issues of sustainable development and the mining and minerals sector. Because of its scope and limited lifespan, the Project would like to have the capacity to forward its participants’ contact information to organisations engaging in similar activities with the purpose of continuing this dialogue and knowledge exchange process. Please let us know if you would prefer that we do not pass along your information or if you would like to be taken out of our News Bulletin mailing list by writing to us at mmsd@iied.org.

What is MMSD?

Initiated by the World Business Council for Sustainable Development, MMSD is an independent process of participatory analysis aimed at “*identifying how mining and minerals can best contribute to the global transition to sustainable development.*” MMSD is a two-year project designed to produce concrete results during this period, and to create structures capable of being carried forward thereafter.

A key product will be a Project’s Final Report to be presented in draft in late 2001.

An invitation to participate

MMSD is an ambitious venture that depends on the active involvement of civil society, companies, government, the research community and many others for its success. If you would like to receive copies of past or future Project Bulletins, or have any other enquiries, please contact us at:

mmsd@iied.org

If you would like to be removed from our News Bulletin mailing list please let us know by writing to us at mmsd@iied.org.