

MMSD Project Draft Report

Comments – Nick Robins

Overall Comments

This is a fantastic piece of work, with both impressive breadth and depth – bringing together an ambitious range of issues and actors with a powerful control of detail. In addition, it is open, honest and engaging – an important achievement given the distrust that the report highlights as a key constraint to progress.

My overall impression is that the report is 80% there – with 10% of the gap caused by omission and the final 10% due to editing and text management. What follows are my suggestions for improving a text.

For me, three interlinked gaps were notable:

- First, a lack of strategic analysis of the global macro-economics of minerals: the report makes some piercing comments about the low return on capital in the sector, as well as over-capacity and sinking prices, along with insufficient incentives for recycling, in the current context of increasingly liberalised global markets. But there is no strategic discussion on how these elements come together and how both the viability of mining companies, minerals economies and mineral consumers could be enhanced through a different macro-economic framework...while a 'managed' approach to macro-economics is currently out of fashion, it might be worth exploring as part of possible scenarios for the future;
- Second, an absence of follow-through from theoretical discussions of 'natural capital', 'resource accounting' and 'cost internalisation' to prescriptions for policy frameworks: there is no sense from reading the report, what the impacts of cost internalisation would be and how different the industry would be if it stewarded 'natural capital'...are these simply pious metaphors? (and if so, the report should say so) and if not they need to be pursued to their logical conclusion. All this is quite important for the question of macro-economics, for if costs were internalised then the current situation might be transformed...
- Third, and building on the last two gaps, the report presents no more than a very short-term agenda for change – there is precious little vision, scenario building or forecasting that goes beyond the next 1-3 years. This is not to downplay the importance of the 'pragmatic reformist' position put together in the final chapter, but I would suggest that a missing recommendation would be for strategic work to look at long-term trajectories and options for key minerals.

Structure & Signposting

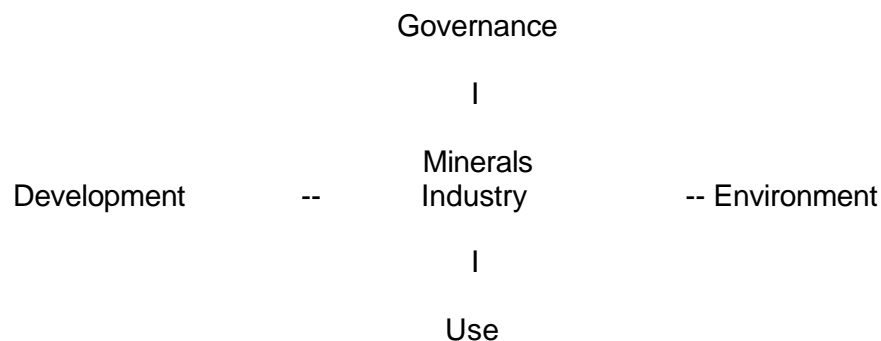
This is a hefty report – and very few will get through the whole thing. The exercise could be improved substantially by some slight restructuring, some helpful graphics and internal signposting.

Structure

In a report this large and complex, there is always going to be problems of organisation. However, at the moment, there appears to be little logic in the order of the nine key challenges, or much interlinkage between the different chapters. Indeed, the current order appears to detract from the flow of the argument. Within the 9, I identified five issue clusters which could be better dealt with together in the following order:

- Governance (Ch 9 then 7: access to information is an aspect of the wider governance issue, but strangely proceeds this...)
- The Minerals Industry (Ch 6 +13: integrating ASM in the wider discussion is important if it is not to be forever orphaned...)
- Development Imperatives (Ch 3 + 4)
- Environment (Ch 7 + 5: bringing together the land and environment sections would make sense given the importance of both to concepts of 'natural capital')
- Use (Ch 6)

These five clusters could then be usefully presented in the following schema:



Within this schema, I would give greater profile than at present to:

- frameworks for global governance: trade rules, investment etc...needed to ensure the fabled 'level playing field'
- employees, currently with a very low status (bundled into a section on 'viability of the minerals' industry'). I would suggest a separate chapter on employees – particularly given the low status of mining in the emerging 'knowledge economy'
- the finance sector is dealt with in a generally fragmentary and unsatisfying way through the report: much more needs to be done to link up the various discussions of equity, loan and public finance and how investors take a share of the costs of mining as well as the profits

More broadly, there are substantial overlaps between Chs 3, 6 and 14 which could be lessened through editing.

Signposting

It would really help the text if more cross-referencing could be made – this might also help in editing down the text

Specific Comments

Ch 3: It would be good to include a discussion of ASM in the 'Industry' section, and split 'Workers' into a separate sub-section. The intro paras on Government (3-11) are very weak – include no mention of the role of government as steward of the public interest, agent for cost internalisation (cf 11-11), and provider of public services... The section on 'civil society' is very opinionated: the comment that 'making trade-offs among competing values is not a highly developed part of their agenda' (3-15) could equally be applied to much of industry... The discussion on finance in this introductory section is rather fragmentary.

Ch 4: This is a bizarre chapter, largely due to the use of two highly charged terms (need and availability).

- The discussion on need could be helped by recognising that its centrality to the Brundtland definition of SD, but its essentially contested nature, and that needs differ from market wants/demand to the extent that needs imply an obligation of provision.
- The question of availability is confused by not stating at the outset that minerals are only useful to the extent they provide a service – the question is not the availability of minerals, but how can the complex and dynamic 'needs' of humanity currently served by minerals be met more equitably, profitably and environmentally in the future... To some extent, this chapter could be more usefully cut, with the text split and merged within Chapters 2 and 11...

Ch 5: These case studies are great – but like the section on regional perspectives later in the report – sit in an island: more editing is needed to integrate them into the flow of the text: perhaps by testing how they rate according to the 'X' challenges

Ch 6: After Ch 4, this is the second most frustrating chapter – again stemming from a lack of clarity about what it is discussing: what is the 'viability' that is being explored? is it simply a question of 'sustaining' the mining industry or something broader? [It perhaps needs to be stressed that no industry is owed a living: should we mourn the Roman chariot industry?] Furthermore, it fits badly as the first of the 9 challenges, presenting a rag-bag of issues and actors. And unlike all the other chapters, it has no 'way forward', perhaps symptomatic of the muddle in the chapter. This is not to say there isn't good stuff in the chapter (on business case and shareholder value). As mentioned, earlier, perhaps a separate (boosted) section on employees is warranted as a challenge of its own...

NB From our discussions with management in a range of companies, the links between health and safety and business performance is perhaps the clearest...

Ch 8: It might be useful to adapt this and the community chapter that follows to stress that the development challenge for mining does not just relate to poor countries – but to all countries and communities. It also seems to take an overly free market view of 'silly' countries 'failing to capitalise' on opportunities – but what about the downward push to commodity prices generated by liberalisation programmes undermining terms

of trade etc. In the Way Forward (8-31), it is also necessary to focus on measures needed to stop a 'race to the bottom' in terms of tax/investment incentives that militate against countries 'capitalising' on mining.

Ch. 10: Starts off very promisingly on 'natural capital', and then fails to drive through to a conclusion on this...the report should give some guidance on the implications of a 'natural capital' approach both to the management of the mineral stock itself and also to the possible impacts on other environmental resources during mining and use. On Legacy (10-22), perhaps an additional way of paying for clean-up would be a tax on minerals sales (similar to that on chemicals to pay for Superfund, I believe). The point on the need for a level playing field (10-46) is apt – but is not dealt with later in the agenda for change, as the Declaration on SD is purely voluntary and to avoid the race to the bottom, 'consistent guidelines for env mgt' would need to be integrated into trade rules.

Ch .11: Interesting quote from Ayres (11-20) – and one that might be explored further in terms of possible scenarios for future evolution of the sector. Given the text that precedes it, the Way Forward section to this chapter is a bit flat – and maybe some discussion of the need for long-term minerals targets is needed, if only to say that they are not needed!

Ch.12 This is a good section, but needs to be placed within a wider context of governance. Many of the issues of corporate reporting overlap, first with the text on business in Ch.6 and then that in Ch. 14. It might also be helpful to recognise that the unit of analysis for information varies, including both spatial analysis of a specific geography (region/nation) and actor analysis (corporation/authority).

Ch. 14: This could be more clearly labelled 'Governance' and moved to the head of the queue, and edited in light of Chapters 3 and 6. The section on stakeholder engagement would also be better placed at the beginning of the report as it is so essential to the theoretical background to the process – perhaps in the same section as that which discusses SD (Ch. 1)

Ch 15. This is all fascinating stuff, but needs to be linked somehow to the cross-cutting challenges...it is instructive that the only time that future-oriented approaches are discussed is in the US section (scenarios 15-9) and that one of the most perceptive comments on the 'transitional' nature of the current situation comes in the Australian section (15-14)...more could be made of these insights

Ch 16. As suggested before, the Agenda is a good collection of important pragmatic reforms – highlighted by the strap-line What Can Be Done Now. Given the analysis contained in the report, however, it is also important to have a section on longer-term and more structural issues...for example, however, good the Decl on SD may be, it will eventually need to be embodied into formal rules if it is to address the undertow of globalised competition. Specifically, it might be useful to add another recommendation for incorporating SD into negotiating and collective bargaining in the labour section (16-13), and incorporating in the government section, recommendations for pursuing 'natural capital' accounting and internalisation (16-14). Finally, it is important to cross check the recommendations in the Agenda with the recommendations in the separate chapters to see that nothing is missed.

Again, great stuff!