Lessons learnt from governance structures of other industrial sectors: options for the mining sector

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ProForest

Identifying the Audience

- First critical step is to identify the target audience for the scheme

- Possibilities include:
  - The company itself or the industry
  - A specific target such as the financial sector
  - A wide range including industry, government, NGOs and the public

Components of a Scheme

- The Standard
  - defines what level of performance is acceptable providing the basis for the scheme
- The Certification Process
  - Verifies whether the standard is being met. The better the process the more reliable the verification.
- Accreditation
  - Verifies that those carrying out the certification process are competent, thereby providing confidence in the results.

The Design of Certification Schemes
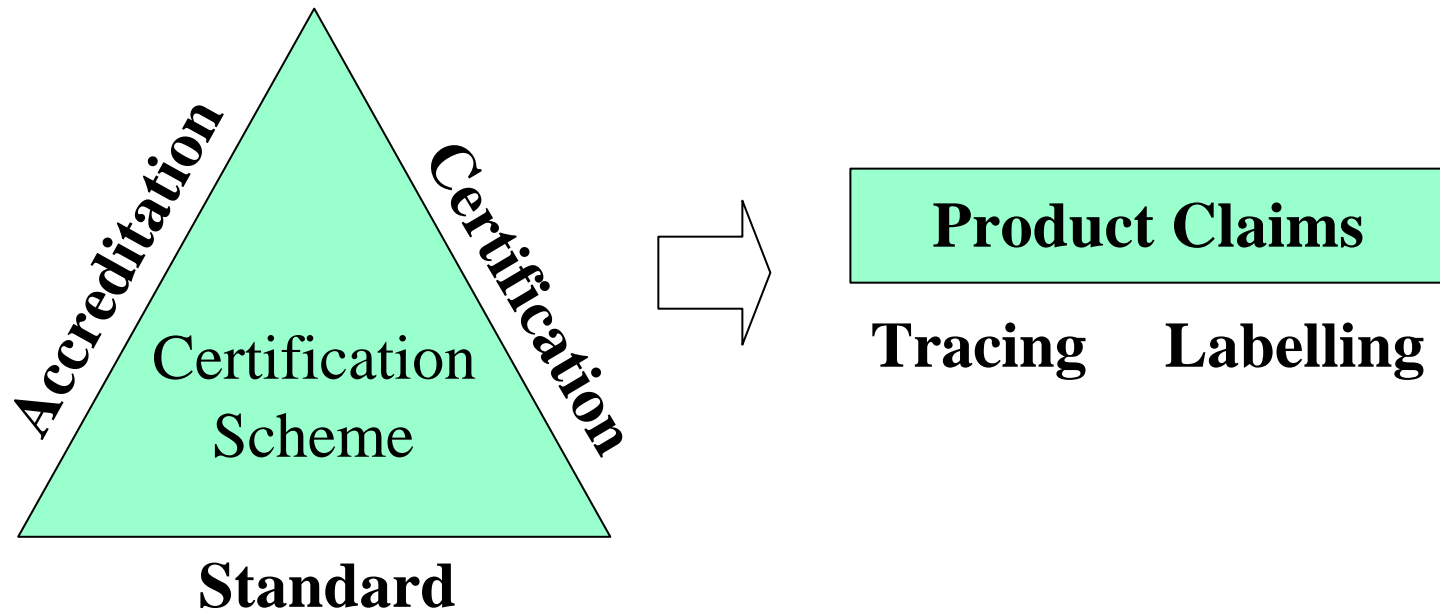
The Standard

- Two important features
  - Content
  - Credibility
- The two are linked but not synonymous
- Both depend on who develops and maintains the standard

Content of the Standard

- A number of things to consider
  - Management or performance based
  - Requirements of existing standards, codes of practice and international agreements
  - Technical and scientific data
  - Experience
- What are the priorities and expectations of the target audience

Credibility of the Standard

- Content
- Ownership
- Development
  - Who was involved in developing it?
  - How were decisions reached?

Developing the Standard

Who is involved   **Decision Making**

Single
Interest

Selected
representatives

Multistakeholder
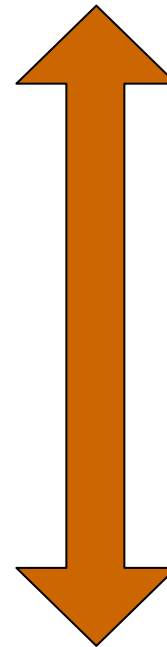
Single
Interest

Limited input

Voting

Consensus-based

Certification Process

Three types of audit:

- First Party
  - Company audits itself.

- Second Party
  - Company audited by someone it has a relationship with (eg customer, bank)

- Third Party
  - Company audited by independent organisation with which it has no pre-existing relationship

Certification Process

- Two important features:
  - Technical process
  - Credibility
- As with standards, linked but not synonymous

Certification Process

- Some key technical features include:
  - Who carries out the audit
  - How is information collected (documents, field visits, consultation)
  - What is the sample size
  - Who makes the final decision

Certification Process

- Credibility can be provided by a number of features, most importantly:
    - An effective complaint and dispute resolution mechanism
    - Provision of public information, both by the certifier and the company
    - Accreditation

Accreditation

- Who should carry out accreditation?
  - Industry
  - National accreditation bodies
  - International accreditation bodies
- Issues to consider
  - Credibility
  - Technical competence including both auditing and industry experience
  - Geographical coverage

Conclusions

- Begin by defining the target audience thinking about the long-term as well as the immediate future

- It is essential to ensure that the scheme is credible to the target audience

- The wider the target audience the more complex it is to achieve credibility

- Shortcuts in the short term are often expensive and time consuming in the long term