



International
Institute for
Environment and
Development



**Mining, Minerals and
Sustainable Development Project**

THIRD MEETING OF THE MMSD ASSURANCE GROUP (Part 1: Meeting Minutes)

**Santiago, Chile
22-23 January 2001**

ATTENDANCE

Assurance Group (AG)

Patricia Caswell, Cholpon Dyikhanova, Colin Filer, Doug Fraser, Jay Hair, Namakau Kaingu, Antonio La Vina, Katherine McPhail, Daniel Meilan, Glenn Miller, Duma Nkosi, Ligia Noranha, Manuel Pulgar Vidal, Damien Roland, John Stewart, Osvaldo Sunkel, Helmut Weidner, Doug Yearly.

Sponsors (SG)

David Baker, Robert Court, Peter Eggleston, Rick Killem, Fernando Toledo.

Work Group (WG)

London

Luke Danielson (LD), Caroline Digby (CD), Patricio Leyton, Frank McShane (FM), Elisabeth Wood (LW)

Regional Partners

Nicola Borregaard, Hernan Blanco, Chris Burnup, Cristina Echavarria, Marie Hoadley, Tony Hodge

Others

Richard Sandbrook (RS) – Project Coordinator

Bernice Lee – Assistant Project Coordinator

Observers

Derek Osborne – Non-Executive Chair, IIED Board of Directors

Patricio Cartagena – CEO, Chilean Copper Commission

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Day 1 – Monday 22 January

Jay Hair – Opening remarks.

Luke Danielson – Welcome. LD suggested that the AG take more advantage of the opportunity for closer contact with the areas it visits. Already there has been interaction with civil society, government and industry in Chile.

*The Assurance Group would like to extend its thanks to
Centro de Investigación y Planificación del Medio Ambiente
(Centre for Environmental Research and Planning, CIPMA)*

1. WELCOME FROM PATRICIO CARTAGENA

In the context of sustainable development, there should be an emphasis on the importance of mining to the Chilean economy for both the current and future generations. This economic significance means that global discussions on environmental issues and end-use (Factor 10) are of great concern to the country. It is felt that these discussions do not consider the other realities of producing countries. In Chile it is believed that mining, as a raw material supplier, could make a greater contribution to sustainable development in the future, if incorporated into a national development plan. Mining is important for development at all levels – local, regional and national. It is important that development does occur at community and regional level as well as national.

Mining today faces the challenge of responding to sustainable development and has to consider the application of efficient, clean technologies in the production of raw materials. Human development has also to be considered in this new concept of development.

Meetings of MMSD in Chile will hopefully help to begin the coordination of efforts leading to Rio +10.

2. INTRODUCTION OF NEW MEMBERS TO AG

The results of the AG Nominating Committee were discussed. The committee received 65 nominations. A hard copy of the report of the Nominating Committee was distributed to AG members. As a result of this, the Committee have elected 6 individuals, two of whom still needed to be contacted, bringing the total membership to 24.

Proposals

It was proposed that the number of members of the AG should be increased from 24 to 25 to enable that an additional candidate – Senzeni Zokwana – be elected. The proposal was carried unanimously.

New members present at the meeting:¹

- *Colin Filer* – Anthropologist.

¹ Pen Portraits for all members of the Assurance Group are available on the MMSD website at www.iied.org/mmsd/assu_pen.html

- *Namakau Kaingu* – Southern African Development Community (SADC) Coordinator of Women in Mining
- *John Stewart* – Chamber of Mines South Africa, MIASA.

Other new members not present:

- *Jaqueline Aloisi de Larderel* – UNEP, Director of Technology and Economics in Paris
- *Gerard Holden* – Barclays Capital

3. REPORT ON STATUS OF MMSD - LUKE DANIELSON

LD gave a brief introduction to MMSD and described the status of project.

Key management challenges

Project Rapporteur – MMSD is currently looking for a Project Rapporteur to supervise the writing and editorial content of its Final Report.

Communications – A new communications coordinator, Gabriela Flores, has recently been appointed.

Challenges on which WG needs guidance from AG

Draft final report due in December 2001 and Final Report in March 2002.

1. Jan 2001 to Dec 2001 Draft Report

- How do we ensure the most efficient and effective use of AG's input in this period?
- What is the AG going to review?
- How should it be presented to the AG?

2. Dec 2001 Draft Report to end March 2002 with the Final Report

- How do we make sure that stakeholders have input into revisions of report during this period?
- How do we coordinate this input with the views of the AG so as to arrive at the Final Report in March?

3. Post MMSD

- As confidence in MMSD grows, confidence must also be built in what happens after MMSD.

Discussion: March 2002 Deadline

The issue of why the deadline needed to be March 2002 was raised. There was some scepticism about the possibility of making this the deadline for production of the Final Report.

The WG explained that the deadline was due to three things:

1. The budget is based on a Work Plan ending in March 2002.
2. The report must be finished far enough in advance of Rio +10 to allow for discussion.
3. There is an industry event planned for May 2002

One AG member asked what role MMSD has in putting forward proposals about the nature of the industry event. LD explained that MMSD does not have an official role but wants to work cooperatively with the GMI in preparing for this event.

A sponsor representative raised the point that when the GMI was launched, the industry needed a deadline to push it forward, in this case in the form of an event. They expressed concern that the extension of deadlines at this point may be problematic and suggested that the event be used as a platform to describe how industry is going to respond to MMSD and as an opportunity to build on MMSD networks.

Follow-Up – Where to afterwards?

Where do industry and other actors go to pursue the process after March 2002?

The Industry is in the process of restructuring the International Council on Metals and the Environment (ICME). The restructured ICME could provide the carry-on organisation to MMSD for the industry.

Sponsor comment: MMSD must not become an excuse for diverting industry efforts to address sustainable development.

One AG member stressed the importance of Government having a role. He felt that Government is slightly lost in the process at the moment. There is a need to explain to them more fully the MMSD project and the process of stakeholder engagement. It must be explained that MMSD does not end at Rio +10 but is the beginning of a longer process.

It was noted that the capacity of different stakeholder organisations to become involved in these processes is being stretched to the limit. There are substantial issues to be discussed in the final report with respect to follow-up and the roles of different organisations.

4. STATUS OF REGIONAL PROCESSES

Introduced by Frank McShane who emphasised the importance of the MMSD regional processes to ensure the key perspectives are included from

- a) Different parts of world
- b) As wide a range of key stakeholder as possible

Regional partners and members of the London WG provided a brief overview of the status of each regional process. FM gave a presentation outlining the structure and progress of the regional processes, explaining what remains to be done, and highlighting the key challenges. (See Part 2, Annex 2, page 3, for the full presentation.)

The Southern African Process

Marie Hoadley gave a presentation reporting on the scoping exercises, stakeholder engagement, financial planning and research components of the Southern African Process. (See Part 2, Annex 2, page 5, for the full presentation.)

Discussion on Southern African process

AG member: *Does 'mining and society'² include the relationship between society and government?*

Yes, governance issues are included in each key topic.

² See page **Error! Bookmark not defined.**

How were priorities identified/defined?

Priorities were decided through an initial scoping meeting, a questionnaire distributed to several hundred organisations in the region, and a multistakeholder meeting held in November.

Are the health impacts of mining included?

Health will be integral to almost all of the key issues analysed, such as small-scale mining, community development, mining and the environment, and the baseline study.

Australia

Chris Burnup gave a presentation on the MMSD Australian process and the partnership with the Australian Minerals and Energy Environment Foundation (AMEEF), including a background description of AMEEF, the steps taken so far, the topics and issues for discussion and analysis, and imminent next steps. (See Part 2, Annex 3, page 7, for the full presentation.)

Discussion on Australian process

An AG member commented that the labour movement in Australia had expressed considerable reluctance towards participating. He felt that they needed convincing but that when they are on board, they will be supportive.

Another member responded that MMSD Australia has now planned and organised a meeting with the labour movement. They are encouraged by this and hope that the labour movement will become involved in a regional reference group.

What level of involvement is being achieved from the mining industry in MMSD Australia? How is dialogue with the industry effected?

It is important to distinguish between AMEEF and MMSD. AMEEF is largely supported by industry. MMSD Australia will be involving industry whether or not they are MMSD sponsors. Most involvement and dialogue will be through simple communication

The importance of engaging industry through the regional processes was emphasised. In the Australian case, this is not problematic as AMEEF already has strong relationships with industry. Ensuring the engagement of non-governmental organisations (NGOs) in its regional process is the greater concern.

As a region, Australia is very similar to Canada in terms of the priority issues that might arise. What mechanisms are being put in place for coordination between the Australian and North American processes?

This coordination will be addressed both through the regional partnerships in the two regions and also through companies involved in MMSD that operate in both areas.

How was the boundary of Australia decided on for that region?

It was decided that, given the resources and time available, it was most realistic to limit the process to Australia. However, there will be ways in which AMEEF will help with MMSD's activities in Papua New Guinea.

Do you have small-scale miners in Australia and have you looked at this group?

We will need to look at SMEs. In Australia, there is more small-scale activity around prospecting than production. Small-scale mining did not come up as a particularly important issue in the CSIRO Scoping Report undertaken for the region.

Does the AMEEF Board have sufficient representation of NGOs?

Although the AMEEF board does have individuals from NGOs, they do not sit in their capacity as representatives of those NGOs. The constitution of the review committee for MMSD Australia will be very important in addressing this issue.

MMSD North America

Tony Hodge's presented the progress and plans of MMSD NA. (See Part 2, Annex 4, page 8, for the full presentation.)

Discussion on North American process and the level of support and interest in the process from NGO community

The North American Work Group described a hierarchy of reasons for NGOs' hesitation in becoming involved with MMSD:

- There is a level of mistrust regarding the outcomes of MMSD.
- NGOs with limited resources need to question whether the MMSD process will constitute an effective use of their time.

It was suggested that MMSD may have missed an early opportunity to bring a number of key environmental NGOs on board. It should now concentrate on how to engage the interest and support of the key sectors that have still to be involved. MMSD must continue to communicate effectively if it is to enlarge its audience.

The North American Work Group's principle concern regarding stakeholders engaged in the process is not the involvement of NGOs but of other stakeholder groups, such as social justice, and religious groups.

MMSD Latin America

Hernán Blanco gave a presentation of MMSD LA.

Discussion on Latin American process

MMSD London, CIPMA and the Mining Policy Research Initiative (MPRI) met with stakeholders in the week prior to the AG meeting. This was seen as a successful beginning to stakeholder engagement in region.

Which NGOs may get involved?

How can the region benefit from the MMSD regional process, bearing in mind that there are already many initiatives underway in the region?

MMSD is another good opportunity to move the agenda forward, particularly because the idea came from industry.

How is the regional work group planning to identify members for the Regional Advisory Committee and of how many people will it consist?

One of the partner organisations, MPRI, has its own advisory group with representation from different stakeholder groups. MMSD Latin America will probably ask some of representatives from these groups to participate. They will also elect people who are known to be respected. In the time available, it will not be possible to undertake a fully consultative election.

Are there any parallel activities which could be used as a model?

There are a number of initiatives underway but at a national level, in Colombia, for example. As far as is known, there is no regional programme, on the lines of MMSD, that covers more than 2 or 3 countries.

Argentina should be seriously considered for inclusion in the process as it is a country that is just beginning its mining activities.

The list of countries is not a closed one: Argentina could be included in the process if the experiences it offers are of value and interest to the process as a whole.

The outputs of Latin America seem to stop short of the processes other regions have already completed.

We have stopped short because of the diversity that exists in Latin America.

It would be disingenuous and, indeed, dangerous for MMSD to purport to have worked from a consensus where none existed. If, for example, a certain stakeholder group resists being involved in a particularly activity, MMSD must try to explain why this is.

Europe

Summary from LW

The initial scoping meeting for the European process was held in December 2000. MMSD London will be meeting with Euromines and Eurometaux in February to discuss the process further. Europe presents a different political landscape from other regions. It is also distinguished by its emphasis on processing, recycling and reuse.

Three particular issues may form priority directions for the European process:

- Metals in use and in the environment
- Accession country issues
- SMEs, as recommended particularly by Euromines

Discussion on European Process

Concern was expressed that MMSD should include non-metallic resources.

Philippines/Indonesia

Summary from FM

LD and FM conducted an initial visit to the region in September. This was followed by a scoping meeting in Manila in early December.

MMSD is currently awaiting a proposal from Environmental Science for Social Change (ESSC).

Difficulties have been encountered in Indonesia, mapping constituencies. The main issue of concern is stakeholder engagement, rather than resources.

Discussion on Philippines/Indonesia

One AG member pointed out that, since one of the most important and controversial mines is located in this region, it is important that MMSD should devote attention here. Perhaps efforts should be focused on exploring what could happen after 2002 – the time factor and budget are important.

Stakeholders in this region are very process-oriented. There is also a difficulty regarding language in Indonesia as there are so many different languages and dialects across the different islands.

Whilst these two countries are, of course, part of the larger South East Asian region, the considerable lack of commonality of perspective and priority within this region means that the formation of a truly “regional” purview is difficult because of its necessarily huge scope. One possible solution to this problem would be to work towards two country studies.

Action

Member of AG group from this region will advise WG on how to proceed, particularly with regard to the process of engagement.

General Comments from AG

It is important that all the regional processes result in the same types of outputs and it is important that the AG play a role in this.

The AG should be provided with 1- or 2-page summaries before future meetings so that less information has to be presented and digested at the meetings and a more informed and constructive discussion may take place. The AG's potential to contribute to MMSD has yet to be fully exploited.

5. HOW DO WE GET THE REPORT DONE?

CD gave the first of two presentations on the process leading up to MMSD's Final Report. This presentation covered the current overview of the report and the seven dilemmas that focus discussion and analysis. (See Part 3, Annex 5, page 3, for a transcription of this presentation.)

Discussion

Are you going to give definitive answers to some of these questions?

We should move away from discussing key dilemmas as questions. MMSD is not setting out to provide definitive answers to the problems and questions arising from the dilemmas but to create a "platform for change". The objective is to try to inform a rich debate in the long run. Nevertheless, if clear solutions or ways forward arise from this analysis, MMSD will highlight them.

One member of the AG commented that the dilemmas are key to the success or failure of MMSD. The quality of this work is also crucial to successful and meaningful stakeholder engagement. MMSD aims to provide the industry with the tools and information necessary for progress but it cannot reasonably aspire to answer every question or to revolutionise the sector in the next year. For MMSD to be a success, it must be wise, relevant, contemporary and honest; it must seek to explore and represent the broader spectrum of issues, and neither to concentrate favouritistically on any single question nor to evade any particularly difficult or problematic area.

We aim to identify ways to go forward, and ways not to go forward, as to effect positive change. It is important to reflect all stakeholder groups' recommendations in this process.

By correctly defining the dilemmas, we should give actors more confidence to engage with each other.

Will the AG have opportunities to discuss the research studies that will inform the dilemmas?

Proposal over a certain amount of money will go to the Work Plan Committee for review.

AG Members suggested additions and alterations to the list of dilemmas:

- 'Quality of resource' could be added to 'Land Access' list.
- Corruption should be listed under 'Governance as opposed to Poverty and Equity'.
- Perhaps a renewed attention should be devoted to the relationship between production and consumption.

The level of application for each issue or dilemma should be clarified. That is, when discussing different issues, what is the point of entry – regions, countries, operations etc.? The focus of each issue changes according to its scale.

Managing Mineral Wealth

Richard Sandbrook laid out two principal concerns regarding the issue of managing mineral wealth:

1. Most research has focused on the problems of managing mineral wealth within the sector. Less has been done on managing mineral wealth at the global level.
2. Is the industry being asked to do too much?

Action

It was agreed that at the next meeting, time would be set aside for discussion of some of these geopolitical questions

Action

It was agreed that among the general documentation sent to the AG, important documents would be highlighted.

Day 2 – Tuesday 23 January

6. AG ADMINISTRATIVE MATTERS

Approval of Charters

Presentation and review of the Charters of the Assurance Group, Work Group, and Sponsors Group.

One issue raised concerning the revised Charter. One AG member raised a concern with the use of the word endorse. He felt it would require him to obtain some level of engagement from his organisation. The Chair of the AG clarified that members of the AG are not mandated to endorse findings but have the right to abstain or openly disagree.

The new charters were accepted unanimously. The report of the Charter Review Group is available separately.

Election of Chair

Jay Hair was nominated and elected as Chair to the Assurance Group. Duma Nkosi was nominated and elected as Vice Chair.

Remaining AG positions

Senzeni Zokwana was elected, in his absence, to the AG as its 25th member.

How to improve the efficiency of AG input

There are important milestones to be prepared along the way. There is also a need to improve input to the actual meetings and between meetings.

It was proposed that the AG form standing committees, acting as contacts with the WG. There should be a committee for each dilemma and an executive committee.

The need for integration was emphasised and it was suggested that this could be a responsibility of the Executive Committee. Concern was raised that the Executive Committee might end up doing the work of the whole AG.

It was suggested that the WG needed to decide what it wants from the AG. The AG should be an integrated part of the process.

The issue of regional support from the AG was raised. At the last meeting of the AG it was agreed that support for and involvement in the regional processes was voluntary and at the discretion of each AG member.

Action

A separate email address should be set up for the AG to provide more direct communication.

Reports from meetings should be posted on the website as soon as possible after the event to enable effective communication with stakeholders.

Action

It was agreed that the WG would provide the AG with supporting documents and agenda 10 days in advance of meetings. This material will include executive summaries identifying key challenges and issues for particular attention. All AG members should read the reports before meetings.

Documents will be sent by electronic mail unless otherwise requested by members.

7. AG REVIEW OF PROJECT MECHANICS

Schedule of meetings

There should be three more AG meetings. These will be held in different venues around the world, ideally in regional partner locations so as to benefit the AG and strengthen the regional processes.

It was suggested that at one of the remaining meetings, the AG would have the opportunity to meet the mining company CEOs in the Sponsors Group.

Content of next meeting

It was suggested that the next meeting of the AG, in May, should focus on the main arguments in each dilemma. By then it was suggested the WG would have prepared a summary, and the draft body, of the report so that the opinions and reactions of the AG might be gauged in a constructive way.

To avoid over-academic discussions it was suggested that the WG be strategic in choosing the dilemmas.

Action

Next meeting arranged for 7 to 8 May in Johannesburg. By this time the WG will have concretised the dilemmas, and written the arguments for each.

Working Papers

Discussion on how to coordinate the review of Working Papers by the AG. It was suggested that the AG committees engage the participation of other AG members. The committee should filter information. However, it was stressed that everybody needed to see everything.

It was suggested that each Working Paper be divided into an executive summary, the main body and annexes. The summary may be subject to collective review and the body would be reviewed by the specific committees.

8. STAKEHOLDER ENGAGEMENT

FM gave a presentation on the status of stakeholder engagement, discussing what engagement with MMSD involved, outlining the mechanisms for engagement, and showing how engagement was sought with MMSD's research activities, the global dialogue on the role of financial institutions, and its regional processes. (See Part 3, Annex 6, page 7, for a transcription of this presentation.)

Comments on the presentation

A member of the AG expressed particular concern over the involvement of NGOs. Whilst they saw the MMSD process as being concerned essentially with maximising industry's ability to make good judgements about its future practice, the involvement of NGOs is imperative: this must be discussed or it will not be resolved. Some of the big NGOs are

avoiding involvement with MMSD because they heavily distrust the big mining companies, with whom they associate MMSD. They are concerned that their constituencies – who fund them – will lose interest if they participate with MMSD.

An AG member felt that MMSD was overly paranoid and too apologetic. It must try more to market the fact that it is a unique opportunity, in the quality of the AG for example. MMSD needs to produce a high quality product that talks by itself and, if this is the case, NGOs will be supportive. Therefore, we should focus more on the quality of the final product and less on the engagement of certain groups.

Another AG member suggested concentration on the long-term approach so that there is not a loss of momentum. They also questioned the current gaps in the stakeholder engagement process and whether there should not be more research to identify the stakeholders and exactly what they wanted out of the project.

FM replied that this was a question of strategy: why do some NGOs not wish to engage? As regards the issue of NGOs fearing industry dominance in MMSD, it is interesting to look at the global finance dialogue, MMSD's most substantial stakeholder engagement activity: both banks and NGOs are keen on the creation of a kind of network that has not previously existed.

RS: Successful and broad-ranging engagement hinges on the attractiveness of MMSD's product and whether or not people want to buy into that product – not simply the reports produced but the leadership demonstrated by the MMSD team and by its initiators – i.e. industry. We must maximise this leadership and encourage the industry's bravery and willingness to change. We need to spend time examining how we can maximise this change, to which purpose we have set up a liaison group with key commercial players.

An AG member pointed out that the concern expressed here about the involvement of big NGOs is effectively a Northern issue. NGOs in the Philippines, for example, are more concerned with social problems, such as small-scale mining. These are not environmental issues and are even more difficult to deal with.

There are processes which have worked; for example, there is consensus that the process of the World Commission on Dams is a good process. Many groups may not have endorsed the project at the beginning but there is now some consensus. That is, the fact that there may be many NGOs that have not engaged at this stage does not mean they will not do so in the future.

We should be concerned about enhancing the value of the MMSD process: it is for this that stakeholder engagement is so important. The reality is that process requires time and we need to be creative about how to deal with process and momentum. This is particularly important in terms of the end result. What happens between now and March 2002 is very important.

An AG member suggested that it is in the regional processes that the issue of stakeholder engagement is most appropriate. The clear aim is to ensure there is an agenda and that platforms are being created. The agenda must lay out clearly what sustainable development means, and will mean, in the sector. As the base of the whole discussion, we should be able to say there was foresight on industry's side – the realisation that mining has matured and a new approach is required. Industry initiating MMSD heralds a new approach. At the level of the AG, we should not be afraid of experimenting with new things. We have the opportunity to make a break and show a new way of doing things.

Mining is fundamentally about the economy. For those closer to the resource, the environmental issues surrounding mining need to be elucidated and explained. If they are not,

we are creating a real problem because we are ostensibly taking away a resource and disassociating people from a resource essential for their own livelihood.

An AG member said that stakeholder engagement presents less a question of how to get groups to endorse processes, than how they can contribute to the end product. The debate will ultimately be over the question of the particular roles and responsibilities of different groups. We need to find ways of involving different groups to enhance the quality of the final product, looking at where there is consensus and where there is not. It comes down to undertaking a good stakeholder mapping exercise – where are the activist and operational NGOs? Key people need to be working with the latter in particular.

An AG member made two points:

3. Stakeholder engagement is essentially about stakeholders having a voice.
4. With NGO engagement, it is very important to distinguish between North and South. Local groups, particularly in the South, operate under the awareness that people depend on mining for their livelihoods – they are not in the process of stopping mining. Calling for a change in the way the industry operates is very different to stating it should stop all together.

Another AG member was concerned that the stakeholder engagement process itself should not detract from the efficacy of its product: stakeholder engagement should be about gathering the views and opinions of different groups so that they can be represented in MMSD's report, and, at this stage, this is more important than the engagement process *per se*.

MMSD must result in a product that is aligned with, and adds to, existing regulation, procedure and standards. In Latin America, for example, we must develop tools and instruments through which this process can be carried forward with government.

There is only a limited degree to which constituencies can be engaged between now and the time of the final product. If it is this product that is being focussed on, this consideration constitutes the starting line. Real engagement will begin after production of the Final Report.

9. GOVERNANCE

LD gave a presentation on the kind of institutions and structures we – the various groups with a vital interest in the industry – might aim to build: the functions and objectives, the rules and premises, and the conditions that might apply to such an institution. (See Part 4, Annex 7, page 3, for the full presentation.)

Discussion on Governance

Some concern was expressed at the word 'governance' as it implies 'control'. LD suggested 'regime' as an alternative.

AG members raised the following points:

- A platform for ongoing engagement should be built – a global, but also national forum for discussion that could comprise numerous institutions rather than one.
- Local platforms should also be formed. The diversity that exists should always be considered when planning for discussion fora.
- We should aim for a global policy network between different actors that can link local concerns with global concerns. Some issues, such as social costs and benefits, can often only be resolved at the local level.

Differing views were expressed on rules and guidelines:

- There is a need to instil a sense of certainty – this could be aided by guidelines built from consensus.
- There may be a resistance to overly generalised guidelines.
- It is markets that are defining future developments. Transparency in the investment community is, therefore, important.
- Codes and guidelines must not aim to limit independence: the industry is relatively keen on codes of practice that still allow independence, but overly restrictive codes and guidelines will meet with hostility.
- There must be uniformity in the rules applied to stakeholders.

Points were raised about the costs and benefits of the various implementation mechanisms:

- This knowledge constitutes the essential basis for a potentially successful process.
- The identification of options, opportunities, costs and benefits is of paramount importance.
- Legacy costs and new projects are the biggest concerns of the industry.

10. REVIEW OF *PLANNING FOR OUTCOMES*

Libby Wood gave a presentation explaining the intentions behind MMSD's first interim report and how it fits into the broader scheme – what has been done so far and what is planned for the future, in preparation for the final report. (See Part 4, Annex 8, page 6, for the full presentation.)

AG Responses to Planning for Outcomes

Comments arising:

- The paper is generally too generic and safe for practical application to the industry: it needs to be more detailed and specific.
- The proposed mechanisms need to be more directed and focused.
- There should be more of an emphasis on building a concept of leadership and change and less on listing all possible outcomes.
- There should be more mention of drivers, such as financial structures and market mechanisms.
- There is a lack of analysis on business opportunities for all parties and actors.
- More attention should be paid to the implications and consequences of economic development, particularly in developing countries.
- There should be more mention of education – models of tertiary education influencing the existing expertise in the mining industry. Models for teaching and learning should constitute an important component of MMSD's outcomes and they should be included here.
- There should be more allowance for contingency and the unintended consequences of different mechanisms.

Action

It was decided that future interim reports will be called Working Papers as this better reflects their purpose.

11. STATUS OF GLOBAL ACTIVITIES

Caroline Digby gave a presentation outlining the status of contracting research for the final report, the research activities in progress and those in planning, and the next steps to be taken. (See Part 4, Annex 9, page 7, for a transcription of this presentation.)

Discussion on Research Proposals, Activities and Reviews

CD and LD explained that MMSD has received numerous research proposals over the last 12 months.

Many issues were raised by AG members on the issue of quality control, both of proposals and research produced.

- It was acknowledged that there should be a balance between the necessity of AG review of proposals and the speed with which the research can progress.
- The quality of research and partners will be addressed by review committees.
- We must try to unlock the considerable expertise that exists across the sector.
- To avoid conflicts of interest, no AG member should be partaking in research for MMSD.

Action

Proposals for substantial pieces of work, above \$50,000, should be subject to the AG. An AG committee should be set up for the review of these and smaller proposals.

Action

A list of research partners will hopefully be available to the AG by the end of March 2001, by which time all the major research activities and those involved in them should have been identified, if not finalised.

AG members expressed concern that researchers might want to follow their agendas rather than working towards MMSD's goals – that MMSD could risk merely providing academics and other researchers with the opportunity to carry out their own work.

CD and LD acknowledged this risk and also pointed out that many people had expressed considerable interest in producing research for MMSD because of the potential size of its audience. This has given rise to offers of voluntary/reduced-rate work. All contracts will include detailed MoUs directing the research requirements. However, we must also consider that researchers do not have to be of like mind to MMSD – the goal of the process is to try to report the diversity of views.

12. REPORT ON SPONSORS GROUP – RICHARD SANDBROOK

RS explained that the commercial: non-commercial sponsor ratio currently stands at 70:30.

Banks and other financial institutions are involved with MMSD – the finance dialogue is opening up opportunities in this area – but it is often difficult to engage financial support. Some AG members thought that such organisations should be very important to MMSD.

Members of the AG and WG expressed the importance of transparency to MMSD and asked after the possibility of publicising MMSD's MoUs with the sponsors. A member of the SG stated that the members and minutes of the SG were on the web.

An AG member asked about the financial channels and restrictions on funding. It was explained that all commercial funding comes through the World Business Council for Sustainable Development (WBCSD), as does non-commercial funding, where possible. The remainder of the non-commercial funding is contracted through IIED. Concerning funding restrictions, some elements of MMSD are dependent on restricted funds; all funds to the regional partner organisations are unrestricted.

An AG member introduced the question of whether sponsors wanted to sponsor the MMSD project itself or, more particularly, the longer-term processes it would set in motion. RS replied that sponsors are quite interested in funding on-going projects, such as artisanal mining.

An AG member asked how the World Bank conceived the relationship between its role in the sector and MMSD. Another AG member replied that there is to be a review of the extractive industry within the World Bank. The Bank has discussed bringing the MMSD project leaders to Washington so that MMSD can clarify what it hopes to achieve, and so the propositions under the extractive industry review can be explained.

13. HOW DO WE GET A REPORT DONE?

Luke Danielson led the discussion on the process of drafting and completing the final report.

In preparation for the Final Report:

- The WG will try to make sure the December draft report is as close as possible to the Final Report.
- We need to decide how to disseminate the draft report as widely as possible:
 - How do we involve the public?
 - How do we involve the AG?
 - How do we coordinate these two processes?
- WG believes the most effective approach would be through panels. Many people from wide-ranging sectors will have much to say; do we form the panels around regions or issues?

Two AG members felt it important that the AG sees the final draft before it is released to the public. We need to be more sensitive in general about what is released publicly as the information becomes more specific. In response to this it was suggested that the WG provide the AG with a preliminary draft of the Draft Report. The comments arising from this will be incorporated in the Draft Report, which will then go into the public domain

An AG member asked how the draft review process will be coordinated with the regional processes. LD explained that the regional partners will produce a stand-alone report, which would be monitored and reviewed by the Regional Steering Committee.

Action

It was decided that the WG should propose the structure for the AG review committees by early February 2001. The committees are to be organised around the core dilemmas. AG members would then choose one or two committees on which they would sit.

An AG member emphasised that the committees should be able to organise their own methods of working and communicating. It was anticipated that much of the correspondence would be electronic.

An AG member expressed concern over the organisation of the AG review of the Final Report. He, for example, would not be able to endorse the document without having read it in some detail. He suggested that the main section of the report could be concentrated on by the whole AG and the rest could be divided according to individuals' interest and expertise. RS referred to IIED's Paper Study³ as a point of comparison; the study's advisory committee (similar to the AG) did not necessarily endorse the report: it was more of a general agreement than a specific declaration.

RS pointed out that the World Commission on Dams constitutes one of the closest-resembling models for MMSD. Before treating the Commission as a precedent or model for the MMSD final report, however, we must consider that there is a distinction in that the Commission was attempting to reach a consensus whereas we are trying to identify the agenda, the agreements and disagreements; and they did not have regional processes.

RS also pointed to the fact that the Paper Study experienced problems in producing the summary version of the report. CD said that part 5 of the draft outline, 'Beyond MMSD – An Agenda for Change',⁴ has always been conceived as a stand-alone document that could be published. An AG member suggested that an executive summary of the full report could be added to this.

PriceWaterhouseCoopers

LD Provided update on the PWC process and described how AG requests from the August meeting had been taken on board.

³ *Towards a Sustainable Paper Cycle* (Geneva: WBCSD, 1996).

See http://www.poptel.org.uk/iied/enveco/p_paper.html.

⁴ See http://www.iied.org/pdf/Proposed_Outline_for_MMSD_Report.pdf, p.13.

After March 2002

LD: There are many issues about what will happen after March 2002 that need to be considered:

5. Publicity and Dissemination.
6. Industry conference in May 2002.
7. Rio +10: If MMSD is designed to be part of the Rio +10 Conference we need to design a strategy to plan and prepare for this. Invitations to preparatory events are already being received and we need to be able to respond. We could, for example, encourage the formation of contact groups in some of the countries of principal interest that could liaise with Rio +10 on behalf of MMSD.
8. Stakeholder Engagement: If MMSD's involvement in establishing and maintaining platforms for interaction will terminate in March 2002, we need to make that clear. The stakeholder engagement process needs to be a step-by-step progression of confidence building and our timeline for this must be clear.
9. Finance: MMSD's contract with the WBCSD contemplates that we will be engaging in activities after March 2002 but it makes no financial provision for them. The above three considerations all have financial implications. The current WG contracts terminate in March 2002. LD plans to stay working for MMSD until Rio +10 if that is deemed appropriate. The size of the WG would depend on what we decided to do.

An AG member thought that efforts to assemble the contact groups should be initiated as soon as possible. The consultation required should be undertaken internally before the next AG meeting and the industry conference in May. Another AG member added that the process of engaging the interest and participation of governments should also be started soon.

An AG member thought that it was not sensible for MMSD to end in March without having implemented a follow-up structure to carry through to December 2002. Therefore, there should be consensus by May 2001 that we need to fundraise for the period May to December 2002. Furthermore, as another AG member pointed out, the regional partners will need information and communication at least until Rio +10. Another AG member suggested that there should be a clearer idea of outcomes before funding bodies are consulted.

RS and an AG member thought that the Final Report should reflect the idea of activating progress and that it must be explicit about what recommendations should be explored and how actors move forward on MMSD's conclusions.

RS suggested that we should ensure the regional processes are comfortable enough to build their own roots – they should not be centrally dependent but there should be a way of coordinating them in the future.

An AG member emphasised the importance of informing the public as to what MMSD is doing in preparation for Rio +10. It is also vital that the industry conference is closely linked to Rio +10 so as not to upset the sponsors. An SG member said that MMSD has enough to do without considering itself responsible for the GMI event. Enquiries about the conference should be directed to the GMI.

Various AG members agreed that the WG should form a better picture of what it plans to do after March and find out how to fund events. It was concluded that the AG was supportive of the process going forward beyond March but that this was a management issue, beyond the remit of the AG.

14. PUBLIC FORUM DISCUSSION

In this session, members of the public were invited to ask members of the AG and WG questions, and to raise issues of interest to them.

How, with the price of tin decreasing, can small mine operators in a country like Bolivia be expected to comply with global environmental regulations?

Clearly we need to think about how to close the ignorance gap between those who produce, those who consume and those who set regulation. This clearly relates to North-South equity issues and issues of the costs of compliance.

How will MMSD deal with the areas of the world not included in regional processes?

Given available time and budget we cannot cover all of the world through regional processes. MMSD intends to undertake smaller scoping activities in some other regions (e.g. Former Soviet Union and China).

What will be the link between the restructured ICME and MMSD?

MMSD does not have anything to do with the future of ICME. The GMI have been doing a review of the future of their trade associations.

Who is representing the indigenous communities? MMSD needs to ensure it addresses the rights of indigenous people – their cultural identities, rights to use the land, access to information etc.

We have made substantial efforts to make sure indigenous communities are represented in the project, including in the membership of the AG.

Preparing for Rio +10

It is important that those involved in Rio +10 (governments etc.) be made aware of MMSD but it is also important that they do not try to take hold of the MMSD process before this.

The Work Group acknowledged the importance of Rio + 10 but said they had not yet started developing concrete ideas about it.

Does the working group feel they have adequate access to economic information?

We have several prominent resource economists involved in specific parts of work, including John Tilton (who is looking at long run mineral availability) and Rod Eggert from the Colorado School of Mines (who will coordinate the work being undertaken on managing mineral wealth with regional partners). With the recent establishment of the industry liaison committee, MMSD wants to tap into the chief economists of sponsor companies. MMSD is aware that there are many other mineral economists who may potentially get involved in different activities.

Credibility and participation

Concern was raised that credibility issues relating to MMSD are tied up with how many NGOs or communities are present. This is of concern because of the way NGOs function. Very few actually share common visions and are vying for ever decreasing funds. MMSD is an effort that should be going ahead regardless of who is participating.

The absence of participation from government institutions was highlighted. For MMSD to have credibility they must be involved. MMSD has begun discussions with a number of different governments. However, much more needs to be done.

There are certain organisations on which we can depend to ensure government participation, for example the congress of senators which meets two or three times per year in Latin America to discuss sustainable development issues. All of these congressmen have direct

access to different governments. Mine ministers' meetings are also important as are Regional Economic Forums.

If something practical is going to come out of MMSD, some outcomes will have to be developed in the form of policy. Different kinds of stakeholders will have to organise themselves in different ways. Governments have been pushed to think about sustainable development more generally. In order to move towards sustainable development, the institutional set up for sustainable development policies will have to change – different priorities will need to be more closely integrated.

Government involvement is complex:

- 1) Governments relate to this industry in different ways. e.g. environment, economic and mining industries have different concerns.
- 2) The issue of government involvement is closely linked to the level of development in individual countries. Transaction costs are a problem.

The Work Group explained that it hopes the regional efforts will lead to excellent relationships with governments in regions. In London, principal efforts have been to work through existing networks. Environment ministers – through UNEP seems most appropriate. Government economic ministries – World Bank.

MMSD Australia has had very positive experiences with government, The Australian Government is insisting on becoming involved not just at political level.

MMSD is about trying to get a new approach and governments should be facilitating this. A key constraint in many countries is a lack of capacity and fluidity in those in charge. Discussion has been directed more to industry because it is more stable.