



World Mines Ministries Forum

Forum mondial des ministères des mines

Foro Mundial de Ministerios de Minas

Forum Summary



Mining and People

L'exploitation minérale et les personnes

La Minería y las Personas

Mining significantly impacts peoples lives and this breakout session focused on four key issues:

- managing the risks and rewards of mining,
- to mine or not to mine: how communities decide,
- scratching the surface for a life on the edge: small scale and artisanal mining, and
- the role of international institutions, specifically the extractive industries review underway by the World Bank.



Mining and People

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La Minería y las Personas

Work on summarizing full results and observations derived from the many discussions is in progress and will be made available on the web page.

In addition, Mining and People will reconvene after lunch to discuss small scale mining and to allow delegates to express their views on the role of the World Bank Group in the extractive industries.



Creating a Positive Investment Climate

La création d'un climat positif pour l'investissement

La Creación de un Ambiente Positivo para la Inversión

Topic introduced by 3 speakers:

- Professor James Otto identified various factors that decision makers take into account before proceeding with investment in mining project, and noted the need for a stable legal regime that protects mineral title.
- Philipp Reimnitz contributed the perspective of a project financier, and reinforced Professor Otto's views. He noted that a bank will not lend to a project where there is uncertainty about title.
- Victor Flores through Steve Vaughan provided an investment banker's view, with a particular focus on the correlation between project risk and financing costs - the higher the risk, the higher the financing costs. Therefore, any title uncertainty increases financing costs.



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Three topics discussed in break-out groups

- Security of tenure
- The “exclusive” right to mine
- Dispute settlement mechanisms



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Security of tenure:

Mineral rights must be freely assignable. Permitted assignees should include financial intermediaries.

At the exploration permitting stage, some flexibility is required to allow an appropriate assessment of the capability of the permit holder.

Once granted, mineral rights should be automatically extended from stage to stage, provided the mining company is operating fairly, openly, and in accordance with good corporate behaviour.

Foreign ownership: there are pro's and con's depending on the country.

Lack of transparency and corruption in certain jurisdictions causes problems.



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Exclusive right to mine:

Permitting process used to involve simply two parties: the mines department and the investor.

Trend: permitting process involves many stakeholders (e.g. communities, local governments, other government departments).

There is a need for guaranteed rights of access to mineral and mining rights.

Governments have an obligation to protect the rights of the mining company, indigenous peoples, environmentalists, and others.

If a mineral title is abrogated, then fair compensation must be paid and judicially protected.



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Dispute settlement mechanism:

Arbitration clauses are very important when negotiating agreements between companies and governments.

Creative dispute resolution methods such as arbitration, mediation, and alternate dispute resolution should be attempted prior to recourse to the courts.

It is absolutely necessary for private investors to have access to, and confidence in, the courts of the host country. If this is not possible, then access to enforceable international arbitration for resolution of major disputes is a must.

Dispute settlement mechanisms should have a time limit imposed as part of the framework.



The Role of Geoscience

Le rôle de les sciences de la terre

El Papel de las Ciencias de la Tierra

Workshop Questions

- Does geoscience information attract and/or increase investment in a jurisdiction?, and is the government investment in geoscience therefore justified?
- Also, by what mechanism(s) and to what audience should geoscience information be disseminated?



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Industry and Government Perspectives - 1

- **Geoscience is important to attract investment** - but it is not the only factor, and these factors vary by jurisdiction, i.e political stability, tax regime etc.
- Of all these factors, geoscience is the easiest and least expensive for government's to address positively
- Other factors being equal, geoscience can increase the competitiveness of a jurisdiction, and stimulate competition between companies



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Industry and Government Perspectives - 2

Access and availability of information:

“The Goldcorp Approach” = the more data that is available, and the more easily and cheaply it can be accessed, the more it can add to the attractiveness of an area or jurisdiction and stimulate exploration interest



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Industry and Government Perspectives - 3

Role of government surveys is to provide data, interpretation and knowledge;

The level of value-added activity depends on the jurisdiction and its clients' needs

Outsourcing can be used to collect data, but does not support continuity of geoscientific knowledge

A knowledgeable workforce is necessary, universities are an invaluable partner in developing a skilled workforce for government and industry



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Results of Discussions

- Does geoscience information attract investment?
 - YES
- Is government investment in geoscience justified? - YES, but type of geoscience depends on jurisdiction and needs.
- Who should the audience be for geoscience information?
 - YES for industry and explorationists
 - NO for financial sector and analysts.



Governance Issues in the Mining Sector/MMSD

Questions de gouvernement au sein de secteur minier/MMSD

Temas de Gobernación dentro del Sector Minero/MMSD

First Session: Is the Industry Ready for a Sustainable Development Code?

Three speakers, Jay Hair, Doug Fraser and Marcos Orellana introduced the discussions. They emphasised the need:

- to demonstrate the business case for sustainable development
- to build on MMSD findings and other existing initiatives
- to strengthen the international and national legal framework.

At the breakout discussions, delegates discussed the following question:

What are the conditions for the successful implementation of a sustainable development code for the minerals industry?



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Key Conclusions from Breakout session:

- Developing and developed countries have different understandings of sustainable development;
- The importance of national legal framework is emphasised;
- The sustainable development code (of conduct) should be voluntary, and should be part of an inclusive and long term multi-stakeholder engagement strategy;
- It should be developed with other key stakeholders;
- It should be periodically reviewed to reflect progress;
- It should apply to the full minerals cycle, not just mining;



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Key Conclusions from Breakout session (cont'd):

- It should include sanctions against non-compliance and involve third party, independent and professional verification;
- The code at the global level could be supplemented by national and regional level efforts;
- The code must not conflict with national legislation;
- There are concerns about liability and legal implications;
- There is a general agreement that the industry needs to step forward to demonstrate its willingness to improve its performance.



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Second Session: Transparency and Governance Issues in the Management of Mineral Wealth

- Daniel Meilan gave a case study on the institutional framework to manage minerals development in Argentina.
- John Stewart emphasised the need for governance and transparency policies to ensure that competition to attract investment will not lead to a race to the bottom.
- Miguel Schloss discussed the need to encourage transparency and anti-corruption practices in the minerals sector through collaboration between industry and civil society.

At the breakout session, the following questions were posed:

What policies on revenue distribution and transparency should be in place to attract investment and ensure development? What, therefore is the key message for the Monterrey Conference on Financing for Development next week?



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Key findings from the Second breakout discussions:

- One size does not fit all;
- There should be a system of structured revenue sharing within a well defined legal system which allows a portion of the revenue to stay with the communities;
- Need clear understanding of the impacts of all kinds of benefits, not only cash, and integrated closure planning;
- Corruption is destructive and hinders development; the discretionary power of authorities should be reduced;
- Public disclosure is needed, including companies payments to governments at all level;
- Capacity building is key.

The key message for Monterrey:

Mining and minerals investment can play an important role in catalysing development and reducing poverty, providing that good governance and transparency is in place.



Sustainable Development - Johannesburg Summit 2002
Le développement durable - Sommet Johannesburg 2002
El Desarrollo Sustentable - Cumbre Johannesburg 2002

Dr. Emil Salim -	Extractive Industries Review
Alek Ignatow -	NRCan
Jim Cooney -	Placer Dome
Andrew Parsons -	South Africa Chamber of Mines
Paul Jourdan -	Mintek
Horacio Ramos -	Phillipines Dept. of Environment and Natural Resources
Christina Echevarria -	MPRI/IRDC
Richard Haworth -	NRCan
Jay Hair -	ICMM
Guillermo Watanabe -	Centro de Investigaciones para el Desarrollo Minero



Sustainable Development - Johannesburg Summit 2002
Le développement durable - Sommet Johannesburg 2002
El Desarrollo Sustentable – Cumbre Johannesburg 2002

Workshop discussed mining and sustainable development challenges and opportunities on the eve of the WSSD.

It offered examples and innovative approaches from southern Africa, the Philippines and Latin America.



Sustainable Development - Johannesburg Summit 2002
Le développement durable - Sommet Johannesburg 2002
El Desarrollo Sustentable – Cumbre Johannesburg 2002

Common themes emerging from the discussions:

- Poverty alleviation must have high priority
- For many countries, mining holds the potential for addressing poverty issues
- Partnerships are key for progress on SD (partnerships must involve all stakeholders)
- Multinational mining companies are moving towards a new understanding of corporate responsibility and more collaborative approaches
- National governments need to demonstrate leadership
- Dialogue, information sharing and capacity building are key to progress
- Abandoned mines, artisanal and small-scale mining are common concerns



Sustainable Development - Johannesburg Summit 2002
Le développement durable - Sommet Johannesburg 2002
El Desarrollo Sustentable – Cumbre Johannesburg 2002

- There was a presentation on using a country's mineral endowment as a base for economic development and as a means for social development

- All participants agreed the road to Johannesburg has a lot of potential, but needs to be approached in a thoughtful manner and in a spirit of partnership.

(A more detailed summary and copy of presentations will be on the WMMF web site.)



Voluntary Codes of Conduct
Codes de conduites volotaires
Codigos de Conducta Voluntarios

Mine Regulators Workshop

Wanda Hoskin - UNEP

Introduced the International Regulators Network

Patrick Finlay - Environment Canada

Harold Barnes - Multistakeholder Code Steering Committee

Panel Discussion

Mavis Hermanus - Government of South Africa

Lynton Jacques - Government of Australia

Roberto Sarudiansky - Governement of Argentina



Voluntary Codes of Conduct

Codes de conduites volontaires
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Initial Conclusions (Management)

- Voluntary initiatives encourage leaders
- Regulatory framework may be required
- Performance standards are required
- Should be credible, verifiable and reportable



Voluntary Codes of Conduct

Codes de conduites volontaires
Codigos de Conducta Voluntarios

- Standards development should be inclusive and transparent
- Standards may be implemented if
 - adopted voluntarily by industry
 - require by financial institutions and stock exchanges
 - regulated by governments

Continues after lunch