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IGF 2019 Highlights: Thursday, 10 October 2019

On the final day of the AGM, Council members met in a closed session in the morning. Delegates participated in future-oriented discussions about the changing nature of work, "green mines," and how the digital economy is spurring changes in resource taxation.

During lunchtime, Francophone African countries discussed Artisanal and Small-Scale Mining (ASM), and Latin American countries consulted on common challenges and commitments in implementing International Labour Organization (ILO) provisions for prior consultation with indigenous peoples.

The AGM closed in the evening, and will be followed by a one-day technical workshop on Friday.

The Future of Work

Casper Edmonds, International Labour Organization (ILO), and Aaron Cosbey, IGF Secretariat, moderated this session. Edmonds recalled the recent ILO centennial declaration on the future of work and stressed that, "we can shape the future of work we want." Jörgen Sandström, World Economic Forum, stated that, "the future is already here," and the 4th Industrial Revolution requires discussions across borders and industries. Zainab Usman, World Bank, outlined three challenges specific for Africa: the demographic transition and fast-growing labor force; the extractive sector's strong footprint in African formal economies; and the deepening link of the mining sector to the broader economy.

Kemal Ozkan, IndustriALL, called for a global dialogue on work transformation that would include workers and be rights-based, including "the right to know" and the right to education and training. Nicky Black, International Council on Mining and Metals (ICMM), said ICMM members see technological transformation as a complex challenge requiring everyone to work together, but also an opportunity to create a greener, safer workplace.

Responding to questions from the moderators, Sandström recommended acting immediately and proactively planning for change, as the windows of opportunity are closing. Usman suggested four pathways to address work transformation: active labor market policies; resource dividend schemes in support of the underlying social contract; enterprise development support; and leveraging new technologies to create new industries or expand existing ones.

Ozkan emphasized dialogue and communication for involving workers in the just transition. He underscored the value of reskilling. Black said that the public and private sectors need to work together and understand what skills are required for "economic transformation 2.0."

Participants suggested mine closure planning be a part of the mine permitting process so the economic and social transition is funded from the start of the mine's life. They queried how to: reinvest some of the resource dividends into biodiversity; finance job creation; and define just work. Edmonds concluded that the just transition includes adopting policies for sustainable economic growth and good work for all. He urged governments to ratify ILO Convention 176 on the Safety and Health in Mines.

From L-R: **Nathalie Bernasconi**, Senior Director, International Institute for Sustainable Development (IISD); **Greg Radford**, Director, IGF Secretariat; **Alexander Medina**, IGF Executive Committee Chair; and **Yanchun Zhang**, UN Conference on Trade and Development (UNCTAD)

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Greg Radford, Director, IGF Secretariat

Yanchun Zhang, UNCTAD

Green Mine of the Future: Mining and the Restoration Agenda

Moderator Estelle Levin-Nally, Levin Sources, described “green mine” features, including: reprocessing of mine tailings, land restoration, circularity and efficiency of materials use, and active stakeholder participation.

Victor Santoni, Pan Asia Fund Management, presented a North American “green gold” project that is reprocessing 200-year old mine tailings containing high levels of ore, as they were hand-processed without using cyanide and mercury. He noted benefits include conferral of preferential status by governments, and consumer support, citing Deloitte market research indicating 86% of Chinese millennials prefer ethically-sourced products.

Steve D’Esposito, President and CEO, RESOLVE, discussed the Salmon Gold project that aims to reprocess gold mine tailings in salmon streams in the Pacific Northwest, where habitats have been damaged. He said the mined gold provides a revenue stream for future restoration projects and, with government support and the right partners, this model could be applied to other metals, and scaled up.

Olivier Demierre, MKS Switzerland, said that they partnered on the Salmon Gold project as the project aligns with their corporate social responsibility goals, has a sound business case, and the gold obtained is traceable to its source.

Richard Kofi Adjei, Minerals Commission, Ghana, outlined the Ghanaian policies for managing mine tailings, highlighting the “Planting for Food and Jobs” programme whereby legacy mine tailings are capped and used to grow crops and vegetation.

Participants’ questions included one about the effect that cyanide in gold mine tailings could have on agricultural crops. Adjei responded that they ensure cyanide is at acceptable levels before tailings are capped. Participants also suggested that the wealth contained in mine tailings could be used to attract private investors to reprocess tailings and noted that issues around reprocessing tailings are context-specific.

Levin-Nally closed the session, urging that tailings, when viewed as a resource, presents a secondary business opportunity.

Breaking Barriers to Mining Revenue Collection

Moderator Mary Baine, African Tax Administration Forum, asked whether governments are collecting the revenue they should be, and if not, what measures could help reach a fair distribution.

Spyton Phiri, Zambia Revenue Authority, discussed work with the UN Conference on Trade and Development (UNCTAD) to develop the online Mineral Output Statistical Evaluation System (MOSES) covering mineral production and exports reporting, saying it is used to link tax and customs authorities with the laboratories evaluating mineral exports, thereby improving information on the basis for taxation and royalties.

Alexander Medina, Ministry of Mines, Dominican Republic, discussed a task force created as the result of a memorandum of understanding between the Finance and Mining Ministries that promotes information sharing and helps increase sectoral expertise of tax and customs authorities to prevent erosion of the sector’s tax base and increase royalty collection.

Bevon Sinclair, Tax Administration Jamaica (TAJ), expressed appreciation to IGF and the Organisation for Economic Co-Operation and Development (OECD) for their capacity building support to introduce better benchmarks to enforce its 2015 transfer pricing rules and negotiate tax regimes with mining multinationals. He reported TAJ is now working closer with the Jamaica Bauxite Institute and Ministries of Finance and Mining in crafting a national minerals policy and reviewing the bauxite incentive and overall fiscal regime.

Andrew Gunua, Mineral Resources Authority of Papua New Guinea (PNG), presented on the state team established three years ago for negotiating mining contracts. Appointed by the national executive council, the team is comprised of experts from Ministries of Mining, Environment, Justice, Treasury, Labor and Commerce, and Industry, and a secretariat for policy and legal advice. He said main challenges encountered related to institutional connectivity, regulatory requirements and information sharing. He noted that PNG will join a three-year capacity building effort through the IGF OECD Base Erosion and Profit Sharing (BEPS) in Mining Programme.

Aaron Cosbey, IGF Secretariat

Edwin Ritchken, Ritchken Consulting

Subsequent discussions focused on fiscal details, such as taxing intra-corporate transfers, controlling value declared at export, and collecting revenue from artisanal and small-scale mining (ASM) and industrial minerals. Delegates addressed political challenges such as mistrust and power struggles between agencies, strong business lobbies, and applying minimum price instruments. In closing, Baine highlighted institutional coordination, exchange of expertise, transparent data and better understanding as routes towards better taxation and more revenue.

New Tech: The Green Mines of Tomorrow

Moderator Edwin Ritchken, Ritchken Consulting, stressed that the discussion of green mines should take into account differing levels of technology, political stability and regulatory sophistication. Janice Zinck, Natural Resources Canada, said the green mine of the future will be data-driven, fully electric, use clean renewable energy, result in zero waste on the surface and totally recycle water. She reviewed examples of technological innovations in energy efficiency, low-carbon energy applications, water consumption management, waste minimization and "mining value from waste."

Aaron Cosbey, IGF Secretariat, said the "New Tech, New Deal" project identified a number of new technologies that were developed outside the mining sector, which are currently being implemented, with the potential to significantly improve environmental performance of mining operations. He provided examples, including Glencore's Onaping Depth mine in Canada, which is fully automated and electric, and Resolute's Syama mine in Mali, which is powered by the world's largest off-grid solar power plant.

Richard Morgan, Anglo American, recalled his company's public announcement to develop the world's largest hydrogen-powered mine haul truck by 2020, stating "it's the technology of today, not tomorrow" that will make green mines a reality. Citing their "FutureSmart Mining" programme, he stressed that technology is an essential part of sustainability and informed delegates about ongoing on-site trials.

Participants asked about solutions for acid rock drainage and legacy contamination; carbon sequestration in tailings; adequacy of ambition levels; whether new technologies will be open to new entrants or further monopolies; and how to improve access to knowledge, including knowledge about what has not worked. Panelists highlighted the potential of new technologies to monitor the environment in real time, and inspire new partnerships. They called for considering a "value, not tonnage" approach that would re-evaluate the full cost of operations, including environmental impacts.

Resource Taxation in a Changing World

Moderator Alexandra Readhead, IGF Secretariat, explained that 130 members of the OECD Inclusive Framework on BEPS are currently debating whether to allow market jurisdictions to tax transactions, potentially reducing the amount of mining tax revenue that is currently shared between countries where the mines and mining companies are located, respectively.

Norman Wingen, OECD, elaborated that the proposed tax reforms are intended for consumer-facing businesses, which do not include mining companies; he cautioned, however, that discussions are ongoing. He noted the move is driven by the global trend toward digital transactions, and is intended to simplify the tax system and reduce taxation disputes.

Victor Santoni, Pan Asia Fund Management

Alexandra Readhead, IGF Secretariat

Estelle Levin-Nally, Founder and CEO, Levin Sources

Ann-Maree Wolff, Rio Tinto, said the extractive industry is not in favor of any approach that would reallocate taxing rights away from producing countries to market-facing countries, noting this would disproportionately affect developing countries.

Margaret Moonga Chikuba, Ministry of Commerce, Trade, and Investment, Zambia, said Zambia's mining-related revenues are mostly from royalties based on price benchmarking and corporate income tax, noting the latter is prone to abuse. She said the aim is "not to tax mines to kill them," as they are a key income source for mineral-rich countries.

Thomas Lassourd, Natural Resource Governance Institute, US, said considerations when setting tax policies or designing royalties include: using adjusting scales and price bands; determining the relationship between prices and costs; and accounting for different costs across different mining projects.

In the ensuing discussion, participants debated, among other issues, whether an agreement will require a global tax authority to monitor implementation, and whether tax policies can be used to regulate illegal mining in developing countries. They proposed the use of financial modelling to assess whether taxes or royalties should be applied.

Closing

Yanchun Zhang, UNCTAD, highlighted findings from the 2019 State of Commodity Dependence report indicating that the number of mineral-dependent countries rose from 14 in the 1998-2002 period to 33 in the 2013-2017 period, and that nearly all of the 102 commodity-dependent countries are developing countries. She also recommended reading the just-released UNCTAD report "Commodity Dependence, Climate Change and the Paris Agreement," noted UNCTAD is putting together a new programme on mining, and mentioned the 15th UNCTAD Ministerial Conference scheduled for 9-23 October 2020 is likely to include a forum on mining and sustainable development.

Greg Radford, Director, IGF Secretariat, thanked outgoing Executive Committee Chair Alexander Medina, Dominican Republic, for his service, and announced the new Committee members, including incoming Chair Rokhaya Samba Diene, Senegal. He urged members to participate in the consultations on the draft guidance document for governments on ESIA, and announced that the Council had voted for the next guidance document to address environmental management. He informed delegates that the 16th AGM will take place from 9-13 November 2020.

Medina closed the AGM at 5:07 pm.

From L-R: **Janice Zinck**, Canada; **Edwin Ritchken**, Ritchken Consulting; **Richard Morgan**, Anglo American; and **Aaron Cosbey**, IGF Secretariat