



IGF

INTERGOVERNMENTAL FORUM
on Mining, Minerals, Metals and
Sustainable Development

INDABA 2017 Sustainability Round Tables Meeting Report

February 7, 2017

Cape Town, South Africa



Introduction

The IGF organized a roundtable discussion on Sustainable Development and Mining in Cape Town, South Africa, on Tuesday, February 7, 2017. The roundtable featured a broad range of conversations on substantive issues while also presenting valuable networking opportunities.

Participants from government, the private sector, international organizations and academia exchanged views with leading experts and fellow practitioners from around the mining world on key issues relating to the linkages between mining and sustainable development. This diverse group of participants shared their knowledge and exchanged views on the challenges and opportunities with regard to: ASM formalization, ASM zones, mine planning to closure, local content, local purchasing, social license to operate, extracting value from waste, resource-based industrialization, mineral policy and legal reforms, and capacity building in the sector.

At the end of these very engaging discussions, it was even more apparent to the IGF that debates on the linkages between sustainable development and mining need a privileged platform in major international and regional meetings devoted to mining. The IGF will continue to pose as a facilitator of that process and will continue offer a platform through which all stakeholders can meet to conduct such discussions.

The following provides a summary of the sustainability roundtable discussions.

Roundtable 1: Formalization of ASM: Approaches, risks and benefits

Moderated by Dr. Mamadou Barry, Senior Mining Specialist, the World Bank, the table discussed the approaches, risks and benefits associated with the formalization of the artisanal and small-scale mining (ASM) sector. Africa's mining sector is characterized by widespread informality, with the majority of ASM operations lacking any legal title. This informality deprives governments of important financial resources, while poor conditions (environmental, social, health and safety) prevent the sector from delivering on important social objectives, such as generating formal employment, economic diversification and improving quality of life in mining communities. Experience from the World Bank was shared, including ASM database and mapping platforms aimed at improving government policy development.

The roundtable established that understanding the context/environment were important to identifying the risks and benefits associated with the formalization of the ASM sector. The policy design has to be informed by local needs.

The roundtable identified two sets of challenges associated with the formalization of ASM: those created by internal factors and by external factors. Some of the internal factors included resistance to formalization, lack of institutional capacity to implement formalization, political capture and insufficient incentive. External factors that challenged ASM formalization had to do with lack of interest from the international buyers and marketing challenges for both local and foreign stakeholders.

Some of the opportunities associated with formalization of ASM that were discussed included establishing domestic mining industry, private sector development,

employment opportunities and interest in formalizing ASM as a source of economic diversification and shared growth.

The roundtable concluded that the IGF could promote legalization of the activity where requested, provide geological information and advocate for decentralization of mining administration, particularly in Tanzania and Ghana. The IGF was also encouraged to advocate for establishing mining hubs/ demonstration centres and, in the case of Rwanda, cooperatives.

Roundtable 2: Managing ASM Zones: Implementation challenges and opportunities

This table was moderated by Dr. Klaus Steinmüller, Senior Researcher, BGR – Federal Institute for Geosciences and Natural Resources, and centred on global experience in establishing “ASM zones” in order to help prevent conflicts with large-scale mining (LSM) enterprises. The focus of the discussion was implementation challenges and opportunities associated with ASM zones. BGR is currently developing procedures that will assist governments in identifying, designating and administering ASM zones. The procedures will provide additional practical recommendations on the implementation of the *IGF Guidance for Governments on Managing Artisanal and Small-Scale Mining* with regard to ASM zones.

The discussion focused on the importance of developing of ASM zones in the Democratic Republic of the Congo and establishing connections between ASM and LSM. It was pointed out that many countries are now confronted with ASM and LSM conflicts, and something has to be done about it. The table suggested that LSM and governments have to put in efforts to delineate and manage ASM zones.

Roundtable 3: Mine life-cycle planning: What are the keys to a successful post-mining transition?

David Noko, Executive Vice President, Sustainable Development, Anglo Gold Ashanti, moderated the discussion on how communities, companies and countries each transition when mines are closed. The table discussed how mine life-cycle planning—from cradle to grave—must always include closure. Closure costs have historically been grossly understated because mining companies see this as unfavourable to the “health of balance sheets.” Social costs are also often missed and future sustainability costs are excluded—it is best to deal with these issues during production while the mine is still generating cash. Development of local (diversified) skills to stimulate alternative enterprises and local enterprise development will be part of the discussion.

The discussion identified that there is an urgent need for legislation to enforce the end results of the mining processes. There is also a need for a monitoring mechanism to

oversee the enforcement process. In addition, a national connectivity plan is required in predominately agricultural areas of the country. The table considered integration of post-mining economic plans in policy and regulations of high importance. Government's involvement in creating economic zones and housing was identified as another important step in successful post-mining transitions.

According to the discussions, lack of innovation is a challenge in post-mining transition. Absence of post-mining planning and lack of vision for sustainability when the mineral resources are depleted is a cause of concern. In addition, the assumption that every project in mining will be a success was identified a challenge itself.

The table, however, outlined that these challenges could be addressed by implementing certain measures including, but not limited to, evaluating resources before the design stage, collaborative infrastructure development, focus on human capital development and collaborative infrastructure development.

Roundtable 4: Local content policies: Optimizing mining's contribution to sustainable development

Moderated by Jerry Ahadjie, Assistant Manager, Sectoral Policy and Planning, Minerals Commission, Ghana, the table discussed governments' role in optimizing mining's contributions to sustainable development through local content policies. Existing market-based initiatives in the mining sector were discussed. This roundtable discussion supported the development of a guidance document that is being developed by the IGF that will include development of a policy framework and implementation guidelines for governments.

The table discussed some of the challenges and prerequisites for successful local content policies. These include defining what qualifies as local content: is local national, regional or proximate to the operation? Should policies focus on locally registered companies, companies owned by locals, or local value added? Identifying potential is also a central challenge: how close are local suppliers and workers to the global standards and prices that firms require, and therefore how demanding should government requirements be? It was noted that success requires collaboration between government and the private sector. Governments can help by bringing the actors together (e.g., research academics and business) and by helping build capacity in suppliers and workers.

Roundtable 5: Building the social license to operate through transparency and inclusive dialogue

The social license to operate (SLO) is the level of relationship between the three parties (company, local communities-civil society, government) involved or concerned with the

mining operations. It is also considered an unwritten “permission” to proceed with a mining project or operation, granted by a community on the basis of the perceived quality of the relationship with a project, operation or company. It is intangible, informal, non-permanent and has to be maintained through the participative and inclusive dialogue. The participative and inclusive approach principles are the foundation of this maintenance.

Moderated by Dr. Ndougsa Mbarga Theophile, Director of Geology, Ministry of Mines, Industry & Technological Development, Cameroon, the discussion at this table focused on: challenges and opportunities of the relationships between companies, local communities and civil society; risks and impacts related to the lack of maintenance of the SLO; how the IGF can strongly encourage member state stakeholders to build a sustainable SLO with a high level of legitimacy, credibility and trust; policy issues around this inclusive dialogue; if political support is necessary; and ongoing best practices.

The table identified that the government must use a framework with a long-term perspective. In order to ensure transparency and inclusive dialogue, the community has to be engaged at the early stages of planning for both small-scale and large-scale mining. It was concluded that capacity building for both government officials and the community at large is key for transparency and inclusiveness in mining. In addition, the table considered improving engineers’ communication skills with the community as an essential element in enhancing transparency and inclusiveness in mining projects.

Roundtable 6: How does the development minerals sector contribute to helping achieve the Sustainable Development Goals (SDGs)?

Development minerals are non-metallic minerals and materials that are mined, processed, manufactured and used domestically in industries. They are closely linked economically and by usage to the region where they are mined, and include: industrial minerals, like gypsum and salt; construction materials, like sand and gravel; dimension stones, like marble and granite; and semi-precious stones, like garnet and tourmaline. Development minerals have a low unit value because they are mainly high volume, but their place value can be high (influenced by geography and distance to market) as well as their value to development. They directly contribute to the infrastructure, manufacturing, construction and agriculture sectors of the economy, and are therefore important for national economic development and industrialization and hence the realization of the SDGs.

The table discussion was moderated by Vincent Kedi, Principal Engineer (Mining), Ministry of Energy and Mineral Development, Uganda. Key challenges identified by the table are lack of regulation for development minerals in most countries and environmental degradation. However, the table agreed that there are tremendous

opportunities related to job creation, supporting the local capital projects and creating alternative livelihoods. The table urged the IGF to help in building regulations, facilitating dialogues internationally, developing best practices manuals and organizing regional trainings.

Roundtable 7: Value from waste: How do technology, regulation and economic incentives come together to develop novel solutions?

Waste concerns not only those in the industry or in practice, but all whose lives are intertwined with mining. Moderated by Dr. Dee Bradshaw, South African Research Chair: Mineral Beneficiation, University of Cape Town, this discussion contextualized mining waste issues and considered holistic solutions to deal with ownership and abandonment of mine waste, the regulatory framework for managing mine waste, the waste–water–waste cycle, waste and sustainable development, dust management, secondary mining and other related issues. The discussion at the table engaged with interdisciplinary responses that are being formulated to rethink the value of mining’s biggest by-product.

Roundtable 8: Mining policy reviews and legal reforms: Prerequisites, regulatory capacities and mechanisms

The table was moderated by Clémence Nare, Outreach and Engagement Manager, IGF, and discussed ways and means to ensure that policies and laws can be reformed in a manner that will ensure greater effectiveness and improved compliance with international best practices in a context of sustainable development.

The discussion focused on the prerequisites, capacities and mechanisms to ensure that reform efforts undertaken by governments are indeed effective. It also explored whether relevant procedures, substantive tools, and technical and administrative capabilities are leveraged so as to ensure fair and equitable distribution of the proceeds of mining activities between governments, mining companies and local communities.

The table identified the following key challenges against mining policy and legal reforms:

- There is a lack of transparency and a need for better accountability in the sector.
- For investors, the legal environment needs to be more stable and predictable.
- Lack of inclusivity – private companies and, to some extent non-governmental organizations and civil societies, are not always consulted in discussions pertaining policy reviews and law reforms.



- In some instances, a change of law arises not from a necessity (change of circumstances) but because of a government's own agenda.
- Most problems occur during the implementation stage of the law: implementation often involves many branches of governments that do not communicate or act on a common strategy. Therefore, there is lack of coordination and slow responsiveness in implementing officers' actions.
- It is worth mentioning that most countries have good policies and laws, but there is often a lack of capacity competencies in the implementation phase.

It was noted that most laws in Africa, and especially in South Africa, are well written. It was raised that the laws are not always comprehensive and clear and from an investor perspective. Stable and clear laws are necessary to attract investment.

Roundtable 9: Resource-based industrialization: Can countries leverage mining to diversify their economies in a sustainable manner?

The table discussion was moderated by Isabelle Ramdoo, Senior Linkages and Investment Advisor, African Minerals Development Centre/UNECA. Participants discussed how countries can diversify their economies in a sustainable manner by using the opportunities of having raw materials to develop industries or services to supply not only the mining industry but also the broader economy. Discussions included the key drivers for this to work, the experience of countries and industries in successes and failures, expectations and policy instruments that can help achieve this objective, and the types of public–private partnerships that would work.

Roundtable 10: Building capabilities to meet the evolving needs of the mining sector and beyond

Moderated by Claudine Sigam, Head of Human and Institutional Capacity Workstream, African Minerals Development Centre/UNECA, table 10 discussed innovative approaches to building capabilities that drive structural transformation through industrialization. The discussion included how to create platforms for cluster development, bringing together research, innovation, skills and development in a way that supports greater local participation in the mineral value chain. This included discussing strategies to skill, reskill and upskill, and addressing priorities of skills transfer, mobility and vocational training.

The table discussed several challenges associated with building capabilities in the mining sector, including a lack of interest from women professionals and capable candidates from the extractive sector. In addition, the inability to keep up with modern technology and lack of technological innovation were identified as key challenges.