Joint Study Groups’ Seminar

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How Communities’ can Maximize Benefit from the Mining Sector?

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INTRODUCTION

• Minerals and metals are essential for modern living. Access to and affordability of mineral raw materials are crucial for the sound and sustainable functioning of the world economy and modern societies. Mine operations also have an enormous potential to create, contribute to and support sustainable development of communities as they can create opportunities for growth and development through: enhanced revenue, job and wealth creation; knowledge, skills, technology transfers and, in some cases, provision of infrastructure and social services (including health, water supply, and education).
INTRODUCTION

However:

• There are, in certain cases, negative impacts on the environment, social fabric and the local economy. Minerals and metals exploitation often creates enclave economies that have little or no links with the wider local or national economy;

• Some developing countries lack adequate efficient policies, legislation and institutional, technical and technological capacities to effectively deal with the extractive industry. Developing countries often lack adequate environmental regulations and standards related with the extractive industries operation and their waste management;
INTRODUCTION

Mineral resources have attributes that make them difficult to manage and pose public policy challenges. Mineral resources are non-renewable, finite and geographically unevenly distributed and controlled by natural (geological) processes. They are site-specific and must be exploited where they occur and at the right time when their exploitation is economical. Thus, there is a need for a coordinated, immediate international response having a longer term impact to the global development and mining challenges.
INTRODUCTION

One of the major challenges of sustainable development is to create a viable and diversified industry and sustaining mineral wealth - long after the minerals have been depleted - without compromising environmental, social and cultural considerations with negative consequences and impacts that can be long-lasting. Unless the wealth that its exploitation generates is effectively deployed, the positive legacy of mining can be questionable.
INTRODUCTION

In summary there is absolutely no doubt that Society, in general, benefits from mining and metals production.

The real question is:
How local communities’ economies, mainly in developing countries, close to and disproportionately affected by a mining operation, can Maximize Benefit from the extractive sector?

In our opinion it is required to:
1. - Develop Good Governance in the Mining Sector
1.1.- Legal, Policy and Institutional Environment
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Governments that seek to promote economic, environmental and social development through investment in the extractive sector, have to develop and produce legislation, regulations, guidelines and best practices covering:
1.1.- Legal, Policy and Institutional Environment

- Mechanisms to promote the development of administrative capacity building in order to support the development of weak national institutions with poor legal, technical and financial abilities.

- Mechanisms to foster domestic accountability.
1.1.- Legal, Policy and Institutional Environment

- Mechanisms to promote the creation of national appropriate knowledge bases on mineral resources (geological surveys, universities, etc.) for strategic thinking and policy innovations, while respecting the national sovereignty of the countries.
1.2. Producing Countries Benefit Maximization
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Governments and Companies, should develop and produce guidelines and best practices covering:

1.2.1 Financial Benefit Maximization
1.2.2. Economic Benefit Maximization
1.2.3. Social Benefit Maximization
1.2.1 Financial Benefit Maximization
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For the sustainable development in the mining sector to be successful there is a need that the mining industry contributes materially for an equitable revenue distribution and creates opportunities for local participation, particularly in the provision of goods and services. Taking this into account Governments should, develop and produce guidelines and best practices covering:
Mechanisms to promote the financial capacity building and effective deployment of resource rents.
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It is essential that the mining industry contributes materially through rents, royalties varying in according to a sliding scale based on the quotations of material sold, and other transparent forms of payments avoiding transfer pricing and tax evasion, for an equitable revenue distribution between Companies and States.
1.2.2. Economic Benefit Maximization
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A modern, efficient and high efficacy mine, able to maximize the economic benefits of the exploitation of an ore body for all the stakeholders, needs to adopt the most adequate knowledge and technology, use the best practices and be managed with modern techniques.
1.2.3. Social Benefit Maximization
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Mining companies are adopting more holistic corporate social responsibility charters and development approaches that have a better potential to significantly uplift and empower local communities.

Policy decisions should:
1.2.3. Social Benefit Maximization

- Bear in mind the need to respect and promote human rights’ protection.

- Support Corporate Social Responsibility (CSR) undertakings. The World Bank Group and regional development banks should also support CSR undertakings related to lending and support to sector private clients.
2. - Take care of the Post Mining Transition Period
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To be consistent with sustainable development, mine operations have to develop, since the beginning and updated on a regular basis, high standard plans for closure covering risk assessments for environmental management over time, community risk assessment, community consultation and planning, implementation and post-implementation monitoring and remediation as required:
2. - Take care of the Post Mining Transition Period

There is a need for Governments to: i) provide legal and regulatory frameworks for closure; ii) have the institutional capacity to monitor and enforce their provisions; iii) require that stakeholders be consulted in the development of closure objectives and plans; iv) require that a comprehensive closure report and adequate financial assurance are provided before the requisite development and mining permits for a new mine are approved.
2. - Take care of the Post Mining Transition Period

There is a need for development of effective and efficient approaches to the funding of closure.
Muito Obrigado