

**USING MINERAL RESOURCE ENDOWMENTS TO FOSTER SUSTAINABLE DEVELOPMENT**  
**24 OCTOBER 2005**  
**THE LANSDOWNE CLUB, LONDON, UK**  
**SUMMARY NOTE OF PROCEEDINGS**

## **Background**

ICMM's Resource Endowment Initiative seeks to identify good policy practice for mining and metals investments at national, regional, local and corporate levels within developing countries. The review aims to isolate the drivers of development effectiveness in the mining and metals sector and to document the policy frameworks, operational practices, and partnership arrangements that deliver sustainable outcomes on the ground. This action-research project is being done together with UNCTAD and the World Bank Group. It complements recent policy research by pinpointing the reasons why some countries, communities and corporations have succeeded in making effective use of their mining resource endowment towards broad-based development and poverty reduction.

Project objectives:

- How does the mining sector contribute to national development?
- What strategies have been effective in managing revenues generated by natural resources for sustainable development and poverty reduction?
- How do mining projects contribute to development at national, regional and local levels?
- Develop a set of practical policy recommendations for mining companies, host country governments, development institutions, NGOs
- Specify the distinct responsibilities of these partners which can support implementation of these recommendations

The first phase of the project, completed in November 2004, developed a framework to assess how mining has contributed to economic growth and poverty reduction and a draft toolbox to measure the socioeconomic impacts of mining at the local, regional and national levels in a systematic way.

*Using Mineral Resource Endowments to Foster Sustainable Development* launched the results of the second phase of the project. This phase tested the application of the toolbox in four countries: Peru, which is compared with Chile, and Ghana, which is compared with Tanzania. Its output was a draft Synthesis Report of the four country case studies, written by Oxford Policy Management and Environmental Resources Management. Oversight was provided by the ICMM working group, which includes representatives of ICMM member companies, UNCTAD and the World Bank, and an independent high-level advisory group.

In the spirit of the participatory nature of the project, the agenda for the day was developed through a co-creation process. Workshop objectives and themes/areas for discussion were developed by key stakeholders who had volunteered for the task.<sup>1</sup> The co-creation process ensured that all stakeholder views were reflected in the agenda and led to a day which focussed on constructive feedback and action rather than division.

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<sup>1</sup> Carlos Aranda, Southern Peru; Leah Hibbin, CARE International; Paul Hollesen, AngloGold Ashanti; Rashad Kaldany, World Bank/IFC; Rob Lake, Henderson Global Investors (UK); Julie McCarthy, Open Society Institute; Marta Miranda, WWF US; Theodore Moran, Georgetown University; David Murray, Transparency International UK; Gordon Peeling, Mining Association of Canada; Alan Roe, OPM; Jonathan Samuel, ERM; Hugo Sintes, CARE International.

The workshop was held under Chatham House rules. Over 50 participants, representing NGOs, industry, host governments and donor organisations attended the event from across the world (see attendance list, Appendix 2).

## **Workshop objectives**

The ICMM set the following goals for participants to support the transition from Phase 2 to the action focus of Phase 3 of the Resource Endowment project:

- Obtain feedback on the Synthesis report from key stakeholders in the process
- Identify initial stakeholder roles in implementation of the recommendations in the report

## **Summary of proceedings**

### **Plenary Session: Presentations on the content and development of the report**

After a welcome and summary of the agenda co-creation process from the workshop chair Solitaire Townsend, there were introductions by the sponsors of the report (ICMM, UNCTAD and World Bank).

Paul Mitchell (ICMM) outlined ICMM's objectives and some current challenges, the objectives of the resource endowment initiative and why the workshop was important to ICMM. Noting that there has been more "heat than light" regarding the use of natural resources for development in poor countries, he hoped that this project would illuminate:

- Why and how do some countries appear to have effectively managed revenues generated by natural resources for poverty reduction?
- How and under what conditions have mining projects most successfully contributed to economic development at the local and regional levels?
- What are the important linkages between the local/regional (micro) and national (macro) levels, whereby private sector investment has stimulated growth at the local level and provided the financial resources for government to invest in activities in support of human and social capital development?

Kent Lupberger, (Senior Manager, Mining, IFC) noted that mining projects need to make a special effort to measure and present their development and poverty impacts (positive and negative) to allow communities and others to understand the overall contribution to sustainable development and to poverty reduction. IFC proposes to ask investors to provide regular information about the impacts of the projects that it supports through a Development and Poverty Indicators Template. And it will ask investors, as a part of an ongoing community consultation and engagement process, to regularly make available information about their Extractive Industry (EI) projects' environmental, social and economic impacts to affected communities. Affected communities have a right to understand what all the impacts of a development are on their local environment. When communities and others are aware of the benefits that projects bring – in the form of jobs, linkages to local businesses, revenues paid to governments, community programs, and so on - they are more likely to welcome projects. And when there are negative impacts, an open, transparent approach by the investor will be more productive than secrecy in ensuring that these impacts are mitigated.

Olle Östensson (Chief, Diversification and Natural Resources Section, UNCTAD) reminded delegates that mining is one the few activities that can lift a formerly weakly performing country out of poverty rapidly, but that the sums of money involved can be so huge that the risk of these overwhelming the economy must be taken seriously. The report to be discussed at the workshop is an attempt to provide at least a starting point for the answers to what went right in cases where mining has contributed to rapid growth and poverty reduction. He noted that the comments, suggestions and objections of delegates, based on insights as representatives of governments, companies and civil society, will improve it further.

Kathryn McPhail (Principal, ICMM) gave an overview of the project and the goals for the workshop – primarily to seek a better mutual understanding of the concerns, constraints and potentials of

partners in the public, private and voluntary sectors so that more poor people will benefit from mining investments.

Alan Roe (Principal Economist, Financial Sector Policy, Oxford Policy Management) summarised the draft Synthesis Report. Conclusions are:

- Broad-based income and employment generation is the ideal route to an effective absorption of mining into the national economy (Chile exemplifies this) but this cannot emerge quickly in formerly very weak economies with limited sectoral diversification.
- Existing redistributive mechanisms appear not to be particularly successful in this regard (Peru especially but also Ghana). So Tanzania may be right to eschew such mechanisms.
- Deepening governance reforms (especially public administration reforms) seem critical to ensuring a more effective absorption of mining activity into its inherently local settings.
- This may mean greater fiscal decentralisation and empowerment of local and regional authorities in most cases – but capacity must be built in parallel.
- Pending the establishment of effective local capacity, there is no standard prescription for how the partners (companies, governments and donors) should play their roles<sup>2</sup>.

### Breakout groups

The four breakout groups reviewed the draft Synthesis Report, considering three questions that were set by key stakeholders through the co-creation process:

1. Your views of the analysis in the report?
2. What are the most important issues raised by the report?
3. Are there areas where further research is required (e.g. more detail on existing topics, research on additional topics)?

**1. Analysis of the report.** Participants concluded that that the report's analysis is timely, based on a scientific approach and with welcome high level attention to governance issues. The multi-disciplinary and multi-scale approach (e.g. reviewing international, national, regional and local governance) is a strength, as is the comparative analysis across four countries. Some felt that the report reads defensively, when it could have emphasised more strongly the desire to move forward the debate.

Gaps in the analysis include:

- Tax regimes and tax issues, and in particular, how tax credits can promote a higher level of company involvement in local capacity issues. The Report actually goes further and says we need a sustainable and working structure of governance to do this, but what are the creative ways of dealing with tax credit?
- Land tenure structures which inform everything that happens in the mining sector, therefore variations across countries need to be addressed
- Water: source of conflict and increasingly contentious world issue
- Transparency (this theme ran throughout group work, with particular reference to a lack of information on *revenue disclosure* – without this it can be difficult to improve resource allocation)
- Report does not refer to the toolkit, in terms of its status and what still needs to be done to further develop the toolkit.
- Conflict (while the analysis looked at success stories, conflict was a major issue for mining and sustainable development which the report had to address, comment on conflict in all its forms would be appropriate e.g. focus on *if* a mine should go ahead rather than only *how* it should).

### 2. Key issues in the report.

- Governance
  - Governance issues are critical and are very fully treated in the Report– particularly important are the differences (capacity, competence etc) as between local and national governance?

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<sup>2</sup> Alan R Roe (2005), Oxford Policy Management, PowerPoint presentation, "The Synthesis Report: An Overview"

- In the case of Chile there is no special tax treatment that stimulates the company support for the city of Antofagasta, e.g. through local purchasing and community support. This works much better than is the case in Peru. But what is the magic ingredient that distinguishes the two cases in this regard?.
- In general, governance has improved, but it is the remaining weaknesses affecting the outcomes that remain unsatisfactory.
- Capacity building
  - Lack of capacity at local level is a major problem – Report brings this out well. Particular problems are lack of planning infrastructure and very basic amenities
  - How can local government capacity be increased? Need money – how can this be supplied?
  - Local members of companies sometimes manage interaction with stakeholders in a very bad/clumsy way. Better training is needed to enable them to interact more sensitively on social and cultural issues.
  - However, in some cases (e.g. Ghana) there are very interactive community relations with the mines.
- Tax and revenue streams
  - Companies can look at ways to get projects done and work successfully with local authorities. Tax credit schemes might or might not actually help develop this. The Chile case indicates that local development can work well without that.
  - The importance of both short and long term regional and local development planning e.g. Chile.
  - How is tax distributed and changes implemented? Transparency key here
  - Need more futuristic approach – mines shouldn't invest in the "minimum" for the community but take a longer term view of an area's overall potential
  - Look at opportunities for allocating some of the revenues generated to fund post-mine closure.

**3. What further research is required?** Some participants felt that the following issues were not sufficiently addressed and should be considered for inclusion, where information is available:

- The "popular" perception of the mining industry (mining does not operate in a vacuum; it is important to gain the views of communities that surround it – particularly for conflict avoidance and resolution. One group would like to see methodologies developed for measuring the views of communities and civil society at large).
- Need to look at the risks involved in mining but also at the opportunities – 'new forms of partnership', e.g. Chile's Region 2's 'Executive Committee of the Mining Cluster'. This consists of national representative, local government representatives, CEOs of two major companies. They meet regularly to discuss partnerships plans, procurement opportunities etc. The first output has been a report on the demands that large mines place on society and economy at local levels.
- How to capture FDI in local economy:
  1. Links with other sectors (e.g. mining and tourism – Peru)
  2. Definition of local/national dynamics (e.g. migration from other regions)
  3. Shift of analysis to local dynamics – policies... choice of actors and mechanisms
  4. Employment: labour development of local labour (local versus national)
- Impact of mining on general infrastructure (the contribution of mining to general infrastructure development underemphasised, for example the development of a mine may require that new roads are built and electricity generated in an area where these amenities did not exist)
- Taxation impact (the tax treatment of mining revenues and their contribution to the government's budget needs further exploration)
- Could have made use of additional indicators measuring various governance aspects
- Water and sanitation issues (water resources are strongly linked to the sector and should be included in the analysis)
- Gender issues (the report should considering women both directly and indirectly employed by the sector)

- Explore in greater depth differences across the case countries, for example in employment creation
- Taken more explicitly into account the different phases of mine developments and the different levels of maturity of projects/lifecycle of mines.

### **Afternoon plenary session: The urgency and rationale for action and on the recommendations for each stakeholder group**

The afternoon session was opened by Sir Mark Moody-Stuart (Chairman, Anglo-American plc, UK) who spoke about partnership, commitment and action. He reminded delegates that the workshop is a key step in developing practical ways to use mineral resources to further sustainable development. From this process he hoped that a practical toolkit will emerge, that joint objectives will be set and that different partners will take their distinct responsibilities seriously and mobilise their networks for action. An important step will be piloting the outcomes of this work in at least two countries, which will rely on close partnerships and cooperation.

Jonathan Samuel (Partner, ERM) followed with a description of the recommendations in the Synthesis Report (Appendix 3). The wide range of recommendations is grouped under five main headings (Mining and Economic Development, Mining and Poverty Reduction, Social Investment and Compensation, Dispute Resolution and Communication and Artisanal and Small-scale mining) and categorised under four actors in the sector (Companies, (Host) Government, Donor Organisations and NGOs/voluntary sector).

Plenary session participants suggested that dividing recommendations as between actors might discourage the essential partnership approach. Some suggested that recommendations be themed under issue or priority rather than sector. In the spirit of co-creation the agenda for the afternoon was adapted to include a session on partnership working – see attached breakout session 2. It was also felt that the report's recommendations needed to be cut down and/or prioritised (a point echoed in the following breakout sessions).

### **Afternoon breakout group session 1**

In the first afternoon breakout session, delegates divided into groups (NGOs, Business and Governments and Donor Organisations) to discuss five questions relating to the report:

1. How can the recommendations be used to take action beyond the 'resource curse' debate?
2. Are other recommendations required?
3. Does our sector have the capacity (expertise, level of resource etc) to act on these recommendations?
4. What are the first steps to implementing the recommendations and who else needs to be involved?
5. How will our conclusions/capacity affect the ability of other groups to act on their recommendations?

The highlights of the discussion were reported to the plenary. A Summary follows, further details can be found in Appendix 1.

### **Companies**

The group concluded that:

Taking action beyond the 'resource curse' debate will be achieved by piloting this work in selected countries, though this may delay the process. Governments could be encouraged to engage with the sector, e.g. through an industry working group.

More explicit guidance is needed on early consideration of mine closure.

The capacity in the business sector to implement these recommendations has improved but training at ground level would be valuable. Sensitivity in how partnerships are formed and run is needed,

as 'associations' can be seen as a screen behind which companies can hide. Industry may respond that it already implements the recommendations. Communication between each other and the public will therefore be essential; ICMM could help by reviewing companies and creating a baseline to allow comparability.

The first steps should focus on communities as these are the least susceptible to rapid change (e.g. change of head of state); the route to long-term sustainability will be found by working at this level. Defining 'resource blessing', and measuring it against targets such as the MDGs, could help drive implementation forward.

Industry can not be seen to be coordinating the process, and needs a "mandate" and support from other sectors is required. Sectors include communities themselves, the financial sector, other businesses in the supply chain (e.g. telecoms), Chambers of Commerce and academia. Lessons may be learnt from other sectors e.g. banking and the Equator Principles.

### **Host Governments and Donor Organisations (e.g. World Bank)**

The group concluded that:

To take action beyond the 'resource curse', the recommendations need prioritising and reframing as 'tools'. However, other recommendations were also suggested, e.g. setting up local grievance procedures that may relieve the pressure from donor organisations in small-scale conflict resolution.

In depth discussion of the capacity required to act on the recommendations did not take place, as the group combined two sectors. However, one donor organisation noted that while there may be nothing radically new at a strategic level, the implementation was still lacking.

Participants identified a range of first steps in implementing the recommendations. Donor organisations focused on getting mining on the agenda within their organisations (e.g. through integration into poverty reduction strategy papers), conducting and building capacity at the lower levels of government. Governments identified information transparency, guidance for setting tax policies and proper land-use planning / involving the agrarian sector to be important first steps. Both sectors found dialogue to be important, be it meaningful consultation at the early stages of mine development or a national multi-stakeholder debate to identify priorities for the sector.

### **NGOs**

The group concluded that:

If the report is going to lead to actions beyond the resource curse debate, the recommendations need to be prioritised.

Areas where other recommendations are required are accountability and revenue transparency, particularly for governments and companies.

For genuine accountability, participatory processes should begin as soon as possible, for example engaging communities as early as possible. An institutional structure is needed for this.

Further work should be done on making recommendations country-specific. ICMM should follow-up their implementation further down the line with a public review process (perhaps every 3 years) to see what had happened as a result of the report.

In response to the capacity of the sector to deliver the recommendations, more work was needed first on the content of the recommendations. Citizens in the countries affected and broader civil society needed to be involved rather than only the NGOs present at the workshop. Civil society includes NGOs but also faith groups, unions and other community groups as well.

## Afternoon breakout group session 2

Following discussions after the first afternoon breakout session, participants decided it would be valuable to re-convene in the cross-sectoral breakout groups instead of a full plenary. This allowed for discussion of how a *partnership approach* could address 3 of the recommendations given in the report:

1. Mining and Economic Development
2. Mining and poverty reduction
3. Dispute resolution and Communication

This breakout session was brief, and notes are therefore summary. Participants fed back the following summaries to the plenary:

### 1. Mining and Economic Development

- Companies risk becoming surrogate governments – governments need to take more responsibility
- Communities need more of a voice and regional planning is needed.
- Consensus on revenue spending is required.
- Tax holidays give rise to poor perceptions of the industry.

### 2. Mining and poverty reduction

- The mining sector may need different policies from other economic sectors (e.g. it needs to be closely integrated into national policies and processes), because of the large amounts of revenue generated
- To what extent should Poverty Reduction Strategy Papers apply to companies? Companies should not link into poverty reduction strategies directly but should be aware of them.

### 3. Dispute resolution and communication

- The group discussed dispute resolution and the need to have a process in place early, setting grievance procedures within a wider decision-making framework
- The project sponsor should lead early participation, and involve all stakeholders (e.g. local community)
- ICMM should build on existing practice (e.g. best practice websites, donor institutions experience in conflict resolution)
- Describing the “ideal process” would help e.g. through the ICMM community development toolkit.

## Closing remarks

Kathryn McPhail (Principal, ICMM) described the next steps: to revise the report in light of workshop decisions, to highlight issues for further research and to guide Phase 3 of the project. John Groom (Chair of the ICMM working group) then summarised the day’s proceedings.

John described how the resource endowment study gives life to two of ICMM’s principles (working on public policy for sustainable development in partnership and contributing to the socio-economic development of the communities in which companies operate) by developing practical toolkits and working with participants to achieve effective public policies for sustainable development. While the event is the second milestone in a process that will include further engagement and testing, further work must be done on various pressing issues, such as gender issues, conflict and corruption.

New types of approach need to be pioneered, particularly through partnerships which start early and include comprehensive but adaptable strategies from their outset. Governments and donors must take the lead, but can only manage this with support from businesses and NGOs, especially in relation to capacity building. There is a clear need for link with Poverty Reduction Strategy Papers (PRSPs) and for mining to be included in Country Assistance Strategies (CAS) and for development of tri-lateral partnerships at the local level to provide re-distribution revenue structures.

John informed delegates that a briefing with ICMM's Chief Executives would follow next week, who are keenly awaiting the outcome of this work, and closed by referring back to Paul Mitchell's opening statement:

"You are key players in this regard and we count on you to help us move forward. Achieving sustainable development outcomes in our business depends on partnership between diverse groups that hold distinctive views but share the same objectives. Your participation in this meeting testifies to the spirit of openness and cooperation which has motivated all the participants to this process".

### **Next steps**

This note will be circulated to delegates for comment and will be made available to the public on ICMM's website to encourage further participation in the process.

The documents considered during the workshop will be revised to take account of the comments received today.

## Appendix 1: Afternoon Breakout Group Session 1

### Companies

#### **Question 1: How can the recommendations be used to take action beyond the 'resource curse' debate?**

- Very good idea to use pilot countries; we need also studies having a broader geographic distribution and possibly involving other sectors – oil and gas?
- How are we to encourage governments to engage with industry? e.g. can we have a working group? There is also a model in mining industry – the UK/US voluntary principles on security and human rights
- Key is mandate – companies can't do it alone, so who do we engage with and how?
- Process will have to happen at whole range of levels. No one-size fits all approach. Already being done in a lot of cases, e.g. Ghana tripartite system. Suggestion to look at 3 levels:
  - ICMM (international)
  - National – Chambers of Mines or Ghana's Sustainable Development Forum
  - District level

How will such a system be convened? Can higher levels catalyse NGOs etc at a local level to convene themselves? Industry can't select people itself.

#### **Question 2 – Are other recommendations required?**

- Need to elaborate further the recommendations on mine closure. Must think about closure before project starts and include stakeholders in this process.

#### **Question 3: Does our sector have the capacity (expertise, level of resource etc) to act on these recommendations?**

- This is not just a matter for capacity in government but concerns also the capacity in business to work with people on the ground. Business is getting better at this but more work is needed.
- Companies should raise some subjects like disputes early (not just when they come up) – list of recommendations is very good at setting agenda for discussions at local level
- How do we deal with the situation where lots of companies are working in the same area, but with different standards etc? Chambers of Mines can help develop the capacity to achieve greater consistency.
- Business capacity will be improved by companies working together to implement recommendations. Business must focus on ways to cooperate, not on competitive edge.

#### **Question 4 – What are the first steps to implementing the recommendations and who else needs to be involved?**

- Communities themselves (elected and other representatives are not necessarily representatives).
- The financial community is facing similar issues and comparison with experiences gained from the Equator Principles, for example, could be valuable.
- Other supporting businesses need to be involved, e.g. telecoms, supply chains and their spin-offs (big), and very small-scale NGO activities. Must also involve the crucial actors in the middle, such as Chambers of Commerce.
- Need deliberative policies to help spawn entrepreneurial activity. But much talent can be siphoned off to large (including mining) companies – making it hard in practice to 'catalyse entrepreneurial activity'.
- The academic community is getting more interested and can be used *inter alia* to conduct impact assessments etc
- Need to be careful with pilot projects, as they take too long. We shouldn't wait around but must commit to start something now.

**Question 5 – How will our conclusions/capacity affect the ability of other groups to act on their recommendations?**

- Industry response will be ‘we’re doing most things anyway’. Therefore need to communicate with each other and the public. ICMM could review companies’ behaviour and create a baseline to allow comparability.
- Need to interact with community organisations and give them some credit because they are often the ones with credibility.
- We don’t know exactly what the ‘resource blessing’ is – if we knew we could help drive forward, e.g. measure progress against Millennium Development Goals (MDGs). Set targets that are local (MDGs don’t necessarily contribute to sustainable development). We need to think carefully about ways to do this.
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**Host Governments and Donor Organisations (e.g. World Bank)**

**Key**

GOV: comment on government recommendation

DO: comment on donor organisation recommendation

**Question 1: How can the recommendations be used to take action beyond the ‘resource curse’ debate?**

- Need “tools” rather than recommendations
- Need prioritisation – there are too many recommendations
- Dispute resolution and communication should be split; need recognition that they are very different issues (e.g. dispute resolution is an emergency measure and education is a long-term measure).

**Question 2 – Are other recommendations required?**

- Mining and economic development
  - Better communication between country and donors
  - Link mining sector issues to the MDGs, when seeking help from World Bank
  - Create sector specific advice as part of aid packages
  - Lessen bureaucracy of donor involvement in projects
  - Make link between mining and poverty reduction in, for example, country assistance strategies (social impacts are as important as economic impacts in eyes of WB/Finance Ministries)
- Social investment and compensation
  - GOV: Protect investment by setting up binding commercial agreements and fund e.g. receipts from overseas workers not paid direct to government
  - DO: Capacity building is the “million dollar question”. Are UNDP involved?
  - Role for education – attitude and behaviour change, for example, in:
    - 12 hour training courses for journalists
    - Gov/Transparency/Accounting – WB/Fiji
    - NGOs talk to local community
  - Talk to IMF re difficulty in setting up social funds (“earmarking”)
- Dispute resolution
  - DO: re “Support all parties to achieve a balance of rights of affected groups... poverty alleviation” – this needs to be tighter
  - Need an independent, trusted, in-country mechanism for dispute resolution (*key point*)
    - Have dispute resolution triggers (DFID) but need mining companies to set up grievance procedures which,
      - Act quickly, particularly at construction point
      - Have an independent “referee”
    - Need basic structure set internationally (for trust)
    - Like to see strong institutions
    - At the moment donors deal with small complaints
    - Build on existing mechanisms e.g. national contact points

- Look at other mechanisms to strengthen judicial review (cheap ones! e.g. similar to small crimes court)
- Use government ombudsman? (short of court system, though trust differs by country)
- Artisanal
  - DO: when focusing on the macro, the artisanal can get forgotten. It needs putting under the correct "umbrella" e.g. *poverty, gender or conflict*.
  - WB can share info on Brazilian artisanal mining
  - DO: Should channel money to artisanal areas
- Transparency
  - This may not have a section, but it needs one e.g. disclose revenue streams and put capacity into place for government. to monitor revenue distribution to states
- Communication
  - This needs a separate section e.g. consider impact of mine closure?
  - Discussion with community at early stage is key, think about life-cycle

**Question 3: Does our sector have the capacity (expertise, level of resource etc) to act on these recommendations?**

- DO: None of the recommendations are really new for donors, but they "could do better". The World Bank's position on the extractive industry is clear, but does not have the capacity to implement
- GOV: Mining and economic development, "explicitly recognise the mining sector's potential contribution to poverty-reduction, and integrate into planning, monitoring and implementing poverty reduction efforts" – should we be more explicit that mining can help to 'jump start' poverty-reduction? Do we need a rapid reaction response?

**Question 4 – What are the first steps to implementing the recommendations and who else needs to be involved?**

- Change public perceptions of extractive industry, make the benefits clear (each way, governments to donors/donors to governments), through
  - facts/statistics
  - pilot programmes
  - putting case studies (and benefits) in public domain
- Participants prioritised the first steps below:

<b>Donors</b>	<b>Government</b>
Get mining on agenda, by integrating it with: <ul style="list-style-type: none"> <li>- Country Assistance Strategies (CAS)</li> <li>- Poverty Reduction Strategy Papers (PRSP)</li> <li>- Ministry of Finance</li> <li>- Ministry of mines</li> <li>- Artisanal mining</li> </ul>	Give transparent information on revenues and planning to: <ul style="list-style-type: none"> <li>- companies</li> <li>- communities.</li> </ul>
Meaningful consultation at early stages, with: <ul style="list-style-type: none"> <li>- Local community</li> <li>- Local government</li> <li>- Company</li> <li>- Central government</li> </ul>	Set tax policies (consulting team create recommendations)
Build capacity at lower levels of government <ul style="list-style-type: none"> <li>- donors</li> <li>- national government</li> <li>- companies</li> <li>- NGOs</li> </ul>	Partnerships for buy-in to sustainable development or sustainable livelihoods) <ul style="list-style-type: none"> <li>- government (national and local)</li> <li>- companies and investors</li> <li>- local community (give synchronisation)</li> </ul>

Donors	Government
Local communities must demand capacity building	
	Set land-use planning policy (agrarian and mining working together worked for Chile) <ul style="list-style-type: none"> <li>- government should drive it</li> <li>- donors should insist on it</li> </ul>
	Genuine national multi-stakeholder debate: priorities for sector <ul style="list-style-type: none"> <li>- civil society (inc. church/academic)</li> <li>- business</li> <li>- government</li> </ul>

**Question 5 – How will our conclusions/capacity affect the ability of other groups to act on their recommendations?**

- One of the next steps is to identify who else needs to be involved. Group suggested:
  - Education
  - Media

**NGOs**

**Question 1:**

- Accountability and transparency across all agents.

**Question 2:**

- Institutionalisation of participatory processes. This is complex and demanding
- There need to be institutionalised rules that guide the interactions between different players

**Question 3:**

- To add: faith groups, unions, community groups

**Questions 4:**

- Country specific context is important

**Questions 5:**

- Need to work together

## Appendix 2: Delegate List

<b>Organisation</b>	<b>Name</b>
Anglo American, UK	Sir Mark Moody-Stuart
Anglo American, UK	Edward Bickham
Anglo American, UK	John Groom
Anglo American, UK	Ian Emsley
AngloGold Ashanti, South Africa	Alan Fine
Antamina, Peru	Steve Botts
Barclays Capital, UK	Claire Wallace
CAD, Peru	Beatriz Boza
CAFOD, UK	Anne Lindsay
Canning House, UK	Monica Caro
CARE International, UK	Hugo Sintes
Chamber of Mines, Ghana	Joyce R. Aryee
Christian Aid, UK	Sharon McClenaghan
Cochilco, Chile	Rodrigo Urquiza
Deputy Ombudsman, Peru	William Postigo
Department for International Development, UK	Malaika Culverwell
Embassy of Chile, UK	Hernan Bascuñan
Embassy of Peru, UK	Gustavo Meza-Cuadra
Environmental Resource Management, UK	David Elliott
Environmental Resource Management, UK	Jonathan Samuel
Environmental Resource Management, UK	Moortaza Jiwanji
Escondida, Chile	Jorge Zeballos
Human Rights Watch, UK	Anneke Van Woudenberg
International Federation of Chemical, Energy, mine and General Workers' Unions, Belgium	Reg Green
International Council on Mining and Metals, UK	Ben Peachey
International Council on Mining and Metals, UK	Benjamin Hedley
International Council on Mining and Metals, UK	Kathryn McPhail
International Council on Mining and Metals, UK	Paul Mitchell
International Finance Corporation / Multilateral Investment Guarantee Agency, USA	Meg Taylor
International Finance Corporation, World Bank, USA	Kent Lupberger
International Institute of Environment and Development, UK	Annie Dufey
Minerals Commission, Ghana	Benjamin Aryee
Newmont, USA	Helen Macdonald
Oxford Policy Management, UK	Alan R. Roe
Oxford Policy Management, UK	Evelyn Dietsche
Oxford Policy Management, UK	James Warton
Oxford Policy Management, UK	Paul Stevens
Oxford Policy Management, UK	Ron Quist
Oxford University, UK	Gertrude Makhaya
Proinversion, Peru	Rene Cornejo
Rio Tinto, UK	Nicolas di Boscio
Save the Children, UK	Samantha Bramley
Social Sustainability Services, Australia	Catherine Macdonald
Technoserve, South Africa	Lisa Klein
Transparency International, UK	David Murray
UNCTAD, Switzerland	Olle Östensson
World Bank, USA	Craig Andrews
World Economic Forum, Switzerland	Sean Doherty

### Appendix 3: List of Recommendations to Enhance the Impacts of Mining

No.	Companies	No	(Host) Government	No.	Donor Organisations	No.	NGOs/Voluntary Sector
C1	<p><b><i>Mining and economic development</i></b></p> <ul style="list-style-type: none"> <li>Extend conventional risk analyses to take account of (and support where practical) capacity weaknesses at different levels of government for economic development planning and management.</li> <li>Assess constraints and opportunities for economic development and diversification during feasibility stage, and incorporate business development initiatives, including reinforcing the management and technical skills of potential suppliers and other businesses into feasibility studies</li> <li>Focus procurement on building a sustainable domestic supply chain (national, regional and local). Consider introducing policies of active prioritization of local, regional and national companies.</li> <li>For economies with a broad base of mining activity, engage in collective action with other mining companies to support the growth of sustainable enterprises to meet critical demands of the sector.</li> <li>Link mining infrastructure development to regional development plans to support longer-term economic diversification.</li> </ul>	G1	<p><b><i>Mining and economic development</i></b></p> <ul style="list-style-type: none"> <li>Define and communicate policy on the redistribution of mining revenues to host areas should take place and on what basis (e.g. compensation or development). If yes, ensure that disbursement mechanisms provide a predictable revenue stream to regional and local authorities to enable them to function as effective development partners.</li> <li>Support participatory planning to identify opportunities for economic diversification -- if this is not possible, identify contingencies for mine closure.</li> <li>Adopt a participatory approach to regional development planning (including private sector), and ensure that infrastructure provision is balanced by human resources development.</li> <li>Specify inputs, impacts and expected outcomes for sub-national spending of mining revenues, and clearly allocate responsibilities.</li> <li>Consider the establishment of 'Local/Regional Development Agency' to maximise realisation of economic and social opportunities, and build longer-term sustainable institutions by end of tenure.</li> <li>Monitor economics/revenue impacts and consider</li> </ul>	D1	<p><b><i>Mining and economic development</i></b></p> <ul style="list-style-type: none"> <li>Explicitly recognize that mining has the potential to 'jump start' private sector commercial investment in states undergoing economic re-structuring (particularly where economic infrastructure may be limited).</li> <li>Help governments implement sound investment climate and good macro and micro economic management policies to maximise contribution of mining to economic development.</li> <li>Support public sector capacity building and transparent/robust public expenditures management at all tiers of government.</li> <li>For situations where local capacity constraints may undermine the potential realization of economic and social opportunities, develop innovative funding and support programmes to bring 'rapid-reaction' capacity expertise to bear (e.g. pool of expertise to act as Local/Regional Development Agency).</li> </ul>	N1	<p><b><i>Mining and economic development</i></b></p> <ul style="list-style-type: none"> <li>Explicitly recognize that mining has the potential to 'jump start' private sector commercial investment in states undergoing economic re-structuring (particularly where economic infrastructure may be limited).</li> <li>Support public sector capacity building and transparent/robust public expenditures management at all tiers of government. [Note: with possible 'mortgaging' of future mining revenues in support of effective expenditure management.]</li> <li>For situations where local capacity constraints may undermine the potential realization of economic and social opportunities, develop innovative funding and support programs to bring 'rapid-reaction' capacity expertise to bear (e.g. pool of expertise to act as Local/Regional Development Agency).</li> </ul>

			implementing stabilisation funds				
C2	<b><i>Mining and Poverty Reduction</i></b> <ul style="list-style-type: none"> <li>Implement sustainable development principles with explicit focus on poverty reduction potential.</li> <li>Participate in national development dialogues (e.g. PRSPs) to identify opportunities for mining to contribute to poverty reduction.</li> <li>Engage in capacity building around achievement of specific MDGs.</li> </ul>	G2	<b><i>Mining and Poverty Reduction</i></b> <ul style="list-style-type: none"> <li>Explicitly recognise the mining sector's potential contribution to poverty-reduction, and integrate into planning, monitoring and implementing poverty reduction efforts.</li> <li>Link sector policy to strategic planning and resource allocation mechanisms, e.g. PRSP, HIPC, CAS.</li> <li>Ensure strong alignment exists between (i) mining and economic development initiatives of government, and (ii) poverty alleviation initiatives.</li> </ul>	D2	<b><i>Mining and Poverty Reduction</i></b> <ul style="list-style-type: none"> <li>Address sustainable development implications of mining within collaborative policy decision-making processes and initiatives, such as PRSP, HIPC, CAS, etc.</li> <li>Engage at various levels of government to ensure that opportunities provided by 'predictable' mining revenues are linked to MDG attainment.</li> <li>Ensure operational NGOs are involved in building and delivering social investment capacity.</li> </ul>	N2	<b><i>Mining and Poverty Reduction</i></b> <ul style="list-style-type: none"> <li>Address sustainable development implications of mining within collaborative policy decision-making processes and initiatives, such as PRSP, HIPC, CAS, etc.</li> <li>Engage at various levels of government to ensure that opportunities provided by 'predictable' mining revenues are linked to MDG attainment.</li> <li>Ensure operational NGOs are involved in building and delivering social investment capacity.</li> </ul>
C3	<b><i>Social Investment and Compensation</i></b> <ul style="list-style-type: none"> <li>Engage in participatory processes to identify negative local 'impacts' and avoid, mitigate or compensate. Make clear distinction between impacts and social investment.</li> <li>Engage in participatory processes to identify social investment needs or priorities – and partner for sustainability.</li> <li>Assess existing infrastructure and delivery mechanisms/ organizations as basis for determining more sustainable social investment opportunities.</li> <li>Avoid short term opportunistic 'investments' (e.g. to 'buy-off' local objections) which can undermine medium term development outcomes. However, do not rule out 'one-off' or programmatic investments</li> </ul>	G3	<b><i>Social Investment and Compensation</i></b> <ul style="list-style-type: none"> <li>Clearly define policy on expectations of companies with respect to compensation and facilitate partnership approaches for social investment.</li> <li>Build capacity at the local and regional level for coherent planning and policy implementation to allow balanced partnership between companies, local government agencies and community organisations (e.g. including introducing 'high-capacity' short term interventions such as Local Development Agencies (see G1 above).</li> <li>Plan for longer-term sustainability of company or NGO supported social infrastructure.</li> </ul>	D3	<b><i>Social Investment and Compensation</i></b> <ul style="list-style-type: none"> <li>Engage in participatory processes to identify social investment needs and priorities.</li> <li>Provide loans (perhaps guaranteed against the subsequent flow of mining revenue) to support rational development of social infrastructure.</li> <li>Engage as honest broker where necessary in support of effective partnerships.</li> </ul>	N3	<b><i>Social Investment and Compensation</i></b> <ul style="list-style-type: none"> <li>Engage in participatory processes to identify social investment needs and priorities.</li> <li>Partner on community-focussed social investment initiatives in support of effective partnerships.</li> </ul>

	with a high rate of social return						
C4	<p><b>Dispute Resolution and Communication</b></p> <ul style="list-style-type: none"> <li>Integrate credible dispute resolution mechanisms from the early stage of development.</li> <li>Link dispute resolution to local trusted institutions (where possible) to enhance credibility.</li> <li>Structure communication to support participatory development, with a broad stakeholder base.</li> <li>Engage in open dialogue to communicate a balanced perspective on the contribution of mining to economic and social development (e.g. with government, donors, and communities).</li> </ul>	G4	<p><b>Dispute Resolution and Communication</b></p> <ul style="list-style-type: none"> <li>Adopt leadership roles in resolving conflicts related to mining and create mechanism to resolve disputes within legitimate political institutions.</li> <li>Avoid short-term 'fixes' that undermine longer term planning for economic development and poverty alleviation.</li> <li>Adopt international best practice for resettlement (e.g. WB guidance, particularly where governments 'clear' sites for companies).</li> </ul>	D4	<p><b>Dispute Resolution and Communication</b></p> <ul style="list-style-type: none"> <li>Ensure that there is 'space' to identify, document and resolve disputes within legitimate political institutions.</li> <li>Support all parties to achieve a balance between the rights of affected groups and individuals (accounting for vulnerabilities) with the broader potential for economic development and poverty alleviation.</li> </ul>	N4	<p><b>Dispute Resolution and Communication</b></p> <ul style="list-style-type: none"> <li>Ensure that there is 'space' to identify, document and resolve disputes within legitimate political institutions.</li> <li>Support all parties to achieve a balance between the rights of affected groups and individuals (accounting for vulnerabilities) with the broader potential for economic development and poverty alleviation.</li> </ul>
C5	<p><b>Artisanal and small scale mining (ASM)</b></p> <ul style="list-style-type: none"> <li>Work cooperatively with artisanal and small scale miners in tandem with government initiatives. Consider fostering growth of organised small-scale mining companies/cooperatives to work on more marginal (for large-scale companies) deposits, with capacity/technology support and seed funding</li> </ul>	G5	<p><b>Artisanal and small scale mining</b></p> <ul style="list-style-type: none"> <li>Be proactive in providing effective institutional and policy frameworks for managing ASM and related migrant workforces, in support of poverty alleviation. Use creative mechanisms (e.g. small scale mining companies/cooperatives) and work with private sector to realise opportunities.</li> </ul>	D5	<p><b>Artisanal and small scale mining</b></p> <ul style="list-style-type: none"> <li>Advise governments on how best to formalise ASM activities.</li> <li>Help government integrate artisanal and small scale mining activities into national and regional development plans.</li> </ul>	N5	<p><b>Artisanal and small scale mining</b></p> <ul style="list-style-type: none"> <li>Advise governments on how best to formalise ASM activities.</li> <li>Help government integrate artisanal and small scale mining activities into national and regional development plans.</li> </ul>