

Position statement

ICMM Statement on the Extractive Industries Transparency Initiative

The extractive industries can be an important engine for economic growth and social development in developing and transition countries including through the tax revenues which they generate for governments. However a lack of accountability and transparency in the way in which these revenues are managed can exacerbate poor governance and contribute to corruption, conflict and poverty. Here at the third Extractive Industries Transparency Initiative (EITI) conference in Oslo, ICMM recognizes the contribution that EITI can make to the fight against corruption, to improving governance and to the debate about how extractive revenues can be used most sustainably. Thus ICMM re-iterates its continued support for the initiative and for the recent report of the International Advisory Group (IAG).

Paul Mitchell, ICMM Secretary General, said at the EITI workshop in Gaborone on 28 July 2006 "For business, transparency is important in ensuring long-term security of investments which, in turn, requires demonstration to affected communities that mining revenues are contributing to economic and social progress. ICMM members have been strong public supporters of the EITI since its inception. We believe that improving transparency should be part of broader governance improvement programs in order to deliver long-term economic growth and poverty alleviation."

Policy research through the ICMM Resource Endowment initiative, carried out in partnership with the World Bank and UNCTAD, has demonstrated that mining investment can help trigger economic growth and poverty reduction in developing countries, if pursued in parallel with policy and institutional reforms. Targeted macro-economic reforms and improved mining legislation are key determinants of development impact at national and local levels for mining investments. Transparency should be an important part of these reforms. But, transparency in revenue payments to governments is a necessary but only partial condition of development effectiveness in the mining sector.

Greater transparency must be seen as a part of broader necessary governance reforms to encourage beneficial investment. Further, this issue is not restricted to emerging economies; OECD countries should also play a more active role in promoting EITI implementation. The acceptance of the Kimberley Process was increased through its endorsement by the UN General Assembly and it may be that the legitimacy of EITI would be similarly strengthened by such an endorsement.

ICMM's Resource Endowment initiative also points to the need for transparent arrangements at the sub-national level to ensure that the revenues are used for development purposes. To date, donor reform (and much of the NGO focus) has concentrated almost exclusively on introducing transparency at the national level. Where there are provisions for a proportion of extractive revenues to be returned to specific mining regions and this does not occur, it can lead to a decline in trust and can worsen the investment environment.

ICMM is pleased to endorse the Statement of Outcomes from the 3rd Plenary Conference in Oslo, 16-17 October, 2006 and reiterates it's strong and continuing support for the Extractive Industries Transparency Initiative going forward.