

Mining: Partnerships for Development

POSITION STATEMENT

January 2010

All ICMM member companies commit to implement and measure their performance against a set of 10 sustainable development principles. Where members have sought greater clarity on some of the key challenges facing the industry, ICMM has developed supporting position statements.

OVERVIEW

ICMM members seek to be partners of choice for host countries and communities in developing mineral resources. Helping to ensure that the companies' investments in these resources enhance social and economic development locally and nationally is an important part of accomplishing this goal.

Such broad development outcomes, however, are beyond the exclusive control of companies. The approach taken by governments and other state agencies, as well as by development agencies, organized labour and civil society groups, can shape outcomes as much if not more than ICMM member company activities (for example, the ways in which taxes on mineral revenues are spent by governments). Governments have core responsibilities which need to be met. By working in constructive partnerships with other stakeholders, ICMM member companies can play a positive role.

This point has been reinforced through research by ICMM's Resource Endowment initiative which has demonstrated that large-scale mining can provide low income countries with an important, and sometimes critical, economic boost, helping them to reduce poverty and re-engage in the global economy. In those countries where such positive outcomes have not been achieved, reforms to strengthen public sector governance, whether at the national or regional levels, may hold the key to progress. Companies can contribute to addressing such governance gaps through involvement in multi-stakeholder partnerships.

The purpose of this position statement is to take forward the work of the Resource Endowment initiative – which was developed in partnership with the World Bank Group and the United Nations Conference on Trade and Development (UNCTAD) – by encouraging broad application of its recommendation for multi-stakeholder development-focused partnerships. It makes explicit ICMM member companies' commitment to actively support or help develop such partnerships at global, national and community levels.

ICMM hopes that an increasing number of governments, development agencies and civil society groups will further engage with ICMM members through such partnerships to enhance mining's development contribution.

BACKGROUND ON ICMM PRINCIPLES AND POSITION STATEMENTS

All ICMM member companies are required to implement the ICMM Sustainable Development Framework. This includes commitments to implement 10 principles throughout their businesses, to report in line with the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines and Mining and Metals Sector Supplement, and to obtain independent external assurance that the ICMM commitments are being met (this framework is described in detail at www.icmm.com).

The ICMM principles of particular relevance to this position statement are:

- **Principle 1:** Implement and maintain ethical business practices and sound systems of corporate governance
- **Principle 2:** Integrate sustainable development considerations within the corporate decision making process
- **Principle 3:** Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities
- **Principle 9:** Contribute to the social, economic and institutional development of the communities in which we operate
- **Principle 10:** Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders.

In accordance with the principles, ICMM has also developed a number of position statements which further elaborate member commitments to particular issues. Company members are obliged to comply with these statements by incorporating them into their operational practices.

The position statements on Transparency of Mineral Revenues (May 2009) and Mining and Indigenous Peoples (May 2008) are also relevant to 'Mining: Partnerships for Development'.

RECOGNITION STATEMENTS

ICMM members recognize:

- research undertaken as part of the ICMM-led Resource Endowment initiative since 2004 has highlighted the success factors which allow investment in mining and mineral resources to be a significant driver of economic growth and poverty reduction and to help catalyze growth in low income countries (see www.icmm.com/resource-endowment)
- investment in mining and mineral resources does not always lead to positive social and economic outcomes. An analysis for the Resource Endowment initiative of 33 mineral dependent countries carried out in 2004 showed that while around half had been broadly successful when judged against a range of socio-economic indicators, the other half had performed poorly, with many of these countries experiencing difficulties associated with the 'resource curse'. This calls for greater effort to apply proven success factors as mining investment takes place
- finding ways to enhance mining and minerals' social and economic contribution is more important than ever. For example, a United Nations Development Programme (UNDP) Human Development report from 2007/08 estimated that there are around 1 billion people living on less than one dollar per day, while 40% of the world's population – or 2.6 billion people, are living on less than 2 dollars per day
- research indicates that the most important determinant of whether mining will contribute to economic growth and poverty reduction is the overall governance framework, both corporate and sovereign. The Resource Endowment initiative findings point to the importance of sound public sector management by national and regional governments and sound corporate governance
- partnerships between companies, governments, development agencies and civil society can help fill capacity and governance gaps where necessary and can also help to expand, broaden and deepen the overall socio-economic contribution from mining and metals investments. These partnerships can drive progress on issues that companies acting alone may not have the capacity or mandate to address. ICMM and its partners have identified the following six priority themes:
 - 1 Mining and poverty reduction
 - 2 Mining and economic development – revenue management
 - 3 Mining and economic development – regional development planning
 - 4 Mining and economic development – local content
 - 5 Mining and social investment
 - 6 Mining and dispute resolution.

Each of the six themes is described at www.icmm.com/mpd (first published in Ways Forward, Resource Endowment spotlight series 03 in April 2006).

COMMITMENTS

In addition to existing commitments under the ICMM Sustainable Development Framework, ICMM member companies commit to actively support or help develop partnerships with other stakeholder groups with the aim of enhancing the social and economic contribution of mining through development partnerships. In practical terms this means:

1 at the **global level**, members companies can either individually or collectively through ICMM:

- publicly and prominently support 'Mining: Partnerships for Development'. This will constitute a high profile statement of willingness to work with development agencies, host governments, civil society organizations, and local communities to enhance mining and metals' contribution to social and economic development (and is in line with ICMM's overall goal of working in partnership with stakeholders across the range of sustainable development issues.)

- at appropriate international fora, actively encourage development agencies, governments, and civil society organizations to support 'Mining: Partnerships for Development'. In practical terms, this will mean encouraging such stakeholders to join with industry in developing partnerships across one or more of the six priority themes set out above.

2 at the **national and community levels**, for major mining projects or major potential investments in regions where socio-economic outcomes are highly uncertain or where there are significant opportunities to enhance such outcomes, member companies commit to:

- develop an understanding of the social and economic contribution of the project, including an analysis of the barriers that might weaken this contribution

- actively support or help develop partnerships or collaborations with other stakeholder groups across one or more of the six priority themes, with the aim of ensuring the project's full potential socio-economic contribution is realized. Stakeholder groups with whom such partnerships will be developed may include key international agencies (such as the UN Agencies, the World Bank Group, and bilateral donors), host governments, civil society organizations, and local communities.

3 at the **global, national and community levels**, member companies commit to:

- review, at suitable intervals, the relative success of the partnerships and collaborations pursued under one or more of the six priority themes which constitute 'Mining: Partnerships for Development' adapting these over time as appropriate to ensure they continue to contribute to the overall goal of enhancing the social and economic contribution of mining; and

- provide an overview of their work on such partnerships, as appropriate, in their annual external reporting and communications.

ICMM

The International Council on Mining and Metals (ICMM) was established in 2001 to act as a catalyst for performance improvement in the mining and metals industry. Today, the organization brings together 19 mining and metals companies as well as 30 national and regional mining associations and global commodity associations to address the core sustainable development challenges faced by the industry. Our vision is one of member companies working together and with others to strengthen the contribution of mining, minerals and metals to sustainable development.

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