

Extractive Industries Transparency Initiative

London Conference – 17 March 2005

Statement by the International Council on Mining and Metals (ICMM)

The ICMM principles include clear commitments to the goals advanced by the Extractive Industries Transparency Initiative (EITI). Among these are *"implementing policies and practices that seek to prevent bribery and corruption;"* and *"working with governments, industry and other stakeholders to achieve appropriate and effective public policy, laws, regulations, and procedures that facilitate the mining, minerals and metals sector's contribution to sustainable development within national sustainable development strategies"* (Principle 1).

In June 2003, ICMM issued a statement of support for the EITI Principles, which are designed to encourage high standards of transparency and accountability in public life, government operations and in business. ICMM members committed to reporting all payments made to governments to the assigned "aggregating body" in countries implementing EITI. Since then, ICMM has been an active member of the EITI core group and participated in key activities, including the ministerial-level launch of EITI in the Kyrgyz Republic.

ICMM welcomes this conference's objectives. ICMM respects the rights of sovereign governments to make their own decisions regarding revenue transparency, but recognises the contribution that greater transparency can make to combating corruption and stimulating discussion on the sustainable uses of such revenues. Given the importance of revenue transparency for well-functioning economies and good governance, ICMM members will facilitate and cooperate fully with governments that adopt these principles. Accordingly, ICMM members will assist governments that endorse EITI through the following actions:

- Regular publication of all payments made to governments implementing EITI;
- Support the credible, independent and published audit of these payments;
- Support civil society's engagement in this process; and
- Contribute to the implementation of an agreed public, costed, time-bound action plan, and measure achievements against targets set on the plan on a regular basis.

ICMM recognises the governance and macro-economic challenges posed by a high level of dependence on natural resource revenues. Paragraph 46 of the Johannesburg Plan of Implementation, agreed at the World Summit on Sustainable Development, states that: *"mining, minerals and metals are important to the economic and social development of many countries. Minerals are essential for modern living."* Seeking to boost our industry's positive role in sustainable development, ICMM is supporting enhanced revenue management through its Resource Endowment initiative. This builds on ICMM's June 2003 commitment to EITI regarding transparency of payments to focus on transparency of budget preparation and execution and sound management of public expenditure. ICMM also supports transparency in the sub-national redistribution of mineral revenues, particularly where this is a feature of a country's constitutional or legislative arrangements.

The Resource Endowment initiative looks at ways to harness mineral wealth to stimulate national and local economic development. Its aim is to identify policy actions, operational practices, and partnership arrangements that will deliver improved outcomes on the ground. The research will identify underlying reasons for national and community success and pinpoint practical lessons for companies, governments and other stakeholders. A high-level advisory group provides independent oversight. The World Bank and the United Nations Conference on Trade and Development are participating in the research, which is expected to be completed in late 2005.

ICMM welcomes the greater international awareness and recognition of transparency issues in the extractives industries that have been achieved by the EITI over the past two years. ICMM is committed to continue supporting this process.