

ICMM says partnerships needed to overcome the 'resource curse' and achieve sustainable development

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Major mining companies need to work in partnership with others to achieve real poverty reduction in developing countries, John Groom, an ambassador for the International Council on Mining and Metals (ICMM) told a keynote session at PDAC 2010 on factors influencing exploration and development in the next decade.

ICMM conducted research on 33 countries with an established mining sector and found that about half of them, including countries such as Angola, the Democratic Republic of the Congo (DRC) and Sierra Leone, were not achieving poverty reduction and improvements in other human development indicators from their natural resources.

"We found that mining had failed to bring development in some countries and instead fueled conflict and economic stagnation," Groom said. But other countries, including Botswana, South Africa and Chile were doing much better.

To try to understand why mining succeeded in reducing poverty in some countries, the ICMM commissioned research on Peru, Chile, Ghana and Tanzania.

Their economic success was striking in some regards. In Ghana the per capita growth rate stabilized and remained positive every year following the introduction of a mining code in 1983, after a previous history of erratic and volatile swings.

Similar experiences of stabilized and positive growth were found in the other countries.

Many factors were identified that contributed to improvement including good governance and improved financial transparency.

"Where governance systems are weak, multi-stakeholder partnerships in six priority areas can help maximize development outcomes," Groom said.

The six areas are: poverty reduction, revenue management, regional development planning, local content purchasing, social investment and dispute resolution.

"Companies cannot deliver these outcomes by themselves," he said.

Instead companies must work with three other groups: host governments; donor agencies like the World Bank and the United Nations, and non-governmental organizations, civil society and local communities.

Developing partnerships for poverty reduction among those groups is critical to improving outcomes.

“ICMM’s role is to foster and foment to institute a revolution to get these partnerships to work,” Groom said.

The ICMM’s initiative is aimed at major mining companies but Groom says that juniors have a role to play too.

“It all starts at the exploration stage. If it starts well there, it will grow as it progresses,” he said. “Community engagement is very important. For one thing, exploration might not be successful and that, too, has to be communicated right from the start.”

Comprehensive community engagement practices as set out in programs like *e3 Plus*, the PDAC’s framework for responsible exploration, are critical to success, regardless of the size of the company, Groom said.

In answer to a question from a delegate later about whether Bill C-300, which is designed to punish companies that have been found to have failed to meet as yet unspecified requirements, he said that although he wasn’t familiar with the proposed legislation, he was skeptical about how it would work.

“What on earth are you trying to regulate? Community engagement? There is no standardized blueprint for that. . . . So I can’t see how the government could do it.”