

TASK FORCE ON IMPLEMENTATION OF THE MINING POLICY FRAMEWORK



INTERIM REPORT

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SUMMARY

At the World Summit on Sustainable Development in 2002, a number of countries with an interest in mining decided to take action to ensure and enhance the contributions of mining to sustainable development and to identify the priorities that needed to be addressed. As a result, the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) was formed and has become the leading global intergovernmental policy forum on mining and sustainable development.

The objectives of the IGF are to improve and promote the contribution of the mining, minerals and metals sector to sustainable development and poverty reduction. In 2010, members of the IGF prepared a comprehensive Mining Policy Framework (MPF), which represents the best practices required for good environmental, social and economic governance of the mining sector and the generation and equitable sharing of benefits in a manner that will contribute to sustainable development.

The Framework has universal application. It is as ambitious as it is necessary, particularly for developing countries. It represents the commitment of the IGF members to ensuring that mining activities within their jurisdictions are compatible with the objectives of sustainable development and poverty reduction. The MPF underlines the need for the international community, particularly the UN, World Bank and donor agencies, to increase its capacity to work in the mining/metals sector and to support capacity building and other assistance in the mining/metals sector of developing countries.

At the 2011 IGF Annual General Assembly, a Task Force was formed to prepare a Programme of Work for the Implementation of the MPF. The Task Force was mainly charged with the responsibility of identifying ways in which IGF member countries would implement the MPF, and also coming up with an Outreach Programme of the MPF to other stakeholders.

This Implementation Plan is centered on three priority themes. These are: legal and policy framework; financial benefit optimization; and socio-economic benefit optimization. The main sources of information have been the MPF itself as well as other existing sub-regional, regional and international initiatives such as the Africa Mining Vision and UNCTAD Initiatives. The Plan highlights main and sub-activities, expected outcomes, timelines, monitoring indicators and main actors. The prepared Implementation Plan for the Forum will cover the period from 2011 through 2013.

BACKGROUND TO THE MPF

The Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) through its work program supported by an extensive survey of mining in member countries came up with a comprehensive Mining Policy Framework (MPF) which was endorsed by Forum members during the 2010 IGF Annual General Meeting. The MPF is a compendium of activities that Forum members have identified as best practices for exercising good governance of the mining sector and promoting the generation and equitable sharing of benefits in a manner that will contribute to sustainable development.

Forum members agree that good governance of both public and private institutions is a necessary condition for the contribution of the sector to sustainable development. The key aspect of good governance for mining relates to the proper management of the mining activity itself. Sustainability however needs to go beyond the mining activity. Like any other business, a mine will close at some time. Sustainability is the outcome of transforming the assets generated in the course of mining into other forms of assets that persist beyond the mine closure and are tools for development beyond the mining sector. This process also requires good governance in the management of all the revenue streams resulting from mining investments, such as foreign capital inflows, royalties, licence fees, direct and indirect tax revenues, infrastructure investment and the like.

Forum members have made great progress over the last few years towards putting in place many of the processes outlined in the MPF. They are also aware of the need to improve the functioning of those processes. This raises the issue of capacity for good governance.

The Framework is therefore a call to the international community, particularly the UN and donor agencies, to enhance support towards capacity building that promotes the good governance of the mining/metals sector and its contribution to sustainable development. Starting in the nineties, most development agencies exited support for the sector. There is a need for renewed focus on capacity building to ensure that the lessons learned in the recent past become the reference or base line of mining globally.

The MPF contains six key themes which are: legal and policy environment; financial benefit optimization; socio-economic benefit optimization; environmental management; post-mining transition; and artisanal and small scale mining. The Forum wishes to sustain attention to all six themes. However, the first three themes will be accorded particular attention between 2011 and 2013.

ACTION PLAN FOR IMPLEMENTATION OF THE MPF

General Implementation Plan of the MPF includes the following:

1. Generating a list of regional meetings to be utilized in promoting the IGF and the MPF in particular.
2. Developing a standard presentation to be used by IGF representatives in regional meetings to promote the IGF and MPF. Presenters should be able to improve the presentation to suite the purpose of the meeting.
3. Conducting a systematic survey on how IGF member countries are incorporating the MPF in their endeavor. Ensure regular review and evaluation of progress made in the implementation of the MPF by member countries.
4. Preparing flyers for promoting the IGF and MPF. The flyers should be in English, Spanish, French, Portuguese, Arabic and Russian. These promotional materials should be distributed to all member countries for distribution in local, sub-regional and regional mining related events.
5. Identifying topics and expert speakers or panelists for presentations/panel discussion at the IGF Annual Assembly. Such presentations should be in line with the three priority themes (legal and policy framework; financial benefit optimization; and socio-economic benefit optimization).
6. Compiling key documents and best practices from member countries in line with the objectives of the Forum for sharing with members at the IGF Annual Assembly. More focus should be on sharing of lessons learned, progress made and best practices.
7. Setting up a website or an online collaboration space with information on experiences and best practices relating to the chosen three themes: legal and policy framework; financial benefit optimization; socio-economic benefit optimization.
8. Identifying member countries with outstanding performance in each theme to prepare a presentation on best practices, challenges faced and way forward.
9. Providing capacity building and training where necessary to assist member countries with regard to the implementation of the MPF.

10. Promote increased research and development under the 3 priority themes to unearth challenges and come up with recommendations for improvements.
11. Consider using key partners as the framework for ASM issues.

The following are proposed main activities, sub-activities, timeframe, expected outcomes, monitoring indicators and main actors for each theme:

1. LEGAL AND POLICY ENVIRONMENT

Governments require a broad set of policies, laws, regulations and guidelines to manage social and environmental risks and impacts, to maximize social and economic benefits from mining activities, and to enhance development opportunities related to mining investment. In addition, institutional capacity needs to be in place for informed and timely decisions on mining environmental and socio-economic corporate plans, and for ongoing monitoring and enforcement.

A mature modern legislative regime is one that provides clear lines of responsibility and accountability. Such a regime is the foundation of governance and contributes to sustainable development in all aspects of social and economic life. A mining industry that makes the best contribution to national goals will operate in such an environment.

The existence and accessibility of intellectual and institutional capacity to develop, put in place, and give effect to laws and policies is essential. This is not a mining issue but for countries dependent on mining with its dimensions of direct foreign investment, potential for large revenue generation and for large impacts on economic, social and environmental conditions, it assumes a special importance. It is possible to distinguish between the major elements of the legal and policy environment and those that are specific to mining, but they are all needed.

This theme seeks to mainstream the MPF into the mineral policies and regulatory frameworks of IGF member countries so as to ensure realization of mature modern legislative regimes that provide the foundation of good governance and contributes to sustainable development in all aspects of social and economic life.

Theme 1: Legal and Policy Environment

Work Programme (Main Activity)	Sub-Activities	Time Frame	Expected Outcomes (Deliverables)	Monitoring Indicators	Main Actors (Responsible Bodies)
Put in place an effective Mining Cadastre system, backed by law	<ul style="list-style-type: none"> a) To sensitize member countries without a Mining Cadastre system to consider setting it up. For those countries which would require some form of financial assistance, to seek funds from institutions and bilateral donors (such as the World Bank and Nordic Development Fund) to set up a cadastre system to monitor and regulate mineral licensing. b) To give specific guidance on necessary legislative amendments to efficiently operationalize a cadastre system. c) To facilitate institutional reforms and capacity building needed for efficient and effective utilization of a cadastre system in monitoring and regulating mining licenses. d) Member countries with a cadastre system to strengthen relationships to share with each other, challenges and best practices. e) To facilitate strengthening of member countries' cadastre systems by improving the hardware, software, human resources and develop mechanisms to sustain the system. 	MT	<ul style="list-style-type: none"> a) Timely issuance of mineral rights. b) Increased efficiency of the administration and awarding of mineral rights. c) Compliance with the payment of fees and rents. d) Security of tenure. e) A solid database of mineral rights with their status, location, ownership, transfers, assignments, fees and dues paid, and other relevant information. f) Easy access to information on mineral rights. g) Increased transparency in the administration of mineral rights. h) Enforcement of minimum work requests. 	<ul style="list-style-type: none"> a) Number of mineral rights captured into the mineral cadastre database. b) Time it takes from lodging the application to receiving the mineral right applied for. c) Existence of functioning mineral rights database and cadastre. d) Frequency of boundary conflicts of mineral right holders. 	Member countries Secretariat UNCTAD CIDA
Establish system of contract law, including arbitration.	<ul style="list-style-type: none"> a) Capacity building in contract negotiations and management. b) Conducting an assessment (a survey) of existing mineral development agreements to 	MT	<ul style="list-style-type: none"> a) Model MDA developed to serve as framework. b) Equitable sharing of benefits resulting from 	<ul style="list-style-type: none"> a) New MDAs based on new framework b) Increased confidence of stakeholders in the 	Member countries

Work Programme (Main Activity)	Sub-Activities	Time Frame	Expected Outcomes (Deliverables)	Monitoring Indicators	Main Actors (Responsible Bodies)
	<p>establish basic facts (lessons learned; what works and what does not work)</p> <p>c) Developing a model mining development agreement which ensures a win-win situation between the investor and the government.</p> <p>d) Identifying necessary knowledge and skills in contract negotiations to build capacity of government officials.</p> <p>e) Liaise with bilateral donors and international financial institutions to establish a legal advisory capacity to support IGF member countries during crucial negotiations of contracts.</p>		<p>mining operations.</p> <p>c) Security of tenure.</p> <p>d) Strengthened transparency in contract negotiations and management.</p> <p>e) Short period taken to negotiate contracts, but ending up with an optimal deal.</p>	<p>new MDAs</p> <p>c) Increased benefits from exploitation of mineral resources.</p> <p>d) Frequency of disputes.</p> <p>e) Dispute mechanisms used and level of satisfaction of the parties in the outcomes.</p>	
Have an informed; transparent and timely decision making process.	<p>a) Institutional reforms</p> <p>b) Legal reforms</p> <p>c) Transparent licensing procedures</p> <p>d) Harmonization of laws and regulations relevant to the administration of the mining sector.</p> <p>e) Streamline linkages and coordination of government institutions in the administration of the mining sector.</p> <p>f) Efficient record keeping practices and systems.</p>	ST/MT	<p>a) Stable mineral policy and legislation. Increased efficiency and transparency in the management of the mineral sector.</p> <p>b) Increased investor confidence in the mineral sector of member countries.</p> <p>c) Improved coordination of key government agencies responsible for the mineral sector.</p>	<p>a) Level of implementation of the updated legal regimes to improve the mineral sector.</p> <p>b) Decrease in time it takes to retrieve relevant information.</p> <p>c) Globally competitive investment climate.</p>	Member countries.
Ratification of and adherence to relevant	Ensure that, IGF member countries support ratification and adherence to international treaties and conventions	ST/MT	a) A well-governed mineral sector that observes international treaties and	a) Level at which IGF member countries have ratified and	Member countries.

Work Programme (Main Activity)	Sub-Activities	Time Frame	Expected Outcomes (Deliverables)	Monitoring Indicators	Main Actors (Responsible Bodies)
international treaties and conventions.	such as Equator Principles, Global Compact, Universal Declaration of Human Rights, EITI, Cyanide Code, etc.		<p>conventions.</p> <p>b) Improved human rights in member country's mineral sector.</p>	<p>domesticated to international treaties and conventions relevant to mining.</p> <p>b) Level of implementation of ratified treaties.</p> <p>c) Public and stakeholders appreciation of the performance of the mineral sector in the IGF member countries.</p>	
Have a transparent and stable financial codes and taxation regimes, mining specific.	<p>a) Develop fiscal models to evaluate components of tax regimes for leakages and transfer pricing.</p> <p>b) Capacity building for government officials of member countries to be able to design prudent mineral tax regimes; evaluate tax regime leakages and transfer pricing; and conduct effective tax audits to unearth tax evasion practices. The devised tax regime should not discourage mining investment.</p> <p>c) Conduct a study on incentives offered by governments to mining entities and how they benefit both parties.</p> <p>d) Strengthen transparency, accountability and access to information.</p> <p>e) Have an effective oversight to the</p>	ST/MT	<p>a) Transparent and stable fiscal regime applicable to mining.</p> <p>b) Enhanced capacity of government officials to design and administer tax laws applicable to mining.</p> <p>c) Significant application of fiscal models resulting in improved mineral revenues due to Governments.</p> <p>d) Up-to-date data on mining incomes, royalties and their distribution.</p> <p>e) Publication of mining revenues and how it is utilized.</p>	<p>a) Level of improvement in fiscal revenue collected by member countries.</p> <p>b) Win-win situation between government and mining entities.</p> <p>c) Level of community or public confidence in efficiency of tax regime.</p>	<p>Member countries</p> <p>Secretariat</p> <p>UNCTAD</p> <p>CIDA</p>

Work Programme (Main Activity)	Sub-Activities	Time Frame	Expected Outcomes (Deliverables)	Monitoring Indicators	Main Actors (Responsible Bodies)
	<p>sector.</p> <p>f) Organize forums/workshops or presentations aimed at sharing experiences and improving national capacity in effective monitoring of compliance with taxation laws.</p> <p>g) Develop guidelines, templates and toolkits for optimizing revenue collection from the mineral sector for consideration by the IGF member countries.</p> <p>h) Provide advisory services to member countries on fiscal and tax issues.</p> <p>i) Develop effective research and monitoring systems to inform renegotiations and review of fiscal regime.</p> <p>j) Develop form for exchange of information between IGF member countries and effect collaboration to avoid “race to the bottom”</p>				
Insist on community engagement over the life of the mining project.	<p>a) Conduct a study on how local communities in different countries are involved by mining entities over the life of the project in matters relevant to them. Come up with the best approach on community engagement.</p> <p>b) Design a credible corporate social responsibility framework/model for consideration by member countries.</p> <p>c) Develop a revenue sharing model and guideline for equitable sharing of mineral wealth to be considered</p>	ST/MT	<p>a) Community Development initiatives by mining entities fully driven and supported by the local community.</p> <p>b) Sustainable CSR projects.</p> <p>c) Improved stakeholder collaboration in the management of the mining sector</p> <p>d) CSR guidelines developed for implementation.</p>	<p>a) Degree to which local communities benefit from mining projects.</p> <p>b) A social licence to operate granted to mining entities by local communities.</p> <p>c) Level of implementation of CSR guidelines.</p> <p>d) Amenities provided to local</p>	<p>Member countries</p> <p>Secretariat</p>

Work Programme (Main Activity)	Sub-Activities	Time Frame	Expected Outcomes (Deliverables)	Monitoring Indicators	Main Actors (Responsible Bodies)
	<p>by the IGF member countries. The model shall guide in partial allocation of mineral revenue to communities near mining areas and local authorities.</p> <p>d) Design strategies for improved local communities' benefit from mining projects through access to jobs, education, infrastructure, health services, water and sanitation.</p> <p>e) Develop guidelines, templates and toolkits to guide local communities in member countries to negotiate sound partnership agreements with mining entities.</p> <p>f) Build capacities of local communities to negotiate impacts and benefits agreements with mining entities.</p>		<p>e) Improved benefits to local communities.</p>	<p>communities and impact of their standard of living.</p> <p>e) Frequency of disputes between mining companies and communities.</p>	
<p>Have in place policies, laws and regulations that favor local procurement of goods and services and local employment.</p>	<p>a) Enhance transparent procurement arrangements by mining entities.</p> <p>b) Create knowledge of mines requirements of goods and services; and a database on locally available goods and services for the mining sector.</p> <p>c) Develop strategies aimed at building capacity of locals in member countries to be able to supply quality goods and services to the mining sector.</p>	<p>ST/MT</p>	<p>a) Laws and regulations developed to enhance local content in the mining sector.</p> <p>b) Progressive increase in goods and services procured by mining companies locally and decrease in imports.</p> <p>c) Job creation</p> <p>d) Increased integration of the mineral sector to the rest of the economy.</p> <p>e) Increased benefits of mining to the local</p>	<p>Degree of goods and services developed locally and used by the mining industry.</p>	<p>Member countries.</p>

Work Programme (Main Activity)	Sub-Activities	Time Frame	Expected Outcomes (Deliverables)	Monitoring Indicators	Main Actors (Responsible Bodies)
			economy.		
Strengthen generation, access and utilization of geological information.	<ul style="list-style-type: none"> a) Organize training workshops to enhance the capacity and role of national geological institutions; b) Improve resourcing of national geological survey institutions; c) Increase regional mapping and exploration activities to upgrade mineral inventories and Geo-scientific information base. d) Adopt and implement sub-regional mapping and mineral inventory programmes including through the use of modern remote sensing techniques. e) Scale-up efforts to standardize geological information management methods and approaches (e.g. stratigraphy, cadastre, legends, etc.) f) Develop a continent-wide mapping and mineral inventory programme and mobilize the necessary resources to implement it. 	ST/MT	<ul style="list-style-type: none"> a) Improved geological and mining information systems to underpin investment in exploration and mine development. b) Improved capacities in mineral data management. c) Plan developed for utilization of mineral resources within the sub regions or continent wide. 	<ul style="list-style-type: none"> a) Levels of improvement in geological knowledge and mineral potential. b) Existence of functioning geo-scientific databases and cadastres. c) Number of joint exploration programmes across member States. d) Uniform geo-scientific data formats across member States. 	<p>Member Countries.</p> <p>Secretariat</p>
Ensure periodic updating of mining codes and standards.	<ul style="list-style-type: none"> a) Build on previous studies and international best practices to periodically update legal, fiscal and regulatory frameworks for the mining sector. b) Organize forums/presentations to enable member countries to share best practices and challenges in designing and administering mining codes and standards. 	ST/MT	<ul style="list-style-type: none"> a) An up-to-date legislative regime that provides clear lines of responsibility and accountability. b) Improved mining codes and standards in line with international best practices. 	<ul style="list-style-type: none"> a) A modern legislative regime that ensures sustainable development of mineral resources. b) Level of implementation of revised mining codes. 	<p>Member countries</p> <p>Secretariat</p>

Work Programme (Main Activity)	Sub-Activities	Time Frame	Expected Outcomes (Deliverables)	Monitoring Indicators	Main Actors (Responsible Bodies)
Have in place policies and strategies for ASM.	<ul style="list-style-type: none"> a) Review policies, laws and regulations to formalize the ASM sub-sector. b) Develop strategic framework to improve ASM. Take on board initiatives and strategies from CASM and other groups. c) Develop guidelines and toolkits to upgrade knowledge, technologies and skills of ASM. 	ST/MT	<ul style="list-style-type: none"> a) A sustainable ASM that contributes positively to economic growth and poverty alleviation. b) Formalized ASM operations. c) Improved efficiency of ASM operations. d) Reduced number of illegal miners operating in member countries. e) Improved health, safety and environment in ASM operations. 	<ul style="list-style-type: none"> a) Level of formalized ASM. b) Capacities of ASM operators. c) Level of implementation of strategic framework. 	<p>Member countries</p> <p>Secretariat</p>

2. FINANCIAL BENEFIT OPTIMIZATION

Governments need to ensure that tax and royalty revenues derived from exploration, mine development and mining reflect the value to society of the resources mined, and are collected and utilized for the sustainable development of the nation.

To this end, Governments should consider the implementation of a revenue generation (taxation and royalties) scheme that:

- Optimizes the return from the mining activity and the taxation agreements achieved with foreign and domestic investors in a manner that reflects the different realities they face;
- Optimizes the resource levy revenues to society during times of high prices, while minimizing the need for entities to reduce or end production during times of low prices, and supporting a variety of sustainable development objectives; and
- Seeks to integrate the mineral sector with other sectors of the economy so as to optimize the contributions of the mineral sector.

Large scale mining projects are long term in nature. They involve large upfront capital expenditures and are subject to significant uncertainties and risks: operational, economic, technological, geological, environmental and political. Most notably, the volatility of commodity prices means that revenue flows may vary widely.

Changing circumstances, both global and domestic over the life-cycle of the project, means that the apparent fairness (or unfairness) of agreements, will be dynamic. The political sensitivity in this area is always present and heightened when the investor is foreign.

While the scale of operations and investments will be vastly different, there will always be useful revenue streams, but also the price dynamics that will affect revenues as well as the level of acceptance of the taxation regime.

In addition to basic net profit tax on corporations, mine production is subject to a variety of levies. Much depends on the nature of the material being mined, but in many cases, national governments consider profit-based mining taxes or production-based royalties.

This theme seeks to mainstream the MPF into the mineral policies and regulatory frameworks of IGF member countries so as to ensure optimal financial benefits from the mineral sector.

Theme 2: Financial Benefit Optimization

Work Programme (Main Activity)	Sub-Activities	Time Frame	Expected Outcomes (Deliverables)	Monitoring Indicators	Main Actors (Responsible Bodies)
Optimize resource levy revenues during times of high prices and minimize the same during times of low prices.	<ul style="list-style-type: none"> a) Develop legal regime for implementing windfall taxes to ensure win-win circumstances. b) Implement strategies for investing windfall earnings and mineral rent stabilization funds, infrastructure funds and sovereign wealth funds. c) Negotiate or renegotiate contracts to optimize revenues and ensure fiscal space and responsiveness to windfalls. 	ST/MT	Improved revenue to Government.	<ul style="list-style-type: none"> a) Percentage share of mineral revenue b) Number of investment funds established to ensure intergenerational equity. 	Member countries
Integrate the mineral sector with other sectors of the economy to maximize its contribution.	<ul style="list-style-type: none"> a) Compile and share best practices on the integration of the mineral sector with other sectors of the economy. b) Develop strategies for integrating the mineral sector with other sectors of the economy. c) Develop and implement credible value addition and mineral beneficiation policies, laws and regulations based on the supply-chain analysis. d) Identify goods that can be manufactured locally to feed the mining industry. e) Collaborate with industry to ensure local goods produced will be patronized. f) Develop capacity of local producers to ensure goods and services are of high quality. 	ST/MT	<ul style="list-style-type: none"> a) Increased local content in the mineral industry. b) Enhanced domestic mineral beneficiation and value addition activities. c) Sustainable development of mineral resources. 	<ul style="list-style-type: none"> a) % increase of goods produced locally and used by the mining industry; and empowerment of citizens to supply goods and services in the mining industry. b) Level of domestic mineral beneficiation and value addition. 	Member countries Secretariat
Have adequate governmental capacity to negotiate financial terms and conditions of MDAs, to administer	<ul style="list-style-type: none"> a) Capacity building in contract negotiations and management. b) Conducting an assessment (a survey) on existing mining development agreements to 	ST/MT	a) Well trained officers in relevant areas (finance, auditing,	a) Percentage share of mineral revenue	Member countries

Work Programme (Main Activity)	Sub-Activities	Time Frame	Expected Outcomes (Deliverables)	Monitoring Indicators	Main Actors (Responsible Bodies)
the tax system and to audit financial records of mining entities.	<p>establish basic facts (lessons learned; what works and what does not work; best and worst case scenarios, etc.)</p> <p>c) Developing a model mining development agreement which ensures a win-win situation between the investor and the government.</p> <p>d) Identifying necessary knowledge and skills in contract negotiations for governments.</p> <p>e) Learning benefits gained by member countries through existing double taxation agreements.</p> <p>f) Facilitate capacity building to member countries in auditing financial records of mining entities to address the following main challenges:</p> <ul style="list-style-type: none"> • Abuse of signed contracts in mining to avoid taxes. • Under-declaration of taxable income through transfer pricing and related parties' arrangements. • Thin Capitalization to exploit interest tax shields. • Commodity and financial derivatives applied by mining entities to shift profit off-shore. • Intra-group management fees and technical services. <p>g) Organize forums/workshops and/or presentations to share best practices and challenges in the administration of tax laws for the mineral sector.</p> <p>h) Provide advice to the IGF member countries on fiscal and taxation issues where necessary</p>		<p>taxation etc.) to ensure Government derives maximum benefit from the exploitation of mineral resources.</p> <p>b) Win-win situation between the government and the investor.</p> <p>c) Enhanced capacity of government officials to negotiate mineral contract agreements; and to effectively audit financial records of mining entities to unearth tax evasion practices.</p>	<p>b) Public satisfaction on contribution of the mineral sector to the economy.</p> <p>c) Level of improvement in fiscal revenue collected by member countries.</p> <p>d) Increase in numbers of policy makers and other stakeholders attending capacity building workshops.</p> <p>e) Degree of improvement in the design of fiscal terms.</p>	<p>Secretariat</p> <p>UNCTAD</p>

Work Programme (Main Activity)	Sub-Activities	Time Frame	Expected Outcomes (Deliverables)	Monitoring Indicators	Main Actors (Responsible Bodies)
	or requested.				
Have an open and transparent data on tax and royalty flows and how it is distributed at the local, regional and national levels.	<p>a) Assess institutional capacity for acquisition of mining statistics and capacity for data management.</p> <p>b) Facilitate capacity building to member countries to address the following challenges:</p> <ul style="list-style-type: none"> • Possible under-valuation of minerals and gemstones not pegged to international markets. • Possible under-declaration of payable content in mineral ores. • Possible non-disclosure of recoverable precious metals from mineral ores and concentrates. <p>c) Develop a revenue sharing model and guideline for reasonable sharing of mineral wealth to be considered by the IGF member countries. The model should consider sharing of mineral revenues at the national, regional and local level.</p> <p>d) Develop an online network for IGF member countries to exchange information, data and good practices in mining.</p>	ST/MT	<p>a) Enhanced share of mineral revenue at all levels.</p> <p>b) A mining sector that is appreciated by all stakeholders.</p> <p>c) Improved transparency in the collection, management and distribution of mineral revenue.</p>	<p>a) Degree to which mining revenue is being distributed and applied to developmental needs at the national, region and local level.</p> <p>b) Public satisfaction on contribution of the mineral sector to the economy.</p> <p>c) Publication of mineral revenues in the national dailies and also at the local level.</p>	<p>Member countries</p> <p>Secretariat</p>

3. SOCIO-ECONOMIC BENEFIT OPTIMIZATION

The conversion of natural capital into human capital holds the greatest promise for sustainable outcomes from mining activities. Revenue generation has traditionally been the understandable focus of government interest in mining. However, a broader consideration of the full economic impact of mining operations suggests that direct revenues, welcome and important as they are, are not a complete measure and sometimes not even the most important measure of the economic and social capital impact of mining.

For all stakeholders, including governments but especially for communities in proximity to mines and mining-related activity, priorities shift in importance as they get closer to the daily life of communities. It is here that the conversion of natural capital into human capital is most relevant and holds the greatest promise for sustainable outcomes. The dynamics of demand created by the mine development and the supply responses require the development and deployment of human and financial resources.

There are measurable and significant economic consequences – including tax revenue and encompassing business and employment creation – that are under-reported but can be traced directly to the stimulus provided by mineral development.

Mines have sometimes been divorced from local dynamics with the focus on how the mine contributes to national revenue and little else. If mining is going to be intelligently planned and executed by governments and corporations holding permits, a broader context is essential as mining often represents opportunities for economic activity that in most cases represents an advance over what existed before.

Mining – exploration, construction, and operation – creates demand for Labour, goods and services. Satisfying those demands creates more demands for housing, feeding, educating and caring for those who respond to the initial requirements. This stresses the infrastructure but it is a positive stress when appropriately managed. In addition, there are opportunities – in most cases an urgent need – for skills training and up-grading. The perspective for managing the challenges must extend far beyond the boundary of mine operations if a holistic sustainable outcome is to be achieved.

This theme seeks to mainstream the MPF into the mineral policies and regulatory frameworks of IGF member countries so as to ensure optimal socio-economic benefits of mining.

Theme 3: Socio-economic Benefit Optimization

Work Programme (Main Activity)	Sub-Activities	Time Frame	Expected Outcomes (Deliverables)	Monitoring Indicators	Main Actors (Responsible Bodies)
Integrate mines and mining into the local, regional and national fabrics.	<ul style="list-style-type: none"> a) Conduct a study on how best mining benefits can be shared at local, regional and national level. The study should highlight best and worst cases. b) Conduct a socio-economic impacts and benefits of mining (country by country). c) Develop mineral revenue distribution systems for allocating part of mineral revenue to communities near mining areas and local authorities. 	ST/MT	<ul style="list-style-type: none"> a) Availability of sustainable economic activities in mining areas after closure. b) A sustainable participatory method for the sharing of mineral revenue available and documented. c) Available data on socio-economic impact of mining. d) Mineral revenue to districts and mining communities is done in open and transparent manner. 	<ul style="list-style-type: none"> a) Degree to which local authorities and communities benefit from mining projects. b) Level of developed non-mining activities that will last beyond the life of the mine and generate income for the future generations. c) Evidence of mining benefits projects at the districts and community level. d) Availability of auditing procedures to streamline mineral revenue usage in the host nation's economy. e) General guidelines for compensation, relocation and resettlement of owners or occupiers of land prior to commencement of mining operations. 	Member countries
Prioritize education at all levels through provision of physical infrastructure and human resources.	<ul style="list-style-type: none"> a) Develop a sound Public-Private Partnership and CSR policy in mining to improve the education infrastructure and human resources at all levels. b) Create a database of existing education and training institutions. c) Assess human resources and skills required for the 	ST/MT	<ul style="list-style-type: none"> a) Improved physical educational infrastructure and human resources in mining areas. b) Sustainable educational infrastructure beyond the life of the mine. c) Guidelines for discharging CSR with emphasis on education and human resource 	<ul style="list-style-type: none"> a) Status of educational infrastructure and Quality of education offered in mining areas. b) Evidence of CSR initiatives including education, infrastructure, health, water supply, etc. c) Availability of skilled workforce. 	Member countries

Work Programme (Main Activity)	Sub-Activities	Time Frame	Expected Outcomes (Deliverables)	Monitoring Indicators	Main Actors (Responsible Bodies)
	<p>mineral sector.</p> <p>d) Develop strategies and guidelines to retain competent staff.</p> <p>e) Promote co-ordination between mining companies and mining communities.</p>		<p>availability.</p> <p>d) Increased involvement of local communities in development of mining projects.</p>		
Optimize employment of locals, particularly those from the vicinity of the mine.	<p>a) Conduct a needs assessment for human resource development for the mining industry.</p> <p>b) Establish and support a framework to administer skills planning, qualifications, apprenticeship and continuing education for the mining industry.</p> <p>c) Develop appropriate regulations that will ensure that locals employed by mining companies are given the requisite training that will enable them play significant and critical roles in the companies.</p>	ST/MT	<p>a) Human resource needs of mines identified.</p> <p>b) Increased employment of locals in the mineral sector as well as service industries to the mines.</p> <p>c) Adequate human resource available at the local level.</p> <p>d) An established framework to equip and roll out personnel for the mining industry.</p>	<p>a) Increased number of locals engaged in critical positions in the mining companies</p> <p>b) Localization plans of mining companies available.</p>	<p>Member countries</p> <p>Secretariat</p>
Put in place supportive legal and fiscal environment aimed at promoting local procurement of goods and services.	<p>a) Conduct gap analysis study on products that are generally procured by mining companies.</p> <p>b) Conduct gap analysis on the local industries to determine their readiness to manufacture and supply products required by</p>	ST/MT	<p>a) Needs of mining companies available.</p> <p>b) Potentials of local manufacturers and suppliers known.</p> <p>c) Procurement plan of mining companies</p>	<p>a) Number of local suppliers increased.</p> <p>b) Volume of local procurement by mining companies increased.</p>	<p>Member countries.</p> <p>Secretariat.</p>

Work Programme (Main Activity)	Sub-Activities	Time Frame	Expected Outcomes (Deliverables)	Monitoring Indicators	Main Actors (Responsible Bodies)
	<p>mining companies.</p> <p>c) Collaborate with appropriate institutions to advocate for reasonable fiscal incentives for local manufacturing industries.</p> <p>d) Review mineral policies, laws and fiscal regime to put in place provisions that promote local procurement of goods and services by mining entities.</p> <p>e) Organize forums/workshops and/or presentations to share best practices and challenges in the promotion of local procurement of goods and services in the mining sector.</p> <p>f) Develop strategies aimed at building capacity of locals in member countries to be able to supply quality goods and services to the mining sector.</p>		<p>available.</p> <p>d) Increased local content.</p> <p>e) Increased benefits of mining to the local economy.</p>		
Address health, safety, security and human right issues.	<p>a) Develop appropriate policies and regulations to deal with health, safety, security and human rights issues in the mining sector.</p> <p>b) Capacity building to government officials to effectively inspect adherence to health and safety laws and</p>	ST/MT	<p>a) Improved health, safety and security practices in IGF member country's mining sector.</p> <p>b) Mining companies and mining communities become more aware of health, safety, security and human rights issues and how to deal with</p>	<p>a) Adherence to health and safety standards.</p> <p>b) Number and percentage of reported cases for insecurity.</p> <p>c) Degree of observance to human rights standards.</p>	<p>Member countries</p> <p>Secretariat</p>

Work Programme (Main Activity)	Sub-Activities	Time Frame	Expected Outcomes (Deliverables)	Monitoring Indicators	Main Actors (Responsible Bodies)
	<p>regulations; addressing and managing security concerns in mining areas.</p> <p>c) Strength capacity of public institutions responsible for monitoring and enforcing human rights standards in mining.</p>		<p>them.</p> <p>c) Improved human rights in IGF member country's mining sector.</p>		