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Recommitting to commodity sector development  
as an engine of economic growth and poverty reduction

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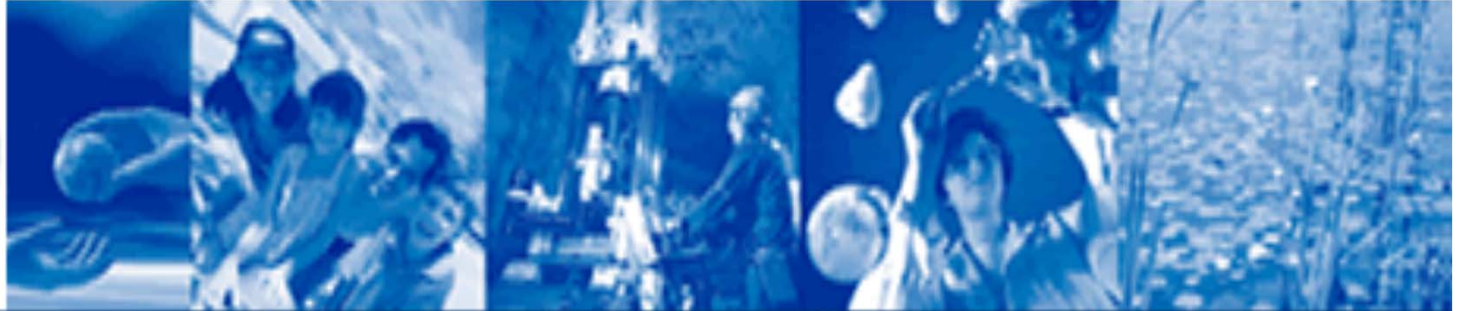
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**Enhancing the capacity of good governance  
and sustainable development  
in the mining sector**

By

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The Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development

**ENHANCING THE CAPACITY OF GOOD GOVERNANCE AND SUSTAINABLE DEVELOPMENT IN THE MINING SECTOR**

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# 1.0 INTRODUCTION

- Mining has, is and shall continue to be extremely important to humans. From a historical perspective, rocks and minerals have been used to make tools and weapons, fire making, construction of houses etc. The Holy Bible mentions gold as one of the gifts which the three astrologers from the East brought for Baby Jesus.
- Mining is necessary to meet the needs and aspirations of current and future populations. It currently employs approximately 30,000,000 people or approximately 1% of the economically active population of the world (estimate based on International Labour Organization statistics). Every nation has some type of mining activity, with its importance varying with the resource endowment and state of development.

# INTRODUCTION CONT'D

So the question is no longer whether mining is important or not to mankind, but the question is : How do we ensure GOOD GOVERNANCE AND SUSTAINABLE MINING? Incidentally, this question of sustainability in mining has been lingering around for so many years. For example Agricola in 1556 (p30) said: **“Now a miner, before he begins to mine the veins, must consider seven things, namely: the situation, the conditions, the water, the roads, the climate, the right of ownership and the neighbours**

# 2.0 SO WHAT IS GOOD GOVERNANCE AND SUSTAINABLE MINING?

- One of the major objectives of the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) and indeed Governments is to ensure that mining is done Sustainably and with Good governance. This is a difficult task particularly because mining is already generally seen by many as unsustainable industry. This conclusion is usually taken from the non-renewable perspective of the mining industry, the environmental degradation that is usually associated with mineral resource extraction etc. So how can the Forum view sustainable mining? What is it that needs to be done in order to inject some blood of GOOD GOVERNANCE AND SUSTAINABILITY in the veins of mining? The Mining Policy Framework that the Forum has just finalized is part of the answer to this.
- **We should not view sustainability as some end point to be reached, but a path to be tirelessly and continuously negotiated and adjustments be made accordingly as we learn and understand the consequences and symptoms of non-sustainability. There is need to look at sustainability in mineral resource development from a multidimensional, multi-angle and holistic perspective.**

# KANYIKA DRILLING



Kanyika exploration project

3/21/2013

GEOLOGICAL SURVEY DEPARTMENT

# 3. Mining Companies

- Table 1 shows results of research targeting mining companies. Companies were asked to rank sixty issues in order of importance from their point of view for investment in the mining sector. As the table shows **Geological Endowment** was chosen to be the most important followed by **Security of Tenure**. Security of tenure also impinges on Good Governance issues.



**Table 1 : Ranking of mining company investment decision factors at the exploration and mining stages**

<b>RANKING*</b>		<b>DECISION CRITERIA BASED ON:</b>
Exploration stage	Mining Stage	
1	Na	Geological potential for target mineral
2	1	Security of Tenure
3	2	Ability to repatriate profits
Na	3	Measure of profitability
4	9	Consistency of constancy of mineral policies
5	7	Company has management control
6	11	Mineral ownership
7	6	Realistic foreign exchange regulations
8	4	Stability of exploration/mining terms
9	5	Ability predetermine tax liability
10	8	Ability to predetermine environmental obligations

Key: \*=out of a choice of 60 decision criteria, na = not applicable

Source: Otto, J. (2005, p364).

# 3.1 Governments

- The role of government is a more complicated one. The government should ensure that it satisfies all the major stakeholders of the mining industry including its citizens. The government therefore needs to have an attractive mining policy which balances the expectations and needs and wants of the various stakeholders. These include more revenue from mining through the various fiscal instruments such as royalties and the various taxes, to achieve reasonable economic growth, healthy and safe mining environment, minimal environmental degradation, state participation issues, support for artisanal and small scale miners and balancing the objectives of sustainable development and those of economic development. In addition, governments would also like to maintain competitiveness, need for equitable rent distribution, need to see social cohesiveness and expect and need that national sovereignty be maintained.

## 4.0 WHAT IS THE LINK THEN?

- For Good Governance and Sustainable Development to be effective:
- There is need to cleverly strategize on how a balance can be achieved so that the needs of both the Government and Mining Companies and all major stakeholders including the needs of Artisanal and Small scale miners (ASM) are met. One thing which is clear if this strategizing is to work is the need for Governments to have strong Organizational tools and Institutional capacities including skills.

# 4.1 Institutional Capacities & Skills

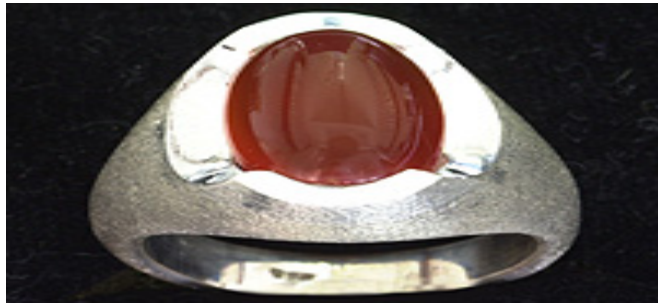
- Mining Lawyers
- Updating and access to geological information
- Revision of mining laws and policies
- Mineral Resource Valuation
- Value Addition and Beneficiation
- Financial Benefit Optimization
- Socio-Economic Benefit Optimization

# INSTITUTIONAL CAPACITIES AND SKILLS CONT'D

- Artisanal and Small Scale Mining enhancement
- Environmental Management
- Post Mining transition
- Local Participation

“ THE BEAUTY OF GEOLOGY AND MINING ” :

## GEMSTONES



## 5.0 CONCLUSION

- Sustainable development and mining can be compatible. In a number of countries and over time, mining has led to creation of the economic activity and financial and social infrastructure, create skilled work forces and contributed to sustainable wealth creation. The organisational tools and institutional capacities needed to achieve this- and to avoid lesser outcomes- are extremely important. Indeed Governments need to have capacities and expertise to cleverly and strategically negotiate Mining Agreements. Capacities in geological mapping and mineral exploration, small-scale mining, environment etc. are extremely important. So **Institutional Development** and **Capacity Building including SKILLS DEVELOPMENT** should be the major focus by Governments.

THANK YOU VERY MUCH FOR  
LISTENING!!!!!!!

THANK YOU  
THANK YOU

