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## Responsible mining: a catalyst for sustainable economic development

*Vania Somavilla*

The mining company Vale highlights the extractive sector's role in sustainable development and outlines its actions, working with communities, civil society, governments and investors, in providing benefits at local level. These include: enhanced freight and passenger transport infrastructure, especially in formerly "off-the-grid" regions; capacity building among local populations; and encouraging and enabling local suppliers; in short, "transforming natural resources into sustainable development."

**G**overnments, the private sector and civil society are constantly increasing their collaboration and collective actions to ensure a more sustainable world. This is evidenced by the frameworks and initiatives underway which aim for more efficient and effective results towards the global, post-2015 development agenda.

The Rio+20 Conference brought forth a critical evolution in how we address sustainability, in that its conclusions stressed a clear recognition of the role which the private sector plays in spurring sustainable development through responsible economic activity. We welcome this increased recognition. It sheds light on the positive, critical contributions of responsible business, and reaffirms that the challenges facing the global sustainability agenda are amazingly complex, and can only be addressed through collaboration between governments, the private sector and the collective will of society.

### Recognition of the extractive sector's role in sustainable development

In recent years, we have witnessed a deepening interest in how extractive sector activities impact the broader economy. We see this as a sign of healthy progress, whereby increased connectivity allow the world's citizens to question and compare models, more deeply understand challenges, and demand results. In mining, we have witnessed sea-change. There is a growing recognition not only that responsible mining unleashes benefits well beyond mining – providing a positive legacy on a local scale – but that this proliferation of progress can only occur when investors, governments and civil society work together.

Ever more so, we are shedding our collective naiveté on the limits of private sector contribution to sustainable development, embracing instead the enormous potentials held amongst us. We are working in mutual respect,



Mining operation in Minas Gerais, Brazil

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Mining operation in Mozambique

transparency and objectivity, aware that we are all catalysts for change, responsible to set the course for a more prosperous economy and equitable opportunities for advancement, from a local to global scale.

Done properly, in consultation and partnership with the communities, local governments and civil society, the impact of responsible mining investments can be truly transformative for a region.

### Transport corridors as platforms for sustainable economic growth and diversification

One of the most tangible illustrations of transformative change brought forth by the mining-industry investments – worth billions of dollars, often in remote regions – is seen in the construction and operation of transport corridors and their use beyond mining, for general cargo and passengers as well. Consisting of integrated rail/port systems, they also lay the ground work for complementary road, energy and telecoms investments along the course. They harness the potential of diverse forms of general cargo; make exports of value-added products competitive on global markets, and imports of essential parts, supplies, high-tech machinery et al in a timely and competitive fashion. These multi-faceted benefits at a local level set the scene for a more viable investment environment. They encourage business from other sectors to set up shop in formally “off-the-grid” regions, bringing them into global map of competitive, formal economies, spurring economic diversification, hence greater leverage, sustainability and sound growth.

### Local content and capacity building

Due to its practices that privilege local content, another fundamental legacy which responsible mining brings forth is in strengthening the professional skills base on a local level, through recruitment and training of local workers, and support in capacity-building for local suppliers and local civil servants. These improvements in the baseline of professional and technocratic capacities are crucial to the viability of a given area to attract investors from other sectors and to diversity beyond mining-dependent GDP growth.

Investments in Mozambique towards mining and related infrastructure rely on a work-force of several thousand, of which over 85% are Mozambicans, represented in diverse levels of management and technical expertise. In recent years, approximately USD 1 billion were spend in services and goods provided by around 450 Mozambican suppliers. Furthermore, spill-over effects of the Mozambican mining activities have benefited more than 70 Malawian suppliers, totaling more than USD 3.5 million in 2012 alone.

As a major economic presence where it operates, mining companies play a leading role in identifying, encouraging and enabling local suppliers to meet their standards and be able to compete for business. Beyond mining, however, the support that accredited local suppliers receive from mining companies, through capacity-building and loan assistance, also strengthens their ability to branch out, thereby enriching the quality and availability of world-class, professional services in regions with historically scarce formal economic activity and employment.





### Collective action

Collective action enhances the ability of governments to provide essential services at a local level. In Brazil, Vale addresses this through the pioneer concept, Public-Private Social Partnerships (PPSP). Through this approach, we assist local government in harnessing its own capabilities to access, manage and attract resources, so that it may address the critical needs of its constituents, encouraging improvements in human development indicators and in the diversity of the formal economic activity base, building blocks of sustainable prosperity.

Responding to the call for action to advance the global development agenda, we are engaged in a diverse range of initiatives. Amongst these is its leadership in the Sustainable Development Solutions Network (SDSN), tasked with transforming the current Millennium Development Goals into the UN's Post-2015 Sustainable Development Goals. In health, we are donating partners of the Global Fund to Fight AIDS, Tuberculosis and Malaria. In support of rural-based progress in human development, Vale and its partners are the lead contributors to a Millennium Village in Zambia, first of its kind to be driven by a mining company, reinforcing the essential link between mining and sustainability.

As a member of the World Business Council for Sustainable Development (WBCSD), our leading role as Co-chair in the Action 2020 initiative – a framework for action to rally the efforts of business to deliver on the economic, environmental and social issues which will feed into the UN's Sustainable Development Goals – also serves to ensure the vital link of the private sector towards structural, sustainable development solutions.

### Transparency: a pre-condition for sustainable development

Transparency and good governance are foundations of fair growth, essential to ensuring that reliable and mutually beneficial policies are enacted and maintained. Good governance is a shared responsibility, one to which governments, investors and civil society must strive together, to deepen quality and capacity at a local level, particularly in developing countries. Through partnership with the UN Global Compact and the Global Reporting Initiative (GRI), support for the Extractive Industries Transparency Initiative (EITI) and in partnership with the International Council on Mining and Metals (ICMM), responsible mining companies are committed to improvements in transparency in the extractive sector.

### Human resources and human rights

Human Resources that contribute to sustainable development must be guided by the respect of the right to organization and negotiation by workers via unions, when membership to such bodies is freely chosen by the workers and respects local laws, the contribution to the eradication of child labor in the communities where the company operates, the combat of any and all forms of discrimination against workers, and excellence in workers' health and safety. In terms of human rights, the Global Business Initiative on Human Rights (GBI), created to advance human rights in a business context around the world, plays a crucial role. Towards gender equality, we adhere to the Women's Empowerment Principles – a set of principles of the UN which offers guidance on how to empower women in the workplace, marketplace and community.



## Conclusion

Hence, global mining companies must be committed to transforming natural resources into sustainable development. We believe that sustainable development is achieved when our businesses provide value to our shareholders while establishing a positive social, economic and environmental legacy in the territories where we operate. Doing what is right, valuing our people and prizing our planet are fundamental values which guide our actions.

Today and in the years to come, we will continue working together with governments, fellow responsible investors, implementing agencies and civil society, locally, regionally and through multilateral initiatives towards a more sustainable economic growth and forging solutions for a brighter future ◀

More and more, we are shedding our collective naiveté on the limits of the private sector contribution to sustainable development

## About the author

**Vania Lucia Chaves Somavilla** is Vale Executive Director of Human Resources, Health and Safety, Sustainability and Energy. She developed her professional career at Vale, which she joined in 2001 as General Manager of Energy Sales Planning. She was appointed Director of Vale's Environment and Sustainable Development Department in April 2010. She is currently the CEO of a number of organizations that are carrying out activities in the environmental area, including Vale Florestar S.A., the Vale Environment Institute and the Vale Sustainable Development Association.





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to meet their own needs



Sustainable Development as defined in  
**Our Common Future**  
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from the United Nations World Commission  
on Environment and Development  
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