



The Non-Ferrous Metals Consultative Forum on Sustainable Development

WORKING GROUP ON PRODUCTION



What is the Working Group's Remit?

The Working Group on Production of the Non-Ferrous Metals Consultative Forum on Sustainable Development (NFMSD) was formed as a result of the Forum's first meeting held in Brussels in 2000. Co-chairs and other participants in this Working Group met in April 2001 to consider the work program. From these discussions, four key areas of interest emerged:

- Evaluate policies designed to promote sustainable development in the production of non-ferrous metals;
- Community engagement initiatives;
- Education and communication initiatives of SD in mining, minerals and metals;
- Economics of SD and mining, minerals and metals.

Taking into consideration the limited availability of financial resources and the voluntary character of the working groups, participants agreed to concentrate on the first two topics. The other two items were deemed to also be highly important, but were considered to be more long term in nature and requiring specific knowledge. From this general aim of the group, two objectives were derived:

- *Sustainable Development (SD) Drivers: To improve the understanding on how society promotes or inhibits more responsible practices that respect the combination of social, environmental and economic goals through the life cycle of mining and minerals development;*
- *Community Engagement (CE) Approaches: To get a better understanding of where and how companies and government, communities and non-governmental organisations have developed meaningful and satisfying community engagement strategies and tools.*

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Who is in the Working Group?

The strength of the Forum process has been its multi-stakeholder approach and the Production Working Group reflects this philosophy. The Working Group has three co-chairs: one drawn from the Study Groups' member governments, one from the international non-ferrous metals industry and one from a public interest group. Some thirty-four members of the Group from thirteen different countries have participated in its meetings. About half of the Group's members are drawn from the international non-ferrous metals industry and industry associations while the remaining half come from Study Groups' member governments, multilateral institutions and non-governmental organisations.

The International Nickel Study Group Secretariat provides support to the Production Working Group.



What has been achieved?

Members of the working group agreed to work simultaneously on both issues. Participants considered the best way to achieve the objectives to inventory and evaluate the various incentives and disincentives for SD, and a range of approaches to community engagement (successes and failures), drawing on the experience and the expertise of the working group members and their networks. Submissions for both inventories were requested from members of the working group and others according to a template designed by the co-chairs.

The inventories provide information on who started the initiatives, the scope and the drivers. They also contain an assessment by the respondent of the effectiveness of the initiative. However, indicators and criteria on which these assessments were based are not provided. For a proper evaluation of the initiatives, specific indicators and criteria need to be defined. The indicators and criteria that are currently available consist of a mixture of quantitative and qualitative measures, and particularly triple bottom line criteria are not yet available, certainly not those which take the "future needs" into consideration. To illustrate the current trade-off between the three pillars of the SD concept, the co-chairs developed a ternary diagram. Two complementary lessons can be drawn from this diagram:

- Ideally, any SD approach or policy necessarily consists of three dimensions, which are difficult to maximize simultaneously using conventional methods or tools;
- It is realistic to consider a wide variety of potential outcomes - ranging from direct compromises to significant synergistic benefits depending on local conditions and priorities of the SD policy makers.

The financial sector is potentially an important driver for SD in the mining and minerals industry. To date, it has been difficult to demonstrate directly the link between adhering to specific SD principles and easier access to capital. Neither is it possible to link unambiguously the performance of a company to incorporating SD principles in its business strategy. Clearly, further work is required to establish the nature of the financial institutions' role as a driver of improvement in the environmental and social performance of mining and metals companies.

Schematic Representation of Development Styles



Next Steps for the Working Group

The activities of this working group so far have enhanced the understanding of current drivers of SD and the ways communities can be engaged.

Based on the conclusions of the Working Group to date, the Forum will be asked to consider the follow-up activities related to:

- Developing criteria for evaluating the effectiveness of the various SD initiatives and community engagement approaches collected by the working group and compiled into the two inventories;
- Drawing out the common threads from the work done to date to assist in focusing the future work of the Working Group.

Possible new areas of focus to be developed include:

- Identifying challenges and opportunities for governments in promoting SD policies in the mining and metals sector;
- An assessment of the potential for the financial sector to promote SD in the mining and metals industry;
- Identifying ways to integrate the community engagement approaches identified above into the work of the Product Stewardship Working Group.