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## **The Role of Mining in meeting the Sustainable Development Goals (SDGs): Transparency and Shared Prosperity in Mining<sup>1</sup>**

**UNDP Resident Representative – Nigeria**

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Madam Moderator

Fellow Panelists,

Distinguished Ladies and Gentlemen,

- It is always a pleasure to be in the midst of such a distinguished audience. I feel greatly honoured to be invited to share with you some thoughts and ideas and to set the tone for what I hope will be a very lively discussion this afternoon.
- The current discourse on Africa's emergence or the 'Emergence of Africa' has placed the extractive industry at the very centre of Africa's development agenda. For resource-rich African countries like Nigeria, the extractive industry and the mining sector in particular is a key source and driver of economic growth and prosperity. And as we all know, growth is a *sine qua*

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<sup>1</sup> Presented at the 'CONMIN West African and the National Mining Summit' June 14, Abuja, Nigeria.

*non* for countries' efforts to reduce poverty and ultimately, achieve sustainable development.

- The Agenda 2030 and the SDGs heralded an unprecedented global ambition and collective effort to achieve sustainable development, in consonance with international human rights standards and norms. The 2030 Agenda is an agenda for *people, prosperity* and *planet*. It posits that nobody should be left behind in the development process. As a key driver of growth, there is a need to integrate all the three dimensions of sustainable development, that is, - economic, social and environmental - in the development of the mining sector on the continent.
- It is my sincere hope that this afternoon's discussions will add to the existing body of knowledge on the intricate relationships between the mining sector and SDGs. I look forward to the policy proposals emanating from this forum for addressing the intractable linkages between mineral resource exploitation on the one hand; and poverty, environmental degradation and conflicts in Africa, on the other hand. Indeed, Madam Moderator, the fundamental question then is: how can mining be a key driver of sustainable development?
- When confronted with difficult questions, it is often instructive to look into the annals of our history for answers. Unfortunately, the historical account of mineral resources exploitation in Africa does not always offer positive lessons with respect to sustainable development. We can however, take

solace in the fact that history is only important to the extent that it offers lessons for the future. It is thus my conviction that the future of mining in Africa holds much promise, especially if we integrate the principles of sustainable development through the entire mining process and ensure that African countries are engaged in beneficiation and value addition. Africa must improve the economic value of her abundant mineral resources, create jobs and thus tackle poverty, while at the same time minimizing negative social and environmental impacts. This workshop could thus not have come at a more opportune time.

- Madam Moderator, Ladies and Gentlemen, I wish to briefly share with you a few of my own thoughts about mining and sustainable development in Africa by examining five inter-related thematic areas. These are: the causal linkages between mining and SDGs; Africa's untapped mining potential; governance challenges in the mining sector; on-going regional initiatives; and lastly, some perspectives on UNDP's offer for countries in ensuring the mining industry contributes to the SDGs.
- On the one hand, the mining sector, if managed prudently, can stimulate rapid economic growth while at same time creating descent jobs and helping to reduce poverty and marginalization; it can spur innovation and skills acquisition; and attract the much sought after investments for infrastructural developments and for stimulating economic transformation through backward and forward linkages with other sectors along the mineral

development value chain. More importantly, mining can play a pivotal role in stirring Africa's industrialization process.

- On the other hand, if not managed properly, mining can lead to environmental degradation, armed conflicts, gender -based violence, displacement of local populations, deepening inequality and generate occupational health hazards. It can weaken public governance, promote economic crimes, exacerbate rent seeking behavior and deepen social and economic exclusion.
- From the foregoing, it is apparent that there is strong linkage between mining and SDGs – both positive and synergistic relationships on one side and a series of negative relationships between mining and the SDGs on the other side. These relationships need to be nurtured to ensure that mining activities contribute maximally to human development, and measures to mitigate any negative development impacts are carefully identified and implemented to guarantee sustainable development. The determination of these relationships and actions provide a solid foundation for integrating mining into national sustainable development programmes – building on the positive synergistic relationships and mitigating the negative effects.
- Africa has 30% of worlds known mineral reserves but account for a paltry 8% of the global production pointing to a huge untapped potential. There is thus a need to urgently address the asymmetry between mining resources availability and current level of, and accrued benefits from, mineral resource utilization in Africa. Worse still, most of the production is exported in raw

form without downstream processing, thus very little domestic value addition happens to boost industrial development. Consequently, Africa's mineral resources have not been adequately translated into desirable economic and social benefits for the people.

- There is therefore an urgent need to address the existing bottlenecks to mineral resource exploitation, including value addition and to increase investments both public and private to ensure that African countries can retain decent levels of mineral revenues to enable them deliver development and shared prosperity for its people. Ensuring shared prosperity is key to preventing and arresting resource tenure conflicts and building national cohesion and stability on the continent. It is instructive to note that the SDGs offer a framework for addressing some of these challenges and other obstacles to lasting peace and stability in resource rich-countries.
- Madam Moderator, perhaps the most important binding constraint to sustainable mineral resource exploitation is the lack of transparency in the sector. Transparency challenges in the sector manifest in two inter-related forms: resource extraction and revenue transparency; and information and regulatory transparency. These undermine public confidence in the extractive sector and increase the risk for investors. We are all too familiar with the 'the resource curse hypothesis' and the 'resource to conflict hypothesis'.
- The reality however, is that natural resources in and of themselves do not necessarily spell doom for development. Rather, it is the institutional failure

that leads to lack of transparency and unsustainable exploitation of mineral resources. This is what must be addressed as a matter of priority if mining sector is to contribute to economic growth and attainment of the SDGs.

- First, resource extraction and revenue transparency enables the citizens to hold their governments to account and to align local people's expectations with government objectives. Citizens have the right to know the fate of the revenues government receive and how the revenue is used. Other stakeholders such as legislators, civil society and the media also need to be adequately empowered to hold governments to account. I am sure that the Executive Director of the Nigeria Extractive Industries Transparency Initiative (NEITI) will speak more on this subject during the panel discussions.
- In a similar manner, government's need to be capacitated to hold mining firms accountable for their actions, and this requires not only clear mining policy regime and an optimal regulatory framework, but most importantly also effective enforcement capacities. Government behavior and actions of mining companies and sanctioning systems should be predictable and fairly applied to all actors in the industry, and ensure a level playing field for all.
- Regarding operational and regulatory transparency, there is strong variability in terms of scope, governance, regulatory and operational rules guiding the mining sector and utilization of Africa's mining resources. The African Mining Vision (AMV) provides a useful framework for harmonization of domestic policies, laws and regulations on the mining sector.

- With respect to the SDGs, allow me, Madam Moderator, to single out two of the seven key aspirations of the AMV. *‘A sustainable and well-governed mining sector that effectively garners and deploys resource rents and that is safe, healthy, gender and ethnically inclusive, environmentally friendly, socially responsible and appreciated by surrounding communities’* AMV- 2)

and

*‘A mining sector that harness the potential of artisanal and small scale mining to stimulate local/national entrepreneurship, improve livelihoods and advance integrated rural social and economic development.’*

- Implementing the AMV will therefore, accelerate the mining sector’s contribution to the SDGs. But countries must, of essence, through consultative and inclusive processes, domesticate the vision and back it with the necessary political will.
- Before I conclude, Madam Moderator, let me touch briefly on UNDP’s offer in extractive industries and sustainable development. UNDP’s Extractive Industries for Sustainable Development initiative is designed to respond to country priorities related to metals and mining as well as other natural resources. UNDP’s Extractive Teams located in Addis Ababa, New York, Bangkok and Brussels implement, together with country teams, are supporting UNDP’s extractive strategy at the global, regional and country levels. UNDP pledges to provide policy and programmatic support to countries that prioritize their extractive industries as the sector of greater importance for implementing SDGs. UNDP stands ready to support

partnerships and build national and international coalitions to ensure coordinated support for the development of the extractive sectors and ensure they play a greater role in stimulating rapid transformation of African economies.

- In conclusion, Madam Moderator; Ladies and Gentlemen, mining can be a key driver of economic growth and employment creation for many of our unemployed young people. It can be the silver bullet for achieving the SDG agenda in many resource rich countries in Africa. But left unchecked, mining can also result in low growth, poverty and conflicts and diminish prosperity for Africa's development moving forward. Therefore, I see greater need to strengthen fiscal regimes for mining companies and improve transparency and accountability in the extractive sector. We need to give more voice and space to state and non-state actors to help monitor activities of extractive industries as well as government to ensure that benefits are equitably applied and shared to deliver prosperity for all citizens. We need to strengthen domestic laws, policies and regulatory frameworks and ensure optimal alignment to regional and international frameworks, treaties and agenda—including with the SDGs.

I thank you all for your attention.

Delivered on this 14<sup>th</sup> day of June 2017 in Abuja

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