

## INTRODUCTION

The Mining Association of Canada (MAC) is pleased to provide the following submission in response to Global Affairs Canada's (GAC) consultation on the International Assistance Policy. MAC's primary objective with this submission is to contribute three key points to GAC's International Assistance Policy Review:

1. Mining companies that operate in developing countries are actively contributing to all five of GAC's proposed focus areas.
2. A single mine's contribution to the local and national economy of a developing country typically dwarfs Canada's official development assistance (ODA) and, as demonstrated by Kinross Gold Corporation, can yield meaningful results in poverty alleviation and economic development. When combined with efforts by NGOs and governments, including Canada, that economic contribution can become even more effective in leading to sustainable economic and social development.
3. While there remains room for improvement when GAC partners with non-governmental organizations (NGOs) and the private sector, a significant body of experience has now been consolidated and articulated through the Devonshire Initiative (DI) to help inform future partnerships. It would benefit all parties involved in these partnerships to continue investing in the DI and incorporate these lessons learned to enhance the way government, NGO and private sector organizations approach partnerships with international development objectives.

With these three points in mind, MAC strongly encourages GAC to maintain the opportunity to enter into partnerships with NGOs and mining companies as one important tool for advancing international assistance objectives.

## OVERVIEW

### The Mining Association of Canada

MAC is the national organization of the Canadian mining industry. It comprises companies engaged in mineral exploration, mining, smelting, refining and semi-fabrication. Member companies account for the majority of Canada's output of minerals and metals, and include companies mining base and precious metals, diamonds, oil sands, uranium and metallurgical coal.

MAC's mission is to contribute to building a strong sustainable and internationally competitive Canadian mining, minerals and metals industry with broad national support and to promote sound corporate and public policy. An important means to do so is Towards Sustainable Mining (TSM), an initiative that has earned MAC the Globe Award for Environmental Performance and the Green Living Excellence in Corporate Responsibility Award and that has been evaluated by both Five Winds and Canadian Business for Social Responsibility as "best-in-class" across all major sectors and internationally.

Canadian mining is a global leader and we are recognized as such all over the world. Canadians are known for our expertise in mining but have also become known for our expertise in how we manage the social and environmental aspects of our business. We have become global leaders in how we work with

indigenous communities, both in Canada and abroad, how we structure our operations to encourage local economic development and how we manage key environmental aspects such as tailings, climate change and biodiversity through programs such as TSM.

Our commitment to and interest in supporting more effective international assistance is not new. TSM's Guiding Principles, adopted in 2001, include a commitment to *provide lasting benefits to local communities through self-sustaining programs to enhance economic, environmental, social, educational and health care standards they enjoy*. This commitment has guided much of our work in contributing to the DI and our own international social responsibility policy work.

Another value that has been central to MAC's leadership in this areas has been our longstanding commitment to multi-stakeholder collaboration and dialogue. This commitment, which dates back to the Whitehorse Mining Initiative and earlier, is most visible in TSM but is also embedded in all areas of our business. MAC's commitment is further demonstrated through our support of the DI, a unique and important platform for learning and collaboration between our sector, development oriented NGOs and the federal government.

### The Opportunity in Partnering with the Private Sector

In Testimony to the House of Commons Standing Committee on Foreign Affairs and International Development in 2012, Carlo Dade, a former Executive Director of the North South Institute, a former Executive Director of the Canadian Foundation for the Americas, a research fellow at the University of Ottawa and current Director for the Centre for Trade & Investment Policy at the Canada West Foundation stated that:

*In terms of the role of the private sector, there are three points. One, the private sector is the dominant and arguably the most important actor in development. Theoretically, if you want to do sustainable poverty alleviation to improve the standard of living and the conditions of living for people, it's about creating jobs and wealth. If you don't have that, you have nothing to share; you have nothing to use to lift people out of poverty. Development is fine for keeping people from starving to death, but in terms of sustainably moving people out of poverty, giving people the power to make their own decisions and the resources to actually effect their own decisions, their own choices about health care, schooling, nutrition, and housing--that comes from the private sector. Governments are essential in this process to making sure growth in an equitable and proper enabling environment is there, but without the private sector creating wealth, the government would have nothing with which to work. This is a key point.*

During a 2010 speech at the London School of Economics, Andrew Mitchell, Britain's International Development Secretary at the time, remarked that "it is wealth creation, jobs and livelihoods above all which will help poor people to lift themselves out of poverty. Aid is a means to an end, not an end in itself". These remarks came on the heels of an important UN Summit on the Millennium Development Goals (MDGs).

With the MDGs now replaced by the UN Sustainable Development Goals (SDGs), the link between Development and the Private Sector is even stronger. For our sector, this link is clearly articulated in the recently released [Mapping Mining to the Sustainable Development Goals: An Atlas](#). This document, published by the UNDP, World Economic Forum, the Columbia Centre on Sustainable Investment and the

UN Sustainable Development Solutions Network, provides a clear articulation of how the mining sector can and should contribute to all 17 of the SDGs.

Additionally, one of the key recommendations in the 2006 report from the National Round Tables on Corporate Social Responsibility and the Extractive Sector in Developing Countries called for Canada to support “multi-stakeholder development partnerships that encourage meaningful participation for host governments, affected communities, civil society and industry in local, regional and national development processes and programs”.

In fact, when GAC undertook to begin partnering with the private sector, it was following the lead of several countries including the US and Britain. Rajiv Shah, appointed Administrator of USAID by President Barrack Obama, advocates “forming new, high-impact public-private partnerships -- working and investing together to build new markets, unlock opportunity and improve global economic potential.”<sup>1</sup> Shah is clear that he’s “not talking about forming partnerships for partnership’s sake or photo opportunities ... [or] even talking about Corporate Social Responsibility or charity work.” He’s “talking about helping support the work of markets that can deliver profits and create jobs *and* deliver economic opportunity for women, minorities and the poor.” In other words, aid plus business investment equals empowered, educated communities. And many progressive NGOs recognize this.

Reach of Canadian Mining Abroad and Link to GAC Priority and Partner Countries

According to data published by NRCan, in 2014 there were 1,694 companies identified as being headquartered in Canada and of those, 47% or 799 had interests outside of Canada with a total of over \$169 billion in assets. These companies are active in more than 100 countries, including 27 out of the 37 countries listed by GAC as priority or partner countries (table 1). Mining companies drive economic growth through investment, employment, business creation, innovation and knowledge transfer. Being able to tap into these growth drivers through collaboration is critical to achieving long term growth and sustainable development from Official Development Assistance. The size and breadth of the Canadian mining industry also make it an ideal partner for development.

<b>Table 1 - GAC priority and partner countries in which Canadian mining companies are active</b>			
<b>Americas</b>			
Honduras	Nicaragua	Guatemala	Bolivia
Colombia	Peru	Cuba	Haiti
<b>Asia</b>			
Pakistan	Vietnam	Philippines	Mongolia
Indonesia			
<b>Europe</b>			

<sup>1</sup> Shah, R. (2012) Speech at Opportunity: Africa Conference. 20 January 2012. <http://www.usaid.gov/press/releases/2012/ps120118.html>

Ukraine			
<b>Middle East and North Africa</b>			
Jordan	Morocco	Egypt	
<b>Sub-Saharan Africa</b>			
Burkina Faso	South Africa	Ethiopia	Ghana
Mali	Mozambique	Senegal	Tanzania
Kenya	Democratic Republic of Congo		

### **CANADIAN MINING LINKS TO GAC FOCUS AREAS**

As part of the discussion paper for this consultation, GAC has outlined five focus areas for the International Assistance Policy Review. The most important point MAC wishes to make with this submission is that Canadian miners operating in developing countries are actively contributing to all five of these focus areas. Below are examples from MAC member companies articulating actions and initiatives that align with GAC’s focus area.

#### Health and Rights of Women and Children

In the Sahel region of Burkina Faso, home to IAMGOLD’s Essakane gold mine, the climate is desert-like, often reaching 45° C with very little rainfall. Populations largely rely on livestock breeding and gold mining for their livelihoods. To improve security and combat poverty in the region, IAMGOLD committed to develop alternate revenue sources for communities living near the mine site.

Working with local communities of interest, market gardening emerged as an opportunity to broaden revenue sources, while at the same time improve food security and nutrition. In 2009, 100 women from the relocated 500-member Marganta community adopted the practice using a solar-powered well and water storage system provided by IAMGOLD. This innovation has greatly lightened the women’s workload and has allowed them to water garden beds without worrying about a lack of water. Two years later, drip irrigation technology was added, which has helped increase production without increasing water use. Vegetables can now be cultivated year-round, increasing the number of harvests to two to three per year instead of just one.

Since 2009, nearly 400 producers, of which more than 50% are women, have earned additional revenue through market gardening, and many have doubled their annual income. What’s more, there has been an increase in people choosing gardening over gold panning. The project’s success has generated much interest by neighbouring villages and other mining companies who would like to replicate these practices in other regions.

Another project undertaken by IAMGOLD is aimed at working with women who handle arduous domestic chores, particularly meal preparation which accounts for nearly 50% of their time. At a community meeting with the mine representatives, women from the village expressed their desire to have an electric grain mill to lower the time it takes to shell and grind millet—a staple in the local diet. Traditional methods require the use of a mortar and pestle to grind and pound the grain into flour—a two to three-hour process. It also requires the work of more than one woman in a household at a time.

In response, IAMGOLD contacted Burkina Faso-based NGO, OCADES Kaya, to build a multi-functional platform that would provide grain shelling and milling services and allow for potential new services in the future, such as a welding station. With the platform's installation in 2013, women now have access to technology that produces a higher-quality flour in just two minutes. This has greatly lightened the local women's workload, freeing up their time for other activities including literacy classes and learning valuable skills like micro-finance. The women have also gained experience handling the technical and financial management of the platform, providing them with opportunities and experiences previously only afforded to men. The platform itself is a shelter with a lean-to that was constructed using recycled wood from the Essakane mine's waste materials. This lean-to serves as a meeting place for the women to discuss the platform's management. The mine also donated metal waste for a welding workshop held at the platform that was used by artisans to make and repair agricultural equipment and housing materials. The OCADES Kaya/Dori consortium plan is to withdraw from the initiative to allow for the village women to take over full management of the platform. The women intend to gradually add income-generating activities that will ensure the sustainability of the platform in the future.

Another example comes from Zinc Alliance for Child Health (ZACH), a public-private-civil society partnership created by Canadian diversified miner Teck, the Government of Canada, UNICEF and the Micronutrient Initiative to develop and sustain zinc treatment programs that will help save children's lives. Every year, more than 600,000 children die from diarrhea. It is the second leading cause of death in children under the age of five, and completely preventable. A simple \$0.50 treatment of zinc tablets and oral rehydration salts (ORS) can reduce the severity and duration of diarrhea and help save a child's life. ZACH launched in 2011 with a CAD\$20 million commitment by Teck and the Government of Canada, together with an implementing partner, the Micronutrient Initiative. The program operates in Senegal, Ethiopia, Burkina Faso, India and Kenya – countries with the highest burden of preventable diarrheal deaths in children. In 2013, Teck provided an additional \$5 million commitment to UNICEF under ZACH to scale up access to zinc and ORS in three high burden states of India. Since ZACH launched, more than 22 million children have received life-saving zinc treatments and 60,000 community health workers have been trained to provide basic healthcare services in rural areas.

### Peace and Security

Adhering to the *Voluntary Principles on Security and Human Rights* and the conducting of Human Rights Assessments are both good practice for companies looking to meet their commitment to respect human rights and help promote peace and security around their operations. One example of leadership in this area comes from Barrick Gold Corporation (Barrick) who in 2011 launched their Human Rights Compliance program as part of their commitment to respect human rights everywhere they operate.

Aligned with the UN Guiding Principles on Business and Human Rights, the program is owned on a local basis and addresses training, onboarding and oversight of employees and third parties, operational due diligence, grievance mechanisms, remediation, and other components. 100% of Barrick's security employees and contract personnel have received human rights training and, in 2015 alone, Barrick conducted more than 22,000 hours of human rights training for its personnel.

Annual Human Rights Assessments (HRAs) are a key element of the program. These on-site assessments are conducted by Avanzar, a highly respected and independent 3<sup>rd</sup> party. The objectives of these assessments are to identify the potential and perceived positive and negative impacts associated with human rights. Assessment findings are reported to a Board-level Corporate Responsibility Committee

and key findings are made publicly available in an Annual Summary Report. HRAs are not one-time, stand-alone assessments. To date, Avanzar has undertaken 14 on-site assessments, including at all of Barrick's high risk sites. The HRA program is an important way for the company to refine and improve its Human Rights Compliance Program. To date, results of these assessments have contributed to a number of strengthened processes, including:

- Updated policies and procedures
- Improved human rights requirements for employee and vendor onboarding
- Enhanced Supplier Code of Ethics
- Expanding awareness of human rights

#### Inclusive and Accountable Governance, Peaceful Pluralism and Respect for Diversity

MAC has been a long standing champion of the objectives outlined under this focus area. In 1992, MAC was a key partner in bringing together the Whitehorse Mining Initiative, a groundbreaking multi-stakeholder initiative that brought together the mining industry, civil society and government representatives to find common ground on how to improve environmental and social performance in mining.

In 2004, MAC launched TSM, a unique system that requires individual facilities to report on key environmental and social indicators and to have those results independently verified and reported publicly by MAC. This initiative was developed in close consultation with a multi-stakeholder advisory panel, called our Community of Interest Advisory Panel, which provides advice and oversight of TSM. In 2012, their mandate was expanded to provide advice on any issue that is of mutual interest to MAC, its members and the Panel, including international development issues. MAC has recently seen a surge of interest from other national governments and mining associations to better understand how TSM works with an interest in exploring adoption of TSM in their own countries. In 2015, MAC signed its first licensing agreement with the Finnish Mining Association for TSM and is currently in discussions with several other countries in Latin America, Africa and Asia. One of the most important pillars of TSM adoption is the establishment of a multi-stakeholder advisory panel. By promoting such multi-stakeholder forums and dialogue through TSM, MAC is actively promoting inclusive and accountable governance, peaceful pluralism and respect for diversity in the mining sector.

MAC has also been a long-standing supporter of a number of Canadian development projects. A member of MAC staff chairs the advisory council for the Canadian International Resource and Development Institute. We also supported a Federation of Canadian Municipalities project aimed at building local governance capacity in mining communities in Peru and Columbia. One of our most notable contributions related to this focus area has been our collaboration with Publish What You Pay (PWYP) with the Resource Revenue Transparency Working Group. This initiative led to an agreement between ourselves, PWYP, The Natural Resources Governance Institute and the Prospectors and Developers Association of Canada on how to implement mandatory reporting of payments to governments in Canada. This work led to the implementation of the *Extractive Sector Transparency Measures Act* and put Canada in a global leadership position on extractive sector transparency.

#### Responding to Humanitarian Crises

Due to their established presence in remote regions of many developing countries, Canadian mining companies are often well placed to contribute to responses for humanitarian crises. Mines often have resources, equipment, infrastructure and trained personnel that can support early and ongoing responses to crises. A recent example of a Canadian miner's involvement in such a crisis is Kinross Gold

Corporation's (Kinross) contribution to the Ebola epidemic in West Africa. On the ground, Kinross was able to provide medical awareness training in nearby communities. Kinross was also one of more than 50 companies with major interests in West Africa to sign the UN Action Pledge on Ebola. This pledge included commitments to continue to operate their business for as long as possible in Ebola-affected areas, to train staff about Ebola, and to make preparations to respond to an outbreak within their own company. Additionally, in 2014 Kinross donated US\$50,000 to the United Nations Foundation (UNF) Ebola Response Fund, the first-ever UN emergency health mission. The UN Mission for Ebola Emergency Response (UNMEER) played an important role in helping Ebola-affected countries in West Africa.

Another example, also from Kinross, comes from Northern Chile which was hit with torrential rains in March 2015, causing massive inundations, mudslides and damage to infrastructure. People living in Copiapó and in the local indigenous Colla communities were directly impacted, with homes, pastures, and roads destroyed by high waters and mudslides. Kinross organized fly-overs to determine the extent of the damage and was able to rescue by air some indigenous community members who were trapped in the mountains by the inundations and mud. Kinross' crisis management team provided emergency medical support and food, reconstruction of water tanks and pipes, shelter and cash (banking systems were down for several weeks) as well as soft loans and vaccinations against infectious diseases to those in need. In Copiapó, Kinross organized a program of daily activities for the children of Colla families, leaving their parents free to work in reconstruction. Overall, Kinross' direct and in-kind support to the community exceeded \$600,000.

## Clean Economic Growth and Climate Change

### *Clean Economic Growth – Value Distribution of Economic Contribution*

Canada's mining sector is the second largest source of foreign direct investment into the developing world. Last year MAC undertook to quantify the value distribution of the economic contribution from five of our members operating in twenty countries, including several of GAC's priority countries such as Burkina Faso and Ghana. These five companies were responsible for over \$19 billion in spending in 2014, of which \$16.9 billion or 89% was spent in the host country in which the mine operated. This amount, from just five companies, is significantly larger than Canada's 2014 Official Development Aid Budget of \$5.8 billion.

A good example of the relative size of the economic contribution comes from Burkina Faso where GAC contributed \$41 million in 2012-2013. In 2014, one Canadian mine contributed \$249 million to the national economy. Of that, \$24 million was in payments to governments, \$225 million was spent with suppliers in country<sup>2</sup>, \$44 million was spent on wages and \$1 million was paid to local communities. This means that 74% of all expenditures from this one mine were spent in Burkina Faso directly.

A second example is Ghana where GAC spent \$120 million in 2012-2013. In 2014, one MAC member mine spent \$253 million in country (81% of the mine's total expenditures), with \$67 million in payments to governments, \$142 million in payments to suppliers in-country, \$42 million in wages and \$2 million in local communities.

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<sup>2</sup> Local suppliers are generally defined as suppliers registered as businesses in the host country. The proportion of payments to local suppliers that are retained in the host country is not typically tracked and will vary with the nature of the domestic service and manufacturing infrastructure.

Canadian mining companies also measure the development impact of their activities in the communities around which they operate. Kinross, for example, has been measuring a series of economic indicators in communities around the Tasiast Mine in Mauritania since 2011. Three of these indicators show that per capita income has doubled and both the percentage of the population in poverty and the perceptions of poverty have been reduced by more than 50% (Figure 1).

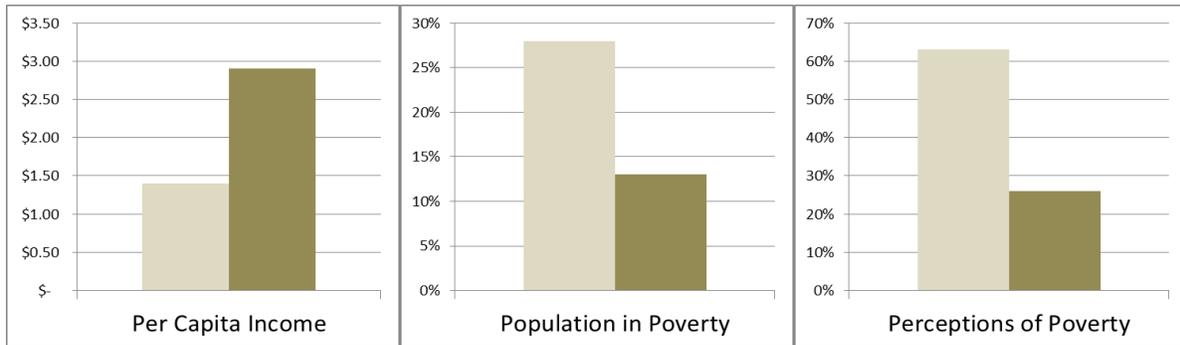


Figure 1 - Results of socio-economic surveys, Tasiast local area, 2011 (light) v. 2013 (dark)- courtesy of Kinross Gold Corporation

A similar story can be found in the town of Paracatu, where Kinross has a gold mine which is one of the biggest private sector employers in the Municipality. In 2014, Brazil published municipal-level Human Development Index (HDI) data for the period 1990 to 2010 for cities and states throughout Brazil, including Paracatu (2010 pop. 80,000) where the mine has been in operation since 1987. The data show that since 1990, Paracatu has advanced more rapidly than the country of Brazil itself, and more rapidly than the state of Minas Gerais. As a result of this improvement, the city of Paracatu now ranks above national and state-wide averages in a number of key social indicators. While there are multiple contributors to the economic health of Paracatu, such as agribusiness and education, these data provide a clear indication of the contribution to community development from the wages and benefits, local procurement, and payments to governments generated by responsible mining

These benefits are only realized through significant and targeted community investments and hiring, which would likely not occur in this magnitude without the presence of mining. Purchased goods and services can comprise up to 60% of the production cost of mining, before even considering the cost of employee hires. When combined with our industry’s strong track record for hiring within the host country, this translates to tremendous opportunities for economic contributions in host communities. A good example of local hiring practices comes from Eldorado Gold where 99% of their employees globally are recruited from within host countries.

### Climate Change

In early 2016, MAC published a series of principles for the effective design of a national climate change strategy in Canada. These principles call for a national price on carbon and provide specifics on how best to use the revenues to achieve the combined goals of economic growth and effective action on climate change mitigation and adaptation. In recent years, mines are increasingly turning to renewable energy projects to provide a clean reliable energy for their operations. There are also many examples where mines have been able to factor in the needs of surrounding communities when designing and implementing these projects.

One such example comes from Goldcorp's Los Filos Mine in Mexico. In 2014, through community collaboration, a joint committee of municipal authorities, provincial government officials and Los Filos employees was formed to identify a new water supply and efficient distribution methods. The project involved pumping water and, rather than rely on fossil fuel based energy sources, the project was able to incorporate 315 photovoltaic solar panels generating 78 kilowatts of clean power per hour (29.2 megawatts per year) to run three 25-horsepower pumps that were able to transport 180,000 liters of water per day to the community.

Another example comes from IAMGOLD's Rosebel Mine in Surinam where the company installed a 16,000 panel solar farm on an old airstrip near the mine that produces 5 MW of clean power for the mine.

#### Partnerships for Development into the Future

There are a number of reasons for the Canadian government to maintain the ability to partner with Canadian mining companies working abroad and development oriented NGOs. While this approach may not be the focus of international assistance, for many reasons these types of partnerships are an important tool that can continue to strengthen Canada's official international assistance approach:

- Mining companies often have an established presence in remote communities in priority development countries that includes connections with communities and governments, as well as infrastructure investments that can be used to leverage ODA.
- Mining companies drive economic growth through investment, employment, business creation, innovation and knowledge transfer.
- Collaborating with the private sector is critical to achieving long-term growth and sustainable development from ODA.
- Mining companies are often a catalyst for development programs and investments but need to work with NGO's and governments, including Canada, to ensure that these can become sustainable over the long term and persist beyond the life of the mine.

Experiences over the last five years have taught us much about how to undertake these partnerships more effectively. Much of this learning has occurred through our experiences with existing partnerships like the Devonshire Initiative (DI), which has provided a critical platform for three groups of organizations to learn about each other, from each other and how to work more effectively together. As the DI will be making their own submission and sharing many of the lessons learned on how to better undertake partnerships for development between mining companies, NGOs and government, MAC would like to take this opportunity to encourage GAC to strongly consider the input provided by the DI.

#### Conclusion

It is clear from these examples that economic growth is the most significant tool in the fight against poverty and it is only through working with the private sector that long term sustainable economic growth can be realized. When GAC began partnering with NGOs and mining companies, it brought itself into alignment with other forward-thinking development aid approaches from elsewhere in the world, including the US, the UK, The Netherlands and Germany, to name a few. It is an approach that serves Canadians well by enhancing the effectiveness of government international assistance, helping to increase the capacity of local communities to take advantage of private sector investments, reducing poverty and creating sustainable, long term economic growth.