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### Ask the Experts: Mining

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## Ask the Experts: Mining

January 2013

### How can governments best ensure mining produces broad-based economic development?



#### **Lisa Sachs answers:**

At the Vale Columbia Center on Sustainable International Investment at Columbia University, we have identified five “pillars” that are necessary for resource-based sustainable development. Each pillar requires the collaboration of governments, companies, donors and communities.

First, governments should have a transparent, robust legal framework, implemented and monitored by strong governmental and societal institutions. In many poor countries, governments require the support of their international partners to develop fiscal regimes that maximize government revenues, tools to arrive at fair and transparent contracts, and institutions to support the monitoring and implementation of investments.

Second, governments should include natural resources in medium and long-term development planning, including frameworks and budgetary mechanisms for the strategic allocation of resource revenues into priority public investments.

Third, governments should identify the potential synergies between national or regional priorities and companies’ investments, for instance in the potential for developing downstream industries, capacity-building for local suppliers, and leveraging resource-based infrastructure (transport, power, water, telecommunications) for broader regional development.

Fourth, governments should work with their partners to support integrated development within and beyond the mining region to ensure that the benefits of the extractive project are realized at the local level. Failure to ensure that communities are benefiting from these projects can result in social unrest and conflicts that undermines both sustainable development and the investment itself.

And finally, fifth, governments must understand and manage the environmental impacts of potential investments, especially in the case of ecologically vulnerable regions, in order to ensure environmental sustainability for the joint benefit of the countries’ citizens and the companies’ operations.

Collaboration of all stakeholders is necessary to maximize the benefits of resource endowments for developing countries and to ensure a long-term mutually beneficial framework for governments, citizens and companies alike.