

The Promise of the Market: Realizing Synergies between Business Action and Development Aid for Conservation

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Secretary General



- ICMM and its role
- Four key messages
 1. Biodiversity conservation and poverty are inextricably linked
 2. Sustainable biodiversity conservation requires good governance
 3. Good governance requires sound economic and institutional foundations
 4. Sustainable economies rely on private sector investment
 5. The private and public sectors share common interests
- Case study: Madagascar

“Mining, minerals and metals are important to the economic and social development of many countries.
Minerals are essential for modern living”

2002 World Summit on Sustainable Development (WSSD)

“A viable mining, minerals and metals industry that is widely recognised as essential for modern living and a key contributor to sustainable development”

Members:

- Leading companies and industry associations
- Must meet sustainable development requirements



Improving performance through a mandatory Sustainable Development Framework

10 Principles

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graph TD; A[10 Principles] --- B[Public Reporting]; B --- C[Independent Assurance]; C --- D[Sharing Good Practice];
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Public Reporting

Independent Assurance

Sharing Good Practice

Partnership - The need for collaboration

Working with:

- National and local governments
- Inter-governmental Organizations (IGOs)
- Non-governmental Organizations (NGOs)
- Investors and financiers
- Communities
- Development agencies



Biodiversity conservation and poverty are inextricably linked

- Poverty is a fundamental cause of biodiversity loss
- Lack of alternatives leads to over-exploitation of resources
- Ineffective application of laws in many poor countries
- Many poor people live in areas of high biodiversity
- 90% of rural people in extreme poverty (1.2 billion) depend on forest resources
- 75% of poor live in rural areas, where biodiversity is highest
- The poor are disproportionately affected by biodiversity loss

We need environmental quality to solve the problem of poverty, and we need to address the problem of poverty to protect the environment. Even military force will not protect a park full of wildlife and trees from tens of thousands of desperate people with no fuel and nothing to eat.

Luke Danielson

Sustainable biodiversity conservation requires good governance

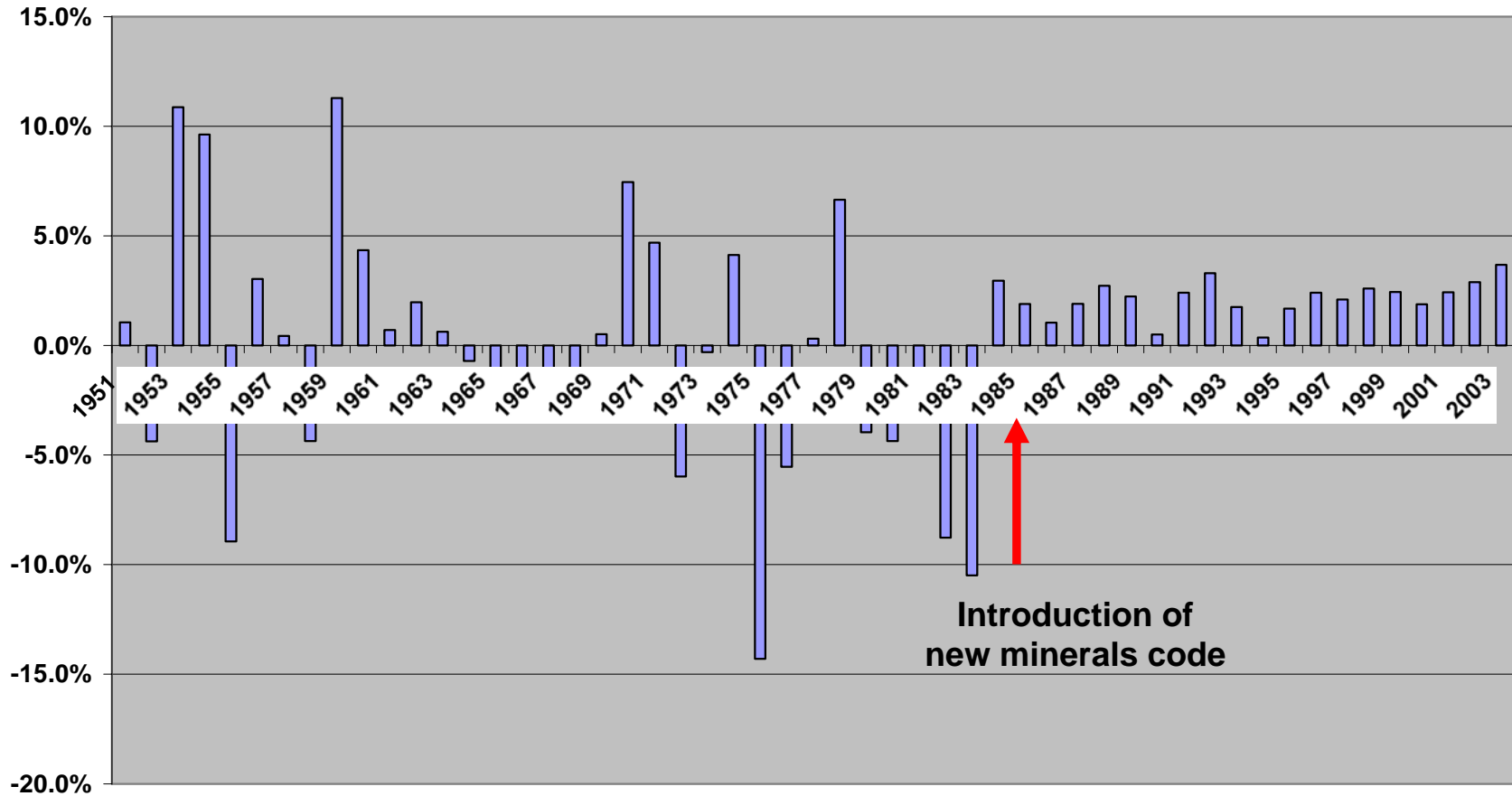
- Governance generally improves with economic growth
- Poverty reduction requires:
 - Investment to foster economic growth
 - Targeted use of mining rents (taxes etc.)
 - Intra-government, donor and company co-ordination
 - Developing local supply chains

Botswana and Ghana: from world's poorest, to Africa's success stories

- Foster investment through sound macroeconomic and legal policies
- Reducing poverty:
 - Focused social and physical infrastructure programs
 - Growing local supply chains and downstream processing
- Result: Poverty fallen by 12% to 20% since 1990

National lessons – Ghana

Ghana Per Capita Growth Rates: 1950- 2003 (1990 PPP\$)



Good governance requires sound economic and institutional foundations

- Insufficient or unreliable finances hamper the ability of governments to:
 - Plan and implement environmental and social programs
- Institutional inadequacies:
 - Ineffective rule of law
 - Enforcement
 - Management

Sustainable economies rest on private sector investment

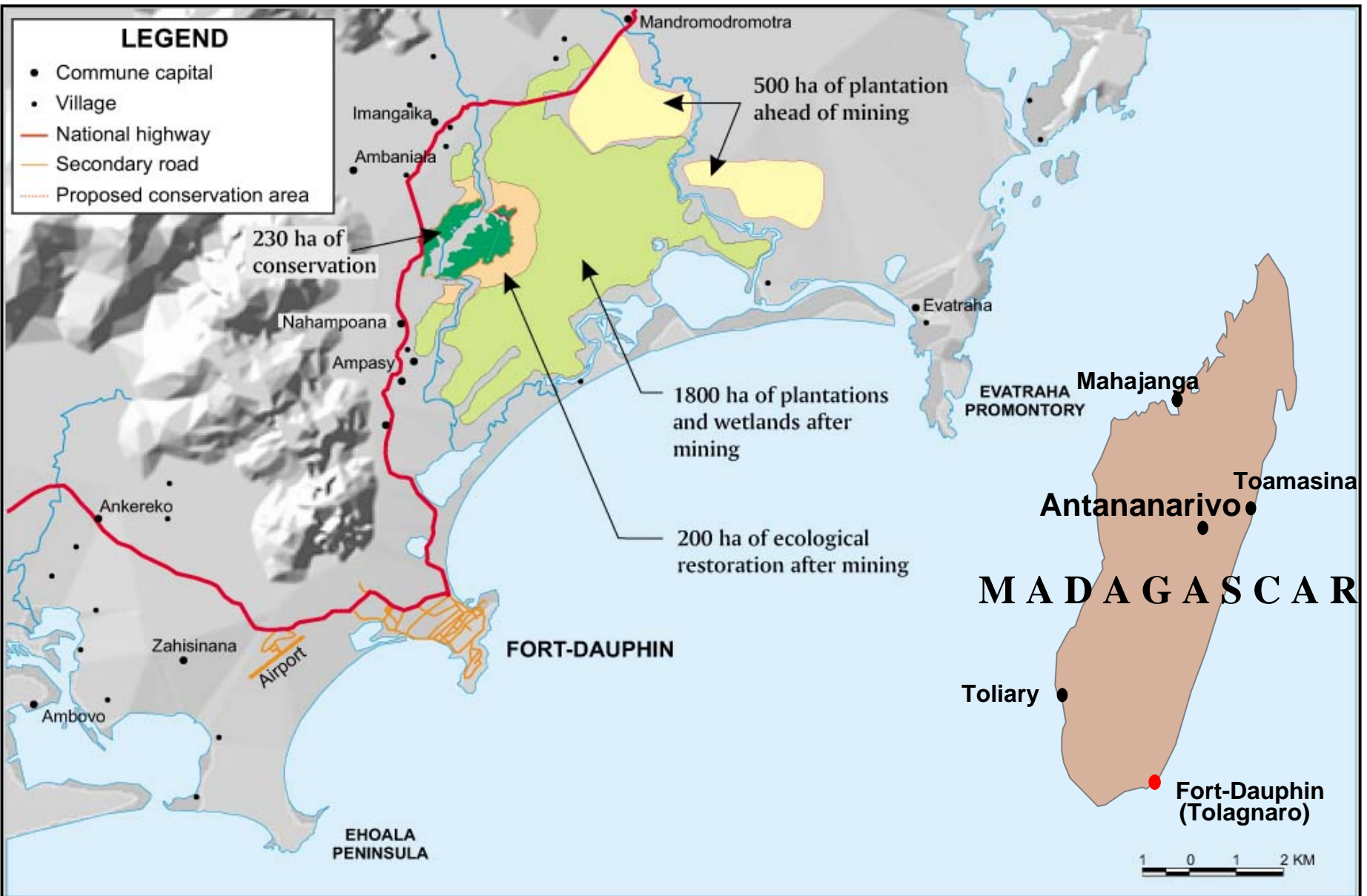
- Private investment dwarfs government aid:
 - 2005 ODA less debt relief was \$83 billion
 - Net FDI to developing countries was \$237 billion
- Private investment in developing countries is growing (4.5% pa since 1997)
- Leading businesses commit to sustainable development:
 - Sound corporate governance
 - Good working conditions for employees
 - Continually improving environmental performance
 - Sustainable communities
- Mining (natural resources) is the only significant source of investment in poor countries

The private and public sectors have common interests

- Business and governments (and the conservation community) want:
 - Rule of law
 - Political stability
 - Good governance
 - Increasing local human capacity
 - Sound and effective institutions
 - Balanced and certain regulations
- Environmental protection (including biodiversity) an outcome

- Rio Tinto is building a heavy mineral sands mine in southeast Madagascar
- Creation of conservation zones in, around the mine property
 - The area is already badly degraded, with few blocks of forest left
 - Mine site will cover 6000 ha
 - 2050 ha of littoral forest are left – 50% will be protected, 30% on mining lease, 20% outside
 - 1600 ha protected area established so far
 - Restored forests will form a buffer around the conservation zones
 - Surrounded by 23 000 ha sustainably managed zone
 - Areas are managed jointly by government, company and community
 - Will soon be integrated into Madagascar's protected area system

Case Study: Rio Tinto in Madagascar



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