

I. BACKGROUND

Effectively leveraging the mining sector can help in India's socio-economic development. Studies show that sector can potentially contribute around U.S.D. 40 Billion to governmental revenues annually, and create an additional 2.3 million jobs (direct and indirect) by 2020.¹ When armed with an effective sector-strategy and supported by good governance, the sector can produce positive outcomes such as inclusive economic growth, job-creation, and sustained poverty reduction.

However, the sector's performance in India has been sub-optimal. For instance, the sector's contribution to India's G.D.P. in 2012-13 was 2%², while in other effectively administered resource-rich countries it is frequently around 5 -6%. Better administration in the sector is necessary, not only to maximize the benefits from this sector, but also to reflect the evolving understanding of the socio-economic, as well as environmental impacts of mining, and the role of the sector within a broader context of sustainable development.

Better Governance in the sector can be ensured through effective resource management, improved administration and the adoption of sustainable mining practices. Effective resource management requires accurate assessments of fossil energy and mineral resources. Reliable estimates of India's mineral resource wealth will help inform mineral policies and laws, increase Foreign Direct Investment (FDI), and stimulate mineral-exploration activities. The first step in improving sector administration is to create effective systems to grant and monitor mineral licenses. Additionally, embracing global good practices in sustainable mining helps create synergies between industry, government and locally impacted communities that are beneficial to all stakeholders.

The impetus for such initiatives comes from the National Mineral Policy, 2008 and the Mines and Minerals (Development and Regulation) Bill, 2011, which signify Government of India's strong intentions to revitalize sector governance. Efforts are also ongoing to finalize a Sustainable Development Framework ("SDF") for Indian Mining Sector.

Institutional strengthening activities within the Indian Bureau of Mines (IBM) are reinforcing good governance in the sector. IBM is the central government agency that issues licenses for Major Minerals (such as iron ore), reviews mine and mine closure plans, and monitors certain aspects of regulatory compliance. Certain priority reforms have been identified in the IBM- the reforms required to facilitate improved technical and policy guidance are detailed within the study titled '*Review and Restructuring of the Functions of the Indian Bureau of*

¹ McKinsey and Company, REINVIGORATING THE INDIAN MINING SECTOR: BASIC MATERIALS, (December, 2012), pg.11, available at: http://www.mckinsey.com/locations/india/mckinseyonindia/pdf/Executive_Summary_Reinvigorating_the_Indian_mining_sector.pdf; last visited on 19th September, 2013.

² According to official figures determined by the *Central Statistical Organization*.

Mines' [May 2012]; and the proposed interventions around licensing are described within Detailed Project Report – Mining Tenement System [2013].

II. GOALS AND OBJECTIVES OF THE CONFERENCE

Goals

The conference, titled “*Sustainable Mining and the UNFC- Challenges and Opportunities in India*”, seeks to address the above-mentioned needs by taking capacity-building steps that ultimately lead to (i) adoption of the United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources, 2009 (‘UNFC’) by India, to obtain increased information on its mineral resource wealth, (ii) rollout of a new digitized mineral tenement system, which would help in improved licensing and monitoring systems; and (iii) implementing globally recognized good practices such as ‘Sustainable Mine Plans’ to ensure sustainable mining.

Objectives

The conference would essentially build capacity for the audience around the following three pillars -

1. **Understanding the UNFC in the Indian context:** The UNFC is a framework that provides for effective classification and evaluation of fossil energy and mineral resources based on three themes: (i) degree of economic/commercial viability; (ii) field project status and feasibility; and (iii) level of geological knowledge. Being an international standard, UNFC helps address a global, including external investors. The conference will build capacity around the effective use of the UNFC to ensure global good-practice based reporting of mineral resource estimates, which would lead to improved planning and forecasting abilities in the extractives and energy sectors.

Currently, although India has signed up for an earlier version of the UNFC (UNFC, 1997), it has not yet been implemented. Implementing the UNFC, 2009 will provide increased information on India's mineral resource potential, leading to increased sector transparency, better informed policies and laws, and increased investments.

2. **Pre-Cadastral Activities prior to rollout of the MTS:** The proposed MTS is a system that provides for a computerized, transparent and non-discretionary approach to mineral licensing. By providing the accurate information on mineral licenses and boundary limits of corresponding mining operations in public domain, it will help curb non-compliance and violations in mining operations. It will automate the entire mining-life cycle starting from the identification of mining area and ending with the closure of the mine, thus promoting transparent and non-discretionary licensing. It will also help develop technology linkages for integrated land-use planning. The proposed MTS system will be designed in conformity with *Detailed Project Report – Mining Tenement System [2013]*. Once deployed, the MTS will enable the effective management of mineral concession regime and transparency of operations at the Centre as well as States, thus helping curb illegal and unregulated mining.

The conference will build capacity around the activities required to be undertaken prior to rollout of the MTS, to ensure that the new system is free of existing procedural deficiencies.

3. **Implementing Sustainable Mine Plans ('SMPs')**: Sustainable mining practices are an effective tool that leads to socio-economic growth, environmental conservation, and even mitigates social conflict sometimes associated with mining. The MMDR Bill makes it mandatory for mining companies to prepare a Mining Plan for the entire lease area, which is subject to approval by the IBM. Mining operations cannot commence without such approval being granted. In this context, IBM becomes the key institution where capacity must be built to ensure that the Mine Plans are based on global good practices in sustainable mining. The conference will provide for such capacity building measures.

III. APPROACH

A train-the-trainers approach would be used, with capacity building initiatives focused on imparting knowledge and skills to an identified set of individuals. These individuals would, in turn, facilitate the desired knowledge and skill development with cascading effects. The training would be imparted through dissemination of global good practices through workshops and conferences, as well as through facilitation of south-south dialogue. The initiatives would also be furthered through partnerships with the Federation of Indian Mining Industries (FIMI) and International Council on Mining & Metals (ICMM).

IV. TARGET AUDIENCE

The audience for this conference is the Central Government, represented by the staff of the IBM, which is the institution strategically positioned to facilitate change in terms of mineral licensing for Major Minerals, and ensure and enforce sustainable mining practices. The mining industry is also an important target audience with regards to all three proposed activities. Civil Society Organizations (CSOs) are also a target audience, as informing them of the proposed changes in sector governance helps in obtaining feedback, as well as in facilitating their proactive support for improved governance.
