



Netherlands Commission for  
Environmental Assessment



## NCEA services on environmental and social assessment for extractives

Conflict-free sourcing, chain transparency, and sustainable and secured supply in extractives sectors gain increasing attention from private and public parties. DGIS policy on extractives also contributes to these objectives. In most cases, activities in the extractives industry legally require an environmental and social assessment. This key sheet discusses the added value of these assessments, illustrated with NCEA's experiences and services in this field. We refer here specifically to abiotic extractives such as ores and industrial minerals.

### Extractives, the environment and society

Extractives sectors and projects have specific issues, which can lead to major environmental, social and economic effects.

- **Equity issues are often not sufficiently addressed.** It is common for a small group of actors to enjoy the benefits of exploitation, while many are exposed to its negative consequences. Compensation of individuals and communities is often inadequate. Gender inequality can be a problem, both in terms of adverse effects of exploitation (e.g. men get jobs, women lose land that they used for gathering fire wood) and in compensation given for these effects.
- **High impact projects require hi-tech expertise.** Governments often lack knowledge on sustainability aspects of exploitation. Impacts of exploitation on ecosystems and people – which are generally high – may thus not be foreseen and sufficiently mitigated.
- **Projects start before policy development.** Private projects in extractives are often ahead of national sector strategies. The capacity of governments to regulate these developments is often limited.
- **Exploitation causes conflicts.** Where governance is weak, exploitation can lead to poverty increase instead of reduction, and to corruption and conflict.

- **Multiple sectors are influenced.** Exploitation affects other types of land use. A balance needs to be sought between various interests, especially in the water-food-resources nexus, instead of allowing the most powerful (often economic) interest to dominate.
- **Short term benefits overrule long term effects.** Economic benefits of exploitation are immediate, while adverse effects on the environment and society are long term. The latter may remain unaddressed.

### Environmental assessment for extractives

Environmental and Social Impact Assessment (ESIA; for projects) and Strategic Environmental Assessment (SEA; for policies, plans and programmes) are widely recognized as instruments to address these issues. In many countries, they are the only legally mandatory procedures to assess environmental/social effects of developments and to form a platform to discuss these effects. They are also

#### Case: Responsible mining in Ghana

In 2008, an SEA was conducted for the mining sector in Ghana. This SEA was of good quality, yet its influence on sector planning was limited. The NCEA was asked in 2011 to advise on how to increase this influence. It assessed the SEA and found a lack of clear objectives and ambitions for the sector. It recommended that an addendum be prepared and indicated what should be included. This addendum was indeed prepared, and the Minerals Commission and Environmental Protection Agency of Ghana used it to improve the draft Mining Policy. It helped them to focus on strategic decisions with long term objectives.

obligatory according to e.g. IFC performance standards and World Bank safeguards. ESIA/SEA allows for:

- **Solid assessment of environmental/social issues.** Specialised knowledge on sustainability aspects is thereby brought into the decision-making process.
- **Identification of environmentally/socially friendly alternatives and options for mitigation/compensation.** Thereby adverse effects can be limited, or compensation offered to affected people.
- **Well-structured public debate on these issues.** This helps, for example, to address equity/gender issues and to prevent conflicts in later stages.
- **Using assessment/debate results in decision-making.** This supports authorities in balancing multiple interests and short term versus long term effects.

**ESIAs and SEAs** thus lead to more sustainable decisions on the development of extractives sectors and activities. Thereby they help to secure future availability of extractives, which benefits both the supplying country and its trade partners. Apart from contributing to secured supply, ESIA and SEA also enhance responsible management and good governance, as improved environmental assessment systems go hand-in-hand with increased transparency in resource chains and decision-making. They lead to better informed choices on exploitation.

For private investors in extractive industries, ESIA and SEA can help to demonstrate the added value of their projects

### Case: Tin mining Indonesia

In 2015, the NCEA was presented with a request from the Indonesian Tin Working Group of the Sustainable Trade Initiative (IDH). The request was to review a sample of ESIA for tin mining in Indonesia, as input for a roadmap for responsible tin mining. A working group reviewed the ESIA and gave recommendations on good practice ESIA for off- and onshore tin mining. They concern environmental issues such as eco-dredging techniques, but also social issues such as contracts between companies and smallholder miners.

The advice is expected to lead to more sustainable projects. The road map is being trailed in a series of pilot projects. In these pilots, the NCEA advice is followed up in relation to e.g. livelihoods of artisanal miners and rehabilitation of mining areas.

### Examples: the NCEA and extractives

Some NCEA activities from the past years are:

- Madagascar, 2017: introductory SEA training with focus on the mining sector;
- Indonesia, 2015: Review of ESIA for tin mining and smelting projects (see Case)
- Uganda and Cameroon, 2014: training on ESIA review for mineral resources projects;
- Ghana, 2011: advice on an approach for a mining sector SEA (see Case);
- Colombia, 2010: advice for mining ESIA/SEA and contribution to seminar on large-scale mining;
- DRC, 2010: advice on ToR for a mining sector Post-Conflict Impact Assessment;
- West Africa, 2010: regional 4-day workshop on SEA for extractive industries.

Longer ago, the NCEA advised on a.o. ESIA for gold mining (Surinam) and limestone mining (Nigeria) and SEA for planned lithium mining (Bolivia).

and plans and plans, to assess their consequences and to mitigate adverse effects. Thereby, ESIA and SEA increase the public support for investments. Private sector investors are often capable and willing to apply best practices to minimise risks and impacts, as long as requirements for their investments are clear from the start.

### The NCEA's services

Since 1993, the NCEA gives **independent expert advice** on ESIA and SEA in developing countries. It advises on Terms of Reference for ESIA/SEA and it reviews ESIA/SEAs, to improve their quality and relevance for decision-making. The NCEA also has **capacity development programmes** with governments, to strengthen ESIA/SEA systems. These include e.g. workshops for sector ministries and guidance on improving laws and regulations. In its advisory services and capacity development programmes, the NCEA works with a large database of experts, including experts in extractive industries.

In April 2017, the NCEA has published a case called 'ESIA and SEA for a Responsible and Inclusive Mining Sector'.

### Contact

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