



# Mining for Development Conference 2013

Sydney, Australia

## SESSION SUMMARY - PLENARY FOUR

### Developing human capacity and leadership for change Antonio MA Pedro, Dr Ernesto Sirolli, Peter Meurs

Development of mining projects within developing nations has the capacity to raise income and living standards, however it's only one part of capability building required.

Antonio Pedro, Director of the United Nations Economic Commission for the Africa Sub-Regional Office for Eastern Africa, said mining was indeed a "development industry," but he said a big question remains. How can we ensure that an extractive industry based on non-renewable services can become a sustainable force for development?

Mr Pedro said the skills needed in developing nations were beyond the traditional mining skills of engineering and geology, and included those that could help a country plan better for its future. One example was to strengthen the capacity to negotiate deals.

"The current model for deploying and generating those skills is one that requires some review," Mr Pedro said.

He said the African Mining Vision implementation program included a Minerals Skills Initiative (MSI) to develop skills other than mining skills. The MSI agenda was designed to help countries to develop their own mining vision, taking into account the different social dynamics and political considerations across countries.

A second objective was support for the development of resource corridors, especially when mining was located in remote areas, including studying how infrastructure in those corridors might be better utilised and synchronised with mining development.

And he said a Challenge Fund had also been established to invite institutions to develop innovative means of creating new skills.

"It is possible to enter into public private partnerships where mining companies are part of an effort to develop skills to address their own needs and needs of the local constituencies," Mr Pedro said.

However, obstacles to unlocking value across the mining value chain remain. This includes raising the skills of entrepreneurs to participate in the sector, and subsequently retain those skills locally. And adding it was also important to develop better skills in managing expectations, for which a Mineral Development Framework had been developed to manage the differences in perception of value across different parties. Its goal was to reduce the differing views that otherwise led to situations where the social license to mine was eroded, potentially leading to conflict.

Dr Ernesto Sirolli, Founder of the Sirolli Institute, contended the approach taken by outsiders when it comes to providing the developing world with assistance was often misguided.

## International Mining for Development Centre

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Dr Sirolli told of his own first fumbling steps in Africa, and of the broader cultural problems that arose when Westerners came into Africa and began telling people what to do.

He described the first principal of aid as leaving people alone when they did not want to be helped, and proposed the idea of a community happiness index where mining companies would have to be invited, rather than bidding for the rights to develop. “The first principal of aid is respect - if you don’t respect them, you can’t help them,” he said.

As an example, three years ago his organisation was invited to the Democratic Republic of Congo where it trained enterprise facilitators that subsequently helped create new businesses and 750 jobs.

When seeking to build capacity, it is important to take bottom-up approach. “We have to close the gap from the grass roots,” Dr Sirolli said. “If you want to capture the passion and energy of entrepreneurs you need to create an entirely different system. One by one you grab the passion of the local people.”

Australian miner Fortescue Metals Group has been taking a bottom-up approach to capacity building amongst indigenous people of the Pilbara region in WA where it conducts its mining activity.

Mr Peter Meurs, Fortescue’s Director of Developments, described the original vision of company founder Andrew Forrest to provide employment for aboriginal people. Mr Forrest had grown up with local aboriginal people, but many of those childhood friends passed away in their 30s, leading to his passion for helping aboriginal people today.

“One of Fortescue’s absolute objectives has been to increase employment and provide employment for aboriginal people,” Mr Meurs said.

The company has created the VTEC program to train local people on lifestyle and technical skills with the goal of helping men and women with life skills such as getting their drivers licence, opening a bank account, owning a house, having a budget, and other skills or requirements needed to work.

“It is a tough course ... but on completion of the course they get a job and a house,” Mr Meurs said. “The retention rate is twice as good as our standard retention rate.”

More than 427 aboriginal people are now employed by Fortescue, which equates to 11 per cent of its workforce. The company has a goal of bringing aboriginal appointment to 20 per cent, and a further 418 aboriginal people are employed by its contractors.

Mr Meurs said Fortescue had also committed to awarding \$1 billion to aboriginal corporations, and to date has spent \$650 million. Fortescue also preferred to use local



suppliers in projects to help build local capacity, with many companies now working on projects which were double or triple the size of anything they had done previously.

“What we get is we absolutely get their attention,” Mr Meurs said. “So our projects tend to finish twice as fast and for 30 per cent less money than for our competitors in the resource industry.”

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