

Regulation and Governance Models for a Just Transition in the Mining Sector is the subject of FGV Europe's webinar

Participants in the seminar included the Secretary of Geology, Mining and Mineral Transformation of the Ministry of Mines and Energy of Brazil, Alexandre Vidigal de Oliveira; the Superintendent of Mining, Energy and Logistics of the State Secretariat of Economic Development of Minas Gerais (SEDE), Marcelo Ladeira Moreira da Costa; Maria Yetano Roche, researcher and expert in governance for the Wuppertal Institute's Just Transition to Climate, Environment and Energy; Anglo American's Corporate Affairs director, Ivan de Araújo Simões Filho; FGV Direito Rio Professor Rômulo Sampaio and FGV Europe professional fellow, Hannes Schwertfeger. The event was moderated by Marco Contardi, FGV Europe's Project Coordinator.

The seminar is part of an agenda of activities planned until December included in the bilateral technical cooperation initiative Brazil - Germany "Toward a Just Transition: An Opportunity for Minas Gerais".

In the second edition of the "Just Transition" webinar series on September 23, 2020, FGV Europe discussed the topic "Regulation and Governance Models for Just Transition in the Mining Sector". The aim of the event was to present regulatory aspects on models of territorial governance, socio-environmental issues and stakeholder engagement within the scope of the Just Transition in the mining sector. In addition, relevant European cases on these topics were presented.

Marco Contardi opened the event with a presentation of the speakers. He reaffirmed the objective of the initiative and added that "the focus is on a methodology that Europe and Germany have developed extensively where Brazil can also become a reference".

The Secretary of Geology, Mining and Mineral Transformation (SGM) from the Ministry of Mines and Energy, Alexandre Vidigal de Oliveira, addressed some reflections such as: "What is a Just Transition? Where do we want to go? What is the right dimension for it to be really just?". According to the Secretary, the term Just Transition brings many subjectivities. It must not only focus on the economic component, but also on the "social, educational, cultural, professional, technological, and psychological components". As the Secretary said, "to understand the "just" of the Just Transition, it is fundamental to have a transformational commitment and also a commitment to rescue. The term rescue understood as the intention of "establishing the way of life that has been modified". He also added that the just transition is not only the responsibility of the entrepreneur, but also of the society and the public power. Thus, making the decision of how to accomplish this transition in the best way possible. Therefore, it is important to admit a governance plan, which does not focus only on the company's internal issues, but is concerned with the context and includes the welfare of society, the state and other stakeholders.

Marcelo Ladeira Moreira da Costa, Superintendent of Mining, Energy and Logistics Policy, presented the theme "CFEM as an instrument of Economic Development Policy", clarifying the process of the Financial Compensation for Exploration of Mineral Resources (CFEM). Marcelo explained CFEM's legal nature, since it's considered by the public authorities an original revenue and not a tax. It is also a capital revenue since it derives from state property. He also explained CFEM's distribution, in which 60% of the collected resources are from the Producing Municipalities, 15% from the State, 13% from the impacted Municipalities and 2% from those affected by the loss of revenue. Marcelo explained that CFEM's interpretation brings with it a negative burden, derived from the image that mining has today. He believes that many people do not understand the meaning of the term compensation. This is "not because it compensates for the negative impacts of mining; but

because it compensates the wealth that belongs to the Brazilian state, and this wealth is transferred to a private legal entity. The state must be financially compensated". According to the Superintendent, the correct destination for the resources coming from CFEM, should be in capital expenses, generating investments, such as: expanding public services, improving structures, and seeking a diversification of economic activity. Marcelo also questioned the percentage that should be destined to activities related to economic diversification. In relation to diversification there are several challenges, such as "risk of the trap of low complexity and allocation of resources with low long-term vision". He also presented proposals for this challenge, exemplifying the establishment of governance that allows the participation of civil society and transparency in the application of resources.

Professor Rômulo Sampaio addressed the issue of Regulation, introducing the constitutional context. In 1988 the Constitution was already "thinking" about a just transition, since the legislator of that time brought a specific concern related to mining, which refers to the law of the obligation to recover the degraded environment after the exploitation of mineral resources. Rômulo also reflected on the Infraconstitutional question, which relates to the National Environmental Policy - Law 6.938/81, the Environmental Licensing and the Norms of the regulatory agency (ANM- former DNPM). According to Rômulo, "as the states have been equipping themselves and gaining powers and competencies to develop this licensing, it has led to its evolution towards the licensing of decommissioning, in which this transition is being thought of by mining sites in Brazil".

The Professor also pointed to the relevance in discussing Just transition, and commented that this debate already existed. Minas Gerais realized that it had many abandoned mines, which led to a diagnosis in 2016 on the registration of paralyzed and abandoned mines. This diagnosis showed that 27% of the mines were abandoned and 73% paralyzed, among them 58% were paralyzed without environmental control and 42% with environmental control. It was clear that many of these abandonments were because of excessive state bureaucracies. However, Minas Gerais made a report taking institutions from all over the world as an example, thus creating a norm of decommissioning. In 2018 a new regulation was created, which aims at an Environmental Plan for mine closure. Rômulo concluded that there is a need for a system that is more inclusive, with greater participation of the communities involved in the very construction of this plan.

Maira Yetano Rocha from Wuppertal Institute presented some European regions facing a transition and gave insight into a useful European Union (EU) Toolkit established to support EU coal regions in transition. Focusing on the "Transition Governance Toolkit", which provides information on key governance considerations for coal regions pursuing decarbonisation and diversification of their economies. This Toolkit addresses four topics: building effective governance models; designing and implementing stakeholder engagement and social dialogue processes; and strengthening the role of civil society in the transition. It made clear that there is a need for great collaboration: "due to the variety of Stakeholders and the complexity of the Transition. This shows the importance of governance models.

Hannes Schwertfeger showed us how the International Building Exhibition (IBA) can be used as an instrument for long-term planning. To achieve not only economic change, but also social, cultural and ecological aspects: "The duration of an IBA is about 10 years. [...] It is an urban and regional development format". He showed that the IBA's way of thinking can be taken as a plan to start thinking more about regulation and governance models for the "Just Transition in the Mining Sector" in Minas Gerais.

Ivan de Araújo informed about the Sustainable Mining Plan, in which the Collaborative Regional Development (CRD) is also involved. At the CRD, a spatial analysis is carried out with the aim of creating a joint vision, which allows the alignment of various regional actors. There is also a governance part in the program, which aims to maximize the positive impacts generated by socioeconomic investments made in the region, and joint financing aimed to reduce dependence on activities related to mining. Today there is a partnership with the Federal University of Viçosa to make a spatial diagnosis of the region, seeking development beyond the territory where they are located. This first analysis included 103 municipalities from the north to east of Belo Horizonte. However, a first analysis was made with the support of FGV with the intention of identifying the most common types of vocations in the regions, which would be a starting point for the search for partnerships in parallel with the mining activity to be able to develop the entire post-mining territory.

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Website FGV Europe:

<https://fgveurope.fgv.br/>

Website FGV Europe dedicated to Just Transition:

<https://fgveurope.fgv.br/projects>

Exclusive website for the Just Transition initiative/event, in Portuguese and English:

<https://eventos.fgv.br/transicao-justa>

<https://eventos.fgv.br/en/just-transition>

If you wish to contact our experts, please send an email to:

FGV Europe: fgveurope@eu.fgv.br