

Argentina

CONNEX Supports Responsible Mine Closure



The challenge

The Bajo de Alumbrera mine in the Argentine Province of Catamarca is the largest mining venture in the history of the country. Throughout its lifetime, it was the single highest employer of labor in the province. Now that the extraction of gold, copper and molybdenum has stopped, the delicate task of closing the mine in a socially and environmentally responsible manner commences. Such a large mine

requires a well-implemented comprehensive plan to ensure environmental care of soil, air and groundwater during closure, as well as a rehabilitation of the modified ecosystem.

Managing the closure process is the responsibility of the Government of the Province of Catamarca. Argentina has however never dealt with a mine closure process of this magnitude and there is therefore no institutional knowledge to guide the Provincial Government in assessing the mine closure plan, or the sufficiency of the financial guarantee provided by the investor. If the investor fails to implement an approved mine closure plan and the financial guarantee is not sufficient, there is the risk that the Provincial Government will have to cover the shortfall. The Provincial Government is therefore invested in making sure that the investor is responsible for closing the mine.



The Role of the CONNEX Support Unit

The Ministry of Mines of the Government of the Province of Catamarca realized that they needed to have a binding document that assures that the investor will close the mine in a responsible manner. Having no experience in doing this on their own, they requested the assistance of the CONNEX Support Unit for the evaluation of the mine closure in 2019. The CONNEX Support Unit commissioned a team of mining engineers, geophysicists and economists to support the Provincial Government – the first time CONNEX is supporting a subnational government.

Working in close consultation with the state authorities, the experts have visited the mine site to get a first-hand impression of the infrastructure and reviewed the investor's mine closure plan. They have also developed a financial model for the mine closure exercise and a list of all required activities for an environmentally responsible closure of the mine. These analyses and documents will form the basis of an upcoming negotiation between the Provincial Government and the international investor, which CONNEX experts will also be supporting. The outcome of the whole process will be a binding document that clearly details the responsibilities of the investor for the mine closure and how the mine closure will be implemented.

Impact

With the support of the CONNEX Support Unit, the Provincial Government of Catamarca could clearly specify the responsibility of the investor for closing the Bajo de Alumbrera mine in a socially and environmentally responsible manner – and to demand this in negotiations. The closure of the mine will be done according to international best practices, drawing from the experiences of other countries. The impact however extends beyond the Province of Catamarca: through CONNEX support, Argentina now has a first-hand experience in responsibly closing a mine of this magnitude.

Representatives of the national government have already indicated to the CONNEX Support Unit that the results and lessons learnt on the provincial level will inform upcoming discussions around a new national mine closure law. The Argentine government is currently striving to further develop its mining sector. With the support of the CONNEX Support Unit, new international investors will have to ensure that the closure of the mines is planned from the very beginning.

Imprint

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