

# The Social and Economic Contribution of Gold Mining

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Gold mining occurs on every continent except Antarctica, often in remote and impoverished areas with little infrastructure or alternative economic activity. *The Social and Economic Contribution of Gold Mining* is an evidence-based report that demonstrates how gold mining can support the economic development of local communities and national economies. If operated responsibly and in the context of a well-governed regulatory regime, gold mining can deliver significant and lasting economic and social benefits to host countries and communities.

## Economic contribution

World Gold Council (WGC) member companies have committed to demonstrable standards of responsible and sustainable business practice and their data provided a robust sample to allow us to quantify the industry's socio-economic contributions.

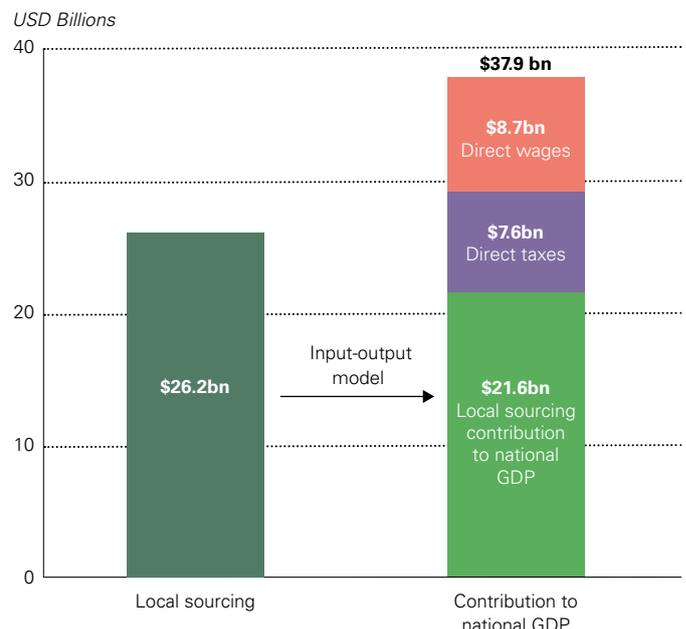
The report details how WGC members make significant contributions to the economies of its host nations:

- **A large portion of value created stays in the country:** Of the US\$60.1 billion (bn) revenue from gold production by WGC member companies, US\$37.9bn (63%) is contributed to the GDP of host countries. This equates to almost US\$1,100 in value added locally for every ounce produced.
- **The contribution of gold mining is significant, especially in smaller developing economies, where it is roughly the size of Overseas Development Assistance (ODA).** WGC members support more than 3% of GDP in 5 of the 38 countries through their mining operations, and in 8 countries they fund more than 5% of all government income.
- **The impact of the sector goes well beyond direct gold mining.** WGC members contribute to the economic transformation of their host countries by increasing the productivity of existing sectors, catalysing private and public investment, and improving the governance of resource revenues.

## Key findings

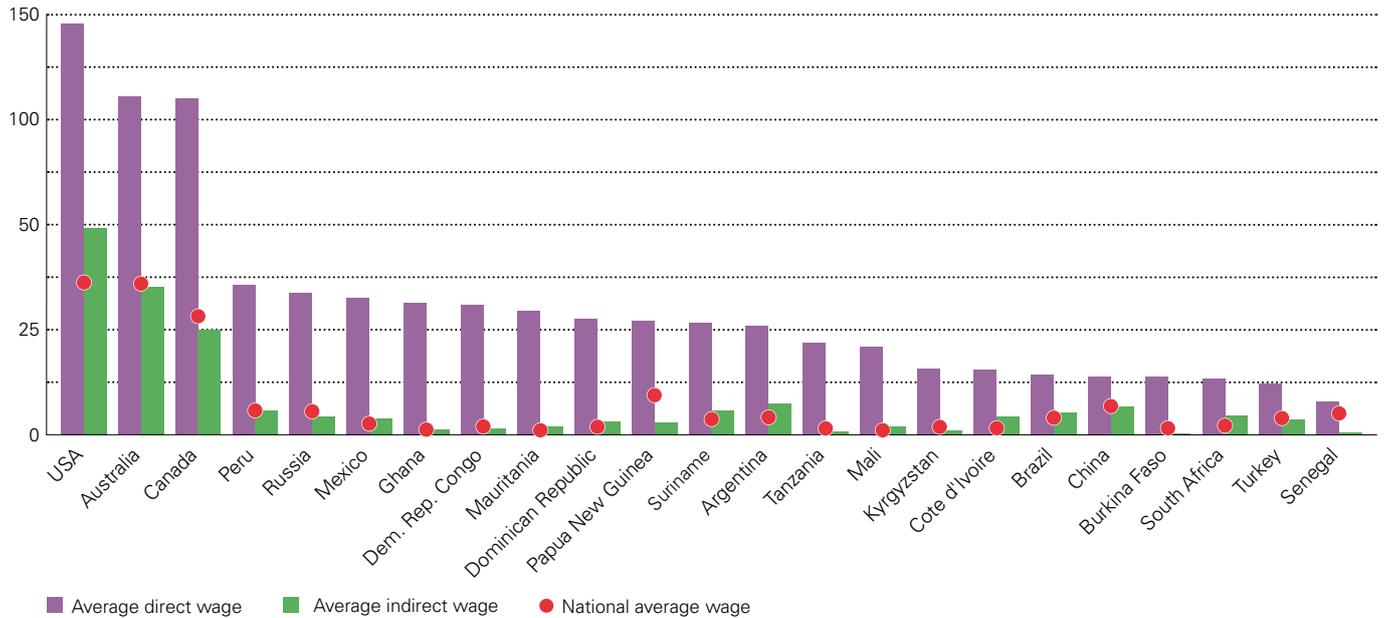
- In 2020, WGC member companies directly paid US\$8.7bn in employee wages and US\$7.6bn in tax payments to governments in 38 host countries.
- Direct payments of US\$26.2bn were made by member companies through in-country procurement, and the resulting indirect value-added was estimated at US\$21.6bn to local suppliers.
- The total GDP contribution of WGC member companies in gold mining intensive countries is comparable to the value of Overseas Development Assistance they receive.
- Every local job at WGC member gold mining operations supports six more, or close to ten more if induced jobs are included.
- Local employees make up 95% of the WGC members' in-country workforce, halving the average percentage of expats in the workforce (from 10% to 5%) over the past 7 years.

## WGC member company contribution to national GDP in 2020



## Average in-country wages, WGC Members, 2020

Average wages (Thousand USD)



## Supporting Livelihoods

WGC members support the livelihoods of many people in their host nations through employment, increasing household incomes, and developing skills:

- **For each of the 195,000 employees directly employed by WGC member companies, close to 6 additional jobs are created from on-site contractors or in the local supply chains.** The total direct and indirect employment amounts to almost 1.4 million, while the re-spending of salaries supports another 692,000 induced jobs, bringing the total to more than 2 million jobs.
- **Average wage levels of WGC member company employees are more than six times the average national wage.**
- **National employees make up 95% of the workforce of WGC member companies.**
- **An estimated 17.3% of the workforce of WGC member companies are women,** notably higher than the 5-10% average of the overall mining sector. Female representation at Board (24.6%) and Executive (17.6%) levels are also higher than the mining industry's overall average.

## Investing in community development

WGC members also invest in community well-being, and improving public access to infrastructure and social services, as well as the promotion of healthcare and education.

- In 2020, member companies spent over **US\$438 million (mn) supporting community groups, including \$79mn to Indigenous groups.**

- The community development spend alone amounts to roughly 5.8% of "after tax" residual. While these numbers don't compare directly to companies in other industries that focus on philanthropic causes or CSR, one comparator we do note is the 1.8% CSR spending of aggregate after-tax profits of Fortune 500 companies in 2019.
- Gold miners' actions in their host nations also help advance the UN Sustainable Development Goals.

## Data and methodology

The research is based on 2020 data from 122 operations, which produced 34.5 million ounces of gold and 81 non-operating sites across 38 countries. Our research partner Steward Redqueen used member data, publicly available country-level statistics and an Input-Output economic model to quantify the direct and indirect economic impact of gold mining in these host nations. 31 of the 33 WGC member companies contributed data to the research. While the study is based on a one-year snapshot in time, from an industry which is by nature, a complex, multi-year business, the research clearly demonstrates the sizable economic impact of the gold mining industry, especially in developing economies.

## Conclusion

Whilst the lifespan of a mine is finite, many of the benefits accrued during the lifecycle of the mine remain afterwards. Host nations and communities might therefore come to regard responsible and sustainable gold mining operations as representing of a "window of opportunity" for development. Their wider contributions can include infrastructure such as power and water supply, a skilled local workforce and a more active business community.