The ABC of Social Responsibility in Mining: A Manual on how to obtain Social Consensus in the Extractive Sector

SMI CSRM
Centre for Social
Responsibility in Mining

The Centre for Social Responsibility in Mining (CSRM) is a leading research centre, committed to improving the social performance of the resources industry globally.

At CSRM, our focus is on the social, economic and political challenges that occur when change is brought about by resource extraction and development. We work with companies, communities and governments in mining regions all over the world to improve social performance and deliver better outcomes for companies and communities. Since 2001, we have contributed significantly to industry change through our research, teaching and consulting.

Index

<u>Topics</u>

Global Standards for Socially Responsible and Sustainable Extractive Industries

Social Impact Assessment

Cumulative Socio Economic Impacts in the Extractive Sector

The Cost of Conflict

Environmental Conflict Resolution

Working with Multi-stakeholder Groups

Building Dialogue in the Extractive Sector

Indigenous Peoples, Mining and Consent

Gender Equality in the Extractive Sector

Grievances and Complaints Mechanisms

Artisanal and Small Scale Mining (ASM)

Mining-Induced Displacement and Resettlement (MIDR)

Global Standards for Socially Responsible and Sustainable Extractive Industries

Content

Definitions

*UN Brundtland Report, 1987: "**Sustainable development** is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:*

- *the concept of **needs**, in particular the essential needs of the world's poor, to which overriding priority should be given; and*
- *the idea of **limitations** imposed by the state of technology and social organization on the environment's ability to meet present and future needs".*

Social responsibility entails developing businesses with a positive relationship to the society which they operate in. It is the idea that a company should embrace its social responsibilities and not be solely focused on maximizing profits.

Description of Issues

After more than a decade of booming global demand for energy and mineral commodities, it is still unclear whether the extractive industries contribute to sustainable development of resource abundant countries. The cyclical nature of the commodities market means that resource-dependent economies are prone to instability. Mining 'boom towns' can grow too quickly to contain social problems like overcrowding, crime and disease. Then just as the infrastructure and services needed are put in place, these places can turn into 'ghost towns' if the boom turns to bust. The fact that mineral and petroleum resources are non-renewable means that there is only one chance to benefit from their extraction. The way in which extractive industries are governed can make the difference between whether they become a 'blessing' or a 'curse' to the local communities and nations that host them. This course outlines and analyses the global standards for ensuring that the mining, oil and gas sectors contribute to sustainable development and operate responsibly.

Theoretical Framework

The 'resource curse' thesis was identified in the 1990s by economists, such as Auty (1993) and Sachs and Warner (1995), who found that resource abundant countries tended to experience slower economic growth than countries with fewer natural resources.

Theories about the 'resource curse' focus on three aspects:

- **Economic effects**: such as 'Dutch disease' whereby currency appreciation damages other sectors of the export economy of a country, such as manufacturing
- **Political effects**: such as the erosion of democracy, as governments receive high rents from extractive industries, which they may use to stay in power e.g. Ross (2001)
- **Conflict effects:** such as secession or civil war, when resource-rich regions seek greater control of the revenues from the central government, e.g. Collier and Hoeffler (2000).

In the past 20 years, global norms and standards have been developed to prevent these negative effects of the extractive industries. To understand how global norms are created and how they influence corporate and government policy, see for example:

- Finnemore and Sikkink (1998) theory of the 'life cycle' of norms, starting with (1) the championing of new ideas by individual actors, then (2) reaching a 'tipping point' when the idea is accepted by enough people to become a norm, then the final stage when (3) the new norm is 'institutionalised' or put into practise.
- Acharya (2004) theory of 'norm localisation', whereby ideas promoted by international organisations and actors are interpreted by local 'norm entrepreneurs' to fit the local context, values and beliefs.

Key actors setting global standards:

Although mineral rights are vested in the nation-state in most places, globalisation has resulted in the following international actors having influence over the extractive industries:

- Multi-national enterprises (MNEs), with some of the largest global corporations being in the extractives sectors, such as Chevron, BP, Shell, Anglo American, Rio Tinto, Vale, etc.
- Industry associations, such as the International Council on Mining and Metals (ICMM) and the international oil and gas association (IPIECA)
- International and inter-governmental organisations, such as the World Bank and International Finance Corporation (IFC); the United Nations agencies (e.g. International Labour Organisation; UN Human Rights Council and Forum on Business and Human Rights); the OECD; the Organisation of American States (OAS); the European Union (EU), etc.
- International non-governmental organisations (iNGOs), such as Catholic Relief Services, Oxfam, Publish What You Pay, Transparency International, etc.

Global norms of sustainable and responsible conduct for the extractive industries have emerged from the interactions of the actors listed above. Some of the most important standards and global governance initiatives include the following:

Sustainable Development:

Global Mining Initiative, 1999-2002:

- A series of regional consultations, including on Mining, Minerals and Sustainable Development in South America

- Out of this consensus came a series of guides to the global standards led by the ICMM
- The guides have been updated regularly
- Progress was evaluated at the Rio +20 Summit in 2012.

Extractive Industries Transparency Initiative (EITI), 2002:

- Host governments report all revenues from extractive industries
- Extractive companies report all payments to host governments
- Independent audit overseen by multi-stakeholder group
- Transparency around revenues aimed to reduce corruption and improve extractives' contribution to development.

Global Reporting Initiative:

- Assists companies to report accurately, with templates and sample indicators of sustainability performance.

Responsible Business:

IFC Performance Standards:

- set the benchmark for social and environmental standards in private sector investments
- IFC guide to stakeholder engagement gives practical advice on how to apply these principles

OECD Guidelines for MNEs:

- sector-specific advice, including on mining due diligence in conflict-affected areas
- updated in 2011 with greater focus on human rights

Voluntary Principles on Security and Human Rights, 2000:

- guidelines related to companies' engagement with government security forces
- guidelines related to companies' engagement with private security forces

ILO Convention 169 on Rights of Indigenous Peoples, 1989:

- Indigenous peoples have the right to consultation regarding extraction of natural resources

UN Declaration on the Rights of Indigenous Peoples, 2007:

- Art.32 (2): *"States shall consult and cooperate in good faith with IPs in order to obtain their **free and informed consent prior** to approval of any project affecting… particularly the development of mineral resources."*

UN Framework and Principles on Business and Human Rights, 2011 (Ruggie Principles):

- governments' responsibility to **protect** human rights;
- business' responsibility to **respect** human rights in every jurisdiction where they operate;

- joint responsibility of business and government to **remedy** human rights violations when they occur in relation to economic activities.

Implementation Challenges and Issues

- The international actors have published many codes, guidelines and toolkits for implementing these global standards. The challenge is to make them practical and relevant to specific site-level and country contexts.
- All levels and divisions of the company, both technical and non-technical functions, need to understand why the global standards are important. This internal support is vital to gathering the resources and time needed to ensure sustainable and responsible operations.
- Compliance with global standards by junior and medium-sized companies, rather than the large multinationals that already have strong internal policies and procedures. Smaller companies may have fewer resources for community engagement. But they also have opportunities to share benefits that larger companies do not have. For example, procurement of goods and services may be required in small enough quantities in a smaller operation that local suppliers can compete successfully for contracts.
- A downturn in mineral commodity prices will make it increasingly difficult to draw attention to these issues, even as communities' unmet expectations and shrinking budgets lead to more risks of conflict.

Global Standards for building Social Consensus

Global standards for sustainable and responsible extractive industries have emerged through a process of consensus-building between industry associations, international organisations and international NGOs. These universal norms then need to be localised at the country level through dialogue between extractive companies, host governments and civil society. Case studies on the implementation of the EITI and the Voluntary Principles on Security and Human Rights will examine this process in more detail.

References:

Acharya, A. (2004) "How Ideas Spread: Whose Norms Matter? Norm Localization and Institutional Change in Asian Regionalism", International Organization, 58(2): 239-275. Available at: http://www.amitavacharya.com/sites/default/files/How%20Ideas%20Spread.pdf

Auty, R. (1993) Sustaining development in mineral economies: the resource curse thesis. Routledge: London.

Collier, P. and Hoeffler, A. (2000) Greed and Grievance in Civil War, World Bank: Washington. Available at: http://www.csae.ox.ac.uk/workingpapers/pdfs/20-18text.pdf

Finnemore, M. and Sikkink, K. (1998) "International norm dynamics and political change", International Organization 52(4): 887-917. Available at: http://home.gwu.edu/~finnemor/articles/1998_norms_io.pdf

Ross, M. (2001) "Does oil hinder democracy?" World Politics, 53(3): 325-361. Available at: http://www.maxwell.syr.edu/uploadedFiles/exed/sites/ldf/Academic/Ross%20-%20Does%20Oil%20Hinder%20Democracy.pdf

Sachs, J. and A. Warner (1995) Natural resource abundance and economic growth. NBER Working Paper No. 5398.

Case Studies

Case One: Implementing global standards on security and human rights (positive example)

The Freeport-McMoRan's Cerro Verde Mine expansion, Arequipa-Peru

(Sumitomo Corporation Archive)

(Minerandina Archive)
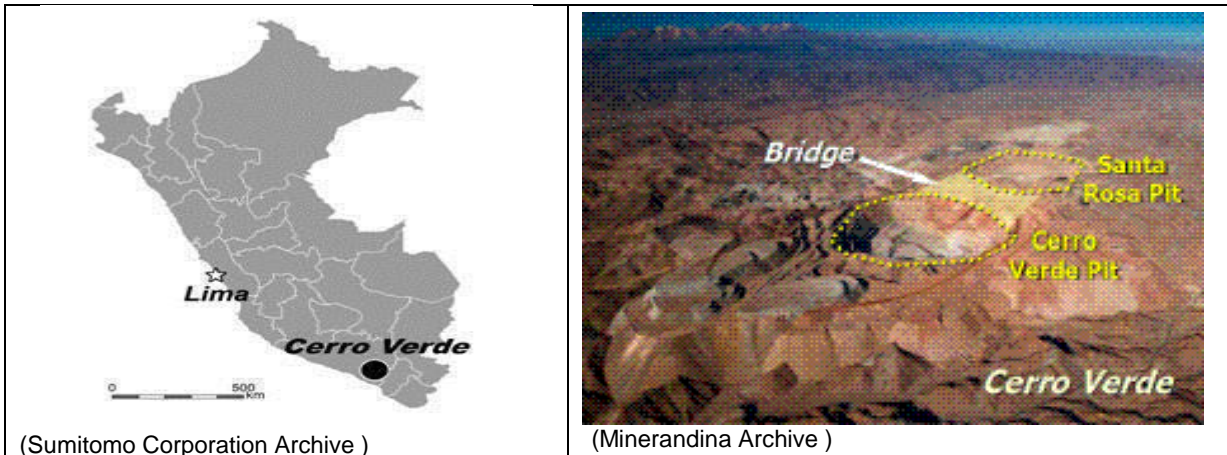
Freeport-McMoRan is a leading international natural resources company with headquarters in Phoenix, Arizona. The company operates large, long-lived, geographically diverse assets with significant proven and probable reserves of copper, gold, molybdenum, cobalt, oil and gas. The Company has reserves in geographically diverse operations including Indonesia, Democratic Republic of Congo (DRC), Chile, Peru and the United States. In some of these challenging locations education levels, poverty, in-migration, diversity of culture, and weak rule of law have combined to create a real need for improved security and human rights programs.

Freeport-McMoRan Copper & Gold Inc. (Freeport-McMoRan) has been a member of the Voluntary Principles on Security and Human Rights (Voluntary Principles) since it was first established in 2000. The Voluntary Principles have been an important cornerstone of Freeport-McMoRan's human rights and security program, providing guidance for its operations as well as a mechanism to promote engagement, awareness, and respect for human rights within its employee base and with its government and community partners. Since 2000, as the Company has grown in scope internationally, it has worked closely with its affiliate sites throughout the world to assist them in the implementation of the Voluntary Principles.

Global activities instituted by the company:

- Freeport-McMoRan Principles of Business Conduct
- Human Rights Policy
- Additional standards

Freeport-McMoRan Principles of Business Conduct:

The company has incorporated its commitment to the Voluntary Principles in the Freeport-McMoRan Principles of Business Conduct, which are communicated to all employees. The

company also holds its contractors and other partners with who it conducts business to the same standards.

Human Rights Policy:

Freeport-McMoRan has made commitments to human rights. These commitments are expressed in its Human Rights Policy, which incorporates the Voluntary Principles and was last updated and approved by the Board of Directors in 2009. This Human Rights Policy requires the Company and all of its contractors to conduct operations in a manner consistent with the Universal Declaration of Human Rights, to educate employees about human rights and to protect any employee who reports suspected human rights violations. With regard to employees, the policy prohibits forced and child labour, and addresses health and safety, discrimination, wages and the right to freedom of association and collective bargaining. Moreover, in the area of security, the Voluntary Principles serve as the guidelines for the Company's security programs, interactions with host government police and military personnel, and private security contractors.

Additional standards:

The Human Rights Policy also recognizes that its mine sites located in developing countries manage a higher level of risk than its domestic operations. Those sites must comply with the following additional standards:

- The establishment of site-specific policies and procedures consistent with the Freeport-McMoRan Human Rights Policy, in-country laws and regulations, and the Voluntary Principles;
- The appointment of a Human Rights Compliance Officer for overseeing compliance, promoting, educating, training, and reporting on human rights, as well as a grievance mechanism for reporting, documenting and reviewing all human rights allegations that are reported in our areas of operation;
- Periodic certification of compliance with the Freeport-McMoRan Human Rights Policy for all relevant personnel; and
- The requirement that all contractor and supplier companies abide by the Freeport-McMoRan Human Rights Policy or adopt similar guidelines and procedures designed to ensure compliance.

National level activities – The Cerro Verde Mine:

The Cerro Verde mine site in Arequipa - Peru, has a large expansion project underway. Therefore, additional outreach and awareness on human rights principles was required to increase promotion of the Voluntary Principles with security employees, contractors and host government security personnel working in the project area as part of the expansion of the project.

These activities are:

- Recruitment of a third-party to conduct a security risk assessment, which included a review of the site's Voluntary Principles implementation,
- Introduction of language on their site human rights policy in contracts with private security contractors (the contracts state that all security contractors are required to comply with the operation's Human Rights Policy, including receiving human rights training and instructions to immediately notify the Company in the event of any allegations of human rights violations),
- Revision of the corporate contract template to include standard language on human rights,
- Introduced a Human Rights Compliance Officer in the site, who oversees the process of documenting all allegations (including security-related incidents) and assigning an internal team to conduct an assessment of the allegation,
- Promotion and awareness of the Freeport-McMoRan Human Rights Policy and the Voluntary Principles through a variety of mechanisms including training programs that reach all managers and employees on a periodic rotating basis.

Challenges:

Although Arequipa is a predominantly pro-mining region, Peru is a country where most large scale mining projects have been contested by project-affected communities in the last few years. A fall in commodity prices might affect the mine's operations, leading to job losses and an inability to meet benefit-sharing expectations of impacted communities.

Outcomes:

- Several successful country-level Voluntary Principles activities,
- Training provided on the Voluntary Principles and sexual harassment to 100% of security employees, 84% of security contractors, and 236 members of the Peruvian National Police,
- Expansion is advancing as planned (Cerro Verde might be the only big mining project in Peru at the moment that is not having serious major social issues).

Proposed Questions:

- What do you think about the way Freeport-McMoRan has applied its global guidelines locally in Cerro Verde?
- Do you foresee any problems that could arise? What would you enhance and how?
- To what extent do you think that the national consultative process on the Voluntary Principles on Security and Human Rights has encouraged this and other companies operating in Peru to implement a human rights policy?
- Can you think of examples where the implementation of the Voluntary Principles on Security and Human Rights would be more challenging than in Cerro Verde, and why?

<u>References:</u>

Freeport-McMoRan (2014) Voluntary Principles on Security and Human Rights 2013 Annual Report to the Plenary. March 2014 Montreux, Switzerland. Available at: http://www.fcx.com/sd/pdfs/FCX_Volun_Princi_Plen_Report_2013_final.pdf

VPHR (2013) Voluntary Principles Initiative: Summary of Implementation Efforts During 2013. Voluntary Principles on Security and Human Rights. Available at: http://www.voluntaryprinciples.org/wp-content/uploads/2014/05/Voluntary-Principles-Initiative-Summary-Annual-Report-for-2013.pdf

Case Two: Implementing global standards on transparency (challenging example)

The Nigerian Extractive Industries Transparency Initiative

(NEITI Archive)

(NEITI Archive)

Nigeria is among the top ten oil producers in the world and the leading producer in Africa. But Africa's most populous country is also one of the poorest, with over half of its citizens living in poverty. After decades of military rule since independence in 1960, Nigeria was "virtually synonymous with corruption" (Gary and Karl, 2003).

Recognising the need for transparency to reduce corruption, stimulate foreign investment, reduce donor assistance and regain the trust of Nigerians, then-President Olusegun Obasanjo launched the Nigerian Extractive Industries Transparency Initiative (NEITI) in 2004. In 2010, Nigeria became one of the first countries to achieve EITI compliant status.

However, the EITI Secretariat's assessment is that "there is still a long way to go before rampant corruption is reigned in and the sector delivers the benefits Nigerians deserve from their country's abundant oil wealth". It regards the NEITI implementation as a positive first step in disclosing oil revenues regularly, which is hoped to translate into greater accountability in Nigerian oil governance in future. An independent study of the NEITI conducted by Chatham House (Shaxson, 2009) concluded that the initiative had uncovered significant data on payments and revenues that were previously unknown, but that it had not yet contributed to improved governance or accountability of the oil sector.

Key Activities:

A National Stakeholders Working Group (NSWG), including representatives from government, civil society, and oil companies, was created to oversee activities and implement the NEITI process effectively.

The first initiative of the NSWG was to commission a comprehensive audit of the entire oil sector value chain to verify that all payments were correct and settled. This entailed financial, physical and process audit of the entire oil and gas industry for the period 1999-2004. It was a massive undertaking in a country of 36 federal states with little digitised data, poor infrastructure, weak record-keeping and many officials with vested interests in covering up corruption. The audits identified several weaknesses in the management of oil revenues and oil and gas sector governance more broadly.

A second audit was conducted and made public in August 2009. The NEITI's second report identified unprecedented financial discrepancies, mispaid taxes, and system inefficiencies. It identified over US$800 million of unresolved differences between what companies said they paid in taxes, royalties and signature bonuses against what the government said it received. Of the US$ 800m, US$ 560m was shortfalls in taxes and royalties owed to the government and around US$ 300m in payment discrepancies relating to signature bonuses, payments of dividends, interest and loan repayments.

In 2007, the National Assembly passed into law the Nigerian Extractive Industries Transparency Initiative Act, which made reporting of payments by all extractive companies and revenues received by government a legal obligation. The NEITI, in cooperation with Nigerian law enforcement agencies, ensures that companies and government departments that fail to comply with the audit regulations face disciplinary measures. For example, unreconciled financial flows are referred to the Economic and Financial Crimes Commission for investigation and possible prosecution.

Challenges:

- According to Shaxson, the EITI and NEITI did not drive reforms in Nigeria, as major reforms were "happening anyway". The reformist political climate under President Obasanjo enabled this process to be initiated.
- It has been difficult to maintain the momentum of the NEITI in Nigeria after President Obasanjo's term of office. Institutionalising the NEITI through law and multi-stakeholder commitments has been challenging.
- There is little evidence that the NEITI has contributed to better governance of the oil sector in Nigeria, as it is difficult to measure causality in this area, particularly over a short time period.

Outcomes:

The two audit reports of the NEITI are considered by independent evaluation to be the "shining success" (Shaxson, 2009) of the initiative. Shaxson wrote in 2009 that:

"These reports, which are publicly available, contributed to significantly better transparency in Nigeria's oil industry, collecting and publishing an array of detailed and useful information for the first time the reports went far beyond the basic core requirements of global EITI; it produced not only raw data on the industry and on tax and other fiscal matters; but it also provided crucial and useful insights into processes involved in the industry that have helped many insiders and outsiders to see the oil sector in overview for the first time".

The global EITI Secretariat describes the NEITI achievements as follows:

"The EITI process in Nigeria has cracked a sector previously considered airtight, markedly improving the public's understanding of the extractive sector and sparking intense debate about larger oil sector reforms".

Proposed Questions:

- Is the EITI only suited to countries with serious corruption problems in the extractive sectors, or should it be implemented by all resource-rich countries?
- If the main success of the Nigerian EITI was to audit and make public payments in the oil sector, is the EITI relevant to countries (such as in Latin America) where tax and royalty payments and revenues are already in the public domain?
- How could improvements in transparency and accountability at a sector-wide, country level be measured?
- How can an EITI initiative at country level become sustainable beyond the term in office of its political champion(s) (e.g. a reforming president or prime minister)?

References:

EITI (2012) Nigeria EITI: Making transparency count, uncovering billions, case study 20/1/2012 available at https://eiti.org/files/**Case**%20**Study**%20-%20EITI%20in%20Nigeria.pdf

Gary, I., and Karl, T.L. (2003) Bottom of the Barrel – Africa's Oil Boom and the Poor, Washington D.C.: Catholic Relief Services. Available at: http://www.ic.ucsc.edu/~rlipsch/AFRICOM/barrel.pdf

Shaxson, N. (2009) Nigeria's extractive industries transparency initiative: just a glorious audit? London: Chatham House. Available at: https://eiti.org/files/NEITI%20Chatham%20house_0.pdf

Recommended Readings

- Buxton, A. (2012) MMSD + 10: Reflecting on a decade of mining and sustainable development, IIED Sustainable Markets Discussion Paper. Available at: http://pubs.iied.org/pdfs/16041IIED.pdf
- Fransen, L., and Ans, K. (2007) 'Global Rule-Setting for Business: A Critical Analysis of Multi-Stakeholder Standards' in Organization, 14(5): 667-684. Available at: http://org.sagepub.com/content/14/5/667.full.pdf+html
- (*) IIED (2002) Mining and Minerals of South America in Transition towards Sustainable. International Institute for Environment and Development. London, United Kingdom. Available at: http://pubs.iied.org/pdfs/G00571.pdf

(*) *It is recommended as a reference work to be used selectively (one or two chapters may be selected as a required reading for the course).*

Citation:

Sturman, K. (2016) Global Standards for Socially Responsible and Sustainable Extractive Industries. In de la Flor Olavide, A., & Lawson, L. (eds), *The ABC of Social Responsibility in Mining: A Manual on how to obtain Social Consensus in the Extractive Sector*. Centre for Social Responsibility in Mining-SMI, The University of Queensland, Brisbane, Australia. Available at: https://www.csrm.uq.edu.au/publications/the-abc-of-social-responsibility-in-mining-a-manual-on-how-to-obtain-social-consensus-in-the-extractive-sector

CSRM Expert in Global Standards for Socially Responsible and Sustainable Extractive Industries

Dr. Kathryn Sturman

Senior Research Fellow
k.sturman@uq.edu.au

Biography

Dr Kathryn Sturman is a Senior Research Fellow at CSRM focusing on international governance initiatives in the extractive industries, with regional expertise in Africa and Southeast Asia. Her research interests include global governance norms, such as transparency and anti-corruption initiatives in the extractive industries; mining and development; resource nationalism; and subnational conflict dynamics arising from resource extraction. Kathryn has experience in training mining professionals and officials from developing countries for the International Mining for Development initiative, including in-country training in Mozambique and Vietnam. In 2013/14 she has a Resteach grant to lecture in the MA program of the Politics and International Studies (POLSIS) department at UQ.

Prior to joining CSRM, Kathryn was programme head of the Governance of Africa's Resources Programme at the South African Institute of International Affairs. She conducted research and policy development in the minerals, oil and gas, and logging sectors in a number of African countries. She has conducted research on various aspects of African politics, in particular the African Union, since working as a senior researcher for the Institute for Security Studies, 2001-2004. Kathryn was a speechwriter and researcher in the Parliament of South Africa from 1997-2001.

Kathryn holds a Phd in international relations from Macquarie University. She also holds a Masters of Arts in Political Studies (cum laude) from the University of Cape Town. She has published a number of academic and applied policy papers, reports and book chapters and has been a member of the African Studies Association of Australasia and the Pacific (AFSAAP) since 2005. Dr Daniel Franks is Deputy Director – Strategy and Mineral Policy at the Centre for Social Responsibility in Mining (CSRM). His research interests lie across the sustainability of the extractive resource industries with a particular focus on the social and environmental change associated with mining and energy developments.

Social Impact Assessment (SIA)

Content

Definitions

Social Impact Assessment (SIA): is the processes of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions (Vanclay, 2003)

Social impact: is the effect of an action (or lack of action) both positive and negative that is experienced or felt by an individual, social group or economic unit. A social impact is distinct from social change processes, in that social impacts are how these processes are experienced.

Social Impact Management: refers to the systems and strategies undertaken during the implementation phases of a development to monitor, report, evaluate, review and proactively respond to change.

Description of Issues

In its original formulation SIA was a tool, technique, or instrument for predicting social impacts either as part of an EIA in the production of an EIS, or as a stand-alone process. Now, SIA has transcended its original formulation as a technique for predicting social impacts as part of regulatory approval processes. SIA is now considered to include the systems and strategies undertaken during the implementation phases of a development (including exploration) to monitor, report, evaluate, review, and proactively respond to change. By understanding the environmental and social context, and using participatory and technical methods to predict and/or evaluate change, better decisions can be made and better projects can be designed and implemented.

SIA is important because it provides information for decision-making; promotes transparency and public participation in decisions; identifies procedures and methods for ongoing monitoring and management; contributes to sustainable development; reduces project risks and provides greater certainty for investors, government, and society; increases long-term success and avoids delays, shutdowns, and even the closure of projects; assists to identify key issues from the perspective of those potentially impacted by projects; helps predicting and anticipating change; and, it embeds these understandings into ongoing systems and strategies to proactively respond to the consequences of development (Vanclay and Esteves, 2011).

Nowadays, many companies and funders have their own policy requirements to undertake periodic impact assessment and management, because they believe that SIA is a process that improves the likelihood of business success.

Overall, SIA is focused on how to identify, avoid, mitigate and enhance outcomes for communities and is most effective as an iterative process across the life cycle of developments,

rather than a one-off activity at the outset of mining (Vanclay 2003; Becker and Vanclay 2006; Franks 2011; Esteves et al., 2012).

Table 1: Common change induced by mining that can lead to social impacts (Franks, 2011).

Social and Cultural Change	
Population and demographics	In-migration, out-migration, workers' camps, social inclusion, growth or decline of towns, conflict and tensions between social groups
Social infrastructure and services	Demands on and investment in housing, skills (shortages and staff retention), childcare, health, education, and training
Crime and social order	Corruption, domestic violence, sexual violence, substance abuse and trafficking, prostitution, change in social norms, pace of change for vulnerable communities
Culture and customs	Change in traditional family roles, changing production and employment base, effect of cash economy, reduced participation in civil society, community cohesion, sense of place, community leadership, cultural heritage
Community health and safety	Disease, vehicle accidents, spills, alcohol and substance abuse, pollution, interruption to traditional food supply, awareness and treatment programs
Labor	Health and safety, working conditions, remuneration, right to assemble, representation in unions, labor force participation for women
Gender and vulnerable groups	Disproportionate experience of impact and marginalization of vulnerable groups (e.g., women, disabled, aged, ethnic minorities, indigenous, and young), equity in participation and employment
Human rights and security	Abuses by security personnel (government, contractor, company), social disorder in camps, suppression of demonstrations, targeting of activists, rights awareness programs
Economic Change	
Distribution of benefits	Employment, flow of profits, royalties and taxes, training, local business spending, community development and social programs, compensation, managing expectations, equitable distribution across state/regional/local/ethnic/family groups, cash economy
Inflation/deflation	Housing (ownership and rents), food, access to social services
Infrastructure	Demands on, and investment in, roads, rail, ports, sewerage, telecommunications, power and water supplies
Socio-Environmental Change	
Pollution and amenity	Air (e.g., dust), water (e.g., acid and metalliferous drainage, cyanide, riverine and submarine waste disposal), noise, scenic amenity, vibration, radiation, traffic, government capacity to monitor and regulate
Resources (access/competition)	Land, mobility, water (groundwater, river, ocean), mineral resources (artisanal and small-scale mining), cultural heritage, forest resources, human, postmining land use
Resettlement	Consent and consultation for resettlement, compensation, ties to land, adequacy of resettlement housing and facilities, equity, postsettlement conditions, livelihoods
Disturbance	Disruption to economic and social activities (including by exploration), consultation for land access, frequency and timing, compensation
The Process of Change	
Community engagement	Consultation, communication, participation, empowerment, access to decision makers, transparency, timing, inclusiveness – particularly for vulnerable and marginalized groups - respect of customs and authority structures, reporting
Consent	Indigenous sovereignty/title (free, prior, and informed consent), community consent
Participation	Planning, development of programs, monitoring, selection of alternatives and technologies, operational aspects
Remedy	Grievance and dispute resolution, acknowledgment of issues, compensation, mitigation
Agreements	Equity, timely honoring of commitments, issues with delivery, duress, clarity of obligations, capacity and governance (including government capacity to respond to and manage change)
Community development	Participation, adequacy, appropriateness, capacity to facilitate, consistency, prioritization

Theoretical Framework

The phases of social impact assessment:

Social impact assessment can be considered as a number of distinct but iterative phases within an adaptive management process (Franks, 2011).

1 - Scoping and formulation of alternatives:

The scoping phase sets the parameters for the later phases of assessment and management by determining the scale, timing and focus of the assessment, ascertaining who is likely to be impacted and identifying the actions that are likely to result in impacts. Scoping will begin by defining the purpose of the assessment and identifying background material that may influence the assessment. Alternative options should be formulated for later analysis and an initial appraisal of the impacts of these alternatives undertaken. The output of the scoping phase may be the definition of the objective, scope, scale, priority issues and terms of reference for the phases of assessment and management to follow.

2 - Profiling and baseline studies:

Social profiling consists of understanding the communities and stakeholders potentially impacted by the activity through social and economic research. Profiling involves analysis of the social and economic characteristics of a region at a given point of time. Baselines are an appraisal of the state of a community or social group before an activity takes place. Baseline studies provide a benchmark against which potential impacts can be anticipated and change measured. After a review of secondary information, and the identification of knowledge gaps, a program for the collection of primary data is developed.

3 - Predictive assessment and revision of alternatives:

During this phase, likely impacts are identified and predicted, and their scale and significance evaluated using technical and participatory methods. The choice of methods will depend on the nature of the activity and the phase of the resource development life cycle. The outcomes of predictive assessment and analysis are usually prioritised by their scale and level of significance. They are used to provide feedback to stakeholders as well as to engineers and project developers in order to modify and revise the project, and enable them to decide which proposed project alternative best achieves the objectives of the project while still enhancing social outcomes and avoiding negative impacts.

4 - Management strategies to avoid and mitigate negative social impacts and enhance positive impacts:

The outcomes of the predictive assessment must then be embedded across all aspects of the business. This may take the form of formalised social impact management systems, social programs and initiatives, site plans, agreements and development of standard operating procedures for high-risk issues. Examples of management procedures to address social issues include cultural heritage management plans, community reference groups, community trusts and funds, human rights and cultural awareness training (linked to human resources systems) and local sourcing and purchasing policies.

5 - Monitoring and reporting:

The monitoring and reporting phase involves collection, analysis and dissemination of information over time. This phase can assist in refining assessments, track the progress of social impact management approaches and identify changes needed, report to communities on how they are being impacted, and facilitate an informed dialogue around these issues.

6 - Evaluation and review:

The final phase is to evaluate and review the assessment and management processes. An active and dedicated process of evaluation and review — and importantly, the adjustment of actions — are fundamental features. The reconciliation of impacts predicted during the assessment phase with the actual impacts experienced during implementation will assist in refining and improving future approaches.

The objectives of social impact assessment for resource projects:

The policy and legislative instruments adopted by government should seek to encourage the following objectives. While this list is not exhaustive it does identify a number of issues that are distinctive about resource developments.

Life cycle approach:

Resource developers should be encouraged to identify and respond to social impacts at all stages across the life cycle of resource developments with processes adopted to integrate social management into all aspects of a development.

Leaving a long term legacy:

Developments should be encouraged to plan for outcomes that reach beyond the life of the operation and should tailor approaches toward enhancing post-resource development futures. Leaving a positive legacy goes beyond the mitigation of negative impacts – it means providing the broader region with something of value beyond the operation.

Engagement:

Resource developments should be encouraged to undertake ongoing engagement with, and participation of, community and government. Where appropriate, active processes that seek community involvement in decision-making should be prioritised over passive methods of consultation.

Alignment:

Resource developments should be encouraged to align activities with community and government planning and preferred futures through engagement.

Building capacities:

Social investments and community development activities undertaken by resource developers should, where possible, seek to build the capacity of communities to undertake activities, and minimise dependency on resource companies.

Partnerships:

Where appropriate, resource developers should be encouraged to partner with local and state government, communities, other operations, and with other industries to address issues of concern and mutual interest.

Balance between operational and regional context:

Resource developers should tailor their approaches to the individual operational context; however, they should also seek, where appropriate, to take a broader approach to ensure that the totality of impacts from other operations, industries and activities are considered, and that efforts to coordinate management, monitoring and mitigation are explored. This is particularly important in resource provinces where multiple operations are located together.

Coordination:

A more strategic use of funds, trusts and other investments and activities, and a more coordinated approach across operations, government agencies and geographic regions should be encouraged.

Adaptive management and flexibility:

Resource developments should be encouraged to be responsive to changing circumstances and increased knowledge and awareness of impacts over time. They should demonstrate continuous improvement.

Challenges and Issues

There are growing expectations from communities and governments on resource developers in the area of social performance. Social impact assessment is an important process that can assist project developers to understand and respond to the changes induced by resource projects, and improve the outcomes for society. SIA has traditionally involved the use of technical and participatory analytical methods to anticipate change but recent policy changes are also encouraging the application of management and monitoring strategies across the life cycle of projects to minimise negative outcomes and maximise benefits. The early consideration of social impacts, the alignment of activities with regional and community planning objectives, and meaningful participation of community in decision making are key features of a policy regime that will demonstrate best practice and support the sustainable development of resource communities.

SIA for building Social Consensus

The social performance of resource projects has attracted greater attention and scrutiny from communities, governments and increasingly mineral and energy companies in recent times. How the costs and benefits of resource development are distributed can have an enormous influence on the success of projects and this realisation has led to a strengthening of government and corporate policy with regard to SIA, social responsibility and community relations. SIA, if applied properly, constitutes an effective tool to build social consensus between communities, the companies and the government from the early stages of developments.

References:

Becker, H., and Vanclay, F. (Eds). (2006) The International Handbook of Social Impact Assessment: Concept and Methodological Advances. Edward Algar. Cheltenham UK. pp. 74-91.

Esteves, A. M., Franks, D.M., and Vanclay, F. (2012) Social impact assessment: The state of the art. Impact Assessment and Project Appraisal, 30 1: 35-44. doi:10.1080/14615517.2012.660356

Franks, D. (2012) Social Impact Assessment in Resource Projects. International Mining for Development Centre Mining for Development: Guide to Australian Practice. Available at: http://im4dc.org/wp-content/uploads/2012/01/UWA_1698_Paper-02_Social-impact-assessment-of-resource-projects1.pdf

Franks, D.M. (2011) Management of the Social Impacts of Mining. In P Darling (Ed.). SME Mining Engineering Handbook. Society for Mining, Metallurgy, and Exploration. Colorado. Chapter 23.4.

Vanclay, F. (2003) International Principles for Social Impact Assessment, Impact Assessment and Project Appraisal 21(1): 5-11. Available at: http://www.iaia.org/publicdocuments/special-publications/SP2.pdf?AspxAutoDetectCookieSupport=1

Vanclay, F., and Esteves A.M. (Eds). (2011) New Directions in Social Impact Assessment: Conceptual and Methodological Advances. Cheltenham: Edward Elgar.

Vanclay, F., Esteves, A.M., Aucamp, I. and Franks, D. (2015) Social Impact Assessment: Guidance for assessing and managing the social impacts of projects. Fargo ND: International Association for Impact Assessment. Available at: http://www.iaia.org/pdf/IAIA%202015%20Social%20Impact%20Assessment%20guidance%20document.pdf
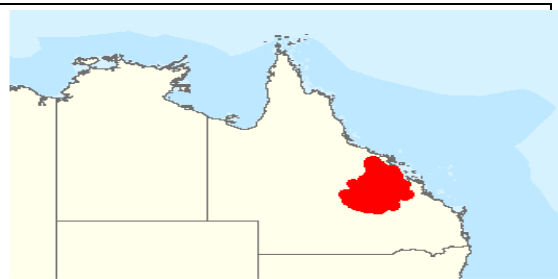
Video: What is Social Impact Assessment? Available at: http://youtu.be/UDWRJxc2_II

Case Studies

Case One: Partnerships between Government, Communities and Companies (positive example)

Coal Mining in Central Queensland Australia

(Central Highlands Archive)

(Environment.gob.au Archive)

The Central Highlands Region of Queensland in Australia is a thriving patchwork of thirteen communities who derive their livelihood from coal mining and agriculture. With a transformative irrigation system established in the 60's it produces a wide variety of crops including some of Australia's best table grapes and citrus fruits. It also has extensive deposits of high grade coal and numerous coal mines. A high speed double train line transports coal over 300 km to the coal port 24 hours a day.

Coal mining has transformed the region. The Central Highlands Regional Council has put in place balanced planning strategy with a high level of community consultation to make sure that the negative social impacts of coal mining are controlled for and the positive social impacts are harnessed. Their vision is firmly fixed on planning for post mine futures that maximise local business, tourism and agriculture. Each of the thirteen regions has their own place plan that recognises the contribution of mining as a part of an overall plan for the future. Mining companies have successfully partnered with communities to enable some of this planning.

Key Activities:

- At the height of coal prices in the mid-2000s the value of coal exports doubled from $ 7 Billion AUD to $17.9 Billion AUD (Petkova et al., 2009) with large impacts on communities, employment and business activity in the region.
- There were many opportunities for local employment and education such as scholarships for local children.
- A very positive impact of mining can be the creation of local business but this requires careful planning and investment to be sustainable. This has been achieved by one of the largest companies operating in the area, BMA a partnership between BHP Billiton and Mitsubishi Development Pty Ltd. It operates a successful local buy program providing supplier development opportunities (mentoring, coaching and providing support

networks) and providing better payment terms (21 days) for local suppliers, resulting in new businesses and a community fund to sponsor business development.

Challenges:

- Studies (Petkova et al., 2009) have shown that impacts are closely related the proximity of the mine to the town and the extent of the non-resident workforce.
- Towns close to mines frequently suffer from dust pollution, noise pollution when blasting occurs and increased traffic through the town and traffic accidents.
- Locals living near the train line are regularly disturbed by the sound of high speed trains passing through.
- Social challenges include the rises in the price of housing in mining towns, social disruption caused by the influx of single male workers and sex workers, and family disruption caused by long hours of shift work among others.

Outcomes:

- A proactive and positive approach to social impact assessment and management has bought many benefits to the community and given the coal companies a fairly strong social licence to operate especially relate to local employment.
- There are still considerable problems with noise and dust pollution which were anticipated but not contained.

Proposed Questions:

- What are the positive and negative social impacts of mining in this region?
- How has the local community and local government responded to these impacts?
- What lessons can be learned from this case?

References:

Petkova, V., Lockie , S., Rolfe , J. and Ivanova ,G. (2009) Mining Developments and Social Impacts on Communties: Bowen Basin,Case Studies. Rural Society 19:3 211-228. Available at: http://rlarrdc.org.in/images/Mining%20Development%20adn%20SIA.pdf

Central Highlands Regional Council (2012).The Central Highlands: vision for our community 2022. Avaliable at: http://www.centralhighlands.qld.gov.au/c/document_library/get_file?uuid=da50f5e2-6488-435d-a674-8bce87d5afdf&groupId=843646

Case Two: A large resource project in a fragile area with high levels of poverty (complex example)

A nickel plant in Africa

(CSRM Archive)

(Hoy Archive)

This nickel mine and processing plant is one of the largest of its kind in Africa. It is located in one of the poorest nations in Africa and it has the potential to lift a region out of poverty. It consists of a deep mine in an untouched bio diverse forest with many endangered flora and fauna and remote farming communities living without access to roads and services. The mine will also construct a pipeline which transects the pristine forest and rice fields, a refining facility and a port.

Key Activities:
- The company conducted extensive social impact assessment process at the outset of the project and has continued to respond to the needs of the community as the project has moved into operation.
- It correctly anticipated that the project would bring an influx of people from all over the country seeking employment and that this would have both positive and negative impacts for local people.
- It employed up to 18,000 foreign workers during the construction phase of the project.
- It built considerable infrastructure in the forest for example a road to permit access the mine site.

Challenges:
- Reading their extensive SIA reports, it is clear the company paid great attention to the anticipated social impacts of their development.
- However it failed to consult community in certain key areas such as in the construction of an access road which was much anticipated by local people. The road has been a failure and a disappointment many years after its construction. It is so steep that it is impossible for bare feet farmers to use it and it is only suitable for four wheel drive vehicles.

Outcomes:
- Top grade nickel and cobalt pellets are now produced providing a source of export revenue and royalties to regions that it has never known before.

- Some local businesses are now able to service the mine for example uniform makers; but many are disappointed that they were not able to find work at the mine or in the processing plant.
- It has transformed the sleepy port city where the refinery is into a thriving community with a new middle class. However a whole generation of young women stopped going to school during the construction of the mine and prostitution, including child prostitution, and HIV AIDS is now widespread.
- The mine was keen to enter operation as soon as possible; it did not take time to train as many local people as it could have to undertake jobs. This failure and the use of foreign workers have caused great anger among local people. The company has now set up a world class training centre however the opportunity of semi-skilled employment for locals during the construction phase was largely missed.
- The spread of HIV/AIDs and the growth in underage sex were not foreseen. However the company has responded well by putting strict company policies in place about underage sex. It has also established youth support HIV/AIDS information kiosks across the port town.

Proposed Questions:
- What were the social impacts of the project?
- Were they negative or positive?
- Which in your opinion are the most serious negative social impacts?
- The company was attempting to follow best practice in SIA but failed in a number of ways. Can you give an example?
- Give an example of good management of social impacts by the company.
- How could the company have better managed the social impacts of the project?

Recommended Readings

- Franks, D. (2012) Social impact assessment of resurce projects. International Mining for Development Centre Mining for Development: Guide to Australian Practice. Available at: http://im4dc.org/wp-content/uploads/2012/01/UWA_1698_Paper-02_Social-impact-assessment-of-resource-projects1.pdf

- Vanclay, F., Esteves, A.M., Aucamp, I. and Franks, D. (2015) Social Impact Assessment: Guidance for assessing and managing the social impacts of projects. Fargo ND: International Association for Impact Assessment. Available at: http://www.iaia.org/pdf/IAIA%202015%20Social%20Impact%20Assessment%20guidance%20document.pdf

- Video: What is Social Impact Assessment? Available at: http://youtu.be/UDWRJxc2_II

Citation:

Franks, D. (2016) Social Impact Assessment. In de la Flor Olavide, A., & Lawson, L. (eds), *The ABC of Social Responsibility in Mining: A Manual on how to obtain Social Consensus in the Extractive Sector*. Centre for Social Responsibility in Mining-SMI, The University of Queensland, Brisbane, Australia. Available at: https://www.csrm.uq.edu.au/publications/the-abc-of-social-responsibility-in-mining-a-manual-on-how-to-obtain-social-consensus-in-the-extractive-sector

CSRM Expert in Social Impact Assessment

Dr. Daniel Franks

Deputy Director – Strategy and Mineral Policy
d.franks@smi.uq.edu.au

Biography

Dr Daniel Franks is Deputy Director – Strategy and Mineral Policy at the Centre for Social Responsibility in Mining (CSRM). His research interests lie across the sustainability of the extractive resource industries with a particular focus on the social and environmental change associated with mining and energy developments.

Daniel serves as Co-Chair for Social Impact Assessment at the International Association for Impact Assessment and is a member of the Good Governance of Extractive and Land Resources Thematic Group of the United Nations Sustainable Development Solutions Network. He has field experience at more than 40 mining and energy sites internationally and has authored publications on topics such as mining policy, resource governance, social impact assessment, cumulative impacts and company-community relations.

He has undertaken applied research and consulting for a wide range of organisations including: the United Nations Development Programme, International Mining for Development Centre, Australian Agency for International Development, Australian Commonwealth Scientific and Industrial Research Organisation, National Climate Change Adaptation Research Program, International Council on Mining and Metals, Xstrata, Anglo American, BHP Billiton, Newmont, CODELCO and the Australian Coal Association Research Program.

Cumulative Socio Economic Impacts in the Extractive Sector

Content

Conflict over resource extraction often centres around alternative values and alternative uses of the landscape. Questions arise about what uses are sustainable in the long run. Those sustainability concerns pertain to what is sustainable ecologically but also what is sustainable for the people of the region socially and economically. Both concerns are particularly important when multiple resource projects - e.g., several mines, a hydroelectric dam, and smelter - are to be constructed in the region. What are the 'cumulative' impacts of these multiple resources? Cumulative environmental impacts have been the subject of ongoing research, and they are often addressed through an adaptive management process that enables government, industry, and the community to learn as impacts unfold. Associated cumulative social and economic impacts have received less attention, and they can reflect even greater complexity than environmental impacts. How to address these socioeconomic impacts is the focus here.

Description of Issues

The cumulative social and economic impacts brought by the development of large resources projects can drive nearby communities into a cycle of boom, bust, and recovery that case studies suggest results in winners and losers, widespread uncertainty, and disruption to social cohesion. One step toward handling such impacts is to measure them and identify their causes by tracking historical trends in key parameters - or indicators - such as population, housing costs, and income. For this approach to work, a participatory strategy of action research can be employed to select and prioritise these indicators to assure that they are recognised as salient and credible by stakeholders in different sectors (Reed, et al, 2006). That is, the indicators become 'boundary objects', things that span groups with different experiences and perspectives. This participatory approach emphasises building social consensus stepwise, getting agreement on what the impacts actually are and what might be causing them before addressing the complex issue of what to do about them.

Challenges and Issues

In general terms, perceived and expected cumulative impacts present significant challenges for state regulators, who historically have focused on project-by-project approval. They are a challenge for the companies developing these projects, as the impacts and the company reputations typically become entangled with those of a range of other players. For example, Company A may be blamed stirring up dust on rural roads in the region where they are operating when the majority of the traffic on those roads may be trucks of Company B, which need to pass through the area to their own working area. Such dynamics have not been addressed directly by the state regulator, who determines what the 'conditions of operation' need to be for the 'project proponent'. The social impact management plan for an individual megaproject does not specifically address cumulative impacts across multiple megaprojects that may be in the region. Cumulative impacts are also not addressed by any one proponent's investments in roads and infrastructure, in social services or facilities, or in ongoing community consultation. So, addressing cumulative impacts is a challenge for the resource industry and the

government. Cumulative impacts are also a challenge for residents and businesses in communities.

Theoretical Framework

Indicators and action-research approach:

Prioritising a set of salient and credible indicators is the key for a proper assessment. 'Salient' indicators could be defined as those that draw on reliable data and suggest important implications for industry, government, residents, and others. 'Credible' indicators are those that are accepted as believable, legitimate, and appropriate by key stakeholders. An initial set of indicators could be selected based on insights gathered from international literature and practice on sustainability indicators and community indicators. This type of background material and how it has been employed is addressed in Uhlmann, Rifkin, Everingham, Head, and May (2014).

Ensuring that these indicators are used to inform decision-making necessitates an action-research approach. The notion here is to cultivate interest in the indicators as they are developed. Such an action-research approach can enhance the capacity of resource companies, government bodies, and other stakeholders to define measure and – most importantly - manage cumulative impacts in the social and economic domain.

Handling cumulative impacts also requires good working relationships to be built between key actors in industry, government, and the community. That process can be helped by the activities employed to generate agreement on a set of indicators. This participatory approach is also an opportunity to foster 'systems thinking' among these actors. That is, they need to consider which factors are unique drivers of impacts and which impacts are by-products of other factors. For example, members of the community could determine that tracking population growth as a whole is sufficient to assess their progress toward being an area that welcomes more young families. Tracking overall population – instead of just looking at the number of adults aged 20-30 years - could be useful in identifying issues around housing costs, which reflect demand for housing, which hinges on population – both the long-term population and those staying short term. So, discussion of overall population figures brings in discussion of other, related factors.

The action-research process enables identifying indicators that are high priority for the stakeholders engaged. Our research has identified, that for the Australia communities that we worked with, these indicators should address: population; income; unemployment rates; housing costs; crime rates; rainfall; and petrol prices.

Data for the indicator set comes from figures tracked by local, state, and federal government agencies, by peak bodies (e.g., in real estate), by extractive companies (as mandated in their social impact management plans), and by academic researchers. It is true that not all countries are as fortunate as Australia in having extensive databases on social and economic factors. Therefore, it is important to focus on a small number of key indicators to reduce the burden on data gathering in countries where data is generally less available.

The process of formulating indicators:

Insights into formulating a set of indicators of cumulative socioeconomic impacts are evident from our experiences in formulating indicators for an Australian resource region, an effort that drew on literature on indicators development experiences in other settings.

Highlight disparities: Disparate kinds of data could be gathered on the same topic by different organisations. For example, a community organisation might have one assessment of the need for affordable housing, and the state government can have another assessment. Gathering of data for the indicators should include a process of 'ground truthing', whereby aggregated data is checked against local experience to highlight any disparities. That can place individual experiences in the context of general trends, which is important for validating individual experiences and stimulating constructive dialogue on how to address the situation across the community or region.

Local data: Indicators at a regional scale might best be represented as a pattern of impacts across towns rather than as a single number for the region. For example, high rents in a resource town that serves as a hub represent a different socioeconomic impact than modest rents in a town 100 kilometres away that has not seen extensive resource development activity. Impacts are felt at the local level and should be measured at the local level.

Mundane indicators: Indicators that are 'mundane' can be ground-truthed locally. For example, government figures on home rental prices are not as readily accessed as rental prices seen in the front window of a real estate agency. However, the shape of the curve over time for the government's data should track the local view of how the town's average has changed over that time period.

External factors: Indicators of the impact of local resource extraction need to be put into the context of external factors that significantly affect resident´s welfare. Such factors for an agricultural area include a year's rainfall as well as currency exchange rates, as both can affect the income derived from locally grown agricultural commodities. That is, rainfall suggests how much is grown, and exchange rates indicate how much is earned from exporting the commodity.

Figures to track industry activity: Local figures should be identified that can be seen to reflect international forces that influence the level of resource industry activity. For example, the price of fuel displayed at a local petrol station is linked to the level of gas development activity in the region that we studied. That is, the price of natural gas (which determines how much development occurs nearby) currently tracks oil prices. Oil prices affect fuel prices. So, the cost of fuel for farm machinery is also tied to the likelihood of more gas wells being drilled in the region.

The role of Cumulative Socio Economic Impacts for building Social Consensus

An action-research approach can be employed to cultivate agreement on the nature and likelihood of cumulative socioeconomic impacts of resource development. The process needs to engage disparate stakeholders and overcome the challenges posed by their differing perspectives and interests by finding common ground in the designation of indicators, which can then act as 'boundary objects'. In this way, one can turn what seems like just a data collecting and processing effort into a collective learning opportunity, with lessons about how a region is affected by resource development and lessons for stakeholders about one another. This approach can foster social consensus by both building relationships and building understanding of the region.

Social consensus is important in relation to agreeing on what to measure, as that is a first step toward agreeing on what to do as a result of the trends identified. The indicators act as 'boundary objects', things that people with different experiences, insights, and views can agree

on. These 'agreed' indicators can then stimulate needed conversations about the region and where it is headed.

References:

Brereton, D., Moran, C., McIlwain, G., McIntosh, J. and Parkinson, K. (2008) Assessing the Cumulative Impacts of Mining on Regional Communities: An Exploratory Study of Coal Mining in the Muswellbrook Area of NSW. Brisbane: Centre for Social Responsibility in Mining, Centre for Water in the Minerals Industry, and The University of Queensland, 180pp. Available at:
http://www.csrm.uq.edu.au/docs/C14047.pdf

de Rijke, Kim (2013) Coal seam gas and social impact assessment: an anthropological contribution to current debates and practices. Journal of Economic and Social Policy, 15 3: 3.1-3.28. Available at:
http://epubs.scu.edu.au/cgi/viewcontent.cgi?article=1250&context=jesp

Ennis, G., Finlayson, M. & Speering, G. (2013) Expecting a boomtown? Exploring potential housing-related impacts of large scale resource development in Darwin. Human Geographies,Vol 7(1) pp 33-42. Available at:
http://www.researchgate.net/publication/260677535_Expecting_A_Boomtown_Exploring_Potential_housing-related_Impacts_of_Large_Scale_Resource_Developments_in_Darwin

Franks, D., Brereton, D., Moran, C., Sarker, T., and Cohen, T. (2010) Cumulative Impacts: A Good Practice Guide for the Australian Coal Mining Industry. Brisbane: Centre for Social Responsibility in Mining & Centre for Water in the Minerals Industry, Sustainable Minerals Institute, The University of Queensland, 68pp. Available at:
https://www.csrm.uq.edu.au/docs/CSRM%20SMI%20Good%20Practice%20Guide%20document%20LR.PDF

International Energy Agency (2012) Golden Rules for a Golden Age of Gas. World Energy Outlook 2012 – Special Report – Paris, International Energy Agency. Available at:
http://www.worldenergyoutlook.org/media/weowebsite/2012/goldenrules/weo2012_goldenrulesreport.pdf

Uhlmann, V., Rifkin, W., Everingham, J. A., Head, B., and May, K. (2014) Prioritising indicators of cumulative socio-economic impacts to characterise rapid development of onshore gas resources. The Extractive Industries and Society, 1 2: 189-199. doi:10.1016/j.exis.2014.06.001. Available at:
https://www.csrm.uq.edu.au/publications/prioritising-indicators-of-cumulative-socio-economic-impacts-to-characterise-rapid-development-of-onshore-gas-resources

Case Studies

Case One: Measuring Cumulative Impacts from Multiple Resource Projects (complex example)

The Gas Mega-projects in Darling Downs, Queensland, Australia

(CSRM Archive)

(CSRM Archive)
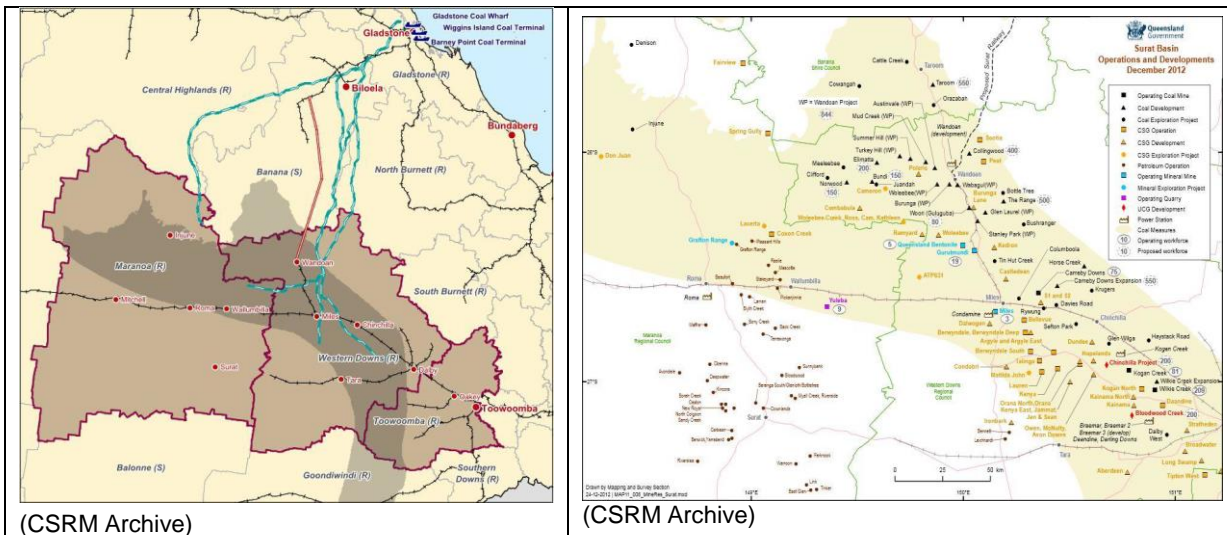
Development of substantial natural gas resources in the Darling Downs region of Queensland, Australia, has offered local towns attractive prospects for growth and the promise of economic opportunity. As the development was being planned, stories in the media relayed the hopes of government and business underlined that this natural gas boom would counteract an ongoing decline of population and economic stresses caused by drought in this rural, agricultural area, where farmers grow wheat and raise cattle.

Each of the four multi-national joint venture organisations developing gas fields in the region was required by the Queensland government to conduct a social impact assessment and file a plan to address those impacts. These plans detailed, for example, how the companies would address the increased levels of traffic on rough country roads by repaving and widening certain roads at the cost of tens of millions of dollars per company.

These plans were formulated independently for each company by consulting organisations hired to scrutinise data on the region and consult key stakeholders. One needs to ask, to what extent would these individual company plans really address the cumulative regional impact on the communities and economy from the industry as a whole? Cumulative effects would be expected as there will ultimately be more than 20,000 gas wells drilled over a 20-30 year period in an area that measures 200 kilometres by 200 kilometres, where 40,000 people live. A total of $60 billion is being invested in rights to extract the gas, in compensating landholders for use of their land to drill wells, in the pipeline network stretching 500 kilometres from the gas fields to the coast, and in plants to turn the resource into liquefied natural gas (LNG) for export by ship from Australia to China, Japan, and elsewhere.

The question here is not just what the cumulative social and economic effects are but how can the region's citizens and leaders identify them, measure them, and respond to them. In doing so, how can one best foster social consensus, agreement on what the impacts are – employing evidence, not just hearsay - and agreement on what to do about them?

This region is handling a natural gas boom, but the impacts have not been characterised in a widely understandable and useful way. That is a problem. On the other hand the region has the opportunity to become a positive example of coping with such 'cumulative' impacts. Researchers in a local university have developed a set of indicators of social and economic impacts through an action-research process involving representative of the community, government and industry. Coupled with these indicators is a 'tool kit' to facilitate navigating from historical trends in the region's communities (as shown by the indicators) through recent fluctuations in rent employment and other factors during a burst in construction and toward desired futures already compiled in regional and town-level plans and visions.

Challenges:
- The effects of multiple mega projects being built at the same time over a relatively short period (5 years) in the region.
- The social impact management plans filed by each company were not oriented toward assessing cumulative impacts.
- No framework was readily available and widely accessible to monitor the cumulative impacts in the context of long-term historical trends.

Key activities:
- Stakeholders have been contributing to assembly of a set of indicators of the cumulative social and economic effects of the natural gas projects.
- A toolkit to accompany these indicators is being developed to assist in applying insights from the data to define activities and investments to move regional towns toward their desired goals.

Outcomes:
This case is a complex case because despite the region is experiencing a distribution of negative and positive impacts, and it is not clear what specifically they are accused by – historical trends or a recent boom of construction, or a combination of both. This uncertainty is contributed to by the lack of a cumulative impact assessment in the region. Stakeholders in the region's communities have noticed that they understanding are needed of the cumulative impacts suffered and benefitted from (as not all cumulative impacts are negative). This understanding is needed to give them a chance to mitigate negative impacts and harness positive ones to achieve the aims the communities and region have for the future.

Negative:
- Social impact management plans filed by each company individually.
- No plan oriented toward assessing cumulative impacts.

- No framework to monitor these cumulative impacts in the context of long-term historical trends.
- No common agreement across sectors – industry, government and community- on what factors to measure.
- Effects of multiple mega projects being built at the same time over a relatively short period (5 years) in the same region.
- Towns in the region are experiencing the boom-bust-and-recovery cycle in a short timeframe, and this cycle may take more than 20 years to complete.
- Community character has been diminished as valued residents with a sense of local history have departed, selling their house or property for a good price.
- No evident connection between the boom and bust cycle occurring in these towns and pursuit of this desired trajectory.
- No steps recorded on how these towns get from their previous trend of gradual rural decline through a gas boom and toward a desired future.

These negative impacts can be addressed by achieving an agreement among the region's residents, businesses, local government, and the resource industry, on figures that represent how the town has been faring socially and economically. Such figures can suggest where attention is sorely needed to progress regional development and what data is required to justify such expenditure when the community is competing with dozens of other rural communities requesting the same thing. The development and use of indicators of cumulative social and economic impacts represent an avenue for gaining social consensus in response to resource development.

Positive:

- Important stakeholders have been contributing to assembly a set of indicators of the cumulative social and economic effects of the natural gas projects.
- Representatives of the community, government, and industry have agreed that population, unemployment, household income, housing costs, and crime rates are important to follow.
- School enrolments, training completions, and the number of young adults remaining in the town are important, but they are not seen as being as important as the core figures. So, priority and 'secondary' indicators have been agreed on.
- Trends occurring over the past fifteen years and recent shifts that reflect the boom brought by the gas industry have been reviewed.
- How these measured trends reflect the individual experiences of residents, and perceptions of those in industry and government, have been addressed even where their experiences differ from the measured data.
- The comparison of perception/feelings vs. data has prompted useful dialogue and specific actions by those in the industry and local government.

The set of indicators developed and provided for these towns now needs to be accompanied by insights into how to use what has happened to date for guiding the region into the future. The town, regional, governmental and industry leaders need a tool kit that captures lessons from other regions regarding what to watch out for during a boom-bust-and-recovery cycle such as

the one they are experiencing. That toolkit is soon to be in their hands, developed by a local university.

Social Consensus applied to this case:

The development of indicators of cumulative impacts contributes to social consensus in several ways. First, it involves an action-research process, where community stakeholders in different sectors- resident, government, local business, resource industry- contribute to a common project, an agreed set of indicators, a 'boundary object'. Where social consensus about what the community may want to be is hard to gain, social consensus on how things are going in different sectors of the community may be a bit easier to reach. Second, such indicators are characterised as being 'the start of the conversation'. Once people in different stakeholder groups agree on what is happening, they have a common basis –and a measure of mutual understanding- about what to do about the impacts being experienced. Intriguing outcomes can result. A years-long argument between a gas company and a community organisation about the need for affordable housing shifted when statistics revealed that ten times as many people needed such housing than had completed applications to the state government for that housing. That is, many applications were incomplete. The gas company funded a staff for the community organization to assist many families to complete their applications. A consensus was reached.

Proposed Questions:

- What do you think towns in this region need to do to achieve their stated goals of attracting young families, making a town a regional hub for transportation logistics, and having economic benefits shared between rich and poor?
- What is a region that you know about that has experienced the effects of multiple resource development projects?
- What effects have been seen in that region that are particularly alarming?
- What factors would you see as essential for tracking the effects of resource development in your region (population, unemployment, housing, etc.)?
- What is unique to the region that needs to be measured (e.g., number of important senior civic or religious figures or the number of woman-owned businesses)?
- What effects are important to track at the town level, as some towns are strongly affected and other towns are not strongly affected?
- Why is this type of difference between towns important?

References:

Everingham, J., Collins, N., Rodriguez, D. , Cavaye, J., Vink, S., Rifkin, W., and Baumgartl, T. (2013) Energy resources from the food bowl: an uneasy co-existence. Identifying and managing cumulative impacts of mining and agriculture. Project report. CSRM, The University of Queensland: Brisbane. Available at: https://www.csrm.uq.edu.au/publications/energy-resources-from-the-food-bowl-an-uneasy-co-existence-identifying-and-managing-cumulative-impacts-of-mining-and-agriculture

Franks, D., Brereton, D., Moran, C., Sarker, T., and Cohen, T. (2010) Cumulative Impacts: A Good Practice Guide for the Australian Coal Mining Industry. Brisbane: Centre for Social Responsibility in Mining & Centre for Water in the Minerals Industry, Sustainable Minerals Institute, The University of

Queensland, 68pp. Available at:
https://www.csrm.uq.edu.au/docs/CSRM%20SMI%20Good%20Practice%20Guide%20document%20LR.PDF

Uhlmann, V., Rifkin, W., Everingham, J. A., Head, B., and May, K. (2014) Prioritising indicators of cumulative socio-economic impacts to characterise rapid development of onshore gas resources. The Extractive Industries and Society, 1 2: 189-199. doi:10.1016/j.exis.2014.06.001. Available at:
https://www.csrm.uq.edu.au/publications/prioritising-indicators-of-cumulative-socio-economic-impacts-to-characterise-rapid-development-of-onshore-gas-resources

Case Two: Corporate Social Responsibility Indicators (positive example)

An Experience from Brazil

(Teleperformance Archive)

(Ignacio Gafo Archive)
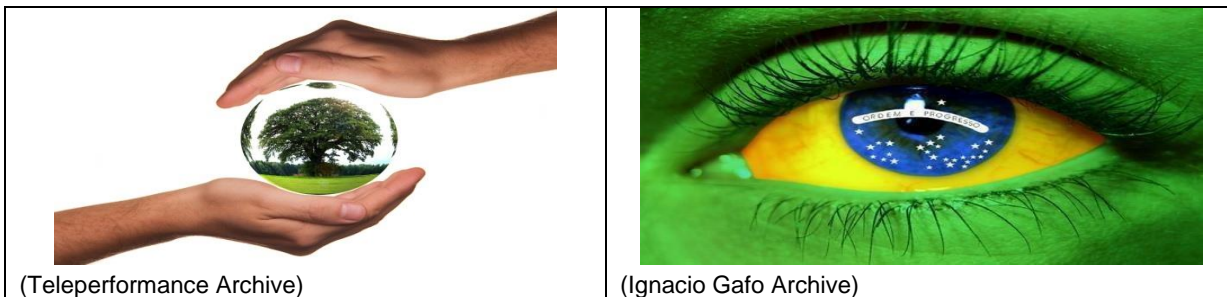
The extractive industry is made up of business whose efforts in corporate social responsibility (CSR) are gaining increasing attention. Mining and oil gas companies are getting bigger and affecting more citizens and communities as they service the needs of a growing middle class in developing countries. These companies are often taking resources from proper, rural areas to deliver benefits in wealthier, urban areas. This trend drives questions about what these companies are doing for those who are not their customers but who are nonetheless affected by their activities. Questions have become more specific –not just what are they doing but how can one measure what they are doing and gain social consensus on whether those actions are appropriate and adequate? That's where indicators play a role.

Interest in corporate social responsibility in Brazil in particular has grown considerably in recent years. Certain local initiatives confirm this analysis. In 1982, the Prêmio ECO was created by the local branch of the American Chamber of Commerce, which finances an annual award for the best examples of business philanthropy. More than 1000 companies have competed for the award in the past 33 years.

This case summarises the results of an exploratory survey conducted in Brazil (Queiroz 2001). The purpose was to study the applicability of a proposed set of corporate social responsibility indicators. The establishment of criteria for evaluating the outcome of actions of Brazilian companies is increasingly urgent and necessary. Towards this end, Hopkins set out to find simple universally applicable indicators (Hopkins 2004):

- Level I: Principles of social responsibility:

- o Legitimacy
- o Public responsibility
- o Managerial discretion
- Level II: Processes of social responsiveness:
  - o Business environment scanning
  - o Stakeholder management
  - o Issues management
- Level III: Outcomes of social responsibility:
  - o Internal stakeholder effects
  - o External stakeholder effects
  - o External institutional effects

Four large-scale companies in Brazil were selected from those who had published their Social Balance in 1998. Each company was analysed individually on each indicator using the measurement procedure suggested by Hopkins. Initially, data from the Social Balance of these companies were used and this was complemented by data obtained directly through personal interviews with the staff responsible for social responsibility issues.

The study set out to analyse the applicability of the indicators of social responsibility formulated by Hopkins and the results suggest that the proposed indicators are pertinent, considering the reality in Brazilian companies. The study confirmed the need for a conceptual and analytical model, which can be used as reference to allow the assessment of actions within the scope of social responsibility.

Key activities:
- Companies were surveyed who had published a social balance, evincing that they had an institutional concern for ethical issues and social responsibility; these companies were at different stages in the development of a code of ethics.

Challenges:
- It is not clear to the companies to what extent the existence of a code of ethics combined with its publication and training, guarantees an ethical attitude from staff members and from the company as a whole.
- The sense that a company simply creates new jobs may not mean that it is generating wealth in the areas it operates.
- None of the companies investigated had specific training programs on codes of ethics.
- Companies were not very clear on how they conducted the dialog with internal and external stakeholders.
- An issues management indicator was not included in the assessment.
- All companies have informal processes for discussing ethics.
- Information for the corporate irresponsibility indicator (fines, product recalls, pollutant emissions, etc.) was not made available.

- The quality of union/staff relations –a social responsibility parameter- is greatly dependent on the industry sector in Brazil.
- Information was not provided by companies on litigation due to fraud, price fixing, antitrust suits and false advertising and public controversy related to products and services.
- Accounts of community controversy and litigation were not available.
- No information was provided on litigation and public controversy involving suppliers.

Outcomes:

Level I: Principles of social responsibility:

A. Legitimacy: The assessment suggest that in Brazil, the existence of a code of ethics is more effective when incorporated into a program designed to reinforce the values and attitudes practiced by company leaders (especially, how to guarantee the continuity of ethical values, taking into consideration the leadership succession processes within companies).

B. Public responsibility: A method used by one of the companies was to estimate direct and indirect jobs created as a function of investments. None of the companies surveyed provided information on litigation, suits, penalties and fines involving the organization and its staff members (despite these indicators appearing several times at levels I and III of Hopkins' analytical model). There are two aspects that might be analysed under corporate public responsibility, associated with its continuity: the first is the existence of long-term planning where a social responsibility focus is among the priorities; the second aspect refers to the succession processes conducted within a company, which are vital to the long term survival of the company and vital to the ethical atmosphere in the company.

C. Managerial discretion: managers and other organizational members are moral actors and they are obliged to exercise the discretion that is available to them to gain socially responsible outcomes.

Level II: Processes of social responsiveness:

A. Environmental scanning: mechanism for critical review of social issues relevant to a firm that are already part of the definition of its core business. The company offers prizes to individuals who are helping to solve social issues at a community level.

B. Stakeholder management: analytical body for social issues as an integral part of policy making. None of the companies underwent social audits, although all of them publish a social balance and have individuals or departments responsible for issues related to their social responsibility

C. Issues management: This topic was the most difficult to analyse and respond to, and it therefore was not taken into account in the companies assessed.

Level III: Outcomes of social responsibility:

A. Internal stakeholder effects:

- o Owners/shareholders: Data on corporate profitability and value are easily accessed and readily understood, but information for the corporate irresponsibility indicator, which involves fines, product recalls, pollutant emissions, etc., was not made available.
- o Managers: Evidence for the application of a code of ethics in demonstrable and measurable ways by the managers was not observed in any of the companies surveyed.
- o Employees: Information on litigation and fines concerning safety issues was not made available, nor was information on the payment of wages, subsidies and benefits. None of the companies surveyed had a specific policy for women or minorities, except employing a certain number of handicapped individuals, as required by Brazilian law.

B. External stakeholder effects

- o Customers/Consumers: Evaluation of the measure of company social responsibility concerning its products turned out to be a considerably subjective task. Important information in evaluating CSR in relation to customers and consumers might be obtained from a measure of the quality of services and the existence of magistrate's function to address customer concern. Another parameter is the existence of a consumer education process promoted by the company.
- o Community: Corporate donations for community programs appeared aggregated with other types of donations. All companies have direct involvement in community programs. A specific means of action that has gained impetus recently in Brazil is the support given to voluntary work of staff members. Other mechanisms of community action can be observed in the institutional initiatives and partnership with other institutions. Direct involvement in the community appeared as the most intense means of social action, with 67% of the sample companies carrying-out social activities that benefit the community.
- o Suppliers: Some of the companies indicated a means of application of ethical values to suppliers, but none of the companies provided information on application of the code of ethics on behalf of suppliers.

C. External institutional effects:

- o Each of the companies surveyed has considerable influence in the areas in which they are active. This influence, in turn, provides them with the instruments to be involved in broader spheres of social life where they operate.

Proposed Questions:
- What do you think about the corporate social responsibility indicators proposed by the assessment?
- How would you enhance these indicators are there any others you would add?
- To what extent do you think they can be applied in the extractives sector?
- How can the indicator gain acceptance and influence in the extractive sector (with all its stakeholders)?

References:

Hopkins, M. (2004) Corporate social responsibility: an issues paper. ILO, Policy Integration Department World Commission on the Social Dimension of Globalization, International Labour Office, Geneva. Available at: http://natlex.ilo.ch/wcmsp5/groups/public/---dgreports/---integration/documents/publication/wcms_079130.pdf

Quiroz, A. (2001) Corporate Social Responsibility Indicators: A Study from Brazil. Centro de Estudos do Terceiro Setor - CETS, EAESP - Fundação Getúlio Vargas, São Paulo, Brazil. Available at: http://mhcinternational.com/monthly-features/articles/108-corporate-social-responsibility-indicators-a-study-from-brazil

MHC (2012) Monthly Feature April 2001. MHC International Ltd. Available at: http://mhcinternational.com/monthly-features/articles/108-corporate-social-responsibility-indicators-a-study-from-brazil

Recommended Readings

- de Rijke, Kim (2013) Coal seam gas and social impact assessment: an anthropological contribution to current debates and practices. Journal of Economic and Social Policy, 15 3: 3.1-3.28. Available at:
http://epubs.scu.edu.au/cgi/viewcontent.cgi?article=1250&context=jesp
- Uhlmann, V., Rifkin, W., Everingham, J. A., Head, B., and May, K. (2014) Prioritising indicators of cumulative socio-economic impacts to characterise rapid development of onshore gas resources. The Extractive Industries and Society, 1 2: 189-199. Available at:
https://www.csrm.uq.edu.au/publications/prioritising-indicators-of-cumulative-socio-economic-impacts-to-characterise-rapid-development-of-onshore-gas-resources

<u>**Citation:**</u>

Rifkin, W. (2016) Cumulative Socio Economic Impacts in the Extractive Sector. In de la Flor Olavide, A., & Lawson, L. (eds), *The ABC of Social Responsibility in Mining: A Manual on how to obtain Social Consensus in the Extractive Sector.* Centre for Social Responsibility in Mining-SMI, The University of

Queensland, Brisbane, Australia. Available at: https://www.csrm.uq.edu.au/publications/the-abc-of-social-responsibility-in-mining-a-manual-on-how-to-obtain-social-consensus-in-the-extractive-sector

CSRM Expert in Cumulative Socio Economic Impacts in the Extractive Sector

Dr. Will Rifkin

Associate Professor
w.rifkin@uq.edu.au

Biography

Associate Prof Will Rifkin is the chair in Social Performance in the Centre for Coal Seam Gas and holds a joint appointment with the Centre for Social Responsibility in Mining. His current focus is a project cultivating the ability in stakeholders to collaborate in identifying salient and credible indicators of cumulative socioeconomic impacts of coal seam gas developments in Queensland's Western Downs region. Rifkin has completed consultancies and research on organisational change processes in the resources industry, including with New Zealand's Fletcher Challenge Energy (at the time it was bought by Shell Oil), BHP's Coal and Coke facility in Port Kembla, and Western Australia's Water Corporation. He has conducted ethnographic research and experimentation toward improving communication between technical and nontechnical people for the past 25 years. He is an engineer-turned-sociologist with degrees from MIT (physics), the University of California-Berkeley (energy and resources), and Stanford University (sociotechnical studies). His focus is communication among experts and relative non-experts in settings ranging from steel mills and public hearings to doctors' offices, press conferences, and university classrooms. He has synthesised insights from fields such as conversation analysis, anthropological study of witchdoctors, organisational change, and adult learning.

The Cost of Conflict

Content

Definitions

'Costs': negative impacts on a company's tangible and intangible assets, including value erosion, from failing to avoid, mitigate or resolve conflict with local communities at an early stage.

'Conflict': a continuum, from low-level tension to escalated situations involving a complete relationship break-down or violence.

Description of Issues

The costs of company-community conflict are real and significant for the extractive industry. Greater awareness is needed to recognize the critical importance of building sustainable relationships with local communities around extractive operations. Changing the company's perception from viewing Community Relations as a function that "spends other's money" to one that creates value is crucial if companies are to prevent conflict and reduce costs for the company, the community and the government (Davis and Franks, 2014).

Theoretical Framework

Research shows that: environmental issues are the most common issues to precipitate conflict; feasibility and construction stages of projects have the greater proportion of conflicts that lead to the suspension and abandonment of projects; and, company-community conflict tends to escalate from campaigns and procedure-based actions through to physical protest (Davis and Franks, 2014).

Despite the propensity of the extractive industry to come into conflict with community, strategies are available to prevent conflict and reduce associated costs. However, first it is necessary for companies to understand the real dimensions and importance of social conflicts. An efficient way to demonstrate importance is through a cost of conflict analysis.

The most frequent costs:

Lost productivity due to temporary shutdowns or delay, together with lost sales are the most frequent costs. For example, a major, world-class mining project with capital expenditure of US$3-5 billion will suffer roughly US$20 million per week of delayed production in NPV terms; one energy project reported US$100 million per year in stoppages and down days; another energy project, reported that conflict that shut down key power lines caused an operation to halt incurring US$750,000 per day in costs; for exploration, around US$10,000 will be lost per day of

standby in early reconnaissance and up to US$50,000 for advanced exploration (geophysics and drilling programs); etc.

The greatest costs:

These are the costs that keep management and the Board 'awake at night.' The greatest costs relate to the abandonment of projects. There are two types of costs here. The lost capital already invested and the opportunity costs arising from the inability to pursue future projects, expansion or sale. These costs are not always easily measurable, but can regularly be measured in billions, e.g.:

- Esquel (2003) $US 379 million asset write down on $US1.33 billion reserves,
- Tambogrande (2003) $US 59.3 million asset write down on $US 253 million reserves,
- Conga (2011) suspended during construction; majority owner spent US$ 1.455 billion in previous 2 years, minority partner spent US$ 498 million. Roughly US$ 45 billion in reserves.

A bad reputation is also a significant intangible cost. The reputation of a company now travels faster, including across borders, which can affect other sites of the same company.

The most often overlooked costs:

No company systematically tracks additional staff time needed to manage conflict, yet this often involves senior staff whose time is proportionately more expensive. For one company, working assumption is that 5% of an asset manager's time should be spent managing social risk, yet in one African subsidiary, it is 10-15%, and in one Asia-Pacific country it is 35-50%. In other cases, senior management were estimating that assets worth 10% of company's income demanded more than 80% of senior management time, including in some cases the CEO's.

Quantification as a useful language:

Most companies don't aggregate these costs, because they are buried in operating costs so there is no meaningful figures to set against the company's social spend on local communities. However, one leading international oil company examined costs of non-technical risks across 12 projects, and scaled the results to all of their projects. They calculated a loss of >US$ 6 billion over a 2-year period, representing a double-digit percentage of operating profits (yet did not account for staff time).

Using quantification as a language inside an extractive company where senior management commonly come from engineering and finance backgrounds can help community relations/social development teams to communicate efficiently the value of their work.

In order to improve the engagement with communities and therefore reduce the cost and the probabilities of having conflicts, linking the business case to the company's values and ethics is key, because it is NOT about a cost/benefit approach to day-to-day management of community relations.

Pricing in Costs:

Insurers and lenders (state and private) are starting to factor the business risk of community relations directly into credit risk, e.g. the Dutch Development Finance Institution or the Norwegian Export Credit Agency. The Peruvian financial sector regulator (SBS) is incentivising better management of social conflict by extractive companies through requirements on due

diligence by banks, insurers and pension funds. In 2012 Credit Suisse calculated the Environmental Social and Governance (ESG) impacts on share price for the Australian Stock Exchange (ASX) and found AUS$ 21.4 billion in negative valuation impact (hydrocarbon and mining represented AUS$ 8.4 billion -the average 2.2% impact on target price-).

Preventing costs:

A growing number of companies are aligning policies and processes with the UN Guiding Principles on Business and Human Rights, supported by good practice guidance from industry bodies like ICMM and IPIECA (e.g. integrating human rights into impact assessment processes; grievance handling processes, etc.).

One potentially useful strategy is to 'Front-load' investment in the community relations capability of a company. It is important to understand that it only gets more expensive to 'buy support' later and this almost never leads to sustainable relationships.

Also, setting incentives to allow time for meaningful relationship building with community and engagement on project characteristics is very important (when there is still ability to influence a project).

Sustainability professionals must be empowered. They have the skills to reduce business risks associated with conflict and therefore must have a greater say in decision making within the company (including the design phase).

Finally, an effective government policy environment for managing environmental and social issues actually reduces business risks and can be a driver of foreign investment.

Types of Company Costs

TYPES OF COSTS TO COMPANY	
Security	• Payments to state forces or company security contractors • Increased operational costs of security: fences, patrols, escorts, transport, alarm/leak monitoring systems, reduced mobility • Increased security training and management: staff time, lost production, cost of programs
Project modification	• Design modification costs: application, redesign, legal • Additional works
Risk management	• Insurance: higher premiums and coverage, risk rating, withdrawal of coverage • Legal and conflict expertise: specialist training for staff, additional staff
Material damage	• Damage or destruction to private property or infrastructure • Damage or destruction to public property or infrastructure
Lost productivity	• Operations discontinued: voluntary closure or enforced through injunction • Temporary shutdown of operations • Lost opportunity for future expansion and/or for new projects • Disruption to production: temporary or indefinite delays, absenteeism • Delays in deliveries/supplies • Greater regulatory burden/scrutiny
Capital	• Loss of value of property: full write-off, other depreciation, sale at a loss, theft • Inability to repay debt or default on debt • Difficulty raising new capital • Share price instability/loss in value (within relevant time period)
Personnel	• Staff time spent on risk and conflict management • Costs of remediation: meetings, negotiations, mediators • Hostage-taking: ransom payments, rescue operations, compensation • Arrests of staff • Injuries to staff and fatalities • Low morale and stress-related effects • Retention: higher salaries, compensation packages, bonuses • Recruitment: advertising positions, screening, interviewing, induction training

TYPES OF COSTS TO COMPANY continued	
Reputation	• Higher expenditure on public relations: consultants, dissemination of information • Competitive loss/disadvantage: impact on brand, investor confidence
Redress	• Compensation (out of court payments); • Fines • Increased social and environmental obligations: health care, education and training, provision of other services, clean-up and remediation costs • Costs of administrative proceedings or litigation: costs of proceedings themselves, judgment/ settlement costs.

Cost of conflict for building Social Consensus

If the costs of conflict experienced by companies in the extractive industry were adequately understood the relationships between companies and local communities would receive greater priority and attention. By giving greater priority to community needs the path to social consensus will be clearer.

References:

Franks, D.M., Davis, R., Bebbington, A.J., Ali, S.H., Kemp, D., and Scurrah, M. (2014) Conflict translates environmental and social risk into business costs, Proceedings of the National Academy of Sciences. Available at: http://www.pnas.org/cgi/doi/10.1073/pnas.1405135111

Davis, R., and Franks, DM. (2014) Costs of Company-Community Conflict in the Extractive Sector. Corporate Social Responsibility Initiative Report No. 66. Cambridge, MA: Harvard Kennedy School. Available at:
https://www.csrm.uq.edu.au/publications/costs-of-company-community-conflict-in-the-extractive-sector

Henisz, W., Dorobantu, S., and Nartey, L. (2014) Spinning gold: The financial returns to stakeholder engagement, *Strategic Management Journal*, 35(12): 1097-0266. Available at:
http://onlinelibrary.wiley.com/doi/10.1002/smj.2180/pdf

Case Studies

Case One: The Cost of Conflict of Mega Projects in developing countries (complex example)

The Cost of Conflict at Minas Conga

(Scoop.co.nz Archive)

(Megaproyectos.pe Archive)

Minas Conga is a $4.8 billion copper-gold project, being developed by gold mining company Yanacocha. Yanacocha is majority controlled by US-based Newmont Mining (51%), with Peru's Minas Buenaventura owning 49%. At December 31, 2014, Newmont reported 6.5 million attributable ounces of gold reserves and 1,690 million attributable pounds of copper reserves at the project site (Newmont, n.d.).

Cajamarca, where the project is located, is one of the poorest regions in Peru. With Apurimac and Huánuco, the Cajamarca region records the highest incidence of extreme poverty in the country, estimated at between 20 and 24 per cent with more than half of Cajamarca's population lived below the poverty line (INEI, 2012).

The project includes the pouring of four high altitude lagoons to build four reservoirs to supply water to the mine and the communities. Some groups opposing the mine indicate this is threatening the water supply of farms above the reservoir line.

Minas Conga has been taking place in an atmosphere of increasing discontent with the surrounding community. A state of emergency was declared on numerous occasions in three provinces following the deaths of four people during protests against the project.

The Minas Conga project was suspended in November 2011 amid protests against the project. Opponents, who include the regional president of Cajamarca, Gregorio Santos, say the mine

would harm local water supplies and have said they will not allow the project to go ahead (Peruvian Times 2012a).

The company has now completed a Conga Restart Study was to identify and test alternatives to advancing development of the project. Following this assessment, it has now refocussed its attention on a new plan was developed to reduce spending to focus on only the most critical work – protecting people and assets.

Minas Conga is one more among a big number of mining projects that have been targeted by community opposition, largely over environmental concerns. Analysts say some $50 billion in mining investments are at risk due to the social conflicts in Peru, a country where mining has been the lynchpin of economic growth (Peruvian Times 2012b).

Key Issues:

- **High levels of poverty** in remotely located communities with lack of access to services and infrastructure.
- **Land ownership regime** problems.
- **Environmental concerns** about mine design notably in relation to water and tailings in a pristine high altitude setting in which water is a scarce livelihood resource.
- **Regional governors** accepting the project in return for centrally funded infrastructure.
- **Differences within the national government**– the Environment Minister for seeking improvements to the company's environmental impact assessment (EIA), and the Minister for Energy and Mining declaring the project 'environmentally sound'.
- **Post-election policy changes** in government from 'water over gold' to a pro mining position.
- **Yanacocha's communication strategy** aggravated local-level discontent.
- **Suspension of Minas Conga project** in November 2011.

Newmont has stated it "will not proceed with the full development of Conga without social acceptance, solid project economics and potentially another partner to help defray costs and risk" (Newmont n.d.).

Key Activities:
- The company developed a proper baseline and a social strategy to solve the water problem identified by the community as the principal.
- The discontent of a sector plus the bad reputation and liabilities carried by Yanacocha were instrumental for the community to protest.
- The company failed to responding in time and communicating the programs that had been developed allowing the overflow of the protests.

Challenges:
- Restarting the project with a plan that is both acceptable to the communities and has solid project economics
- Communicating with and connecting with communities

- Managing political risk both at national and regional level
- Protecting water sources and the fragile high Andes ecosystem
- Protecting community interests and making sure that mining contributes to human development of this very poor region.

Outcomes:
- Despite the project was suspended, the company kept building the reservoirs slowly.

Proposed Questions:
- What are some of the factors leading to the conflict at Minas Conga?
- What have been some of the costs of the conflict, socially and financially?
- How is the company now attempting to manage the risk associated with re starting construction?
- Do you know about the "Listening to the City of Cajamarca" study? Can you see any evidence of the way the company has learned from that study (Kemp et al., 2013)?

References:

Franks, D.M., Davis, R., Bebbington, A.J., Ali, S.H., Kemp, D., Scurrah, M. (2014). Conflict translates environmental and social risk into business costs. Proceedings of the National Academy of Sciences. Available at: http://www.pnas.org/cgi/doi/10.1073/pnas.1405135111

INEI (2012) Informe Técnico: Evaluación de la pobreza 2007-2011. Available at: http://www.inei.gob.pe/DocumentosPublicos/Pobreza_InformeTecnico.pdf

Kemp, D., Owen, J., Cervantes, D., Arbelaez-Ruiz, D., and Benavides Rueda, J. (2013) Listening to the city of Cajamarca. Research Paper, CSRM, Sustainable Minerals Institute, University of Queensland: Brisbane, Australia. Available at: https://www.csrm.uq.edu.au/publications/listening-to-the-city-of-cajamarca-a-study-commissioned-by-minera-yanacocha-final-report

Newmont (n.d.) Newmont.com (Newmont web page). Available at: http://www.newmont.com/home/default.aspx

Peruvian Times (2012a) Minas Conga Opponents Hold Protest Awaiting Environmental Review. Published April 12, 2012. Available at: http://www.peruviantimes.com/12/minas-conga-opponents-hold-protest-awaiting-environmental-review/15500/

Peruvian Times (2012b) State Of Emergency In Cajamarca Follows Four Deaths in Mine Protests. Published July 05, 2012. Available at: http://www.peruviantimes.com/05/state-of-emergency-in-cajamarca-follows-four-deaths-in-mine-protests/16170/

Case Two: Conflict in a remote and ecologically sensitive area (complex example)

The minerals sand mining operations in Africa- Madagascar

(Madagascar Tribune Archive)

(Apogeo Spatial Archive)

This minerals sand mining operation is located in a remote part of Africa and is 20% owned by the local government and 80% owned by a large multi-national miner. It produces ilmenite, rutile, and zircon and has been in production for a number of years. This is a Rio Tinto investment and is considered one of the largest single investments ever in the country and occurred after over 20 years of extensive exploration. The ilmenite contains 60% titanium dioxide one of the highest grades in the world making it higher quality than most other global sources.

The project involves dredge mining covering an area of 6,000ha, of which 2000ha are currently mined with 498 persons already displaced to allow for construction of a new port, roads, quarrying, and housing for mine workers. Affected people are mostly subsistence farmers with coastal communities relying on fishing.

It is in one of the most ecologically diverse regions of the country but also one of the poorest and most isolated. The 92% of inhabitants live below the poverty line (US1$/day) with agriculture and fishing the only livelihoods. The 80% of the last remaining littoral forest is being cleared and unique habitat and biodiversity has been significantly degraded.

This has been the subject of public discontent although the company claims that forest degradation has already been inflicted by local people through slash and burn agriculture. There is a direct livelihood dependency and significant benefits from ecological tourism; and so any change to the ecosystem is considered a change to living conditions.

Grievances from local people relate to:

- Land acquisition; the boundaries, ownership and compensation for the land acquired are seen as unfair
- Impact on the ecosystem resulting from land acquisition and clearing of forests that reduces local people's livelihood
- Lack of opportunities for local people to find employment at the mine.

There had been protests such as blocking the entrance to the mine since 2009 but in 2013 these grievances came to a head and hundreds of protesters blocked roads for several days and trapped 200 Rio staff including the country's chief executive. In response the company threated to cut off electricity to the town and to exit the country. The military was called in and used tear gas, handcuffing, beating and dragging protestors along the tarmac. A number of military personnel were injured in revenge attacks. The conflicts occurred during a time of great political uncertainty throughout the country.

Key Activities:
- **Loss of land:** compensation did not match the value of the loss in cultivable and sacred land.
- **Unresolved Grievances:** related to undervaluation of mining land and the subsequent receipt of inadequate compensation were taken to court by locals, a case that was rejected by the court six months prior to the protest.
- **Lack of support:** there is as perceived lack of support from public authorities who have interest in the mine through the 20% share.
- **Water issues:** the company built a dam to provide fresh water for dredging, fishermen with no alternative livelihood were denied access to fishing sites and catch was reduced.
- **Communication:** Lack of advance knowledge and communication about the project for local people.
- **Local employment:** Disappointment with lack of opportunities for local youth.

Challenges:
- In this very remote and fragile area, the company has to work closely with local authorities to maintain a good relationship with the community.
- It also needs to think carefully about the negative consequences of calling in the military
- Dealing with the major grievance: creating on going employment for local people with very little education requires education and training.

Outcomes:
- The company now wishes to move into new areas of the lease where the same issues are present and its social licence to operate has been badly affected in some parts of the community.
- It needs to engage better with all its stakeholders to avert any further crises such as that in 2013.

Proposed Questions:
- What are the roots causes of the conflict?
- What could the company have done better?
- What are the future prospects for conflict?
- What are the losses for the company as a result of this conflict?

References:

Douguet, V. (2013) Madagascar: local protests against Rio Tinto. Published by EJOLT, the 25 of Januery, 2013. Available at: http://www.ejolt.org/2013/01/madagascar-local-protests-against-rio-tinto/

Panos (2007) A mine of information? Improving communication around the Rio Tinto ilmenite mine in Madagascar. Panos Org, UK. Available at: http://panos.org.uk/wp-content/files/2011/03/madagascar_mininguurycA.pdf

Weldegiorgis, F. (2015) Socio-ecological impacts and conflict: Rio-Tinto's QIT Madagascar Minerals (QMM). CSRM University of Queensland.

THE UNIVERSITY
OF QUEENSLAND
AUSTRALIA

SMI CSRM
Centre for Social
Responsibility in Mining

Recommended Readings

- Davis, R., and Franks, D.M. (2014) Costs of Company-Community Conflict in the Extractive Sector. Corporate Social Responsibility Initiative Report No. 66. Cambridge, MA: Harvard Kennedy School. Available at: https://www.csrm.uq.edu.au/publications/costs-of-company-community-conflict-in-the-extractive-sector

- Franks, D.M., Davis, R., Bebbington, A.J., Ali, S.H., Kemp, D., and Scurrah, M. (2014) Conflict translates environmental and social risk into business costs, Proceedings of the National Academy of Sciences. Available at: http://www.pnas.org/cgi/doi/10.1073/pnas.1405135111

- Henisz, W., Dorobantu, S., Nartey, L. (2014) Spinning gold: The financial returns to stakeholder engagement, Strategic Management Journal, 35(12): 1097-0266. Available at: http://onlinelibrary.wiley.com/doi/10.1002/smj.2180/pdf

CSRM Expert in the Cost of Conflict

Dr. Daniel Franks

Deputy Director – Strategy and Mineral Policy
d.franks@smi.uq.edu.au

Biography

Dr Daniel Franks is Deputy Director – Strategy and Mineral Policy at the Centre for Social Responsibility in Mining (CSRM). His research interests lie across the sustainability of the extractive resource industries with a particular focus on the social and environmental change associated with mining and energy developments.

Daniel serves as Co-Chair for Social Impact Assessment at the International Association for Impact Assessment and is a member of the Good Governance of Extractive and Land Resources Thematic Group of the United Nations Sustainable Development Solutions Network. He has field experience at more than 40 mining and energy sites internationally and has authored publications on topics such as mining policy, resource governance, social impact assessment, cumulative impacts and company-community relations.

He has undertaken applied research and consulting for a wide range of organisations including: the United Nations Development Programme, International Mining for Development Centre, Australian Agency for International Development, Australian Commonwealth Scientific and Industrial Research Organisation, National Climate Change Adaptation Research Program, International Council on Mining and Metals, Xstrata, Anglo American, BHP Billiton, Newmont, CODELCO and the Australian Coal Association Research Program.

Environmental Conflict Resolution

Content

Course Description: This course explores the causes of conflicts particularly involving environmental concerns in the extractive industries. However, we do not presume that environmental disputes are necessarily a cause of conflict -- indeed appropriate natural resource management may be a part of the solution to wider regional conflicts as well. The emerging field of environmental conflict resolution has its roots in various disciplines such as political science, economic game theory, systems analysis, sociology and anthropology. The study of conflict versus cooperation also has an important basis in natural science, particularly in evolutionary biology and ethology. Our aim in the first part of the class is to explore theories of conflict and cooperation from various disciplinary perspectives to glean common lessons that may be applied to 'real-world' cases. The second part of the course will focus on the practice of conflict resolution and various approaches to resolving conflicts and their relative applicability in different parts of the world.

Definitions

Trust and Game Theory:

Trust can be defined as the ability to have confidence in the behaviour of another party when there is uncertainty about their conduct. Game theory is a branch of mathematics that attempts to develop models of human behaviour under conditions of uncertainty based on repeated analysis of strategies that may be used by stakeholders.

Creating and Claiming Value: Issue and Player Linkage:

In a conflict situation, value creation refers to the process of finding a broader set of possible outcomes by going beyond the original terms of a dispute (this is often referred to as 'expanding the pie'). Claiming value refers to the distribution of value once the pie has been expanded as best possible with bringing creative issues into the negotiations. Value can be created by linking issues in ways that will make it more attractive to bargain and trade between parties or by linking players (building alliances).

Best Alternative to a Negotiated Agreement (BATNA):

The BATNA is the opportunity cost for a party in walking away from a negotiation. In essence it is a measure of how much some party has at stake in a negotiation and can be a measure of whether or not they should remain engaged or pursue other more confrontational means of conflict resolution such as litigation.

Zone of Possible Agreement (ZOPA) - decision analysis:

Based on an analysis of minimum requirements for achieving desired outcomes of multiple parties, it is possible to ascertain the overlapping areas of interest which could lead to an agreement. This 'Zone of Possible Agreements', that can be represented as Venn diagrams or through other means is known as a ZOPA.

Positions versus Principles:

Positions refer to an entrenched belief that a stakeholder may have, that is linked to an emotional response or a past experience that might not be fully contextualized or analysed. Most conflicts start when people have a particular position but are not willing to analyse the underlying principles which their dispute is based on. Thus for example being 'anti-mining' is a position but being anti-discrimination, anti-poverty, anti-pollution, are principles. The latter can often be addressed on specific technical or negotiated terms but the former 'position' closes doors to negotiations. In most negotiations the aim of a good mediator is to get parties to move from positions towards principles.

Epistemic community:

Environmental issues are often predicated on scientific knowledge, they can lead to the emergence of "epistemic communities", who are able to dissociate themselves from political bickering and catalyze cooperation. These epistemic communities are based on knowledge and learning (universities can play the role of epistemic community). However, any potential for cooperation through the supremacy of science can also alienate developing countries constituents that are all too often complaining about disparities in scientific and technological expertise. NGOs can play an important bridging role in this regard between scientists and communities.

Theoretical Framework

Much of the negotiation literature in environmental conflict resolution is ultimately based on game theory and how different strategies lead to differentiated outcomes in conflict resolution. Essentially, there are two strategies that people use: Hard and soft strategies: meaning insisting on victory and soft meaning insisting on agreement.

1. Hard vs soft: Hard strategy (not willing to compromise) beats soft because soft (willing to compromise) accepts all demands to reach an agreement.

2. Hard and hard cannot reach agreement because they do not want to give in.

3. Soft and soft reach a mutual acceptable agreement

Winning approach to negotiation that may have short-term benefits but will diminish trust and sour relationships:

- Best case: I claim the value the other party creates.

- Second best case: We both create value individually and each party claims the share they have created.

- Third best case: We both claim value we have created jointly.

- Worst case: The other side claims the value I create.

Consensus-building aims at 'third best' approach where we both claim some limited value in the short-term but build relationships that allow for trust to develop, particularly around environmental goals that are essential in broad sustainability.

Environmental issues provide what we call 'superordinate goals' in conflict resolution if they are framed properly. For example, water is essential for mining and for communities and if the availability of water and the fear of its depletion long-term is framed in those collective terms it can lead to cooperation. However, if water scarcity is framed as a short-term distribution issue, it can lead to competition and conflict. Thus cooperation can happen when we have "mutual aversions" and conflict can occur even if we have mutual interests that are framed in competitive terms. It is also important to note that competition on performance and reward is a different matter and has positive outcomes. However, competition on a shared natural resource can lead to mutually destructive depletion. Science can play an important part in providing some measure of objectivity in conflicts but its application has limits as there are often certain intrinsic values that communities may hold that cannot be adjudicated based on scientific knowledge alone.

Challenges and Issues

- Businesses are very short-term oriented and use discounting rates that minimize value of future benefits and focus on immediate benefits. This can be addressed by having better accounting systems that convey long-term benefits to decision-makers and also articulate the cost of conflict (refer to Daniel Franks course module in this program).
- Mining projects may involve a legacy of past problems which leads to a lack of trust that needs to be rebuilt. Thus new investors in mining projects have to apprise themselves of that history of conflict and start the negotiation process by first addressing that lack of trust historically.
- Environmental science and expertise provided is often contested and people bring their own experts to justify their positions rather than focusing on 'principles'. There needs to be an agreed-upon process of peer review and defining merit of experts when going into negotiations.
- Those issues which cannot be negotiated based on science but are of intrinsic value (such as sacred sites), need to be negotiated separately and clearly defined in terms of compensation mechanisms or site avoidance. There can be a process of community consensus on such key parameters before the formal negotiations begin.

Example of extractive industries engaging in multi-stakeholder groups at all levels:

The diagram below and the explanatory table attempts to signify generally the kinds of stakeholders that are likely to exist in extractive industry conflicts with relative negotiation power. However, as the PowerPoint slides accompanying this module show there can be many different sources of negotiating power which can change the size of the circles in each context.

Figure 1: Stakeholders and ZOPA possibilities in mining conflicts (see Figure 2 for codes)

Size of ellipses indicates the relative bargaining power of each group
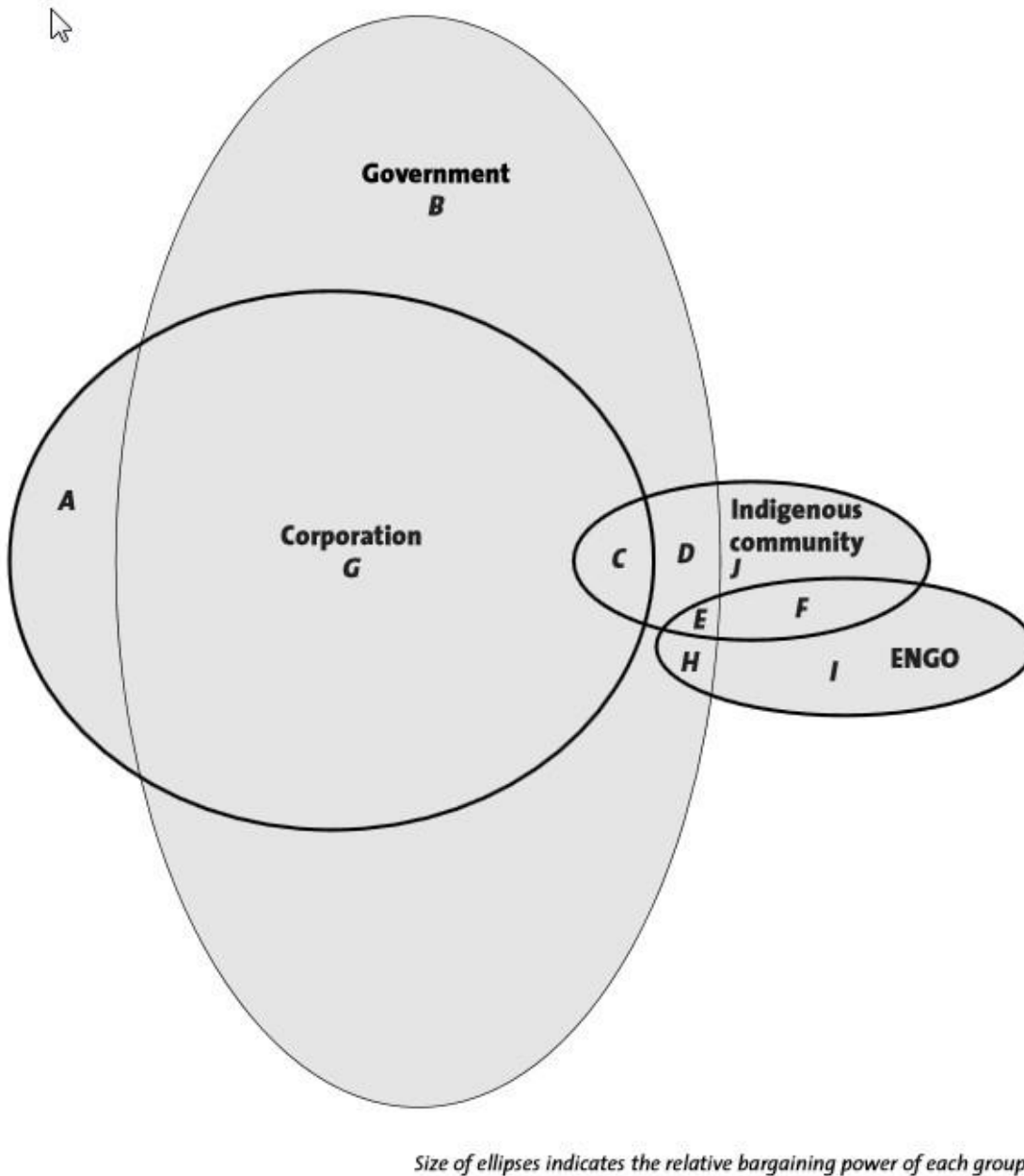
Source: Diagram by Professor Saleem H. Ali.

Figure 2: Codes Table

Venn diagram regions	EXPLANATION WITHIN THE CONTEXT OF THIS CONFLICT AND THE COUNTRY IN WHICH IT IS BEING PLAYED
A	Corporate interest only: Maximising profits from operations beyond this country
B	Government interest only: policies of importance to constituencies outside this dispute
C	Common interests between community and corporation: employment and labour benefits. A portion of the community that feels that the compensation being offered by the company is adequate. Potential for splinter group within community.
D	Common interests between the government and the community only (excluding corporate or ENGO interest): welfare benefits, political representation
E	Common interests between ENGO, government and community (excluding corporate interest): environmental protection through state-level economic analysis
F	Common interest between ENGO and community (excluding government or corporate interest): environmental protection based on normative concerns (value-based)
G	Common interests between corporation and government: strategic economic development concerns for the state, exogenous to the region
H	Common interests between ENGO and government (excluding community and corporation): other environmental lobbying efforts in which the ENGO is involved outside this conflict area (but within the country) that the government endorses
I	ENGO interest only: based on a broader vision of the ENGO's charter. Accountability to international headquarters and to the resolution of other disputes outside this country.
J	Indigenous group interest only: issues of sovereignty, cultural importance and tribal leadership

Note: There is no region of common interest between the ENGO and the corporation (at least from the information currently available for these cases).

Source: Table by Professor Saleem H. Ali.

The role of Environmental Conflict Resolution for building Social Consensus

Conflict resolution processes are essential for gaining social consensus but must be pursued proactively rather than as a reactive mechanism to an incident. Good planning processes for mining projects necessitate an effective mechanism for conflict resolution to gain and sustain social consensus. The concepts presented in this segment provide ways of framing negotiation processes that can achieve this goal and maintain cooperation. It is also important to note that a mediator may be required as well to remain engaged with this process. Overall conflict resolution processes need to be considered as dynamic means of engagement and sustaining social consensus alongside the other tools presented in this program.

References:

Ali, S. H. (2003) Environmental Planning and Cooperative Behavior Catalyzing Sustainable Consensus. *Journal of Planning Education and Research*, *23*(2), 165–176. Available at: http://jpe.sagepub.com/content/23/2/165.full.pdf+html

Haas, P. (1992) Obtaining International Environmental Protection through Epistemic Consensus. *Global Environmental Change and International Relations*, 38–59. Available at: http://www.researchgate.net/profile/Peter_Haas/publication/244473970_Obtaining_International_Environmental_Protection_through_Epistemic_Consensus/links/552cefa40cf2e089a3ad09b0.pdf

Keir, L., and Ali, S. H. (2014) Rapid conflict assessment in energy infrastructure siting: Prospects for consensus building in the Northern Pass transmission line project? *Negotiation Journal*, (published by the Program on Negotiation at Harvard Law School). Volume 30, Issue 2, pp. 169-189, 2014. Available at: http://onlinelibrary.wiley.com/doi/10.1111/nejo.12054/full

Susskind, L., and Ali, S. H. (2014) Environmental Diplomacy: Negotiating Effecting International Agreements (second edition). New York and Oxford: Oxford University Press, October, 2014. Available at: https://books.google.com.au/books?hl=en&lr=&id=2XVMCAAAQBAJ&oi=fnd&pg=PP1&dq=Susskind,+L.,+and+Ali,+S.+H.+(2014)+Environmental+Diplomacy:+Negotiating+Affecting+International+Agreements+pdf&ots=6IzhlnOAJf&sig=_A_F5MwTl5g5MRfoW20ca_qTIQw#v=onepage&q&f=false

Case Studies

Case One: Changing the Negotiation Approach (complex example)

The Ok Tedi Mine Case in Papua New Guinea (PNG)

| (The Keystone Center Archive) | (The Keystone Center Archive) |
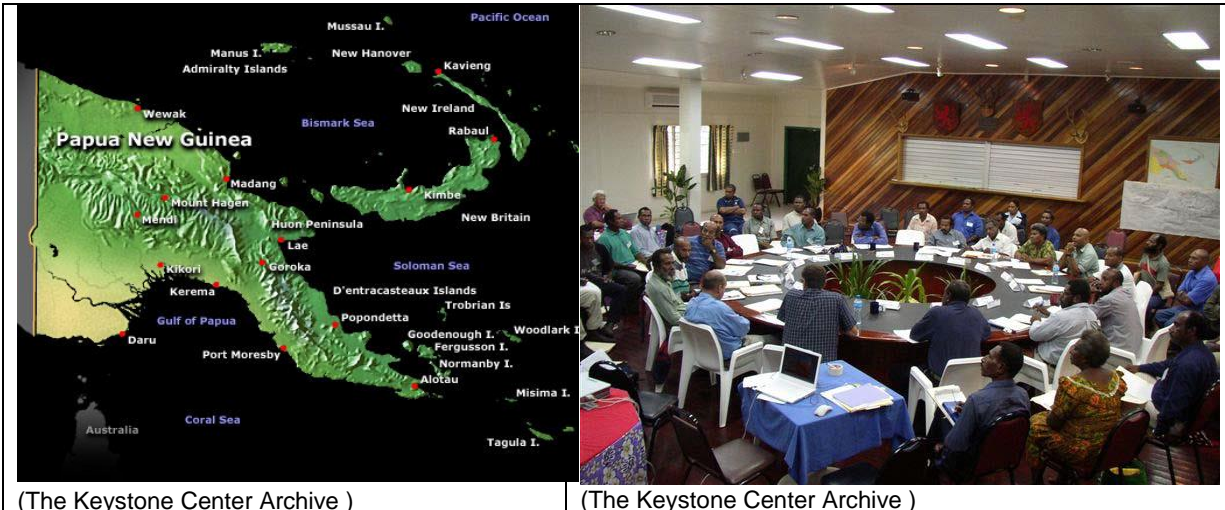
Between November 2005 and June 2007, a team from The Keystone Center helped organize and implement a multiparty negotiation process aimed at increased redress for people affected by river contamination from the Ok Tedi Mine in Papua New Guinea (PNG). Ok Tedi is often cited as one of the worst man-made environmental disasters in the world. It is also a true sustainability dilemma. The mine produces 20% of PNG's gross domestic product but it has also disrupted the traditional food webs and lives of more than 50,000 people by putting 90,000 tons of rock waste and tailings per day into the Fly River system.

After 18 months of effort, a major benchmark was accomplished. Delegates of the nine affected regions along the river, the mining company, the government, and others concluded a Memorandum of Agreement (MOA) that will ultimately give the people in the impacted area about 1.1 billion kina (roughly US$350 million) in funds, projects, and services. The negotiations were arduous and, as must be expected, no one side is fully happy. Nor are all issues neatly tied up in ways that will obviate all future problems or resolve every perceived injustice. Nonetheless, the negotiations achieved an important outcome and demonstrated a new and promising model for other discussions of similar scale and import.

Key activities developed by Keystone:

- Keystone recommended a facilitated negotiation model that would try to maximize opportunities for collaborative problem solving, transparency, and the highest possible levels of 'informed consent'.
- There would be no separate negotiations with different regions; everything would be done with all of the regions together in the same room.

Challenges:

- To constructively redress the major criticisms of the previous 1999 negotiations.

- To build a better model for tackling the CMCA Review.
- The first Community Mine Continuation Agreements (CMCA) negotiation process seemed designed to ´divide and conquer´ the people of the river corridor where the communities are located, with OTML negotiating separately with each region.
- Jealousy and discontent resulted once regions inevitably discovered how other regions had fared and who the perceived winners and losers were.
- Community leaders argued that the original communication processes were inadequate, if not fatally flawed.
- Village leaders and members of the communities most affected by the agreements did not understand what they were signing.
- Isolated populations with extremely poor communication and transportation infrastructures and high rates of illiteracy.

Outcomes:

- No Perfect Process, No Perfect Outcome: The design used for these negotiations grew out of a series of assessment and training workshops and the process that followed the training, while not perfect, satisfied the most essential procedural needs: (a) a single negotiation; (b) conducted with as much transparency as possible; and (c) linked to the communities and local decision-making.
- Dilemma Taming: negotiations were less about problem 'solving' and more about problem 'taming' (creating a new ratio of benefits to impacts).
- Local Partners: work with in-country partners.
- The Role of NGOs: Three NGO delegations were asked to participate in the process to help ensure strong perspectives on environmental issues, issues pertinent to women and children, and perspectives on the delivery of social services.
- Gender Balance: It is important to have women's perspectives at the table when looking toward effective and sustainable solutions to development challenges.
- Interest-Based Negotiation: Participants focus on what they need and why they need it and structure their positions accordingly (in contrast, positional bargaining plays out more like a poker game in a series of demands, offers, feints, bluffs, and counters that have little grounding in the quantified needs that lie behind positions taken).
- High-level Support: Large-scale, multi-party consensus building processes do not take place unless there is high-level political and financial support, in this case was the mine which is owned in part by the government.
- Independence: The Working Group process utilized the services of two teams
- of independent facilitators, an independent legal advisor for the community, two independent observers, and an independent scientist, and all funds used to support the process and pay them were placed beyond the reach of the mine and then administered by an independent accounting firm.
- Consent vs. Consensus: The goal was not consensus but sufficient political 'consent' for new compensatory actions to achieve standing and be taken forward by government and the mine's shareholders.
- Compensatory Outcomes: The final package contained three sources of funds for a total of K1.1 billion, K324.1 million is to be provided by OTML to the trusts to be used for cash, projects, investment, and support for women and children, K139.7 million is to be provided by PNGSDP for infrastructure, K466.6 million will be available to the Ok Tedi Fly River Development Foundation (OTFRDF) from the government, and another K79.7 million will be available also for infrastructure from the Tax Credit Scheme.

- Environmental and Community Health Monitoring: Important resolutions were passed and embodied regarding priorities for long-term environmental and community health monitoring.
- Implementation: financial management needs the long-term perspectives and supporting partnerships; new bridges were built between different stakeholders.

Proposed Questions:

- What lessons can be learned from this case?
- What would you have done if you have been part of the Keystone team?
- What were the factors which enabled the successful agreement with the communities?
- What were the main achievements of the negotiations?
- Based on what you have learned in the course so far, what recommendations would you make for the company and the community now and in the future?

References:

Adler, P.S., Brewer, J., and McGee, C. (2007) The Ok Tedi Negotiations: Rebalancing the Equation in a Chronic Sustainability Dilemma. The Key Stone Center, August 24 2007. Available at: http://www.mediate.com/pdf/The%20Ok%20Tedi%20Negotiations-TKC-08-24-07.pdf

Case Two: Resolving conflicts between the company and the local community (positive example)

The Allain-Duhangan hydropower project in Himachal Pradesh, India

(CBI Archive: Flickr Creative Commons/Michael Foley Photography)

(Environmental Justice Atlas Archive)

With its fast-flowing, glacier-fed rivers, the Himalayan region is the site of hundreds of large-scale dams and hydropower projects designed to supply the energy-hungry South Asian subcontinent. When such projects are developed without careful consideration of the social and environmental impacts on nearby communities, conflicts can arise.

In Himachal Pradesh, India, construction of the Allain-Duhangan hydropower project caused several disputes between a nearby, rural community and the energy company over the quality and quantity of village drinking and irrigation water; worker safety near the construction site; the safety of women and children; excessive dust from project activity; and the introduction of

HIV/AIDS by migrant labourers. The project was financed in part by the International Finance Corporation (IFC), the private arm of the World Bank Group. Charged with responding to stakeholder complaints about World Bank-supported projects, the IFC Compliance Advisor Ombudsman (CAO) team asked CBI to conduct a stakeholder assessment in order to look into and resolve the conflicts exacerbated during the project's construction stage.

Key Activities developed by the CAO-CBI team:

- CBI collaborates with local partners to carry out an on-the-ground stakeholder assessment, unearthing causes of the corporate-community conflict.
- To assess the situation, a CBI-CAO team made two visits to the project site and held in-person meetings with a wide range of stakeholders.

Challenges:

- To make sure that all community members understood the purpose of the CAO visits and explaining how the team would be assisting the community and corporation to resolve ongoing disputes.
- Despite company-community relations had improved because of an increase in available jobs, some community frustrations remained due to the company's overall lack of transparency about project operations.
- Company's reliance on informal communication and dispute resolution to address community concerns.
- Community members complained that their leaders were obtaining project contracts for families and friends, while ignoring the interests of minority groups, such as lower castes and women.
- Despite informal and rapid consultation between company staff and individual villagers was often an effective and convenient means of resolving short-term disputes, in the long-term it was leading to overall community distrust and suspicion.

Outcomes after the assessment:

- Help for stakeholders to move toward a structured, systematic mechanism for communication and dispute resolution between the company and the community.
- Recommendations for enabling the community to speak with collective voice about its interests, so that the company could engage in effective dialogue and consultation with leaders that truly represented the whole community.
- The CAO-CBI team proposed that company and government leaders, and all interested community members, participate in customized workshops to help them develop fair, transparent, representative and durable mechanisms for dispute resolution and to create clear agreements between all parties on the ground rules for working together in a constructive and productive manner.
- Assessment allowed company and community to start dialoguing about different topics of concern such as Improving the representation and accountability in the decision-making processes.

Proposed Questions:

- What lessons can be learned from this case?
- What would you have done if you have been part of the CBI team?
- What were the factors which enabled the successful assessment of the community?
- What were the main achievements of the assessment?

References:

CBI (n.d.) Assessing Corporate/Community Conflict over a Hydropower Project in India. Consensus Building Institute. Available at: http://www.cbuilding.org/publication/case/assessing-corporatecommunity-conflict-over-hydropower-project-india

Recommended Readings

- Alfredson, T. and Cungu, A. (2008) Negotiation Theory and Practice: A Review of the Literature. Food and Agriculture Organization of the United Nations, FAO. Available at: http://www.fao.org/docs/up/easypol/550/4-5_negotiation_background_paper_179en.pdf
- Ozawa, C. (2006) Science in Environmental Conflicts. Available at: http://web.pdx.edu/~ozawac/CRQ.pdf

Citation:

Ali, S. H. (2016) Environmental Conflict Resolution. In de la Flor Olavide, A., & Lawson, L. (eds), *The ABC of Social Responsibility in Mining: A Manual on how to obtain Social Consensus in the Extractive Sector*. Centre for Social Responsibility in Mining-SMI, The University of Queensland, Brisbane, Australia. Available at: https://www.csrm.uq.edu.au/publications/the-abc-of-social-responsibility-in-mining-a-manual-on-how-to-obtain-social-consensus-in-the-extractive-sector

CSRM Expert in Environmental Conflict Resolution

Professor Saleem H. Ali

Professor - Chair in Sustainable Resource Development CSRM

s.ali3@uq.edu.au

Twitter: @Saleem_ali

Biography

Saleem H. Ali is Director of the Centre for Social Responsibility in Mining (CSRM) and Professor of Politics and International Studies at the University of Queensland, Australia. He is also Adjunct Professor of Environmental Planning at the University of Vermont in the US. Professor Ali's research focuses on environmental conflicts in the extractive industries and how ecological cooperation can promote peace in international relations. He is the author of 3 sole authored books including "Treasures of the Earth: Need, Greed and a Sustainable Future," (published by Yale University Press), and Environmental Diplomacy (with Lawrence Susskind, Oxford Univ. Press). Professor Ali was chosen as a Young Global Leader by the World Economic Forum in 2011 and received an Emerging Explorer award from the National Geographic Society in 2010, and has since then also been a member of the IUCN World Commission on Protected Areas. He received his doctorate in Environmental Planning from MIT, a Master's degree in Environmental Studies from Yale University and Bachelor's degree in Chemistry from Tufts University. Professor Ali is a citizen of Pakistan and the United States of America. He can be followed on Twitter.

Working with Multi-stakeholder Groups

Content

Definitions

Communities: groups of interacting people with common interests and values who are directly affected by the company's activities, generally inhabiting or with land connections to an operation's or project's immediate or surrounding areas.

Stakeholders: individuals or groups who have an interest in a company's decisions or activities either because they are affected by it or because they can influence it. Stakeholders are often broadly grouped into groups from the three main sectors of society – the Private sector (businesses and corporations), the Public sector (government and state agencies at national, state and local levels), and civil society (communities, NGOs and the not-for-profit sector)

Multi-stakeholder Groups: hybrid groups that include representatives of a number of different stakeholders or stakeholder groups – sometimes called multi-sector groups if they have representation from the three sectors of society mentioned above.

Rights-holders: those individuals (or collectives) whose have recognised rights (including rights to land and livelihood) that are directly affected by (put at risk by) a company's decisions or activities.

Description of Issues

Extraction of resources (oil, gas, metals, minerals, gemstones and aggregates), if effectively managed according to a broad consensus, can generate revenue, stimulate local business, provide employment and promote development. For instance, the 'Education for All' campaign has calculated that maximizing the income from natural resources such as oil and minerals, and devoting a large proportion to schooling could provide an education to 86% of out-of-school children and 42% of out-of-school adolescents in 17 developing countries (UNESCO, 2013; Fig. 1). However, too often extractive industries are associated with environmental degradation, human rights violations, social divisions, economic hardship, conflict, corruption and revenue misuse.

New forms of resource governance are promoted to solve the complex management challenges involved and minimise negative impacts of resource extraction. These involve **networks** to

Figure 1: Resource revenues to build human capital

Source: UNESCO (2013: 8)

provide multi-stakeholder dialogue and strengthen relationships between governments, companies and civil society. The networks fulfil rising expectations about informed and inclusive citizen participation, greater accountability of governments and the private sector, decentralisation of government, and corporate responsibility as well as participation in public-private partnerships.

By working with multi-stakeholder groups involving governments, development agencies and civil society organisations (CSOs), companies can help build a social consensus, fill capacity and governance gaps, and also extend the overall socio-economic contribution of resource projects. Working with other sectors like this can drive progress on issues that companies acting alone may not have the capacity or mandate to address.

Extractive Industry's commitments

The resources industry, internationally and through national bodies, has acknowledged the need to engage effectively to achieve and maintain the social consensus they need to operate. For instance one of the International Council on Mining and Metals' (ICMM) sustainable development principles is for companies "*to implement effective and transparent engagement, communication and independently verified reporting arrangements with their stakeholders*". IPIECA, the global oil and gas industry association for environmental and social issues, has similar standards and its members commit to "*engage with stakeholders in order to take into account their expectations, concerns, ideas and views, and work with government and non-government organizations*".

Global codes of conduct for multi-stakeholder action involving corporations and CSOs, and often also governments also outline ways to achieve effective consensus-building, interest representation and joint learning based on sharing of knowledge and expertise. For instance the OECD Declaration on International Investment and Multinational Enterprise and associated OECD Guidelines (OECD, 2011) as well as the Extractive Industries Transparency Initiative (EITI).

Theoretical Framework

Network governance theories:

The many risks and opportunities of extractive industries undermine social consensus about resource projects. This poses a major public policy and public administration challenge in resource-rich countries. The dramatic and contentious economic, social and environmental changes associated with mining, oil and gas projects cannot be solved by companies, governments or communities acting in isolation. In fact the issues surrounding mining, oil and gas projects are sometimes referred to as 'wicked problems' because (i) they are ill-defined and involve much uncertainty and many information gaps; (ii) they involve multiple stakeholders with diverse perspectives and values (hence high conflict potential); and (iii) they defy conclusive resolution and instead require adaptive management on the basis of continually updated knowledge from diverse sources (Weber and Khademian, 2008).

There are three broad perspectives about how such challenges can be managed (Reddel, 2004).

The **hierarchical** perspective is a top-down, centralised model concerned primarily with standardised public policy and services. Power, responsibility and resources sit primarily with

the state (ultimately the national government), which relies on 'command and control' by bureaucratic institutions, laws and regulations.

Market perspectives aim to compensate for the failures of 'big government' and align the public sector to a more corporate model as well as privatise or contract many public services and functions. These rely on competition, innovation and entrepreneurialism to solve public policy problems.

The **network** perspective envisages institutional arrangements that overcome both market and government failures and rely on empowered citizens, responsible corporate actors and systems to satisfy high information demands. The information revolution supports this sort of problem-solving by giving a means to share and integrate broad knowledge bases from the technical to the experiential, international to local, etc. Cooperation, rather than competition or centralised control is the prevailing relationship in this model.

Principles for effective engagement between the resources sector, the government, CSOs and local, affected communities in multi-stakeholder groups:

Both governments and resource companies seek to continually build relationships with (multi-) stakeholder groups through inclusive engagement processes. The International Finance Corporation provides guidance and standards for such stakeholder engagement:

> *Today, the term "stakeholder engagement" is emerging as a means of describing a broader, more inclusive, and continuous process between a company and those potentially impacted that encompasses a range of activities and approaches, and spans the entire life of a project* (IFC, 2007:2).

The MCMPR (2005) principles for effective community and (multi-)stakeholder engagement are:

- *Two way communication*: Open, effective engagement involves both listening and talking.
- *Transparency*: Provision of clear, accurate and relevant information by agreed processes.
- *Collaboration*: Working cooperatively to seek mutually beneficial outcomes.
- *Inclusiveness*: Recognise, understand and involve communities and stakeholders early and throughout the process.
- *Integrity*: Conduct engagement in a manner that fosters mutual respect and trust.

Many factors, including the location, commodity, scale and type of production of each individual project or operation, affect the specific application of these principles to achieve the most beneficial outcome. Hence there is no single 'best' way.

Challenges and Issues

It is not always straightforward to initiate or participate in multi-stakeholder or multi-party groups. Some of the associated challenges relate to: Issues of inclusiveness and representation; power asymmetries between the parties; time and resource demands; and deepening levels of engagement from one-way informing to collaboration and empowerment.

Examples of extractive industries engaging in multi-stakeholder groups at all levels

- **Supranational**: The *Energia, Ambiente, y Poblacion* (EAP) Program brings together governments from the Andean countries, the oil and gas industry and indigenous organisations in a forum for tripartite dialogue and consensus building over development of the Amazon hydrocarbon industry. To ensure all stakeholders have a fair say, the EAP participants agreed that each party will have representation from local, national and regional levels (Sheldon et al 2013: 4, 5).

- **National:** The Multi-Stakeholder Forum on Responsible Mining was formed in late 2006, with broad representation from Mongolian NGOs, mining companies and government. It aims to find cooperative, non-confrontational approaches based on communication and common understandings to deal with mining-related issues as this industry became dominant in the nation's economic development. The sector contributes 36% of Mongolia's GDP and comprises 70% of its exports. However initial exploration and extraction had little community engagement and adverse effects on livelihoods, biodiversity, and water quality and supply (Asia Foundation, 2008).
- **Local:** Moranbah Cumulative Impacts Group (MCIG) includes around 30 representatives from: local community organisations; state and local government; mining, rail and gas industries; agriculture; Traditional Owners. So far it has tackled the cumulative impact of many mines on air quality in this Australian town which is surrounded by a number of underground and open pit coal mines operated by about six different companies. Convened initially under the auspices of Isaac Regional Council (IRC) and with core funding and project funding by IRC, industry and state government, it is a multi-stakeholder response to nuisance, amenity and potential health impacts of dust at the local level.
- **Single-operation:** Before construction of the Lihir gold mine, Lihir Island in New Ireland Province of PNG was largely undeveloped with little infrastructure and widespread rural poverty. An advance democratic process of multi-stakeholder negotiations involving national, provincial and local governments, affected landowners and project developers agreed on comprehensive compensation and development provisions as an Integrated Benefits Package (IBP). After a participatory review of progress, the IBP was relaunched in 2007 as the Lihir Sustainable Development Plan for more effective multi-stakeholder implementation of financial benefit expenditure for long-term development (ERM, 2010).

Multi-stakeholder groups for building Social Consensus

Multi-stakeholder groups provide a forum for building a social consensus about efficient, transparent and fair management of extractive industries. In a review of innovative approaches to multi-stakeholder engagement (Sheldon et al, 2013: 5-6), key lessons were:
- Create an effective forum for communication
- Build stakeholder capacity
- Provide credible information
- Show stakeholders how they stand to gain as well as the trade-offs.

References:

Asia Foundation (2008) Multi-stakeholder Forum on Responsible Mining: framework for cooperative decision-making. Available at: https://asiafoundation.org/resources/pdfs/MGmultistakeholderVI.pdf

EITI (2013) The EITI Standard. Available at: https://eiti.org/

ERM (2010) Mining Community Development Agreements – Practical Experiences and Field Studies. Final Report for World Bank. pp. 39- 53. Available at: http://www.sdsg.org/wp-content/uploads/2011/06/CDA-Report-FINAL.pdf

ICMM (2003) Sustainable Development Framework 10 Principles. Available at: https://www.icmm.com/our-work/sustainable-development-framework/10-principles

IFC (2007) Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets. International Finance Corporation - IFC. Washington DC: IFC, World Bank Group. Avilable at: http://www.ifc.org/wps/wcm/connect/938f1a0048855805beacfe6a6515bb18/IFC_StakeholderEngagement.pdf?MOD=AJPERES

IPIECA (2013) Stakeholder engagement. Available at: http://www.ipieca.org/focus-area/social responsibility

MCMPR (2005) Principles for engagement with communities and stakeholders. Ministerial Council on Mineral and Petroleum Resources – MCMPR. Commonwealth of Australia. Available at: http://www.pir.sa.gov.au/__data/assets/pdf_file/0020/41735/mcmpr_principles_nov05.pdf

OECD (2011) Guidelines for Multinational Enterprises – OECD. Available at: http://www.oecd.org/daf/inv/mne/oecdguidelinesformultinationalenterprises.htm

Reddel, T. (2004) Third Way Social Governance: Where is the State? Australian Journal of Social Issues, 39(2), 129-142.

Sheldon, C.G., Casis, A.Z., Caspary, G., Seiler, V. and Mier, F.R. (2013) Innovative Approaches for Multi-stakeholder Engagement in the Extractive Industries. Washington DC: The World Bank. Available at: https://commdev.org/userfiles/FINALWebversionInnovativeApproachesforMultiStakeholderEngagementintheEI.pdf

UNESCO (2013) Turning the 'resource curse' into a blessing for education. Education for All Global Monitoring Report Policy Paper 08. Available at: http://unesdoc.unesco.org/images/0022/002204/220443E.pdf

Weber, E. P., and Khademian, A. M. (2008) Wicked problems, knowledge challenges, and collaborative capacity builders in network settings. Public Administration Review, 68(2), 334-349. Available at: http://onlinelibrary.wiley.com/doi/10.1111/j.1540-6210.2007.00866.x/pdf

Case Studies

Case One: Multi-stakeholder groups for dialogue and accountability (positive example)

Enhancing Municipal Investment in Peru: The MIM Project

(CSRM Archive)

(IFC 2013: 1)

By law, extractive Industries in Peru must provide royalties to local governments in the regions where they operate. However, even with the significant funds they receive from this *canon minero*, municipalities still struggle to meet the basic needs of their communities. Many of these mining communities are in remote areas, with poor infrastructure and services where poverty and malnutrition are prevalent. The general population, journalists and key civil society groups in affected areas had limited understanding of the royalties, inadequate information about municipal spending, and little voice with municipal authorities.

An IFC project (the MIM Project), was initiated in 2005 to improve the benefits to the local population from investments by mining companies by strengthening Civil Society's role in tracking local government´s performance. The MIM Peru has since expanded to work with 48 civil society organisations (CSOs) in eight mining regions of Peru: Cajamarca, Ancash, Tacna, Puno, Moquegua, La Libertad, Cusco and Piura to help 30 municipalities achieve these goals. They involved representatives of well-known and influential local civil society organisations with diverse perspectives in multi-stakeholder groups called MIMs.

A greater degree of local revenue autonomy provides a unique opportunity to local governments but also added responsibilities. The project is designed to strengthen the capacity of civil society groups – including local universities, chambers of commerce, the media, women's organisations, professional associations and the municipalities' participatory surveillance and monitoring committees – to actively engage with local authorities and demand greater responsiveness and accountability (i.e. good governance).

Key activities of the voluntary MIMs and their small technical support teams:
- Communication and dissemination of information
- Capacity building and training for the civil society groups
- Activities to involve citizens and civil society groups in monitoring municipal investments
- Providing feedback and questions from the population to the local governments (e.g. 'citizen report cards' to mayors)

Challenges:
- Transferring the initiatives to local institutions once IFC and CIDA (Canadian International Development Agency) funding ceases;
- Establishing the multi-stakeholder group as a source of regular, independent, trustworthy and up-to-date information (brief weekly reports proved a good supplement to more detailed quarterly information) – to win the trust of community, media and mayors.

Outcomes reported in the two years to the end of 2012 (IFC, 2013: 2; Ruiz-Mier, 2013: 38):
- Better informed citizens: Surveys showed understanding of royalties increased from 44.6% of the population to 50.4% and understanding of municipal investments from 43.7% to 51.1%. The gap between men and women narrowed.
- More open and responsive municipalities: 16 municipalities improved their performance on the Good Governance Index. "MIM provides us with a decision-making tool" (Local official - Municipality of La Encañada) (Ruiz-Meir, 2013: 37).
- A more proactive media: Thousands of news items have been published and MIM members give regular interviews on the *canon minero* and municipal investments.
- A more positive social consensus on mining: Receptivity to extractive industries increased from 13.9% to 17.2%

Proposed Questions:

- What factors enable a consensus to be reached about how the *canon minero* funds are and should be invested?
- What have been the main achievements of the multi-stakeholder groups/ MIMs?
- How might the effectiveness of the MIMs be enhanced?
- Is providing the royalty money the only role for the mining companies in the process?
- Research what has happened since and whether positive results have been sustained.

References:

IFC (2013) MIM Peru: promoting good governance in the use of royalties. Strategic Community Investment. Sustainable Business Advisory. International Finance Corporation. World Bank Group.

Instituto de Estudios Peruanos (IEP) (2013) Proyecto MIM Perú - Mejorando la Inversión Municipal en Rumbo Económico. (9") Accessed 17/4/2015. Available at: https://www.youtube.com/watch?v=oBiIRB9l4aY

MIM Perú (2013) Sobre MIM Perú. Accessed 17/4/2015. Available at: http://mim.org.pe/menu/QuienesSomos

Ruiz-Mier, F. (2013) Promoting Dialogues and Building Trust in Peru: Strengthening Social Accountability to Improve the Impact of the Mining Canon, in Sheldon, C.G., Casis, A.Z., Caspary, G.,

Case Two: Multi-stakeholder groups when companies and communities are in conflict (negative example)

Planning for mine closure at Kelian mine, Indonesia

(CSRM Archive)   (Google Earth)

The large open-cut gold mine operated by Kelian Equatorial Mining (KEM) in a remote area of the Indonesian island of East Kalimantan faced community opposition from its inception during the Suharto era when local benefits from large-scale mining and the wishes of the indigenous (Dayak) community were not a priority. In the late 1990s, company-community relationships were poor. There were protests fuelled by widespread perceptions that the local people had suffered adverse impacts on their environment and livelihoods from the mine; had received insufficient or no compensation for land used by the mine and homes destroyed; and had not had a say in decision-making. As well, KEM staffs were accused of sexual misconduct and human rights abuses; and of breaking promises regarding local community development and infrastructure projects. Successive rounds of discussion between KEM and the Association for the Welfare of the Mining Community and Environment (Lembaga Kesejahteraan Masyarakat Tambang dan Lingungan – LKMTL) failed to resolve these grievances. When KEM's intentions to close the mine in 2004-5 became known, additional concerns about inadequate retrenchment packages and post-closure environmental risks and livelihood options further aggravated the situation as evidenced by a 40 day strike at the site.

In late 2000, with facilitation through the World Bank's Business Partners for Development, KEM established a multi-stakeholder Mine Closure Steering Committee (MCSC) for local, provincial and national officials to work with the company and local community representatives on closure-related issues including loss of local livelihoods, the safety of dams made from waste rocks, catchment water quality and other environmental concerns, post-mining uses of the site and assets, and community development and district planning. Stakeholders involved included the Association for the Welfare of the Mining Community and Environment (Lembaga Kesejahteraan Masyarakat Tambang dan Lingungan – LKMTL).

The MCSC started by establishing transparent, participatory communication and decision-making processes, and agreed criteria for assessing options for managing a wide range of labour, environmental, social and developmental issues. To some extent they succeeded in getting community, company and government stakeholders to work together, reach consensus and to collectively own difficult decisions, trade-offs and actions.

Key activities of the MCSC:
- Established a Dams working group, Environmental working group, Site uses and assets working group and community development and regional planning working group to consult widely and prepare work programs and performance objectives for these four aspects of mine closure.
- Extensive discussions held with key stakeholders about timing and identification of the influences and impacts of mine closure on Kutai Barat Region.
- KEM constructed a dormitory for 200 students to replace KEM's existing school bus service. Handed to Kutai Barat government and a local NGO for management.

Challenges:
- The legacy of unresolved community grievances and absence of trust
- Criticism of the processes of balancing disparate interests and making trade-offs.

Outcomes reported in 2003 (after three years of operation):
- Reduced likelihood of conflict with social consensus reached on most closure, employment, asset handover and environmental issues as well as social and agricultural development projects
- Improved co-ordination between government and company plans and activities as well as between different levels and departments within government
- A forum for proactive information sharing and communication with the community.

Proposed Questions:
- What are lessons from this case about working with multi-stakeholder groups when existing bi-lateral relationships have broken down and parties are in conflict?
- Why do you think Hamann's accounts of this multi-stakeholder group (MCSC) (2004, 2005) stress the assistance of external, trusted facilitators and of a separate, parallel process to resolve existing grievances?
- What other factors seem to have promoted greater social consensus in this case?
- What principles of effective multi-stakeholder engagement were used (or not) by KEM prior to 2000 and by the MCSC once it was established?

References:

Hamann, R. (2005) Closing down mines: benefits of partnership in Indonesia. Eldis, Institute of Development Studies. Available at: http://www.eldis.org/id21ext/s7crh1g1.html

Hamann, R. (2004) Kelian Equatorial Mining, Indonesia: mine closure. In M. Warner and R. Sullivan (eds) Putting partnerships to work: strategic alliances for development between government, the private sector and civil society. Greenleaf Publishing: 138-150. Available at: http://docserver.ingentaconnect.com.ezproxy.library.uq.edu.au/deliver/connect/glbj/9781909493421/v1n

74/s11.pdf?expires=1429417720&id=81515051&titleid=75008518&accname=University+of+Queensland+-+St+Lucia&checksum=C3818297E4B9E2465630CEE724280C4F

Kemp et al. (2013) Case Study 12: Rio Tinto in Kelian, Indonesia. In Why Human Rights Matter. Rio Tinto. pp. 82-83. Available at: https://www.csrm.uq.edu.au/publications/why-human-rights-matter

Nyompe, P.E. (2003) The Closure of the Kelian Gold Mine and the Role of the Business Partnership for Development/World Bank. Available at: http://www.forestpeoples.org/sites/fpp/files/publication/2010/08/eirinternatwshopindonesiacaseengapr03.pdf

Subhasis, R. (2007) Sustainable mine closure: Rio Tinto's Kelian project. Available at: http://www.academia.edu/579612/Sustainable_mine_closure_Rio_Tintos_Kelian_project

Recommended Readings

- Bond, C., Everingham, J. and Franks, D. (2013) Managing the Cumulative Impacts of Mining through Collaboration: The Moranbah Cumulative Impacts Group (MCIG). Case Study. CSRM, University of Queensland. Available at: https://www.csrm.uq.edu.au/publications/cumulative-impacts-case-study-library

- ICMM (International Council on Mining and Metals) (2010) Mining: Partnerships for development. Position Statement. Available at: http://www.icmm.com/document/782

- IFC (International Finance Corporation) (2007) Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets. Available at: http://www.ifc.org/wps/wcm/connect/938f1a0048855805beacfe6a6515bb18/IFC_StakeholderEngagement.pdf?MOD=AJPERES

- Sheldon, C.G., Casis, A.Z., Caspary, G., Seiler, V. and Mier, F.R. (2013) Innovative Approaches for Multi-stakeholder Engagement in the Extractive Industries. Washington DC: The World Bank. Available at: http://documents.worldbank.org/curated/en/2013/06/18064709/innovative-approaches-multi-stakeholder-engagement-extractive-industries

Citation:

Everingham, J. A. (2016) Working with Multi-stakeholder Groups. In de la Flor Olavide, A., & Lawson, L. (eds), *The ABC of Social Responsibility in Mining: A Manual on how to obtain Social Consensus in the Extractive Sector*. Centre for Social Responsibility in Mining-SMI, The University of Queensland, Brisbane, Australia. Available at: https://www.csrm.uq.edu.au/publications/the-abc-of-social-responsibility-in-mining-a-manual-on-how-to-obtain-social-consensus-in-the-extractive-sector

CSRM Expert in Working with Multi-stakeholder Groups

Dr. Jo-Anne Everingham

Senior Research Fellow (Mining and regional communities)
j.everingham@uq.edu.au

Biography

Jo-Anne Everingham is Senior Research Fellow (Mining and regional communities) at the Centre for Social Responsibility in Mining at the University of Queensland. She is a social scientist with interest in multi-sector action to achieve community well-being and tackle so-called 'wicked problems'. She is particularly interested in the current enthusiasm for collaborative governance and administration as the foundations of a social consensus on ways to achieve inclusive and equitable development.

Her research has included studies of:

- Multi-stakeholder groups involved in monitoring the cumulative impacts of mining on air quality and on catchment water quality in Central Queensland – see: https://www.csrm.uq.edu.au/publications/governance-strategies-to-manage-and-monitor-cumulative-impacts-at-the-local-and-regional-level
- Conflict or co-existence of extractive industries with other livelihoods, "Energy resources from the food bowl: an uneasy co-existence. Identifying and managing cumulative impacts of mining and agriculture" available at: https://www.csrm.uq.edu.au/publications/energy-resources-from-the-food-bowl-an-uneasy-co-existence-identifying-and-managing-cumulative-impacts-of-mining-and-agriculture
- Comparative models for balancing the roles of mining companies, governmental institutions, and civil society in response to the impacts of mining, "Cross-sectorial governance - a comparison of international responses to mining and community impacts". See: https://www.csrm.uq.edu.au/publications/cross-sectoral-governance-a-comparison-of-international-responses-to-mining-and-community-impacts
- The effectiveness of agreements between mining companies and Indigenous communities in delivering benefits to land-connected people affected by mining. See https://www.csrm.uq.edu.au/publications/gulf-communities-agreement-15-year-review and also https://www.csrm.uq.edu.au/publications/social-aspects-of-the-closure-of-century-mine-combined-report

Jo-Anne convenes the Community Relations major in the Responsible Resource Development program which provides professional training and graduate qualifications relevant to the changing needs of the extractive resources sector. The Community Relations specialization provides knowledge and skills relevant to all aspects of extractive companies' social performance and the interactions between resource companies and their associated communities. More information about the Graduate Certificate, Graduate Diploma and Master degree is available at:
http://www.smi.uq.edu.au/Education/FutureStudents/PostgraduateCoursework.aspx

Building Dialogue in the Extractive Sector

Content

Definitions

Dialogue is a ***purposeful process***. It is something intentional that we set out to do with an end of community empowerment and change as its focus***.*** As such it is different from the conversations that occur in recreational or social contexts. There is a heightened awareness about the process which requires our attention. "*The outcome is a mutual and respectful change process"* (Kelly and Burkett, 2007).

When we enter into a dialogue with people they will communicate with their **words and gestures** and with their **feelings and thoughts***.* This is what we call ***"text"***. All people including professionals working in development practice have a very strong tendency to report **commentary** about what the people in the community are saying. Commentary is what we think people are telling us. What we do when we report **commentary** is we filter what the people are saying through our own values and ideas. **Text** on the other hand uses the actual words people are saying including the feelings they are conveying and doesn't seek to interpret them back to the people or back to the company. In Dialogue we` are concerned with "**text not with commentary***".* It is essential for companies to hear the text of the people if they want to build good community relations and prevent conflict.

Theoretical Framework

Increasingly resource companies are realising that they need community support as well as regulatory approval if they wish to sustain their businesses. Effective community and stakeholder engagement requires companies to move beyond company centric public relations to methods based on dialogue and participation.

> *"If you have come to help me you are wasting your time, but if you have come because your liberation is bound up with mine, then let us work together".*
>
> *(Lilla Watson, an Australian Aboriginal woman, 1985)*

Kemp (2006) has identified four models of Company-Community Relations ranging from traditional to emergent approaches. Model 1 and 2 are traditional, company centric and controlled whereas Models 3 and 4 are emergent and participatory.

Model 1 - Information Dissemination:

The key technique in Model 1 is information provision. Companies provide information about the project to the affected communities and stakeholders in response to regulatory requirements. There is little or no information flow from the community to the company and the main priority is

facilitating project approvals and compliance. Model 1 is still the primary mode of company-community interaction in many companies and has proven to be costly in terms of financial returns and reputation and as a result many companies are starting to implement other approaches.

Model 2 - Public Relations:

Model 2 approaches use market research and surveys as well as corporate communications and media techniques to ensure that the company identifies any issues and risks relating to its stakeholders and can take these into account in its decision making and project development. Model 2 approaches are designed to protect the company's reputation through marketing a positive message.

Model 3 - Dialogue and Interaction:

In Model 3 a social licence is established through dialogue with community members.

Engagement occurs with a wide cross section of individuals in the community to understand how the company can identify and manage social risks, respond to community concerns and build trust and respect with the local people.

Model 4 – Development Practice:

In Model 4 work, companies support the development of small participatory groups to assist people in communities to drive their own development projects. Programs targeting poverty and working with disadvantaged and marginalised groups would be typical of this method. The company becomes a catalyst for sustainable community development by helping communities to take advantage of and maximise the benefits from resource development. There is an explicit commitment to respect and protect Human Rights.

To acquire and retain a social licence to operate (SLTO) companies must work across the four models applying the appropriate model at the right time and stage of the project.

Force-Power-Dialogue:

Historically many resource companies have relied on force and power in their relationships with communities. Examples include the use of the police or the military to manage local resistance or the donation of funds to political parties to influence the outcomes of regulatory assessments. With rise of social media, global anti mining movements and international and national guidelines and regulation, many resource companies are choosing dialogue to build and maintain trusting relationships on a foundation of mutual respect as an alternative to force and power. Dialogue is not simply about being friendly or using surveys and facilitation techniques to engage communities. It is a professional discipline that takes time, skill and commitment.

Methodology

The method of Dialogue has four principles:

1. To see through the eyes of the other:

The great Indian scholar and Nobel Prize winner Rabindranath Tagore gave us the first principle of Dialogue. He realized that that the main obstacle to development was that as educated professionals we think we know what people need. Our professional training gets in the way of us really understanding and *seeing through the eyes of the people*. Tagore wrote about not just valuing the experience of the other but really developing a deep understanding i.e. *to walk in their shoes and to see through their eyes.*

It is a difficult concept to grasp at this time when professional expertise implies knowing what is best in any given situation and having the "right answer" is a sign of competence. One of the keys to effective dialogue is realising that **we don't know what is right or what is best for others.** To apply Principle 1 resource company representatives must put aside their own agendas and approach communities with open mindedness and curiosity. Not imposing their own agendas but genuinely interested in paying attention to the interests and concerns of the people.

> *'One of the keys to leadership is the ability to take off your own shoes and to stand comfortably, intelligently and sensitively in the shoes of others'* (Burney, 2006).

2. Building relationships through 3 bonding movements:

Martin Buber the great German Jewish philosopher helps us to understand how to take the first steps in dialogue (Buber, 1947). He was interested in how the basic connections between people are created. He described 3 bonding movements in Dialogue:

- 1st Movement: To be present to the other. We introduce ourselves, say our name and why we are there. We ask questions not for our sake but for the sake of the other. The "I" in the dialogue.
- 2nd Movement: The response. This will either be welcoming of the contact (a return smile, an introduction) or non- welcoming (a frown, half turned away posture, looking at the watch, not catching your eye but looking at something

  else). This gives you the indication that the person is or isn't open to a dialogue with you at this time. This second movement flows from the first. You must listen carefully to their text which is both the words and the feelings they are communicating. If the person responds to your first movement you now have both an **"I"** and a **"You"** in the text of the dialogue.
- 3rd Movement: Respond to the response. "*In third movement we enter the world of the other. A world that may be one of welcome or scepticism but whatever its quality, we honour it, we attempt to understand what is happening, and with their permission move alongside. We do not sustain (nor should we) this third movement, but it is an important movement in terms of building a developmental relationship. The third movement bonds the "I" and "You" and moves the text of dialogue to "We"* (Kelly and Burkett, 2007)*.*

3. Respond to key words in the dialogue that identify positive action:

The Brazilian Educator Paulo Freire (1972) gave us Principle 3 in Dialogue. He discovered that some words had more developmental potential than others. These key words or heurisms have three characteristics:

- *The words contain a **positive resource*** e.g. hope, home, work, love, friends, children
- *The words **indicate an intention to take action*** e.g. building, talking, creating, changing
- *The words have a reflective quality that indicate that the person has **thought about the matter*** e.g. "this means a lot to me" or "I have hopes for this place" or "I've wanted to try this for a while" or "Maybe this is possible" (Kelly and Burkett, 2007).

4. With permission vary the words and language structures to widen positive action possibilities:

Once we have identified the key words there are five ways in which we can proceed to vary the key words to help move from a conversation to a developmental dialogue.

Before you try to vary people's words you must seek their permission.

1) **From the General to the Specific:** Heuristic words often have multiple meanings for instance the word "water" could refer to a project such as irrigation or to a value such as conservation. In principle 4 we try to help people to be more specific with their text *to enable a broader range of options in the dialogue* (Kelly and Burkett, 2007).

2) **Changing tense: "**Heurisms can be past focused. This can make it harder to look to the future and take action. We can focus on the words people use that have a past orientation and see what can be made of them when we bring them into the present and forward to the future in a dialogue" (Bourke, 2008).

3) **From big "totalising" problems to small manageable parts that can be acted on:** For example "the company won't listen" might become "the engineer didn't return my call last week". Breaking the large problems down into manageable parts can help people feel these problems can be dealt with and that their efforts might just make a difference.

4) **From object to subject**: We should hear and respond to the lived experience of the people by hearing and valuing their stories using their text rather than the objectified professional language of the company e.g. words such as projects, impacts and policies. It is common practice to ask:
   - …..and what is your story?
   - …..what is your dream?
   - ……I know the policy but can you share your personal opinion? (Kelly and Burkett, 2007).

5) **From Commentary into Text - following a hunch:** With permission we insert our commentary into the dialogue. There are times when we think we know what is going on but it is not in the text. This can happen when there are secrets in a community for instance about a corrupt official or the abuse of children. People seem unable to find the words to describe the reality they are dealing with. When this happens we can tentatively and with permission put our commentary on the issue into the dialogue. This only happens in the later stages of the dialogue when there is a trusting relationship.

The role of Dialogue for building Social Consensus

The practice of dialogue has a key role in building social consensus because it assists resource companies to build trusting and respectful relationships with communities and other stakeholders. Using dialogue, companies can be far more accurate in their understanding of community impacts concerns and aspirations. It is important that the text of the people is recorded and communicated accurately inside the company and that responses are taken back to the community for further dialogue and action. The cyclical nature of dialogue always requires an effective, timely and honest response from companies. The practice of dialogue is also very helpful inside the company to generate and sustain the relationships of collaboration and trust between colleagues, management and staff that are so vital to effective company – community relations.

References:

Bourke, P. (2008) Topic 9 Lecture Notes, Building Constructive Relationships: Introduction to Micro Method, University of Queensland.

Brereton, D., Kemp, D., et al. (2006) Community Engagement and Development: Leading Practice Sustainable Development Program for the Minerals Industry, Australian Government, Canberra. Available at: http://www.minerals.org.au/file_upload/files/resources/enduring_value/CED.pdf

Buber, M. (1947) Between Man and Man, Kegan, Paul and Trench, Great Britain. Available at: http://www.google.com.au/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0ahUKEwjchOb6spzKAh UkJ6YKHS9jC0kQFggdMAA&url=http%3A%2F%2Fir.nmu.org.ua%2Fbitstream%2Fhandle%2F1234567 89%2F146153%2Ffcc64754593cc63e6b71d6d3728a4d95.pdf%3Fsequence%3D1&usg=AFQjCNGhwu ddGhT2MKuW82KRidP3h0Cc7g

Burney, L., et al. (2006) Vincent Lingiari Memorial Lecture, NSW.

Freire, P. (1972) Pedagogy of the Oppressed, Penguin Press, UK. Available at: https://libcom.org/files/FreirePedagogyoftheOppressed.pdf
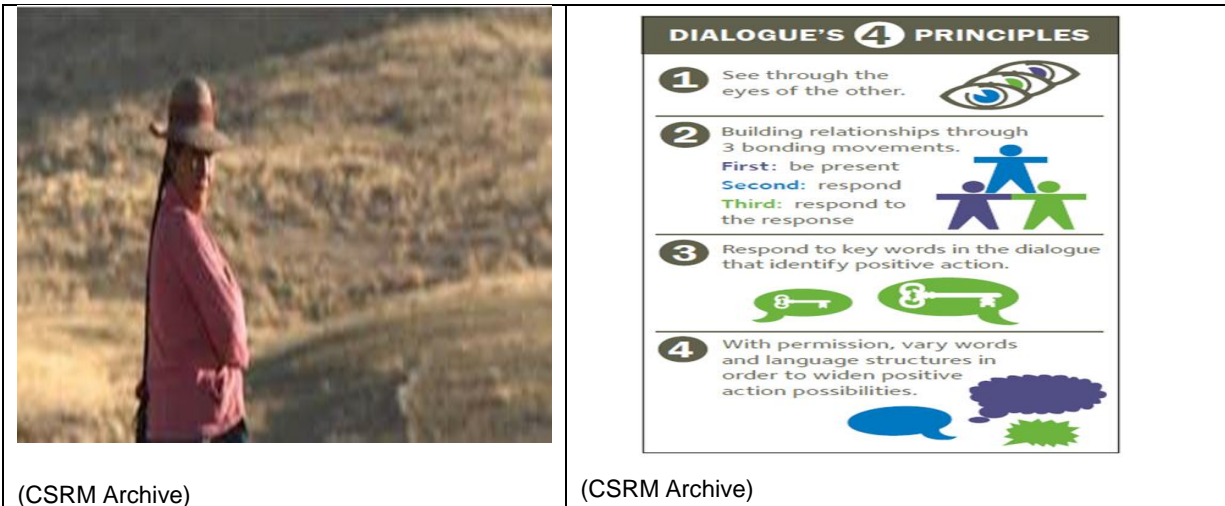
Kelly, A. and Burkett, I. (2007) Building People-Centred Development, Oxfam Australia and Centre for Social Response, Brisbane.

Watson, L. (1985) United Nations Conference for Women, Nairobi.

Case Studies

Case One: Dialogue Tables (positive example)

Tintaya Mine Dialogue Table, Cusco-Peru

(CSRM Archive)

(CSRM Archive)

The Tintaya Mine commenced operations in 1985 in the Yauri District of the province of Espinar within the Cusco Region of Peru. A state owned open pit copper mine it was eventually bought by the Australian company BHP (later to become BHPBilliton). In 2006 BHPBilliton sold the mine to Xstrata which became Glencore in 2013. From its inception there was conflict between the mine and local communities. In 2001 after several years of mine expansion local communities with the support of local NGOs, Oxfam Australia and Oxfam America brought their concerns to the corporate office of BHPBilliton. The company accepted that it needed to listen directly to the concerns of the communities rather than accepting the filtered messages from their local staff. A dialogue table was established in 2002 to address the four key concerns of the local communities including land, environment, human rights abuses and sustainable development. Participants included company representatives, community leaders and leaders from the Regional Coordinating Committee of Communities Affected by Mining (CORECAMI).

The participants began by agreeing to key principles of respect, dialogue and consensus that would underpin the workings of the dialogue table. Give the power asymmetries between the communities and the company, capacity building was provided to the community representatives to enable them to participate more effectively. The company recognised that it also needed to build its capacity and provided training to its local staff in in dialogue, human rights and engagement. Such a complex multi-stakeholder process required coordination and a 'Co-ordination and Follow-Up Commission' was established to oversee the work of dialogue table and the subsequent implementation of decisions.

The initial focus was on relationship and trust building which eventually led to a report signed by all parties. In 2002 Commissions were established to work on the 4 priority issues culminating in the signing of an agreement in December 2004 which included the agreements reached in each commission and a financial commitment from the company towards local development projects.

Activities:

- A dialogue table was established in 2002 to address the four key concerns of the local communities including land, environment, human rights abuses and sustainable development. Participants included company representatives, community leaders and leaders from the Regional Coordinating Committee of Communities Affected by Mining (CORECAMI).
- The participants began by agreeing to key principles of respect, dialogue and consensus that would underpin the workings of the dialogue table.
- An independent facilitator acceptable to all parties was appointed to guide the process.
- Given the power asymmetries between the communities and the company, capacity building was provided to the community representatives to enable them to participate more effectively.
- The company recognised that it also needed to build its capacity and provided training to its local staff in in dialogue, human rights and engagement.
- A 'Co-ordination and Follow-Up Commission' was established to oversee the work of dialogue table and the subsequent implementation of decisions.

Challenges:
- It took several years to build relationships and trust given the history of conflict.
- The asymmetrical power relationships between the company and the communities
- The company had limited capacity of dialogue, human rights and engagement.
- Decision making by consensus was a key factor in building trust.

Outcomes:
- The initial focus was on relationship and trust building which eventually led to a report signed by all parties.
- In 2002 commissions were established to work on the 4 priority issues culminating in the signing of an agreement in December 2004 which included the agreements reached in each commission and a financial commitment from the company towards local development projects.
- The dialogue table has been a vehicle for the successful implementation of the agreement and for the resolution of any emerging issues between the company and local communities.
- While there has been wider regional conflict between the company and other provincial communities this has not included the communities represented within the dialogue table.

Proposed Questions:
- What lessons can be learned from this case?
- How did the dialogue table manage conflict between the parties in your opinion?
- What were the factors which enabled the successful implementation of the dialogue table in your opinion?
- What were the main achievements of the Tintaya dialogue table in your opinion?
- How important do you think it was the support of NGOs like Oxfam?

References:

Access (2013) BHP Billiton & Xstrata, Tintaya Mine, 'Mesa de Diàlogo' Dialogue Table, Peru 2004. Avaliable at: http://accessfacility.org/bhp-billiton-xstrata-tintaya-mine-%E2%80%98mesa-de-di%C3%A0logo%E2%80%99

Vimeo (2013) Putting Ourselves in Their Shoes: The Dialogue table of Tintaya. Available at: https://vimeo.com/32384076

Case Two: When Communities Protest (complex example)

The Choropampa Mercury Spill, Cajamarca-Peru

(CSRM Archive)

(CSRM Archive)

The Yanacocha gold mine is the largest Gold Mine in Latin America. Established in 1993 it is was managed by the Minera Yanacocha company and owned by Newmont Mining Corporation, a Peruvian mining company and the World Bank. The mine was controversial from the start with neighbouring communities concerned about water contamination, bribery of government officials by the company and poor community engagement. Local farmers claimed they were pressured to sell their land to the company and that the company impacted people's livelihoods.

In June 2000 Minera Yanacocha's contractors spilt 150 Kg of mercury from the mine along the road that runs through the local towns of Choropampa, Magdalena, and San Juan. More than 1000 people were reported to have negative health effects from the spill including headaches and body pain, blurred vision, rashes and dizziness. Local people also complained of their animals dying. According to an Oxfam America documentary (2002) the local people employed by the mine to clean up the spill did so without protective clothing and training.

Key activities:
The company's version of events differs widely from the local communities and NGOs such as Oxfam America. According to the NGOs and community members the company initially denied that there were health effects and used a number of coercive approaches to address the conflict:
- Power:

- o Using political influence with the government who subsequently discouraged the communities from taking legal action
- o Offering jobs and payments to people if they agreed not to pursue legal action, agreed Yanacocha wasn't responsible and dividing the community. 700 people took payments and signed agreements.
- Force:
  - o Use of police, tear gas and arrests to stop community protests including road blockages
- Public Relations:
  - o Use of promotional videos and media to counteract negative publicity

According to Newmont (2013) while there were short term health effects there was no long term risk and the company has done everything possible to address the communities concerns including:
- Environmental assessments of water, soil and air quality,
- Remediation of the affected areas,
- Introduction of measures to prevent a recurrence of the incident,
- Compensation to affected villagers,
- Funding community investment programs.

Challenges:
- Since the mercury spill there have been continuing conflicts between the Yanacocha mine and local communities.
- Community protests including villagers entering Yanacocha property have been met with the use of force including the use of police and security contractors and court action against local people.

Outcomes:
- A group of 1100 affected people tried to sue Newmont in the US seeking compensation for damages. National and international mediators were engaged to seek a resolution to the dispute.
- Minera Yanacocha has been publically urged to meet its international commitments on Human Rights by Oxfam America.
- No dialogue table was established to enable the parties to build trust and address the ongoing issues.

Proposed Questions:
- Why do you think there are such widely differing views of the incident between the company and the affected communities?
- What were the major issues facing the company? How did these issues arise? In hindsight what should the company have done?
- What options does the company have now? Based on what you have learned in the course so far, what recommendations would you make for the company now and in the future?

References:

Cabellos, E., and Boyd, S. (2001) Choropampa: The Price of Gold a Guaranga Film Available at:
https://vimeo.com/44303252

Newmont (2013) Newmont Fact Sheet: Choropampa, January 2013. Available at:
http://www.newmont.com/files/doc_downloads/south_america/yanecocha/Choropampa-Fact-Sheet-01-25-2013.pdf

Recommended Readings

- Owen, J. R., and Westoby, P. (2012) The structure of dialogic practice within
- developmental work - Community Development: Journal of the Community Development Society, Volume 43, Issue 3, p. 306-319. Available at: http://www.tandfonline.com/doi/pdf/10.1080/15575330.2011.632093
- Peavey, F. (1995) Strategic Questioning, An Approach to personal and Social Change. Available at: http://www.context.org/ICLIB/IC40/Peavey.htm
- Wheatley, M. (2009) Turning to One Another: simple conversations to restore hope to the future, Berrett-Koehler publishers, San Francisco.

<u>Citation:</u>

Bourke, P. (2016) Building Dialogue in the Extractive Sector. In de la Flor Olavide, A., & Lawson, L. (eds), *The ABC of Social Responsibility in Mining: A Manual on how to obtain Social Consensus in the Extractive Sector*. Centre for Social Responsibility in Mining-SMI, The University of Queensland, Brisbane, Australia. Available at: https://www.csrm.uq.edu.au/publications/the-abc-of-social-responsibility-in-mining-a-manual-on-how-to-obtain-social-consensus-in-the-extractive-sector

CSRM Expert in Building Dialogue in the Extractive Sector

Pam Bourke

Industry Fellow CSRM
Principal – Pam Bourke Consulting
bourkepam@gmail.com

Biography

Pam Bourke is an Industry Fellow with CSRM at the University of Queensland and an associate with the Centre for Social Response (CSR). Pam Bourke has a Bachelor Degree in Social Work and Masters Degree in Social Welfare Planning and Administration from the University of Queensland. She is a senior practitioner in social policy, social planning and community development with over thirty years of experience working in the NGO sector, and at executive levels in Local and State governments in Australia and New Zealand. For the past eight years Pam has been the principal of Pam Bourke Consulting and has provided strategic advice and training in all aspects of Community Engagement and Development to the resources industry in Australia and internationally. Pam teaches in the community development and engagement in the resources sector in the graduate program of Responsible Resource Development at the University of Queensland and in the Diploma of Community Relations and Mining at the Catolica University in Chile and Queens University in Canada. Pam also has extens experience within Australia and Latin America.

Indigenous Peoples, Mining and Consent

Content

Definitions

Indigenous Peoples:

The term is usually used to refer to the descendants of pre-colonial peoples of the Americas, Australia, and New Zealand; however indigenous peoples exist in most regions of the world.

There is no single definition of indigenous peoples. The World Bank uses the term ´indigenous peoples´ to refer to a ´distinct social and cultural group possessing the following characteristics in varying degrees´ (IFC Performance Standard 7, 2012):

- Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;
- Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;
- Customary cultural, economic, social, or political institutions that are separate from those of the mainstream society or dominant culture; or,
- A distinct language or dialect, often different from the official language or languages of the country or region.

Description of Issues

The growing global demand for minerals and fossil fuels has meant that mineral resource projects are increasingly being established on lands traditionally owned or used by indigenous peoples. The significant social and environmental impacts of resource development pose particular risks for indigenous peoples, given their special connection to land and reliance on natural resources for their livelihoods. For example, project developments may require the resettlement of indigenous peoples from their traditional lands and livelihoods or damage culturally or spiritually significant sites. In many countries and contexts, indigenous peoples are also face legal and/or social discrimination and marginalisation, which can exacerbate the negative impacts of mining.

However, projects can also positively impact indigenous peoples if best practice principles of social responsibility are followed, such as those outlined in the IFC's Performance Standards and by International Council on Mining and Metals' (ICMM) in its 2013 Indigenous Peoples Position Statement. For example, resource companies can support the protection and preservation of cultural heritage or can create or support indigenous owned businesses, enabling indigenous peoples to benefit from business opportunities that may arise due to the development of a project. Resource companies can also play a role in breaking down the discrimination and marginalisation felt by indigenous peoples, for example by advocating for changes to laws or policies which might reinforce discrimination (ICMM, 2010).

Negative impacts	Positive impacts
Physical or economic displacement / resettlement	Improved infrastructure and services (e.g. sewerage systems, roads, power. etc.)
Reduced ability to carry out traditional livelihoods (e.g. hunting, fishing, harvesting forest products, etc.)	Company support for protection and/or enhancement of cultural heritage
Destrucción / daños a sitios cultural o espiritualmente importantes	Increased income through royalty schemes and compensation payments
Social dislocation / erosion of cultural values due to rapid pace of socio-economic change	Employment and business ('local content') opportunities
Encroachment of migrants on indigenous lands	Improved living standards due to increased economic opportunities due to mining
Increased exposure to disease (e.g. TB, HIV/AIDS, etc.)	Mejorado el apoyo en educación
Increased exposure to social vices (e.g. gambling, alcohol, etc.) resulting from sudden increase in cash economy and/or social dislocation	Improved health standards due to improved access to medical services, improved infrastructure (e.g. sanitation)

Source: ICMM, 2010. Indigenous Peoples and Mining Good Practice Guide

Theoretical Framework

Human rights and self-determination:

In recent years, there has been greater national and international recognition of the rights of indigenous peoples, including within the United Nations human rights system. Key international instruments relating to the rights of indigenous peoples include:

- The United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)
- International Labour Organization Convention Number 169 on Indigenous and Tribal Peoples (ILO 169).

The most important rights provided for in these instruments include the rights to:

- Self-determination – that is, the right to ´freely determine their political status and freely pursue their economic, social and cultural development´ (as provided for in the International Covenant on Economic, Social and Cultural Rights (1966, entered into force in 1976)
- Lands and resources within their territories
- Maintain their cultures and identities
- Give their free, prior and informed consent for projects on their lands.

Ethno-development:

The concept of 'ethno-development' proposes that development should be defined according to each cultural context, as opposed to being universally defined, as in the western (capitalist) view of economic development. Ethno-development holds that communities should have the right to define their own future and development according to their own cultural frameworks (Hanna and Vanclay, 2013). In this sense, ethno-development is closely related to the right to self-determination, as well as the right to free, prior and informed consent (FPIC).

Although ethno-development has entered into the lexicon of international development institutions such as the World Bank (World Bank, 2000) and has led, in some cases, to greater participation of indigenous peoples in development planning, development interventions are still framed within the broader neo-liberal development discourse. The rights and aspirations of indigenous peoples to pursue development according to their own aspirations and visions for the future are therefore often subsumed to the development aspirations of nation states and their donors.

Issues and challenges

Engaging with indigenous peoples:

In many respects engaging with indigenous peoples is the same as engaging with any other stakeholder group. It requires mutual understanding and respect between communities and companies, making sure people are fully informed about a project, ensuring all voices in a community are heard, and addressing people's concerns.

However, engagement with indigenous peoples is also different, for example:

- Companies may need to obtain the consent of communities before projects can proceed (see FPIC in the next section).
- It is often necessary to engage through traditional decision-making structures, while bearing in mind that these structures may also reinforce disadvantage (e.g. they may exclude women).

Free, prior and informed consent:

There is no universally accepted definition of FPIC but in general it is understood to refer to a process whereby indigenous peoples are able to use their traditional decision-making systems to freely make a choice about whether and how activities occur on their land, based on sufficient and timely information about the benefits and disadvantages of a project. There are four basic elements of FPIC:

1. Free: people are able to make decisions without coercion, intimidation or manipulation.

2. Prior: people are given sufficient time to be involved in decision-making processes before key project decisions are made and before impacts occur.

3. Informed: people are fully informed about a project and its impacts, and the various perspectives about the project (both positive and negative).

4. Consent: there are effective processes for affected indigenous peoples to give or withhold their consent consistent with their customary decision-making processes and that their decisions are respected and upheld (IPIECA, 2012).

There is general consensus among indigenous peoples, NGOs, governments and companies on the need for consultation and decision-making to be free, prior and informed, however the

concept of consent is intensely debated. In some cases FPIC is understood as the right to veto a project, while in others it is understood as a principle which decision-making processes should aim to achieve (e.g. ICMM, 2013).

Critics of the 'FPIC as a principle' approach (who include indigenous people´s rights groups) argue that without the right to veto projects, indigenous peoples are denied their fundamental right to self-determination (Doyle and Cariño, 2013). Proponents of the 'FPIC as a principle' approach (such as the ICMM) suggest that there are often significant practical challenges to applying FPIC and while consent is a desirable outcome, what is important is that companies work in good faith towards achieving this goal. While organisations such as ICMM argue that if consent is not forthcoming, it is ultimately up to companies to decide whether to proceed with a project or not, they also suggest that failing to gain a license to operate exposes companies to potentially material risks.

Identifying indigenous peoples:

Identification of indigenous peoples is not always straight forward. In some cases, indigenous peoples may be disconnected from their land due to expropriation, economic marginalisation, and discrimination, or due to broader processes of economic and social change (ICMM, 2010). In other cases, indigenous people´s rights to land, or even their very existence, may not recognised by the state or in law. In other cases still, more than one indigenous group may claim a connection to the same territory, making it difficult to identify the traditional owners.

Negotiated agreements:

An increasingly common arrangement in mineral resource developments involving indigenous peoples is the establishment of an agreement between indigenous peoples, extractive companies and, often, governments. Agreements are required by law in some countries and jurisdictions but are also increasingly being established on a voluntary basis by companies. Agreements establish the terms and conditions under which projects will proceed and, in cases where FPIC has been applied, can formalise the granting of consent for projects.

Negotiated agreements provide an opportunity for indigenous peoples to obtain not only compensation for the disruptions and impacts of resource extraction but also – in ideal cases – opportunities for sustainable development (Gibson and O'Faircheallaigh, 2010).

There are many questions about the pros and cons of negotiated agreements for indigenous peoples, particularly around whether or not they truly generate sustainable opportunities or whether the benefits of resource developments will wither away once projects have ended.

Agreements are often an outcome of FPIC but may be established without an FPIC process being followed; in other words, just because an agreement has been established doesn't mean a community has given its consent for a project.

The role of FPIC for building Social Consensus

Obtaining the free, prior and informed consent from indigenous peoples is perhaps the single most important way in which companies can build social consensus for their projects. However, building genuine social consensus through FPIC is challenging and should not be seen as a tick-box exercise where consent should be achieved at any cost. Social consensus through

FPIC requires not only that indigenous peoples are allowed to make decisions through their own traditional decision-making processes, but also that processes are inclusive and that people are fully informed about the benefits and risks of a project in a way that they can understand. This might require companies to build community capacity to participate in decision-making processes. In addition, social consensus is not an objective that should only be achieved at one point in time – it must be maintained through ongoing engagement and, in cases where a project undergoes a significant change, consent through FPIC may have to be obtained again.

References:

Doyle, C., and Cariño, J. (2013) Making Free Prior& Informed Consent a Reality: Indigenous Peoples and the Extractive Sector. Available at: http://www.socialimpactassessment.com/resources-single.asp?ID=75

Gibson, Ginger and Ciaran O'Faircheallaigh (2010) The IBA Community Toolkit: Negotiation and Implementation of Impact and Benefit Agreements. Available at: http://gordonfoundation.ca/north/iba-community-toolkit

Hanna, P., and Vanclay, F. (2013) Human rights, indigenous peoples and the concept of Free, Prior and Informed Consent, Impact Assessment and Project Appraisal, 31:2, 146-157. Available at: http://wikindigena.org/images/7/72/2013_HRIA_-_Human_rights,_Indigenous_peoples_and_the_concept_of_Free,_Prior_and_Informed_Consent.pdf

ICMM (2013) Indigenous Peoples and Mining Position Statement. Available at: http://www.icmm.com/publications/icmm-position-statement-on-indigenous-peoples-and-mining

ICMM (2010) Indigenous Peoples and Mining Good Practice Guide. International Council on Mining and Metals. Available at: http://www.icmm.com/publications/indigenous-peoples-and-mining-good-practice-guide

IFC (2012) Performance Standards on Environmental and Social Sustainability. Available at: http://www.ifc.org/wps/wcm/connect/c8f524004a73daeca09afdf998895a12/IFC_Performance_Standards.pdf?MOD=AJPERES

ILO (1991) International Labour Organization Convention 169: Concerning Indigenous and Tribal Peoples in Independent Countries. 1991. International Labour Organization. Available at: http://www2.ohchr.org/english/law/indigenous.htm

IPIECA (2012) Indigenous Peoples and the Oil and Gas Industry: Context, Issues and Emerging Good Practice. Available at: http://www.ipieca.org/publication/indigenous-peoples-and-oil-and-gas-industry-context-issues-and-emerging-good-practice

United Nations Draft Declaration on the Rights of Indigenous Peoples. Available at: http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf

World Bank (2000) Defining Ethnodevelopment in Operational Terms: Lessons from the Ecuador Indigenous and Afro-Ecuadoran Peoples Development Project. Available at: http://documents.worldbank.org/curated/en/2000/01/1631749/defining-ethnodevelopment-operational-terms-lessons-ecuador-indigenous-afro-ecuadoran-peoples-development-project

Case Studies

Case One: Prior Consultation with Indigenous Peoples (complex example)

The case of the Indigenous *Resguardo* in Cañamomo, Lomaprieta, Riosucio and Supía; Caldas - Colombia

(Doyle and Cariño Archive)

(Godues.blogspot.com Archive)

The *Resguardo* of Cañamomo Lomapretia covers 4,800 hectares and consists of 22,000 Embera Chamí people living in 32 communities. The indigenous population of the region have historical gold mining practices, and have continued these practices of ancestral artisanal mining to this day. They now form an important part of their traditional livelihoods and incomes.

The 1991 Constitution recognized the existence and inherent rights of indigenous peoples. Together with the ratification of ILO Convention 169, it recognized the autonomous character of these peoples. Official title has been given for ancestral lands covering more than 25% of Colombia's land base, with ongoing negotiations which will increase this amount.

However, over the last two decades there has been a new wave of repression of indigenous communities associated with the State taking possession of their lands for extractive and infrastructure projects. The *Resguardo* became aware of mining activities when they heard helicopters flying over their land and company exploration staff did not return from the forest. They then found that all their territory was under exploration and that 48 concessions had been issued one of which was to South African International mining conglomerate, Anglo Gold Ashanti.

Key Activities:
AngloGold Ashanti committed to obtaining communities consent prior to commencing operations in line with policy to "respect the values, traditions, and cultures of the local and Indigenous communities in which we operate" (AGA, 2011).

The *Resguardo* conducted a 2 year process of collective thinking to determine their policy. They developed an FPIC protocol governing large scale mining of their land mining on their land. All certificates and mining concessions must be approved through prior consultation with traditional authorities. The traditional authorities also determine protocol for
- The role of ancestral mining
- The exclusion of certain zones from mining
- The consent protocols required to enter *Resguardo* land.

These authorities use both customary law and international principles for indigenous people such as the UN declaration on the Rights of Indigenous People.

Challenges:
- Colombia is a post conflict fragile state with high levels of corruption and violence.
- There is an ongoing situation of armed conflict which prevented indigenous leaders from speaking out.
- There is a large power asymmetry between the *Resguardo* and large scale mining companies for example companies had access to detailed maps of resources.
- The *Resguardo* have a very small population size and were afraid their livelihoods and food production would be threatened.

Outcomes:
In May 2012 the *Resguardo* community decided to make their territory a no-go land for mining and they have banned any large scale mining or any mining which involves processing using cyanide or mercury. The companies have at this stage lost their social licence to operate.

Proposed Questions:
- Which aspects of the FPIC process does this case illustrate?
- What are some of the problems faced by companies in relation to FPIC?
- Why do you think the *Resguardo* decided to ban mining on their land?
- What could companies have done differently to have obtained FPIC and social consensus?
- What particular issues do companies operating in fragile states with high level of armed conflict and corruption face?

References:

AGA (2011) Management Standard on Indigenous Peoples. Anglo Gold AshantiCorporate Office Environment and Community Affairs Department, Johanesbourg, October 2011. Available at: http://www.anglogoldashanti.com/en/sustainability/policies/Sustainability%20Standards/Management%20Standard%20Indigenous%20Peoples_OCTOBER%202011.pdf

Doyle, C., and Cariño, J. (2013) Making Free, Prior & Informed Consent a Reality, Indigenous Peoples and the Extractive Sector. Available at: www.piplinks.org/makingfpicareality

Case Two: Prior Consultation with Indigenous Peoples (complex example)

The Subanen People Case in the Zamboanga Peninsula - Philippines

(Doyle and Cariño Archive)

(Slideshare.net Archive)

The Zamboanga peninsula is a priority mining area in the Philippines under the government's policy to revitalize the mining industry. The peninsula is also home to 300,000 Subanen traditional people group whose ancestral domains are scattered throughout the peninsula. The area has been host to several mining applications over time by international and national companies including Rio Tinto, TVI Resources Development Inc. (TVIRD), Ferrum 168, Geotechniques and Mines Inc. (GAMI) and Frank Real Inc.

The Philippine Government legislated their own version of FPIC in the 1997 Indigenous Peoples Rights Act (IPRA), but there have been numerous violations of customary laws and FPIC for example in the selection of community representatives and in decision-making processes to obtain consent for mining activities in Zamboanga. Government conducted FPIC processes only in certain selected areas without the participation of other affected Subanen communities, and without due respect for traditional territorial boundaries and governance structures.

Key activities:
- Community wishes were ignored for example in relation to geographic boundaries. Prior decisions made by communities were not respected. There was coercion, bribery and inappropriate community development projects by a number of mining companies.
- It was impossible for the communities to assert their rights. Indigenous leaders also experience mine-related harassment by the military and security forces through the civil and criminal charges against them. One son of a leader was killed.
- The Government set up a council of elders that did not reflect the wishes of the people. In response, the Subanen people as a whole decided to formulate their own rules around FPIC and set up their own judicial authority, the Gukom.
- It filed an official complaint against Canadian company, TVIRDI, it tried the company and fined the mining company for disrespecting existing community protocols and required them to cleanse the Mountain. After four years, the company finally and publicly admitted its responsibility, performed the mandatory cleansing ritual and agreed to negotiations regarding penalties.

Challenges:
The Philippine Government version of FPIC made it impossible for the communities to assert their rights.

Outcomes:
- Because of problems with the FPIC process in the Philippines such as it lack of respect for local people and its bureaucratic nature, the Subanen people as a whole decided to formulate their own rules around FPIC. This unified Subanen communities.
- They were opposed to repeated demands for FPIC which they were not able to handle. They decided that once a community has decided against mining within their territory, then no further mining applications should be allowed until the community decides otherwise

Proposed Questions:
- What mistakes did the Philippine government make in relation to FPIC?
- What would have happened if the company had tried to respect Community protocols?

References:

Doyle, C., and Cariño, J. (2013) Making Free, Prior & Informed Consent a Reality, Indigenous Peoples and the Extractive Sector. Available at: www.piplinks.org/makingfpicareality

Recommended Readings

- Doyle, C., and Cariño, J. (2013) Making Free Prior& Informed Consent a Reality: Indigenous Peoples and the Extractive Sector. Available at: http://www.socialimpactassessment.com/resources-single.asp?ID=75
- Hanna, P., and Vanclay, F. (2013) Human rights, indigenous peoples and the concept of Free, Prior and Informed Consent, Impact Assessment and Project Appraisal, 31:2, 146-157. Available at: http://wikindigena.org/images/7/72/2013_HRIA_-_Human_rights,_Indigenous_peoples_and_the_concept_of_Free,_Prior_and_Informed_Consent.pdf
- ICMM (2010) Indigenous Peoples and Mining Good Practice Guide. International Council on Mining and Metals. Available at: http://www.icmm.com/publications/indigenous-peoples-and-mining-good-practice-guide
- IFC (2012) Performance Standards on Environmental and Social Sustainability. Available at: http://www.ifc.org/wps/wcm/connect/c8f524004a73daeca09afdf998895a12/IFC_Performance_Standards.pdf?MOD=AJPERES

Citation:

Rogers, P. (2016) Indigenous Peoples, Mining and Consent. In de la Flor Olavide, A., & Lawson, L. (eds), *The ABC of Social Responsibility in Mining: A Manual on how to obtain Social Consensus in the Extractive Sector.* Centre for Social Responsibility in Mining-SMI, The University of Queensland, Brisbane, Australia. Available at: https://www.csrm.uq.edu.au/publications/the-abc-of-social-responsibility-in-mining-a-manual-on-how-to-obtain-social-consensus-in-the-extractive-sector

CSRM Expert in Indigenous Peoples, Mining and Consent

Dr. Paul Rogers

Research Fellow
p.rogers@uq.edu.au

Biography

Paul is a Research Fellow in the Centre for Social Responsibility in Mining (CSRM). He is a human geographer by training and his research and teaching interests are focused on indigenous peoples, community development, and the socio-economic impact assessment of resource projects. He has a particular interest in Indonesia, where he undertook his PhD fieldwork on resettlement and land conflict in the context of large-scale natural resource development projects sponsored by institutions such as the World Bank.

A major focus of his work at CSRM is on the development of good practice guides and toolkits for the mining and oil and gas industries. He is currently a contributing author to the OECD's forthcoming S*takeholder Engagement for Due Diligence in the Extractive Industries Guide*, and a co-lead author of the 2015 update of the International Council on Mining and Metals (ICMM) *Indigenous Peoples and Mining Good Practice Guide*. Other recent projects include writing the Social Management Plan (SMP) for Mine Life Extension for Ok Tedi Mining Limited in Papua New Guinea (2013) and leading an evaluation of the ICMM's Partnerships for Development Toolkit (2013). Paul is also leading the Natural Resource Charter benchmarking exercise in Myanmar on behalf of the Natural Resource Governance Institute.

Paul has an honours degree in human geography from the University of Washington in the United States and a PhD from the School of Geography and Environmental Science at Monash University. He has also worked in the field of corporate social responsibility assessing the ethical and sustainability performance of S&P/ASX200 companies for the financial sector. Paul has significant expertise in the area of business ethics and has engaged on behalf of investors with some of Australia's largest companies on a number of high profile business ethics cases, including the AWB 'oil-for-wheat' scandal in 2005.

Gender Equality in the Extractive Sector

Content

Definition

Although women play an important role in mining, there is often an image that mining is men's work. Therefore, women often receive less access to the opportunities and benefits of mining (Bice, 2011). Due to the different roles and responsibilities of men and women in communities the impacts from mining are also experienced differently. More often than not, these are unequal and women experience the worst of the impacts of mining and fewer of the benefits (Macdonald 2003).

To ensure sustainable minerals development it is essential for mining companies and governments to understand the gender dimensions in their communities and how mining affects men and women differently. For example, employment is a key benefit from mining however it is common to see higher levels of male employment then women's employment at mine sites. Therefore, there are particular gender dimensions both within the communities and the mining companies that need to be understood to create sustainable development.

Description of Issues

Impacts on women:

There are many social and economic upheavals associated to mining. These can impact communities in a positive way bringing employment and new infrastructure (for example; hospitals, schools and telecommunications). However, mining can also bring negative impacts that erode traditional livelihoods and degrade the environment.

Impacts from mining affect men and women differently. These impacts can include a lack of access to financial benefits/royalties, attributed to the lack of women present during negotiations; decreased access to land and opportunities from land-based livelihoods; an increase in alcohol-related violence and prostitution; increased health risks; increased sexual harassment; and employment

Risk of Not Including Women in Mining Dialogue

- Lack of voice and representation in the formal decision making process.
- Loss of ownership or use of fertile land or gardens.
- Loss of water resources and depleted fish stocks.
- Limited control over productive resources.
- Rise in violence and sexual abuse as a result of domestic disputes, alcoholism, drug use, or gambling.
- Rise in prostitution and HIV/AIDS and other STDs.
- Poor working conditions and incidences of sexual abuse for women in the project workforce.
- Environmental damage such as loss of forest and water sources and/or airborne or noise pollution which impacts women's lives and livelihood.
- Loss of safety and security due to influx of construction workers

(World Bank, 2013

discrimination resulting in dependency on male relatives (Macdonald 2003; McGuire 2003).

Community Engagement:

Women are most commonly impacted from mining through a lack of engagement and participation in decision making processes. Ensuring that the benefits of mining are distributed equitably requires that mining companies and government consult women and men to understand the gender dimensions of mining. In their engagement with women, mining companies regularly do not understand that the male views (the more dominant) not necessarily represent the views of all the sectors within a community (McGuire 2003).

For example, in many cultures, the clearing of vegetation and forests impacts a whole community. However, in many societies it is the women's knowledge and social role to collect and understand traditional medicines, foods, and cultural materials. If the women of the community are not consulted during the planning process of mining, then this knowledge and resource is lost for the entire community (McGuire 2003).

therefore, mining companies and government regulators need to make sure that women are engaged with and have the opportunity to participate in all stages of minerals development. Including but not limited to:

- Negotiation of land acquisition
- Preparation of community based agreements
- Community baselines and social mapping activities
- Social, economic and environmental impacts studies.

> *"Mining is the worst sector for gender diversity – worse than the oil and gas industry – with just 5% of board seats held by women in the top 500 mining companies" (Women in Mining, 2013).*

Access to benefits:

Responsible minerals development can potentially bring various positive benefits to a community, particularly access to education, employment, communications, quality health services and new professional skills. Ensuring that opportunities from mining include both women and men in the household is essential to responsible minerals development.

Gender based discrimination continues to impact on women's access to employment opportunities and leadership and decision making roles. When women are provided with employment they are generally in service and administration roles with very few women in decision making roles. Indeed, the mining sector is one of the worst performing sectors globally with less than 5% of women on company boards. Often when women are employed in mining related activities they are also susceptible to sexual harassment in the workplace (Cane et al. 2014).

Beyond direct employment, mining also generates potential financial opportunities for local businesses. However, evidence suggests that men have higher access to financial capital and social networks to develop businesses then women. Likewise, men are often engaged by companies to develop businesses where as women are often perceived as the primary home carers. In circumstances where women are engaged in business and/or employment they often have the 'double burden' of paid work and unpaid labour at home.

Extractive Industry's commitments

The extractives industry has been slow to engage in gender issues broadly across the sector. There is currently no formal regulation or standard created by a minerals governing body to address gender issues. However, many companies have signed the United Nations (UN) Global Compact which requires companies to support and implement a set of core values that include gender inequality. Many companies have anti-discrimination and harassment standards and guidelines that promote women's equality and access to employment in the workplace.

Challenges and Issues

As a traditionally male-dominated industry, mining has many challenges to overcome to ensure the equal benefits of mining are accessible to both men and women. The biggest challenge for the minerals industry is a lack of knowledge and a lack of understanding of the importance of gender issues in their communities and operations. Often when the industry does engage with gender issues it is on an ad-hoc basis, with sporadic community development programs focused on women.

The World Bank suggests that 'Gender Mainstreaming' programs are implemented into all mining companies. The 'gender mainstreaming' approach considers that gender issues exist and need to be addressed in all aspects of mining; for all sectors and stages of activity – from mine planning to closure. Therefore, the responsibility for implementation of gender policies is diffused across the entire organisational structure, rather than concentrated in small central units (Moser, Tornqvist et al. 1998). For example, much as the way 'Safety' has become the responsibility of everyone in mining companies, 'gender equality' should also be the responsibility of all.

The role of Gender Equality for building Social Consensus

Improving the quality of life and the economic conditions of impacted communities improves social consensus around mining operations. One of the most neglected groups in communities are vulnerable peoples that do not have the social capital or capacity to engage with the benefits of mining. Women and children are often categorised as the most vulnerable groups in communities and are often overlooked by companies in minerals negotiations. Greater attention to gender aspects increases social development, inter-generational empowerment and promotes stability in mining communities.

References:

Bice, S. (2011) On the Radar? Gendered Considerations in Australia-Based Mining Companies' Sustainability Reporting 2004-2007. In K. Lahiri-Dutt (Ed.), Gendering the Field: Towards Sustainable Livlihoods for Mining communities. Canberra: ANU E Press. Available at: http://press.anu.edu.au/wp-content/uploads/2011/07/ch096.pdf

Cane, I., Terbish, A. and Bymbasuren, O. (2014) Mapping Gender Based Violence and mining infrastructure in Mongolian mining communities, a comparative analysis University of Queensland,

Sustainable Minerals Institute. Available at: http://im4dc.org/wp-content/uploads/2013/09/Mapping-gender-based-violence-and-mining-infrastructure-in-Mongolian-mining-communities-Full-Report2.pdf

Macdonald, I. (2003) Tunnel Vision: Women's Rights Undermined. Women in Mining Conference. Madang, 3 August 2003. Available at: http://siteresources.worldbank.org/INTOGMC/Resources/336099-1163605893612/macdonaldtunnelvision.pdf

McGuire, G. (2003) Environmental Impacts of Mining on Women in Indonesian and Northern Australia, World Bank.

Moser, C., Tornqvist, A., and van Bronkhorst, B. (1998) Mainstreaming Gender and Development in the World Bank: Progress and Recommendations. Washington: The International Bank for Reconstruction and Development, The World Bank. Available at: http://www-wds.worldbank.org/servlet/WDSContentServer/IW3P/IB/2000/02/24/000094946_99030406260119/Rendered/PDF/multi_page.pdf

Women in Mining (2013) Mining for Talent: A study of women on boards in the mining industry by WIM (UK) and PwC. In P. LLC (Ed.). London. Available at: http://www.google.com.au/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0ahUKEwjGnI7ShZ7JAhXhKaYKHeZyCGcQFggeMAA&url=http%3A%2F%2Fwww.womenonboards.org.au%2Fpubs%2Freports%2F2013-mining-for-talent.pdf&usg=AFQjCNFMhVV4x6HKCSQBa60I4XnUVo8Vvw

World Bank (2013) Gender in Extractive Industries. The World Bank. November 21, 2013. Available at: http://www.worldbank.org/en/topic/extractiveindustries/brief/gender-in-extractive-industries

Case Studies

Case One: Supporting female entrepreneurship through training and micro financing (positive example)

Anglo American and Pro Mujer Initiative, Quellaveco Project, Moquegua-Peru

(Anglo American Archive)

(Anglo American Archive)

Anglo American, a US-based mining corporation, runs a female empowerment project in the Peruvian city of Moquegua, in conjunction with Pro Mujer, a women development and microfinance NGO. Pro Mujer provides local women with access to small loans and enterprise support to help them establish their own businesses. Moquegua is home to Anglo American's Quellaveco copper project.

Anglo American has built on its experience with enterprise development projects in South Africa and Chile to develop the project with Pro Mujer – on the basis that "entrepreneurship represents one of our most powerful mechanisms to promote socio-economic growth and make a real difference in the communities in which we operate". Pro Mujer also works in Argentina, Bolivia, Mexico, Nicaragua and Peru – with meetings taking place in 176 neighbourhood centres to provide financial services, training, and low cost primary healthcare. According to Anglo American, Pro Mujer operates almost 22,000 'communal banks' made up of groups of 20 women who meet on a weekly basis to repay loans, receive training and benefit from peer support.

Recent demographic shifts in Latin America have resulted in an increased prevalence of chronic diseases such as hypertension, diabetes, obesity, and cancer. Chronic illness is now the leading cause of death in the region and afflicts Pro Mujer clients at alarmingly high rates. In addition, these conditions are largely under-addressed by the public health sector: prevention and behaviour change are crucial in this field and are notoriously difficult to accomplish. So, aligned with the entrepreneurship part, The Anglo American Group Foundation is supporting the implementation of the sustainable health program in Peru with a contribution of $800,000. The project will provide more than 60,000 women entrepreneurs with access to health training and counselling sessions and direct services including screenings for hypertension, diabetes, obesity, and breast and cervical cancer.

Key activities:

- The company, in collaboration with Pro Mujer has developed a female empowerment project that provides the following mechanisms to assist build access and capital for women entrepreneurs:
    - credit, loans, access to saving accounts
    - healthcare (also for children)
    - business and empowerment training.

Aims:

- To provide over $1 million in loans and micro-credit to approximately 10,000 women entrepreneurs
- Promote beneficiary's enterprises and increase their capacity to generate an income
- Promote institutional sustainability: The income generated through interest on the loans will enable Pro Mujer to expand to other regions of the country.

Challenges:

- Families with very low incomes and lack of social capital
- Poor community conditions and infrastructure
- Several health issues (hypertension, diabetes, obesity, and breast and cervical cancer)
- Families dealing with alcoholism and domestic violence.

Current Outcomes:

The Foundation has funded 20 communal banks, making loans to around 400 women entrepreneurs in Moquegua. The loans have built the financial and social capital of local women and provided networks through communal banks to foster a community of enterprise. The alternative livelihoods provided by the seed funding from the mine have improved household incomes and health indicators in the community.

Proposed Questions:

- What are the positive aspects of the Anglo American and Pro Mujer Project?
- What are the benefits and challenges of implementing similar projects in your region?
- How would you adapt this project for your region?

References:

AAGF (2009) Helping to create opportunities and sustainable livelihoods. Anglo American Group Foundation. Available at: http://www.angloamerican.com/~/media/Files/A/Anglo-American-Plc/media/publication/guides/9024_AAF_Broch_211009.pdf

Case Two: When Human Rights are impacted by an extractive company (a complex example)

The Barrick Gold, Porgera Mine impacts in Papua New Guinea (PNG)

(Pacific Enga Archive)

(Human Rights Watch Archive)

Barrick Gold, one of the largest gold mining companies in the world, operates in various countries, including PNG. In 2011 Barrick Gold's private security personnel were implicated in gang rapes and other violent abuses against women. Fourteen women came forward, eleven confirmed being raped. Barrick Gold settled out of court giving a financial compensation and counselling to the victims. Following this they conducted an internal review process of the company to address these abuses within their global operations.

While challenging conditions exist at the Porgera mine, the allegations of sexual violence, and the thorough investigations that followed, led the company to take concrete, meaningful actions and strengthen its processes, particularly with respect to security, human rights and women's welfare. An internal and external framework has been developed and constitutes an important part of making sure such violations do not occur again. Through this response, the company hopes to demonstrate its determination to prevent acts of violence against women.

This case study demonstrates how important it is to understand the gender dimensions in the community and the mining company and how a lack of understanding can pose potential impacts against women in the community.

Key activities:
- Porgera mine fired several employees for alleged involvement in, or failure to report, assaults against women and other serious crimes (some of them individuals were subsequently arrested and charged by the police).
- Barrick joined the Voluntary Principles on Security and Human Rights in 2010.
- In 2012 Barrick developed a Remedy Framework to foster the following changes:
  - funding the Porgera District Women's Association (PDWA) to hire a women's welfare liaison officer to provide support and assistance to victims of sexual and domestic violence,

- o partnering with the Fiji Women's Crisis Centre to provide training for PNG-based practitioners in women's welfare and human rights to better assist women affected by violence in PNG,
- o supplementary mandatory human rights training for PJV security personnel to encompass sexual violence and harassment issues,
- o enhancing all security operating procedures and training modules to reflect a greater emphasis on the protection of human rights,
- o implementing a plan to increase supervision of security personnel in the field on a 24-hour basis,
- o installing new digital radios featuring GPS tracking in all vehicles to allow for better oversight of security personnel,
- o installing in-car cameras in all APD vehicles to monitor the activities of APD personnel in and around vehicles,
- o expanding the PJV's CCTV security camera network to provide coverage of the mine's major waste dump areas (where the assaults occurred),
- o hiring additional female security guards, including in supervisory roles.

Challenges:
- Alleged incidents of gang rape by mine security personnel in 2008, 2009, 2010, and 2011 weren't well documented,
- Significantly large financial lawsuits have been charged against the mine,
- The relationship between the mine's management and its most prominent local critics is deeply dysfunctional, with both sides more focused on attacking one another than addressing issues of mutual concern,
- Violent insecurity is a chronic problem around Porgera because the mine has attracted economic migrants,
- The government has consistently failed to maintain law and order in the face of these security challenges,
- The steps taken by Barrick before the Remedy Framework appeared to be inadequate and failed to prevent serious abuses including abuse of people in custody, excessive use of force, and several alleged incidents of gang rape.

Outcomes:
- Since its inception in October 2012, the Framework successfully resolved 120 individual claims, and paid over PGK 2 million in benefits to eligible claimants.
- The issues that attained Barrick are starting to ease, however the local and global reputational damage of Barrick is long-lasting and widespread.

Proposed Questions:
- What could Barrick have done to minimise the abuses against women?
- How can mining companies better apply guidelines and standards to sub-contracting companies?
- Did the company address these violations in a timely and appropriate manner? What else could they have done?

- Does your company have guidelines and programs that publically protect women and men from violence and sexual violence in the workplace and community?

References:

Barrick Gold (2014) The Porgera Joint Venture Remedy Framework. Available at:
http://www.barrick.com/files/porgera/Porgera-Joint-Venture-Remedy-Framework-Dec1-2014.pdf

Human Rights Watch (2010) Gold's Costly Dividend: Human Rights Impacts of Papua New Guinea's Porgera Gold Mine. Human Rights Watch. Available at:
http://www.hrw.org/sites/default/files/reports/png0211webwcover.pdf

Recommended Readings

- Why gender matters: A resource guide for integrating gender considerations into Communities work at Rio Tinto. Available at: http://www.riotinto.com/documents/ReportsPublications/Rio_Tinto_gender_guide.pdf

- Lahiri-Dutt, K., & Ahmad, N. (2011) Considering gender in social impact assessment. In F. Vanclay & A. M. Esteves (Eds.), New Directions in Social Impact Assessment: Conceptual and Methodological Advances: Edward Elgar Publishing Limited. Available at: http://books.google.com.au/books?hl=en&lr=&id=iIPuDiIrBJUC&oi=fnd&pg=PA117&dq=info:1SQT3JaliuIJ:scholar.google.com&ots=R8i76xrr9L&sig=XEIGo_fcmMi-kuJHyBtaXVt2UzI&redir_esc=y#v=onepage&q&f=false

- Moser, C., Tornqvist, A., and van Bronkhorst, B. (1998) Mainstreaming Gender and Development in the World Bank: Progress and Recommendations. Washington: The International Bank for Reconstruction and Development, The World Bank. Available at: http://www-wds.worldbank.org/servlet/WDSContentServer/IW3P/IB/2000/02/24/000094946_99030406260119/Rendered/PDF/multi_page.pdf

Citation:

Cane, I. and Lawson, L. (2016) Gender Equality in the Extractive Sector. In de la Flor Olavide, A., & Lawson, L. (eds), *The ABC of Social Responsibility in Mining: A Manual on how to obtain Social Consensus in the Extractive Sector.* Centre for Social Responsibility in Mining-SMI, The University of Queensland, Brisbane, Australia. Available at: https://www.csrm.uq.edu.au/publications/the-abc-of-social-responsibility-in-mining-a-manual-on-how-to-obtain-social-consensus-in-the-extractive-sector

CSRM Experts in Gender Equality in the Extractive Sector

Content:

Dr. Isabel Cane

Research Manager - CSRM
i.cane@uq.edu.au

Biography

Dr Isabel Cane is recognised as a Gender and mining expert. A large part of Isabel's experience has been to identify the gendered impacts of mining activities on affected communities and improve social benefits towards those communities by creating dialogue between multiple stakeholders. Isabel has coordinated roundtable discussions between government and industry to discuss the highly sensitive topic of gender-based violence. She has advised Department of foreign Affairs and Trade, World Bank, Swiss Development Agency and the World Economic Forum and a range of mining companies on Gender and Development issues. Isabel oversees the Mongolian Research Hub, a forum for cross-disciplinary research into the responsible development of mining in Mongolia and Central Asia.

Isabel is currently on the board of directors for the Women in Mining Mongolia network and co-ordinates international outreach and community development matters. Isabel has also previously worked in the development industry in the areas of health, education and gender in South America and Asia.

Case Studies:

Lynda Lawson

Training and Knowledge Transfer Manager
l.lawson1@uq.edu.au

Biography

Lynda Lawson is Manager (Training and Knowledge Transfer) at the Centre for Social Responsibility in Mining at the University of Queensland. She is an applied linguist and behavioural scientist with extensive experience designing and delivering training programs for industry and government. A growing area of her expertise is in the assessment of the training needs of government and civil society staff involved in resource extraction and the design of programs to meet those training needs. She has designed, developed, and facilitated complex long and short training courses in Australia, Asia Pacific, Africa and Chile. Her work includes design of a diagnostic tool, conduct of a training audit, reporting and planning of 3 year training schedule (Papua New Guinea), and African training courses such as Managing Social and Environmental Impacts of Mining (7 weeks Australia /Ghana), Managing Corporate Community Relations in Mining (5 weeks programs: Australia/Ghana), Community Aspects of Resource Development (4 weeks Australia) and Developing Local SME suppliers for Mining Oil and Gas (Ghana). She has conducted workshops and evaluation of training in the UK, France, Papua New Guinea, Malawi, Tanzania, and Madagascar, Ethiopia and Mozambique and scoping visits to the Ivory Coast, Kenya and Togo. She is committed to an engaging and dynamic pedagogy that facilitates South to South knowledge transfer and is based on experiential learning. She speaks fluent French and she has a particular interest in mining and development in Madagascar and Francophone Africa. Her specific research area is in artisanal mining, the mining of gemstones, women miners and poverty alleviation.

Grievances and Complaints Mechanisms

Content

Definitions

Conflict: "Conflict can be defined broadly along a continuum, from low-level tension to escalated situations involving a complete relationship break-down or violence".

Grievance Mechanisms: In line with international guidelines, this report uses the term 'grievance mechanisms' as an umbrella phrase to describe pathways and processes for preventing and handling a range of issues along the conflict continuum, from minor concerns to more escalated conflict. The word 'mechanism' may suggest a technical, pre-determined or generic approach. This is not the case. In this report the term indicates a host of possible methods, responses, processes and pathways, including those that are specifically tailored to the local context, that aim to avoid escalation and achieve resolution.

Description of Issues

There are several reasons for mining companies to develop effective leading practice frameworks to address community complaints and grievances.

Reduce risk and negative social impact:
Community complaints and grievance mechanisms can form part of a broader 'early warning system' for identifying and understanding community concerns that could lead to more serious conflict. An early warning system has the potential to reduce social risk (e.g. the possibility that company actions or inactions will have an adverse impact on local communities), which in turn reduces risk to the operation of disruption or closure, or damage to corporate reputation.

Community complaints and grievance mechanisms tend to work best when issues are communicated to the company in some way. There are a number of related and complementary processes (e.g. stakeholder identification and mapping, socio-economic baselines, socio-economic and environmental impact assessments, human rights assessments, risk analysis and so forth) that can assist an operation to bring to the surface issues that may not be expressed, before conflict arises or escalates. Collectively, these processes help to provide an understanding of the broader environment in which a company will be operating and, in doing so, reduce risk.

Uphold corporate commitments to respect human rights:
Many community grievances sit at the lower end of the conflict continuum: for example, complaints about amenity issues such as noise, dust or traffic. There are instances where grievances have a human rights dimension. Many companies have committed to uphold and promote fundamental human rights. There is also growing attention at the international level on how companies respond to community complaints and grievances. In particular, the United Nations Guiding Principles on Business and Human Rights highlight that ensuring that effective

grievance mechanisms are available is a part of the corporate responsibility to respect human rights.

Gain and maintain a social licence to operate:
Increasingly, local communities expect that companies will avoid social harm, minimise adverse impacts, maximise benefits and respond to their complaints and grievances respectfully and systematically, using processes that the communities know and trust. A community complaints and grievance mechanism, system or framework provides an indication that the company is willing to be held accountable, which enhances the potential for establishing a lasting social licence to operate. They also provide an avenue for building relationships and dialogue, which are critical elements of this licence to operate.

International Framework

The issue of community access to grievance mechanisms has emerged as a focal point in the international debate through the UN Guiding Principles on Business and Human Rights. The framework establishes three key pillars: the state duty to protect, the corporate responsibility to respect and access to remedies. The work on rights-compatible, non-judicial grievance mechanisms is canvassed in particular under 'access to remedies' and provides a number of 'effectiveness principles' including: legitimate, accessible, predictable, equitable, rights-compatible and transparent, based on a source of continuous learning, dialogue and engagement. The ICMM has formally endorsed Guilding Principles, signalling a high degree of applicability to mining companies.

The last two years have seen the development of a number of guidance tools on the issue of community grievance mechanisms, many of which form the basis of the analysis in the next Chapter. Many of these guidelines are international and cross-industry, with a particular focus on large-scale development industries, including mining. These guidance tools are a significant extension of existing norms (for example, references to grievance resolution in the Equator Principles, IFC Performance Standards and so forth). Most of the emerging guidance documentation focuses on project-level grievance resolution, acknowledging that this sphere provides particular opportunities to build relationships at the local level within a sustainable development and rights-based framework.

Challenges and Issues with Project-Level Grievance Mechanisms

In a research report, Kemp and Bond outlined a list of what works and what doesn't for project-level grievance mechanisms (Kemp and Bond 2009):

What works:
- an organisational culture that supports a focus on community perspectives
- a dedicated pathway for complaints and grievances
- a grievance mechanism established in the context of a broad-based engagement process that aims to establish trusting relationships
- collaboration with local people and others about how best to handle grievances, before they escalate taking a principled approach, including, at a minimum: transparency, accessibility, timeliness, fairness and a simple/reliable recourse mechanism
- considering the surrounding context, not issues in isolation

- understanding the problem, do not just solve the issue
- building social competencies of community relations practitioners as well as senior leaders
- a community relations function with structural power and formally recognised authority.

Worth noting is that the factors identified above are most likely to work if they are done together; just doing one (e.g. establishing a CR function with structural power) won't necessarily lead to better grievance handling as a 'stand-alone' improvement.

What does not work:
- failure to plan for conflict because of an assumption that it can be avoided, or that it can be handled 'on the fly'
- failing to provide communities with a mechanism to lodge issues; otherwise there is a risk that communities will resort to violent or destructive behaviour to get a response
- relying on negotiation and position bargaining, rather than also including dialogue to build mutual understanding
- ignoring or refusing to engage 'least trusted' groups on grievance handling processes
- a disconnected and isolated community relations function
- having an incumbent leadership that will not accept legacy issues as part of their own management responsibilities
- limited prior knowledge through lack of analysis and due diligence
- words without action
- third parties who impose processes ill-suited to the local contex.

Considerations for the future

Capacity and skills development:
Building capacity and skills for conflict assessment, resolution and grievance handling in the context of mining is clearly a challenge for the industry – both at the strategic level and also at the practitioner-level skillsin terms of face-to-face situations. Leading companies are working to address some of these gaps.

Operational-level support for policy implementation:
Some operations take an overly compliance-based approach in their haste to implement new (or strengthened) corporate-level policy requirements for grievance mechanisms. Companies must not only instruct their operations through policy requirements, but engage them in discussion about the 'bigger picture' wherever possible as well as provide support – either directly or indirectly (e.g. by connecting operations with people with particular expertise) to enable locally-appropriate processes.

Monitor and evaluate:
Monitoring and evaluation of grievance handling will be required to ensure that policy is being applied and is in fact achieving what it set out to do. Ideally, this would involve local people as well as other external or third parties. Monitoring and evaluation also provides opportunities to build knowledge about enabling and constraining factors in this area.

Greater transparency:
Industry insiders all recognise that they could and arguably should learn from each others' efforts –successful or otherwise – in conflict assessment, resolution and grievance handling.

THE UNIVERSITY
OF QUEENSLAND
AUSTRALIA

SMI CSRM
Centre for Social
Responsibility in Mining

However, there are complexities involved in sharing what some companies consider sensitive, privileged or proprietary information, but recognised that the industry as a whole and communities where mining takes place would benefit from increased transparency and a shared approach to learning in this area.

The role of Grievances and Complaints Mechanisms for building Social Consensus

Improving the way companies handle community grievances is firmly on the mining Industry's agenda. Many leading companies are in the process of introducing or augmenting corporate-level requirements and operational procedures in this area. The issue of remedy is particularly important for communities affected and impacted by large-scale development, such as mining.

There is increasing recognition within some companies that dedicated grievance mechanisms which suit the local context, embedded within an inclusive program of sensitive engagement and a systematic approach to community relations, can reduce the risk of social conflict and increase the likelihood of achieving social consensus and smooth project development, operation and closure.

References:

Kemp, D. and Bond, C. (2009) Mining Industry Perspectives on Handling Community Grievances – Summary and Analysis of Industry Interviews, Centre for Social Responsibility in Mining, the University of Queensland and Corporate Social Responsibility Initiative, Kennedy School of Government, Harvard University. Available at:
http://www.csrm.uq.edu.au/docs/Mining%20industry%20perspectives%20on%20handling%20community%20grievances.pdf

Case Studies

Case One: Instituting a Grievances and Complaints Procedure (positive example)

The Newmont Ghana Ahafo operation's grievance procedure

(CSRM Archive)

(Newmont Archive)

This case study provides an overview of the Newmont Ghana Ahafo operation's grievance procedure. Ahafo has been an operational site since 2006. The operation has formalised grievance procedures that are outlined in a Standard Operating Procedure (SOP).

Ahafo is Newmont's first mine in Africa. The mine is located in the tropical region of mid-west Ghana, around 290km northwest of the capital Accra. In 2007 Ahafo contributed approximately 8% of the company's worldwide equity gold sales and it is estimated that the mine will be active for around 20 years.

The project is the first large-scale mine in the Brong Ahafo Region and has led to rapid social and economic changes within the local community. Newmont's Community Relationships Review (CRR) found that the development of Ahafo has been characterised by a strong corporate commitment to stakeholder engagement and maintaining a social license to operate.

A key factor leading to the development of the Ahafo and Akyem grievance procedures were the learnings gained from escalated and high profile disputes at other Newmont operations around the world. Such disputes led Newmont Ghana to seek external advice and independent assessment in an effort to understand these disputes and build organisational capacity to avoid their recurrence. As such, the development of the Ahafo procedures are in one sense an acknowledgment by Newmont of the opportunity to better manage grievance and conflict resolution in their operations.

Challenges confronted by the project include:

The main themes in the mine-community relations landscape at the Ahafo mine were:

- A high demand for local employment (tensions relating to local employment have occasionally developed into conflict)
- Ongoing claims for compensation for mine-related impacts (the project involved the physical relocation and compensation of some 1,700 households)
- Local expectations over the potential economic spin offs from mining are very high
- Identifying legitimate community representatives and institutions (i.e. some stakeholders dispute the authority of local chiefs to represent their interests)
- The mine's protection of the environment (some NGOs have raised concerns regarding the depletion of water supplies and environmental pollution).

Key activities developed by the company:

Ahafo formalised a grievance procedure in the format of a SOP. The purpose of the procedure was to clearly define and outline the processes that must be followed when a complaint or grievance is received from a local stakeholder. The stated aim of the SOP is to build trust and understanding between Newmont and local communities.

Administration of the grievance procedure of the process:

As part of the formal grievance procedure, the roles and responsibilities of all members of staff involved in the administration of the procedure are clearly outlined.

Front Desk Officers (FDO): are the first point of contact when any external stakeholder comes to the mine premises to either submit a complaint or to make inquiries about the mine and are responsible for having a preliminary discussion with potential complainants. This can include providing them with information or clarification on any issues of concern. The FDO receives verbal complaints and passes these on to the Grievance Officer. The Front Desk Officers, as well as the Grievance Officers, are situated in the External Affairs Department within the Environmental and Social Responsibility Department. There is one male and one female Front Desk and Grievance Officer.

The Grievance Officers: are responsible for the overall administration of the grievance mechanism. This includes receiving the complaints and forwarding them to the Resolving Officers, tracking the average time taken for complaint resolution and the nature of complaints being raised, for communicate the outcome to the complainants. Where the need arises, Grievance Officers facilitate field visits to verify complaint resolution. In addition, the Grievance Officers facilitate the process of the Grievances and Complaints Committee to resolve cases that are beyond the precedence and authority level of the Resolving Officers and/or cases that are appealed by the complainant(s) after the Resolving Officer(s) have attempted to find a suitable resolution.

Resolving Officers: are assigned to respond to a grievance or complaint, being usually senior staff from the External Affairs area of the ESR Department who have the expertise and capabilities to resolve disputes and have had conflict resolution and human rights training. Resolving Officers are responsible for conducting an investigation where necessary and undertaking any follow up action required. The selection of appropriate Resolving Officers is based on the specific grievance, with the aim of appointing officers who are well informed about the issues and areas from which the complaint originated.

Internal Grievances and Complaints Committee: is made up of members of the External Affairs Management Team, including the Principal Communications Officer, Community Relations Manager and specialists as required. The Committee provides and/or authorises resolutions in those instances where a complaint falls outside the scope of authority of the Resolving Officers. The Committee is also responsible for forwarding cases to senior management where this may be required.

Lodging a Complaint:

Complaints can be made orally or in writing by members of the communities that are impacted by the project. Complaints can relate to any issue that has directly or indirectly resulted from mine operations. All complainants are to be treated respectfully, politely and with sensitivity. Newmont says it publicises its grievance procedure through regular public engagement, such as mine staff talking to community members, small informal meetings with particular stakeholder groups and regular formal community meetings. Mine staffs are required to actively encourage community members to access the grievance mechanism.

Complaints can be lodged through FDO and Community Liaison Officers whose offices are located in the mine communities.

Complaints are classified into three tiers:
- <u>First order complaints</u>: those that can be resolved between the complainant and Newmont directly and informally
- <u>Second order complaints</u>: where the involvement of a third party is deemed necessary to resolve the complaint
- <u>Third order complaints</u>: complaints that go to the judicial system.

Outcomes reported after instituting the grievances and complaints mechanisms:

- Better ability to identify issues before they escalate
- More able to respond early, and appropriately.

Proposed Questions:

- What do you think about the Ahafo mine grievances and complaints procedure?
- What would you enhance from this procedure?

References:

Kemp, D. and Gotzmann, N. (2009) Community Complaints and Grievance Mechanisms and the Australian Minerals Industry. Centre for Social Responsibility in Mining, The University of Queensland. Discussion Paper. Brisbane. Available at: http://www.csrm.uq.edu.au/docs/CSRM%20Community%20Complaints%20and%20Grievance%20Discussion%20Paper%202009%20_FINAL%20REPORT.pdf

Case Two: When local grievances turn into an international media story (complex example)

Conflict at Buyat Bay, Indonesia

(CSRM Archive)

(CSRM Archive)
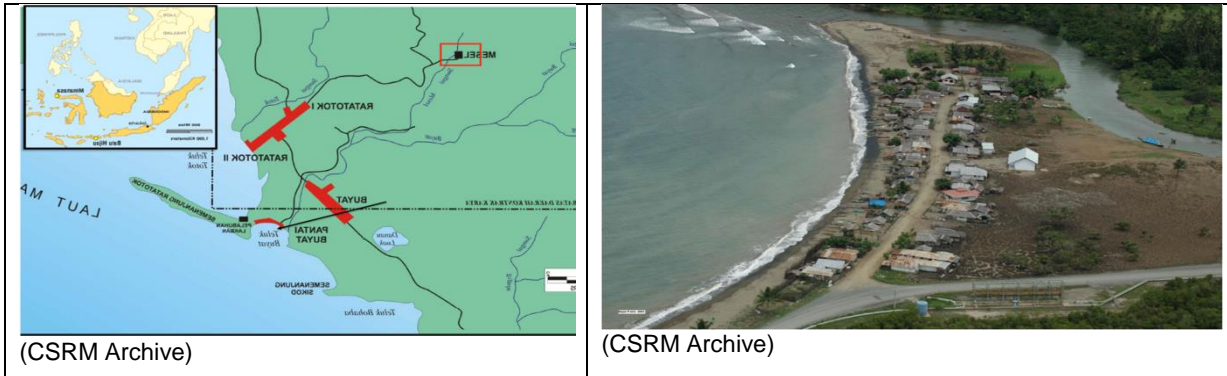
In its final year of operation, a gold mine located in the North Sulawesi Province of Indonesia operated by Newmont Minahasa Raya (PTNMR) became deeply embroiled in controversy over allegations of poisoning the local Buyat Bay. Some local community members and NGOs claimed that the company had dumped toxic waste through submarine tailings placement (STP) that had poisoned waterways and marine life and negatively impacted their health.

A key focus of the litigation and media coverage was tailings disposal. Permitting documentation evaluated two tailings disposal options, land storage and STP, the latter of which was selected. PTNMR was the first mine in Indonesia to use this method. The STP system involved a three-stage detoxification circuit to target the reduction of cyanide, arsenic and mercury in the tailings slurry prior to discharge into the ocean via a pipeline 1km offshore at a depth of 82 meters. While PTNMR did not use mercury or arsenic to process gold, they were given particular attention in the detoxification process due to their abundance in the mined ore and their potentially toxic nature.

A protracted conflict involving PTNMR, and Newmont as the parent company, various Indonesian politicians and government departments, global media, NGOs and local community groups ensued, with multiple lawsuits lodged, defended and verdicts appealed. In the process, Newmont employees were detained, and later charged with environmental crimes.

Some of the contextual factors that influenced the case include:

Global: -Anti STP movement strong
National: -Liberalisation of media
            -Freedom of expression
            -Election year
            -Anti-Western sentiment (9/11 + Iraq)
            -Ongoing endemic corruption
            -Decentralisation

Local: -Poor but largely supportive communities

Key activities developed by the company, government/etc.:

- "No blame" stipulated in the Scope of Work
- Method: confidential interviews with current and former employees, contractors and executives
- Document the conflict trajectory
- Identify how management systems helped or hindered
- Identify how organisational factors influenced events.

Challenges confronted by the project include:
- Approach to some relationships not strategic
- Avoided conflictual relationships (some NGOs)
- Good relationships locally, weaker in Jakarta
- Inadequate engagement of Buyat Pantai
- "Broad support" was considered enough
- Built relationships with the dominant groups
- Bribery and corruption
- Pride that the company did not pay 'bribes'
- Strong stance (e.g. per diem) stifled relationships
- Internal dynamics
- Focus on technical compliance for closure
- Ambiguous lines of responsibility (corporate/regions/site)
- No formal systems in place for CR
- No social studies, or CR management plans
- Limited records (e.g. community health)
- Weak CR function
- Under-resourced and lack of continuity
- Limited influence internally
- Local knowledge not taken into account
- Crisis response
- Survival mode, no crisis strategy
- No multi-disciplinary strategizing
- CR not formally part of crisis response
- Legal and media discipline dominated
- Cultural dynamics
- No Indonesian company spokesperson
- No expert Indonesian studies commissioned (all international experts).

Outcomes reported after instituting the grievances and complaints mechanisms:

Despite a series of strong legal victories in favour of Newmont in the Indonesian courts, the Minahasa case called the company's corporate reputation as into question on an international scale. Evidence eventually showed no evidence of environmental destruction. Company

executives were eventually acquitted of all charges. A 'Goodwill Agreement' was established with local communities. Newmont helped the Buyat Pantai community to 'legalise', and many of the families who left the area in the height of the crisis returned.

The magnitude of the crisis due to the many causes and compounding factors involved. In retrospect, if Newmont had been better prepared, had responded more strategically to events as they unfolded in the early part of the crisis and had enjoyed stronger relationships with key stakeholder groups, the crisis could have been better contained. A retrospective study of the conflict concluded that:

Positive:
- Over time ... legal victories for Newmont
- No evidence of pollution
- Company executives acquitted
- 'Goodwill Agreement' established
- Newmont helped remaining Buyat Pantai families to 'legalise'
- Many others drift back
- Even a partial retrospective analysis provides information and new perspectives
- Organisational factors are usually more important than they initially appear
- Retrospective analysis is underutilised in terms of understanding conflict, particularly internal factors.

Negative:
- Newmont's approach to relationships with key stakeholder groups was not strategic enough
- The decision for PTNMR not to formally engage with Buyat Pantai provided fertile ground for other groups to further their own objectives
- At the time of the crisis, the company had oppositional relationships with some NGOs. This applied particularly to those with radically different perspectives
- Newmont had few relationships with national media, particularly after their Jakarta office was reduced in size in response to decentralisation
- Many interviewees pointed to dysfunctional or problematic relationships with some government officials. There was also a change in national government mid-way through the crisis
- The organisational paradigm was dominated by a production, technical and environmental compliance orientation contributed to a situation where social risks were not adequately considered, understood, resourced, managed or monitored by the organisation before and during the crisis.

Proposed Questions:
- Why are grievances and complaints mechanisms necessary nowadays?
- What factors enable a consensus to be reached by using grievances and complaints mechanisms?

References:

Kemp, D., Evans, R., Plavina, J & B. Sharp (2008) Newmont's Global Community Relationships Review, 'Organisational Learnings from the Minahasa Case Study'. Centre for Social Responsibility in Mining (CSRM). Available at: https://www.csrm.uq.edu.au/publications/organisational-learnings-from-the-minahasa-case-study

Recommended Readings

- CAO (2008) A Guide to Designing and Implementing Grievance Mechanisms for Development Projects. Office of the Compliance Advisor/Ombudsman (CAO), Washington, DC. Available at: http://www.cao-ombudsman.org/howwework/advisor/documents/implemgrieveng.pdf

- ICMM (2009) ICMM presents new guidance note on handling and resolving local level concerns and grievances. Available at: http://www.icmm.com/page/15822/icmm-presents-new-guidance-note-on-handling-and-resolving-local-level-concerns-and-grievances

- IPIECA (2012) Operational level grievance mechanisms: good practice survey. Available at: http://www.ipieca.org/publication/operational-level-grievance-mechanisms-good-practice-survey

- Kemp, D. and Gotzmann, N. (2009) Community Complaints and Grievance Mechanisms and the Australian Minerals Industry, Second discussion paper. Available at: https://www.csrm.uq.edu.au/publications/community-complaints-and-grievance-mechanisms-and-the-australian-minerals-industry

- Rees, C. (2008) Rights-Compatible Grievances Mechanisms: A Guidance Tool for Companies and Their Stakeholders. Corporate Social Responsibility Initiative Working Paper No. 41. Cambridge, MA: John F. Kennedy School of Government, Harvard University. Available at: http://www.hks.harvard.edu/m-rcbg/CSRI/publications/Workingpaper_41_Rights-Compatible%20Grievance%20Mechanisms_May2008FNL.pdf

- Ruggie, J. (2011) Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy Framework. UN, March 21, 2011. Available at: http://www.business-humanrights.org/media/documents/ruggie/ruggie-guiding-principles-21-mar-2011.pdf

Citation:

Kemp, D. (2016) Grievances and Complaints Mechanisms. In de la Flor Olavide, A., & Lawson, L. (eds), *The ABC of Social Responsibility in Mining: A Manual on how to obtain Social Consensus in the Extractive Sector*. Centre for Social Responsibility in Mining-SMI, The University of Queensland, Brisbane, Australia. Available at: https://www.csrm.uq.edu.au/publications/the-abc-of-social-responsibility-in-mining-a-manual-on-how-to-obtain-social-consensus-in-the-extractive-sector

CSRM Expert in Grievances and Complaints Mechanisms

Dr. Deanna Kemp

Associate Professor (Deputy Director - Industry Engagement and Community Relations)
d.kemp@smi.uq.edu.au

Biography

As Deputy Director at CSRM, Dr Deanna Kemp leads an international program of work and research focused on community relations and development practice in mining. She has an interest in industry responses to conflict and development challenges. Deanna engages with industry, government, civil society groups and mine-affected communities through research, social performance evaluation, advisory work, and training and education. Currently she works on applied social research projects in Laos, Mongolia, Peru, Ghana, Papua New Guinea and Australia. Deanna leads ComRel, CSRM's Community Relations Research Unit.

Prior to completing her PhD and joining CSRM seven years ago, Deanna held senior positions in the mining industry. She worked in corporate and operational roles at BHP Billiton and as an independent social assessor for a number of global resources companies. Deanna has also collaborated with non-government organisations, including Oxfam Australia, on industry-related campaigns and capacity building programs.

Deanna has published a range of journal articles, book chapters and discussion papers on topics such as company-community conflict, local-level development, grievance mechanisms and community relations as a professional field of practice. She teaches into CSRM's Graduate Certificate in Community Relations in Natural Resources and supervises a number of emerging researchers and PhD and Masters students. Deanna currently serves on the International Council of Mining and Metal{s new member Expert Review Panel and is a member of the International Association of Impact Assessment.

Deanna holds a PhD from The University of Queensland where she studied at the School of Social Work and Applied Human Sciences. She also holds a Masters of Social Science by research from RMIT University and a Graduate Diploma in Human Resources and Industrial Relations from Griffith University. Her undergraduate was a Bachelor of Business majoring in communication studies from the Queensland University of Technology (QUT).

Artisanal and Small Scale Mining (ASM)

Content

Definitions

There is no one definition of ASM, in this paper ASM will typically refer to following definition:

> *"a rural livelihood strategy using simple tools and equipment, usually in the informal sector, outside the legal and regulatory framework exploiting marginal deposits in harsh and often dangerous conditions"* (Mineria, Minerales y Desarrollo Sustentable 2002).

However the term also covers small to medium scale mining which may include a level of mechanisation and may or may not be formalised in the legal regulated environment[1].

Description of Issues

It is estimated that 18 -20 % of all minerals and metals are extracted using ASM. More than 20 million people globally make their living in ASM and perhaps 2 to 3 times more people live on its associated income. This is at least 10 times more than those employed in large scale mining (LSM). While LSM can bring great wealth to a country through taxes and royalties, in many cases ASM provides vital day to day livelihood for some of the poorest people on earth living in remote areas with few other sources of employment. Women are widely involved, for example in Africa where they may constitute between 40 and 100% of the ASM workforce (Buxton, 2013).

ASM operates in more than 80 countries and the sector is growing as is the participation of women and children. In some regions it is the principal livelihood. For example in the Central African Republic approximately two thirds of population are living from ASM related revenue in diamonds and gold. In Bolivia mining accounts for 40% of all exports and 85% of the employment in the sector is in small mining cooperatives and mines. In Peru over 500,000 people work either directly or are dependent on the sector (Peru Support Group, 2012).

Theoretical Framework

Push Pull theories:

The pull view**:** ASM is driven by opportunists and those after a quick and lucrative economic reward. This is typified by the "rush" phenomenon. Early attempts to theorise ASM such as favoured this classification and referred to it in terms of entrepreneurship and small business.

---

[1] Key concepts to consider are:
Informal mining activity: exists outside of formal economy, is not fully licenced or regulated
Illegal mining activity: the miner is operating informally and is not interested in becoming part of the regulated activity
Artisanal mining: extraction with hand tools only
Small to Medium scale mining : using excavators, compressor, explosives

The push view: ASM is driven by extreme poverty and failure to make a sufficient living from agriculture because of economic and pricing changes brought about by structural adjustment policy, or failure of crops due to failures of rains or natural disaster or climate change.

Poverty Traps:

Poverty traps are where the artisanal miner finds themselves trapped into a vicious circle of low level of production that is neither sustainable nor capable of bringing wellbeing to the miner or their family.

- **Skill deficit traps:** Low levels of skills (e.g. incomplete geo prospecting knowledge, rudimentary and unreliable equipment poor understanding of negative environmental impacts) mean that more and more miners find themselves on environmentally degraded sites with diminishing returns.

- **Financial trap:** Over investment/borrowing to buy cheap but poor quality equipment which breaks down frequently, leaves the miner with no capacity to repair the equipment and thus falling further into a debt related trap.

- **Health and injury related traps:** Poor occupational health and safety practice, environmental degradation (leading to flooding, cave-ins and landslides) as well as unsafe use of mercury and cyanide in ASM of gold lead to accidents and poor health among artisanal miners. This means that the breadwinner for the family may not be able to work or may work on in pain with reduced productivity. One response is to send younger inexperienced family members off to mine, such young miners are then at risk themselves further locking the family into a vicious circle of poverty.
- **Environmental traps:** Lack of time, knowledge and resources means the environment is degraded and cannot be used for agriculture or other activities. Mined land is not rehabilitated e.g. top soil is not replaced and this means crops don't grow; water used in mining is polluted and cannot be used in other activities or may lead to illness (chemical poisoning, parasites and malaria).

Commodities:

Commodities mined range from gold and gemstones, to tin, tantalum, tungsten (the 3 Ts) coltan, lead zinc copper and industrial minerals such as stone and sand.
ASM is driven by high demand and good prices. Gold rose from $290 an ounce in 2001 to US$ 1740 an ounce in 2011. ASM of the 3 Ts and coltan e.g.in the Congo is driven by demand for these minerals in personal electronic equipment. There is strong world-wide demand for coloured gemstones and ornamental stone particularly in India and China.

% of Commodity from the ASM sector

Adapted from Levin
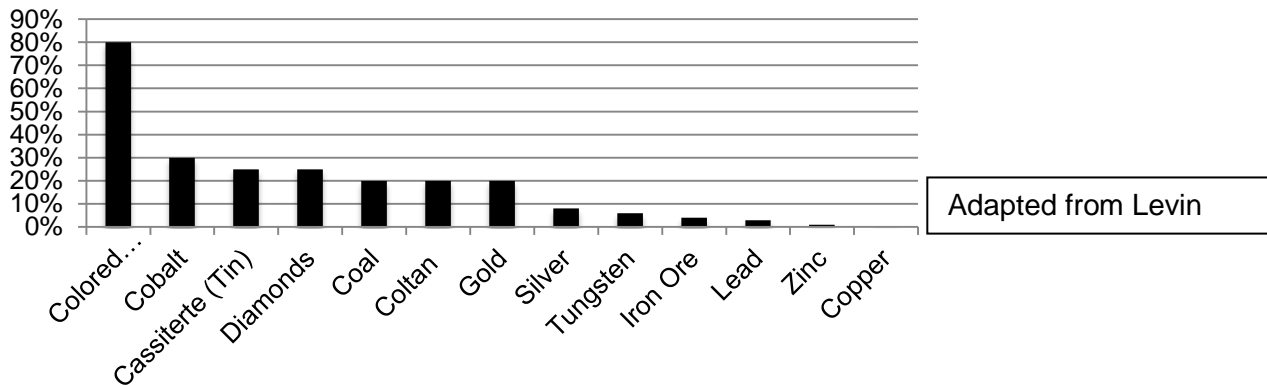
Challenges and Issues

Gender Considerations:

As in all mining activity men and women are not impacted in the same way. Some women are able to gain some financial and social independence, but typically women earn considerably less than men even when doing the same task. In addition they work longer hours since they still carry the burden of domestic work. Women's tasks expose them to many negative impacts e.g. mercury vapours from roasting amalgam, dust from rock crushing, pelvic and skin infections from many hours spent panning in waist depth water. Women's domestic life is particularly severely impacted by the degradation of natural resources that typically accompany unregulated ASM , for example the loss of firewood and medicinal plants (Buxton, 2013).

It is common for family groups to mine together exposing some children to dangerous activity and preventing them from attending school.

LSM and ASM:

One of the most serious issues faced by LSM particularly of gold, are incursions by illegal ASM onto leases. This often causes intractable problems and violence and typically leads to deployment of private security firms exacerbating local and ethnic tensions, gender based violence and insecurity. Such approaches rarely work in isolation without considering the livelihoods of the ASM community. More constructive approaches take into consideration the following:

1. The presence of ASM across the mine life cycle (see ICMM p.20).
2. Were the ASM miners already present at the time of exploration? Were attempts made to negotiate with them? Based on the geology, caould some parts of the lease be allocated specifically for ASM? Can land be set aside for ASM based on earliest assays and geology? Is resettlement required (see your materials on this topic).
3. Development of good relationships with local government, ASM leaders and spokes people including women working on the site.
4. Sharing Occupational Health and Safety (OH and S) and environmental management knowledge with miners.
5. Expecting highest standards of respect for the human rights of ASM from all staff including contracted security personnel.

Livelihood and Business Considerations:

It is important to find incentives to encourage miners to formalise their activity.

This can often be achieved by considering the business needs of miners who often have very little access to capital to grow their business. In particular, miners need assistance to find markets and add value in-country to their products.

Environment:

ASM very often has devastating impacts on the environment, leaving land and water polluted or degraded and unsuitable for agriculture or other activities when the commodity is extinguished.

Training and incentives are required for miners to rehabilitate their land. For example conserving top soil to restore agricultural land is one measure that can have a large practical impact.

Promising Approaches

- Loans conditional on fulfilment of minimum OH and S and environmental management standards (careful training and monitoring required).
- Formation of clusters of small groups of economic agents in a particular region that go across cooperatives and in the case of opal mining in Brazil, provide access to jewellers' and stone cutters' associations and specialised training and professional advice about mine planning and the environment. This has encouraged formalisation. (Milanez and Oliveira, 2013)
- Micro credit schemes (including gender sensitive approaches) that are aligned to development outcomes and not simply seen by funders as commercial products.
- Hire-purchase schemes for groups of miners who are then able to progressively buy a range of equipment.
- Beneficiation can be fostered through the creation of cooperatives and training that enable more value addition to take place close to the mine for example processing of ore and certification, cutting of stones, jewellery making and gemstone tourism.
- Understanding of the market and strategic approaches for mine to market approaches.
- Metals and minerals can be certified as "ethically sourced" for example Fair-trade Gold and Gems may have added value on the market.
- Consortia can market products such as the Zambian Women's Mining Association who successfully worked together to sell large lots of emeralds (135 kg.) at auction in Canada.

The Role of ASM for building Social Consensus

ASM can be a difficult issue for governments and companies to manage. It touches on sensitive issues such as the rights of local people to benefit from mineral land rights, child labour, gender considerations and violence. A company that engages positively with local ASM will have a better chance of building a social consensus to operate as they will have less friction with local communities who may be closely integrated with ASM, either as miners or in providing services to miners and they will have less need for private security contractors. The ICMM (p.14-15) lists 4 reasons why LSM should work with ASM.

These are:
- Risk Minimisation and Security
- Management of Reputational Risk (dangerous sites, child labour, gender based violence)
- Maximisation of community development opportunities
- To meet the standards of voluntary corporate commitments regarding human rights and resettlement.

References:

Buxton, A. (2013) Responding to the challenge of artisanal and small-scale mining. How can knowledge networks help? London: IIED. Available at: http://pubs.iied.org/pdfs/16532IIED.pdf

ICMM (2009) Working together: How large-scale mining can engage with artisanal and small-scale miners. Available at: https://www.icmm.com/page/84136/our-work/projects/articles/artisanal-and-small-scale-mining

Levin, E. (2012) Estelle Levin Ltd: Reports & Publications. Available at: http://www.estellelevin.com/reports-publications/

Milanez, B., and Oliveira, J. (2013) Innovation for sustainable development in artisanal mining: Advances in a cluster of opal mining in Brazil. Resources Policy, 38(4), 427-434. doi: Available at: http://dx.doi.org/10.1016/j.resourpol.2013.07.003

Mineria, Minerales y Desarrollo Sustentable (2002) CD-ROM. Available at: http://pubs.iied.org/9287IIED.html

Peru Support Group (2012) ¿Una bendición o una condena? Available at: http://www.perusupportgroup.org.uk/files/fckUserFiles/file/Mineria%20Artesanal%20y%20en%20Peque%C3%B1a%20Escala%20en%20Per%C3%BA.pdf

Case Studies

Case One: ASM and local economic development (positive example)

Mineral Clusters in Brazil

(CSRM Archive)

(CSRM Archive)
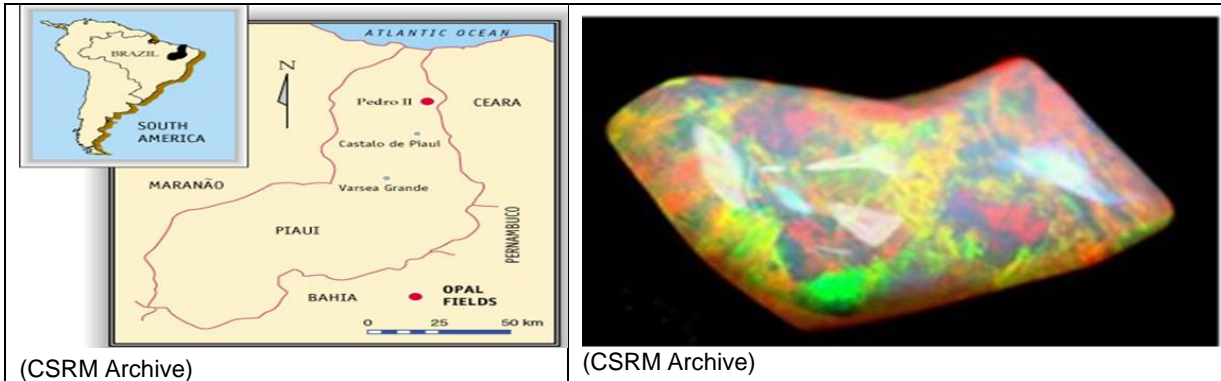
The northern state of Piaui in Brazil has significant and valuable deposits of fine translucent opal layered between sandstone and in eluvial deposits above the source rock. This valuable stone has until recently been mined almost exclusively by small scale miners -garimpeiros- around the town of Pedro II. Social and economic conditions are poor and among the 20% of least developed in Brazil. Since the early 80's private and state government initiatives have encouraged value addition by offering courses in opal cutting and creating a school of mineral handicrafts. In 2000 conflicts arose between the garimpeiros sifting the tailings for stones and an Australian company which had the legal right to mine there. Government response was initially to close down mines of the garimpeiros, but this approach could not be sustained as opal money was the main source of revenue for residents. A compromise was reached such that garimpeiros were ceded an area of tailings in return for reforestation and an undertaking not to occupy the companies' mines.

Another outcome was the creation of the Opal Cluster Project financed by state and federal funding bodies with a particularly valuable connection with the Centre for Mineral Technology (CETEM), a public centre dedicated to mining technology. Business clusters are well known in the literature on small to medium size enterprises but not in ASM. Clusters are small groupings of economic agents in a particular region, they go across cooperatives; the key idea is that small scale operators are able to overcome some of the hindrances they normally face when working in isolation: lack of scale, lack of specialised services, distribution channels and credit. There is also the opportunity for NGOs and government to assist. In the mining arena clusters can help small scale miners to upgrade themselves in their professional practice and in their socio economic circumstances.

In Pedro II, mine safety has improved as the cluster employed a mining engineer for mine planning. There has also been huge improvement in formalisation for garimpeiros as with the help of the engineer they were able to obtain an environmental permit and become licensed. A seedling nursery is run by the garimpeiros to fulfil their legal obligation to do mined land rehabilitation and the quality of water in rivers and streams has improved. Also stone cutting and jewellery initiatives have continued to grow with training from leading US jewellers, the formalisation of jewellery businesses and improved access to markets and the diffusion of knowledge about ways to set some of the less valuable stones. Recent developments include

mine related tourism and jewellery festivals and looking beyond the life of the mine: ecotourism and ecological brick making using aggregate from the tailings (adapted from Milanez and Oliveira (2013).

Key Activities:

- Garimpeiros were ceded an area of tailings in return for reforestation and an undertaking not to occupy the companie´s mines.
- Creation of the Opal Cluster Project financed by state and federal funding bodies with a particularly valuable connection with the Centre for Mineral Technology (CETEM), a public centre dedicated to mining technology.
- Employment of a mining engineer and success in obtaining environmental permit. This led to formalisation of ASM activity for many miners.

Challenges:

- The membership of the cooperatives is relatively expensive (10 to 20 % of members earnings has to be paid as overheads) and this has limited number of people who can join.
- Social and economic conditions are poor and among the 20% of least developed in Brazil on going work is required to maintain commitment to the cluster and to pay the fees needed.
- Alternative livelihood to ASM will need to be developed to sustain the cluster economically.

Outcomes:

- Improved safer working conditions.
- Improved environmental outcomes (e.g. improved waste water management, mined land rehabilitation, etc.).
- Training in new methods opal cutting, setting and jewellery making.
- Formalised jewellery businesses and new markets for their products.

Proposed Questions:

- What lessons can be learned from this case?
- How did the LSM manage conflict with ASM?
- What were the factors which enabled the successful creation of clusters?
- What were the main achievements of the cluster?
- How important was the support of state organisations like CETEM?

References:

Milanez, B., and Oliveira, J. (2013) Innovation for sustainable development in artisanal mining: Advances in a cluster of opal mining in Brazil. Resources Policy, 38(4), 427-434. doi: Available at: http://dx.doi.org/10.1016/j.resourpol.2013.07.003

Case Two: LSM and ASM (complex example)

When ASM and LSM collide

(CSRM Archive)   (CSRM Archive)

A foreign owned gold mining company is operating in Africa in a country which has just emerged from civil war and where more than 40% of the population is living in poverty. The mine is a conventional truck and excavator open pit mine. It has been operating for 7 years and 95,000 ounces of gold were produced in 2014. The company has 90% ownership of the company and employs some 1000 local people. It is working with the United Nations on a rage of development projects in the local community. They have a large lease and 7 years ago, ASM miners were allowed by the company to move onto a part of the lease they were not using. ASM miners paid landowners to allow them onto the land and mining has replaced agriculture. As a result there are now 3000 ASM miners and associated workers working and living on this part of the lease including many women and children and foreign workers. There has been no mined land rehabilitation and there are dangerous abandoned shafts. There is extensive and uncontrolled use of mercury and cyanide. A prosperous town has grown up to service the ASM on the edge of this activity. Company research estimates that over $12 million a year is made from ASM exploitation of this lease.

The Company is now facing write downs in its share value because it has been unable to meet its targets. It needs to move onto this part of their lease and to move the miners off the lease.

The ASM miners are reasonably mobile and have mine supports that can be removed and activity transported elsewhere. The vibrant service town is likely to die without the ASM.
Local Government is keen to keep good relationship with the Company and has offered to remove the ASM by force if needed. The ASM miners do not have mining permits and are essentially trespassing.

Key activities:

- Exploration by foreign firm.
- Mining lease obtained by foreign firm.
- Permission for ASM to move onto unoccupied part of lease.

Challenges:

- The company is facing financial pressure and now needs to mine the area where ASM are occupying.

- Possible loss of community support: if the ASM are forced to move, the local town will die. Also many local people are ASM.

Outcomes:

- A recent change in government policy is forcing the ASM miners to move.

Proposed Questions:

- What are the major issues facing the company? How did these issues arise? In hindsight what should the company have done?
- What options does the company have now? Based on what you have learned in the course so far, what recommendations would you make for the company now and in the future?
- The Company is not keen to take up the offer by local authorities to remove the miners by force? Why do you think this is the case?

Recommended Readings

- ICMM (2009) Working together: How large-scale mining can engage with artisanal and small-scale miners. Available at: https://www.icmm.com/page/84136/our-work/projects/articles/artisanal-and-small-scale-mining
- Buxton, A. (2013) Responding to the challenge of artisanal and small-scale mining. How can knowledge networks help? London: IIED. Available at: http://pubs.iied.org/pdfs/16532IIED.pdf

<u>Citation:</u>

Lawson, L. (2016) Artisanal and Small Scale Mining (ASM). In de la Flor Olavide, A., & Lawson, L. (eds), *The ABC of Social Responsibility in Mining: A Manual on how to obtain Social Consensus in the Extractive Sector*. Centre for Social Responsibility in Mining-SMI, The University of Queensland, Brisbane, Australia. Available at: https://www.csrm.uq.edu.au/publications/the-abc-of-social-responsibility-in-mining-a-manual-on-how-to-obtain-social-consensus-in-the-extractive-sector

CSRM Expert in Artisanal and Small Scale Mining (ASM)

Lynda Lawson

Training and Knowledge Transfer Manager
l.lawson1@uq.edu.au

Biography

Lynda Lawson is Manager (Training and Knowledge Transfer) at the Centre for Social Responsibility in Mining at the University of Queensland. She is an applied linguist and behavioural scientist with extensive experience designing and delivering training programs for industry and government. A growing area of her expertise is in the assessment of the training needs of government and civil society staff involved in resource extraction and the design of programs to meet those training needs. She has designed, developed, and facilitated complex long and short training courses in Australia, Asia Pacific, Africa and Chile. Her work includes design of a diagnostic tool, conduct of a training audit, reporting and planning of 3 year training schedule (Papua New Guinea), and African training courses such as Managing Social and Environmental Impacts of Mining (7 weeks Australia /Ghana), Managing Corporate Community Relations in Mining (5 weeks programs: Australia/Ghana), Community Aspects of Resource Development (4 weeks Australia) and Developing Local SME suppliers for Mining Oil and Gas (Ghana). She has conducted workshops and evaluation of training in the UK, France, Papua New Guinea, Malawi, Tanzania, and Madagascar, Ethiopia and Mozambique and scoping visits to the Ivory Coast, Kenya and Togo. She is committed to an engaging and dynamic pedagogy that facilitates South to South knowledge transfer and is based on experiential learning. She speaks fluent French and she has a particular interest in mining and development in Madagascar and Francophone Africa. Her specific research area is in artisanal mining, the mining of gemstones, women miners and poverty alleviation

Mining-Induced Displacement and Resettlement (MIDR)

Content

Definitions

This topic has many terms that are important to differentiate (Reddy et al., 2014):

Land access/acquisition: this includes not just outright purchase of property, but also acquisition of access rights (e.g. rights of way).

Resettlement: the process of not just compensating and moving, but re-establishing people who live or work on the land required for a project.

Physical displacement: where there is loss of shelter and assets resulting from project-related acquisition of land and/or restrictions on land use that requires the affected persons to move to another location.

Economic displacement: where there is a loss of assets of access to assets that leads to loss of income sources or other means of livelihood as a result of project-related land acquisition and/or restrictions on land use.

Involuntary resettlement: when affected people do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement. This includes situations involving lawful expropriation, temporary or permanent restictions on land use or negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.

Voluntary resettlement: is based on consent and arises when people are not obliged to move and the land acquirer cannot resort to expropriation or other compulsory procedures if negotiations fail.

´Greenfields´ and ´Brownfields´: mining projects are commonly referred to as 'greenfields' or 'brownfields' to describe the extent to which exploration or industrial activities have previously been conducted in the project area. Metaphorically, greenfields suggests untouched grass and brownfields land that has been trampled and converted to industrial use.

Mining's unique features

Mining-induced displacement and resettlement (MIDR) is a sub-field of development-induced displacement and resettlement (DIDR). MIDR also has some unique features (Owen and Kemp, 2014):

1. Incremental expansion and uncertainty:
Unlike other industries, mining companies face high levels of uncertainty around their land requirements. Imprecise prediction of land requirements also appears as a function of cost deferral within the mine lifecycle.

The 'brownfield effect' can exacerbate conflict and create a hotbed of opposition, not only between company and community, but also within communities who were resettled. Communities resettled a few years apart, for example, may have sold land for very different prices; the first when the community did not have a sense of land values relative to industrial scale mining, and the second with the benefit of hindsight informed by a strong sense of impacts.

Dams, construction project agri-business, forestry and even oil and gas can more readily plan resettlement as a front-end activity. These industries work within a development envelope where the geographic impact can be more clearly defined. In these industries, there is no project 'tail' that is dependent on future discoveries, volatile commodity prices and a complex set of interactions and dependencies.

2. Cohabitation patterns and proximity to production:
With MIDR, it is the pattern of cohabitation between mines and resettled communities that have become a defining feature. Communities will often reside in close proximity to production, where land acquired by the project remains visible to relocated households. Some communities will bear witness to dramatic landscape change from within the mining lease itself.

Shared occupancy of mine lease areas adds further complexity to mine-community relations, a complexity that is intensified when communities are relocated within the mining lease. This 'proximity to production' differentiates mining from other sectors, such as in the case of dams, where the original site is submerged e covered in a relatively unproductive and benign state.

3. Interdependency and other entanglements:
Relocatees lives can become entangled with the mine and its activities. Reflecting the cohabitation/proximity model, one set of entanglements relates to the dynamic interaction between impact patterns, mitigation measures and the flow and distribution of local-level benefits. The delicate balance struck between interventions designed to soften the impact of resettlement and the residual effects experienced by resettled communities, forms the basis of this entanglement.

Resettled communities are often beholden to the financial success (or otherwise) of a mining operation, and in some cases the parent company. Allocations for community investment, livelihood programs and even community engagement programs are fundamentally budget dependent. Operating budgets are typically determined annually, underpinned by the commodity cycle, rather than local-level vulnerabilities. Neither are budgets always determined by the profitability of a single mine. Profitable mines with resettlement obligations in large companies can have their profits re-directed to support other projects within a corporate portfolio, such as those under development, or in debt.

Expansions, acquisitions, closures and divestments can also affect the availability of revenue and resources to support resettlement and livelihood programs. In the absence of resources, competition between individuals, households, families and communities – including between relocatees and receiving or neighbouring communities – can place people at further risk of disruption and dislocation.

4. Leveraging and cost increase:

Our data suggests a general pattern whereby total cost of planned resettlement tends to increase as mines move through the project lifecycle. A key determinant that is often overlooked in resettlement planning is the influence of 'leveraging'. Leveraging is another major driver of planned and unplanned costs. Some forms of leveraging can be interpreted as opportunistic, where relocatees demand exorbitant prices in the hope that the company simply pays out. In instances when inflated payments are agreed to by the company for the purposes of securing land access, a precedent is set for future negotiations. Other times leveraging can be read as a proxy for deep-seated grievance, which in some cases can have its origins elsewhere.

5. Governance and management:

Governance arrangements for MIDR differ from other sectors. The range of actors is similar: developers, governments and their respective agents; affected and resettlement communities and their representatives; non-government organisations and other civil society groups. The main point of departure from arrangements in other sectors lies in the complexity of factors as outlined above, where the boundary of responsibility between these parties and the allocation of resources is more fluid and opaque.

Most jurisdictions involve governments delegating responsibility for managing resettlement to mining companies as a permitting condition. For other large-scale development projects such as dams and major infrastructure, the state either leads the resettlement process, or takes a prominent role in public consultations. In mining, it is often the company that inherits exclusive responsibility for the Resettlement Action Plan (RAP) formulation and implementation, with governments requiring companies to serve as their proxy in the delivery of sub-elements of a RAP.

Challenges and Issues in resettlement and mega projects

Around the world, mega projects are increasingly facing a number of common and overarching challenges (Reddy et al., 2014):

- There is growing pressure to develop projects in a socially responsible manner
- The performance bar is being raised
- There are often high community and government expectations for development
- Projects are increasingly located in challenging and sensitive areas
- There is often a lack of realism about the effort, time and cost to undertake resettlement properly
- There is an increasing risk of speculative activities
- Resettlement planning cannot be done without the participation of people involved
- Projects often suffer from a legacy of broken promises and lack of trust
- There is often limited capacity of communities and governments
- Projects cannot rely on joint venture partners or governments to do resettlement for them, but must work with them
- Leaders may not be truly representative
- Restoration of livelihoods, let alone improving them, is difficult
- Finding replacement land is increasingly challenging
- Resettlement involves multiple negotiations
- Meeting standards appropriate to the site and the local context can be challenging

- Making sure that schedules and budgets are realistic can be difficult.

Promising Approaches

Reddy et al. (2014) also suggest that there are some important elements to cover in a resettlement project. These include:

- Legal aspects and other norms and standards
- Project planning and preparation
- Stakeholder engagement (including considerations of human rights, gender and Indigenous Peoples)
- Baseline data collection and analysis
- Assessing project impacts and reducing displacement
- Compensation frameworks
- Physical resettlement
- Livelihood restoration
- Vulnerable persons
- Negotiation process
- Compensation and sign off
- Resettlement implementation and moves
- Community investment
- Community development
- Cultural heritage
- Monitoring and evaluation
- Land management.

Rerole of Resettlement for building Social Consensus

A responsible resettlement must include the participation of affected communities. Some companies achieve participation through negotiated agreement processes – such as a Resettlement Agreement. This can document the conditions of a 'consent' process, or may only include agreements to manage impacts.

Social consensus can be supported by transparent processes for monitoring and evaluation of resettlement success to ensure adequate levels of accountability.

References:

Owen, J. R., and Kemp, D. (2014) Mining-Induced Displacement and Resettlement: A Critical Appraisal. Journal of Cleaner Production. Available at: http://ac.els-cdn.com/S0959652614010269/1-s2.0-S0959652614010269-main.pdf?_tid=b4391774-ee0c-11e4-9d0d 00000aab0f02&acdnat=1430270085_5ed114b796a0a44168ccf6b2d5806b88

Reddy, G., Smyth, E., and Steyn, M. (2014) Land Access and Resettlement: A Guide to Best Practice, Greenleef, Sheffield, UK.

Case Studies

Case One: Land Access and Resettlement (positive example)

The Rio Tinto La Granja project's planning procedure for land access in Cajamarca, Peru

(CSRM Archives)

(Rio Tinto archives)
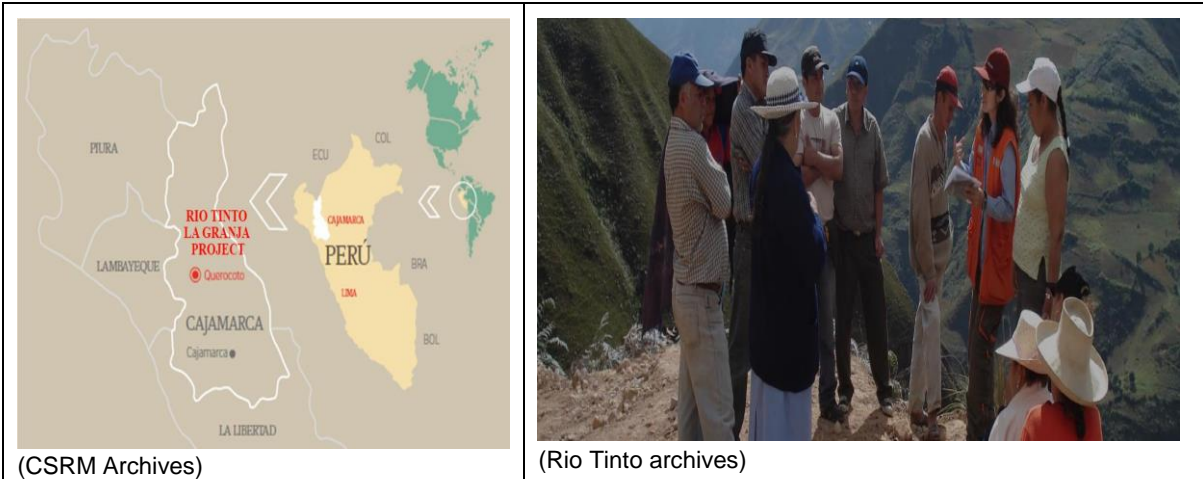
This case study provides an overview of the Rio Tinto La Granja project's land access initiatives and processes from 2006 to 2014, during the project's Order of Magnitude and Prefeasibility phases.

La Granja is a copper ore body located in the Cajamarca region in Northern Peru, first discovered in the late 1960s. Rio Tinto is the third mining company to own the right to evaluate the La Granja ore body via a Transfer Agreement with the government of Peru.

The La Granja concession covers 3,900 hectares with altitudes ranging from 2,000 to 2,500 meters above sea-level. The local landscape is composed of smallholder, subsistence agriculture with cloud forest remnants located at the higher altitudes. There are various mining projects in the area and some have suffered social disruptions because of community unrest. In 2014, the concession area encompassed seven villages with a population of approximately 2,600.

Challenges identified by the project include:

The main risks identified in the project-community relations at the La Granja concession were:

- Rio Tinto is the third mining company to hold the La Granja concession. Previous companies (in particular Cambior, a Canadian based mining company no longer in existence) left negative social legacies when acquiring land in the concession.
- Rio Tinto chose to "temporarily" resettle 21 families who owned land and rent this land for exploration purposes instead of negotiating land purchases.
- Community uncertainty and speculation about project.
- Project location has seen various projects stopped by community protests, mostly violent conflicts with some ending in community fatalities.
- Not a single consultant, including those with over 30 years' experience working on resettlement, could point to a case example that is considered 100% "successful" in all

aspects. Re-establishment of livelihoods for resettled families was highlighted as being especially difficult.

- Prior planning around the footprint area is key to avoiding repeated resettlements. Previous companies in the area had resettled families two or three times, sometimes purchasing the same land more than once.
- Land acquisition and resettlement is a negotiation, albeit a very social one, and both company and community should be well prepared prior to negotiation to avoid significant cost increases or delays.

Key strategies developed by the company:

Taking into consideration the challenges land access and resettlement posed for the project, the La Granja team formalised an integrated land access strategy, which included a policy framework and a two-stage negotiation process for permanent land acquisition and resettlement. The policy framework set forth a public document with RTMP's principles and commitments for voluntary and peaceful land acquisition and resettlement. Stage One would be implemented during the project's Prefeasibility phase and would establish a transparent dialogue at the community level to develop a community or social agreement. During Stage Two, based on the terms set forth in the Social Agreement with the community, and after final approval by Rio Tinto Corporate to proceed to Feasibility, RTMP would negotiate individual agreements with families and landowners. Stage Two is currently on hold as mineral prices have fallen and the project feasibility is being reviewed by Rio Tinto Corporate.

Land access dialogue process (Stage One):

The dialogue process ran from June 2012 to May 2014. Key milestones during the process are captured in Table 1 below:

Table 1: Dialogue Process Milestones:

Date	Activity
June – September 2012	**Launch Dialogue Process** **RTMP met with every family in the proposed resettlement footprint and asked: "We would like to talk with you about the possibility of future land acquisition and resettlement. Are you willing to talk to us?" 93% of families visited agreed to continue the dialogue.**
October 2012	**Presentation RTMP Land Acquisition and Resettlement Policy** RTMP shared the principles and commitments of the policy in public workshops in each community.
January – March 2013	**Rights Review** RTMP contracted an NGO to implement workshops to review the rights and responsibilities of the families and RTMP in any land acquisition and resettlement process.
March – July 2013	**Household Census and Asset Inventory** Executed by a third party consultant with the participation of the families. Results were posted in each community and validated. The census and inventory created a list of eligible residents and their assets and provided details for refining budget forecasting.

August 2013	**Participatory Workshops**
	RTMP executed workshops in each community to present, consult and adapt the proposed compensation and benefits framework.[2]
November 2013 – June 2014	**Family Meetings**
	RTMP met with each family to present and review the adapted framework. Households were asked if they were willing to negotiate with the RTMP under the framework.

The dialogue process culminated with the family meetings (400 families in 4 communities) and the results provided measureable indicators on the willingness of families and landowners to negotiate land acquisition and resettlement with RTMP:

• 71% of the resident households were visited.

• 97% reported their willingness to reach agreement with Rio Tinto under the framework.

• 3% were undecided.

• 29% of households were not visited because they rejected the visit, they were absent during the visits or postponed the visit three times.

Conclusions:

The context where the project was located underpinned the design of the land acquisition negotiation process and the compensation and benefits package. Key conclusions included:

Negotiation Process:

• Transparency, equity and fairness are fundamental to achieving agreement on land access.

These are values important to the Ronda Campesina and aligned with Rio Tinto's "The Way We Work" values. [3] Private land ownership is recognized and prioritized, but not at the cost of fairness to all.

• A social or community dimension in the negotiation process would be required to achieve individual consent to sell and resettle. The social dimension would demonstrate the values of transparency, equity and fairness and hopefully result in a social consensus for land acquisition and resettlement that would set the context for individual negotiations.

• 'Getting to yes' with everyone was also important for the project. RTMP wanted to know if resettlement and land acquisition was going to be possible with all the owners of the land required for the mine prior to making a substantial investment in future development.

---

[2] The framework set broad criteria for compensation and benefits in housing restitution, land-for-land exchange; access to social services; livelihood restitution; among others. For example the criteria for housing allowed for restitution of one house per family and monetary compensation for secondary homes.
[3] "The Way We Work" is Rio Tinto's global code of business conduct.

Compensation and Benefits:

- To agree to sell their land and resettle, families would need to be certain that the deal would result in a better life. The resettlement proposal would need to be holistic, offering improved opportunities for livelihood, restitution of assets and continuing access and engagement with Rio Tinto and the future mine.

- A desirable package for families and landowners would include restitution of assets, monetary compensation and clear benefits to create opportunities for the resettled families.

- The package would need to address the emotional and psychological issues related to resettlement and provide families with the support necessary to enable them to take advantage of the opportunities contained in the compensation and benefits.

Proposed Questions:
- When is the best time to start engaging with communities, landowners and families about the possibility of land acquisition and resettlement so that both parties have more certainty about their futures?
- What happens if the consultation and negotiation commences, but a change in commodity pricing, market forces or corporate strategy delays or even stops the project?
- What are the effects of business uncertainty on the lives of local people?
- What are the effects of land access uncertainty on the business?

References:

Flynn, S. and Vergara, L. (2015) 'Land Access and Resettlement Planning at La Granja', part of the CSRM Occasional Papers: Mining-Induced Displacement and Resettlement Series (eds. Deanna Kemp & John Owen), University of Queensland. Available at:
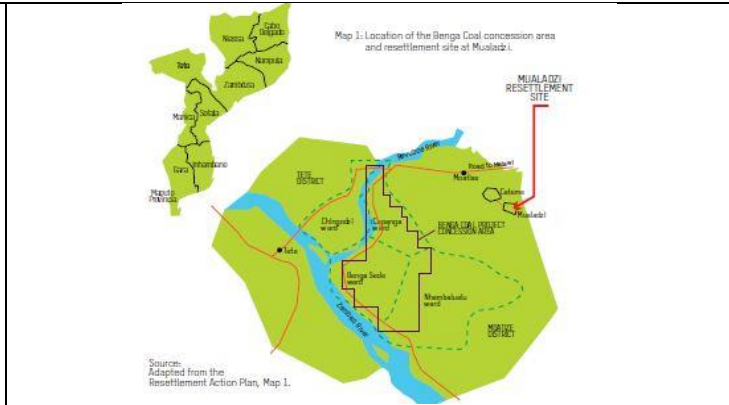https://www.csrm.uq.edu.au/publications/land-access-and-resettlement-planning-at-la-granja

Case Two: Mining and resettlement in Mozambique (complex example)

The Case of the Benga Mine, Tete province

(CSRM Archive)

(CSRM Archive)

The open cut Benga coal mine is located in the Moatize district of Tete province. Tete shares international borders with Zimbabwe, Zambia and Malawi and has internal boundaries with the provinces of Manica, Sofala and Zambezia. The Benga mine is located to the south of the Revuboe River and to the east of the Zambezi River. Tete also hosts operations owned by Indian company Jindal and Brazilian mining giant Vale, among other smaller operators.

The Benga coal mine in Mozambique involves the planned resettlement of 736 households (approximately 3,680 people). The resettlement process involved three companies through two acquisitions over a period of five years. The mine was originally developed by Australian mid-tier miner, Riversdale, with resettlement commencing in 2010. The mine was acquired by Rio Tinto in 2011. Three years after its acquisition of Riversdale, Rio Tinto announced that it would sell the Benga mine and other coal assets to Indian mining conglomerate, International Coal Ventures Limited (ICVL). Although it has yet to complete the planned resettlement process, in 2015 ICVL announced plans to expand and triple production over the next three years, which would inevitably involve further resettlement.

Key issues and contextual factors:

People who were involuntarily resettled to make way for the Benga mine have been significantly disadvantaged. Resettled people had no choice but to move from the fertile banks of the Revuboe River at Capanga, to Mualadzi, a remote location with poor quality soil and an insecure supply of water for personal and agricultural use. This harsh physical environment has put livelihoods at risk, with food security being an immediate challenge. Beyond physical hardship, Mualadzi's remoteness and poor transport infrastructure has reduced access to employment and other economic opportunities. This has further impeded people's ability to support themselves and their families. The stress and trauma associated with forced displacement, including emerging patterns of social fragmentation, are also significant concerns.

There is a range of defining features of the resettlement context in this case. Mozambique is one of the poorest countries in the world with a complex and volatile political history. While the extractive sector in Mozambique has been expanding rapidly, its regulatory framework lags behind. State capacity to monitor and regulate mining and resettlement is limited, as is often the case with other emerging mining economies. A range of civil society groups have drawn attention to issues of mining and resettlement in Mozambique.

Challenges:

Against Mozambique's history of conflict, endemic poverty and weak state capacity, livelihood reconstruction as part of a resettlement process is a difficult undertaking. Mozambique's pre-existing context calls for special measures to protect against further impoverishment of already "at risk" people. In light of the background challenges, risk mitigation and livelihood restoration measures at Mualadzi do not appear to be commensurate with resettlement impacts or expressed community needs. State and corporate actors have not adequately accounted for resettlement risks, and without a comprehensive and transparent program of monitoring and evaluation, holding these actors to account is problematic. A lack of participatory monitoring also suggests that the rights and interests of resettled people — women and youth in particular — are not being prioritised.

The many forms of disadvantage that people in Mualadzi face include:
- food and water insecurity
- loss of economic opportunities
- costs carried by resettled families
- fracturing of community
- uncertainty and limited access to information
- deficiencies in the remedy process
- recovery in a low capacity environment.

Outcomes (reported in 2015 by Oxfam and CSRM):

- Oxfam and CSRM conducted a community perceptions study, on which this case study has been extracted. The study focuses on the largest phase of the Benga mine resettlement, when the mine was owned and managed by Rio Tinto. While the study is focused on people resettled during a particular phase of the resettlement process and approximately 18 months post-relocation, it nonetheless contributes to a broader dialogue about how to improve policy and practice in relation to involuntary resettlement and large-scale extractives projects.
- The study provided a range of recommendations were offered for current and former owners, provincial and national government of Mozambique and international institutions
- In-country workshops and lobbying for change were conducted following the release of the study in May 2015.

Proposed Questions:

- What do you think was the impact on resettlement of the change in ownership?
- What were the systemic issues in this case?
- What factors seem to have exacerbated sub-optimal outcomes for resettled people?
- What should the government of Mozambique be considering for future developments?

References:

Lillywhite, S., Kemp, D., and Sturman, K. (2015) Mining, Resettlement and Lost Livelihoods: Listening to the Voices of Resettled Communities in Mualadzi, Mozambique. Oxfam: Melbourne. Available at: https://www.csrm.uq.edu.au/news/new-report-mining-resettlement-and-lost-livelihoods

Human Rights Watch (2013) What is a House Without Food? Mozambique's Coal Mining Boom and Resettlement. Washington DC: Human Rights Watch. Available at: http://www.hrw.org/reports/2013/05/23/what-house-without-food

Recommended Readings

- International Finance Corporation (2012) Performance Standard 5: Land Acquisition and Involuntary Resettlement. Available at: http://www.ifc.org/wps/wcm/connect/3d82c70049a79073b82cfaa8c6a8312a/PS5_English_2012.pdf?MOD=AJPERES
- World Bank (2001) Operational Policy on Involuntary Resettlement (OP 4.12). Available at: http://web.worldbank.org/external/default/main?Email=Y&contentMDK=20064610&menuPK=64701637&pagePK=64709096&piPK=64709108&theSitePK=502184

Citation:

Kemp, D. and Owen, J. (2016) Mining-Induced Displacement and Resettlement. In de la Flor Olavide, A., & Lawson, L. (eds), *The ABC of Social Responsibility in Mining: A Manual on how to obtain Social Consensus in the Extractive Sector*. Centre for Social Responsibility in Mining-SMI, The University of Queensland, Brisbane, Australia. Available at: https://www.csrm.uq.edu.au/publications/the-abc-of-social-responsibility-in-mining-a-manual-on-how-to-obtain-social-consensus-in-the-extractive-sector

CSRM Experts in Mining-Induced Displacement and Resettlement (MIDR)

Dr. Deanna Kemp

Associate Professor (Deputy Director - Industry Engagement and Community Relations)
d.kemp@smi.uq.edu.au

Biography

As Deputy Director at CSRM, Dr Deanna Kemp leads an international program of work and research focused on community relations and development practice in mining. She has an interest in industry responses to conflict and development challenges. Deanna engages with industry, government, civil society groups and mine-affected communities through research, social performance evaluation, advisory work, and training and education. Currently she works on applied social research projects in Laos, Mongolia, Peru, Ghana, Papua New Guinea and Australia. Deanna leads ComRel, CSRM's Community Relations Research Unit.

Prior to completing her PhD and joining CSRM seven years ago, Deanna held senior positions in the mining industry. She worked in corporate and operational roles at BHP Billiton and as an independent social assessor for a number of global resources companies. Deanna has also collaborated with non-government organisations, including Oxfam Australia, on industry-related campaigns and capacity building programs.

Deanna has published a range of journal articles, book chapters and discussion papers on topics such as company-community conflict, local-level development, grievance mechanisms and community relations as a professional field of practice. She teaches into CSRM's Graduate Certificate in Community Relations in Natural Resources and supervises a number of emerging researchers and PhD and Masters students. Deanna currently serves on the International Council of Mining and Metal{s new member Expert Review Panel and is a member of the International Association of Impact Assessment.

Deanna holds a PhD from The University of Queensland where she studied at the School of Social Work and Applied Human Sciences. She also holds a Masters of Social Science by research from RMIT University and a Graduate Diploma in Human Resources and Industrial Relations from Griffith University. Her undergraduate was a Bachelor of Business majoring in communication studies from the Queensland University of Technology (QUT).

Dr. John Owen

Honorary Senior Fellow - CSRM
j.owen@uq.edu.au

Biography

John Owen is an Honorary Senior Research Fellow at CSRM and the founding Director of Insitu Development Consulting (IDC) Pty Ltd. His primary areas of expertise include involuntary land acquisition and resettlement, social conflict, community relations practice, livelihoods and development, and the role of corporate and organisational culture on social performance and mining impacts.

John's work on mining induced displacement is supported by over a decade of community-level practice and policy development in the area of forced migration and resettlement with refugee communities in Australia. He has served as an

advisor to companies, lenders, governments, NGOs and bilateral agencies on resettlement issues stemming from conflict, natural disasters and resource development. John's project work has involved providing both short and longer term strategic advice and support to companies such as BHP, Anglo American, Newcrest, Xstrata, Newmont, MMG, and Teck; and in addition, has lead or supported projects in Australia, Papua New Guinea, Solomon Islands, Samoa, Indonesia, Malaysia, Thailand, Laos, Vietnam, Mongolia, South Africa, Ghana, and Peru.

He currently supervises PhD students on projects ranging from government managed resettlement, local leadership development in international NGOs through to the use of dialogue processes in community-level peace building. John has published two book manuscripts, one on the historical impact of industrialisation on customary markets, and the other on the practical dilemmas associated with front-line community-based work. He has also published articles in the disciplines of criminology, economic history, political science, community development, peasant studies and organisational change and is a reviewer for a number of top-tier international journals in the fields of corporate social responsibility, community development and social conflict.