



## **MINING AND LOCAL-LEVEL DEVELOPMENT**

### **Examining the gender dimensions of agreements between companies and communities**

Case report for MMG Sepon LXML

**Lao PDR**

November 2012

# Commissioned by the Minerals Council of Australia (MCA) and Australia's Department of Foreign Affairs and Trade (DFAT)

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## **Suggested citation**

Kemp, D. L., Keenan, J. C., Dejevongsa, V. and A. Schleger. (2012). Case report 2: Lao PDR case study.

In Keenan & Kemp, *Mining and local-level development: Examining the gender dimensions of agreements between companies and communities*. Brisbane, Australia: Centre for Social Responsibility in Mining, The University of Queensland.

## **Acknowledgements**

The research team would like to thank each of the interviewees who participated in this research for giving their time to share their perspectives and opinions on this important topic. Thanks also go to members of MMG's Social Sustainability Department for supporting the research and participating in interviews.

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# ACRONYMS

CDF	Community Development Fund
CDU	Community Development Unit
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CSO	Civil society organisation
CSRSM	Centre for Social Responsibility in Mining
DFAT	Australian International Aid Agency
DRC	Democratic Republic of Congo
EPL	Environment Protection Law
FDI	Foreign direct investment
GII	Gender Inequality Index
GPDA	Greater Project Development Area
HDI	Human Development Index
ICMM	International Council on Mining and Metals
LPRP	Lao People's Revolutionary Party
LWU	Lao Women's Union
LXML	Lane Xang Minerals Limited
MCA	Minerals Council of Australia
MDG	Millennium Development Goal
MNRE	Ministry of Natural Resources and Environment
NCAW	National Commission for the Advancement of Women
NGPES	National Growth and Poverty Eradication Strategy
NGOs	Non-government organisations
NLMA	National Land Management Authority
PDR	People's Democratic Republic
PRF	Poverty Reduction Fund
RLG	Royal Laos Government
SDTF	Sepon Development Trust Fund
SPDA	Sepon Project Development Area
SoSu	Social sustainability
VDF	Village Development Fund
SEDA	Sepon Expanded Development Area
WREA	Water Resource and Environment Administration

# Executive summary

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This report provides the outcomes of a study on the gender dimensions of agreement processes at Lane Xang Minerals Limited (LXML), a MMG Limited operation in the Vilabouly District in the Savannakhet Province of the Lao People's Democratic Republic (PDR). This report forms part of a broader research project funded by the Minerals Council of Australia (MCA) and Australia's Department of Foreign Affairs and Trade (DFAT) investigating the role of gender in agreement processes.

This case study was undertaken by two researchers from the Centre for Social Responsibility in Mining (CSRMI) at The University of Queensland and a Lao specialist who was a former employee of MMG's Social Sustainability Department. The analysis draws on desktop research, a brief site visit during September 2012 and a series of interviews with villagers, government officials, mining company representatives, mass organisations and international non-government or development organisations based in the national capital, Vientiane. Village-level interviews were conducted in three villages involved in the Village Development Fund (VDF) scheme. Two of the villages selected were located in the Sepon Project Development Area (SPDA) and had participated in the VDF scheme for two years (as part of the original pilot). The third village was in its first year of the program.

## Research scope

This study focuses on agreements between MMG's Sepon operation and individual villages under the company's Village Development Fund (VDF) scheme, managed by MMG's Social Sustainability Department and endorsed by the district level of government. Currently the VDF is in its third year and includes a total of 23 villages. Broadly, the VDF aims to promote community decision-making, planning and management of village level development projects of communities within the footprint of mining operations. The scheme itself forms a small part of the operation's overall development program, but is significant from a gender perspective as it makes a deliberate attempt to involve women in governance and implementation of agreements. The whole-of-community approach to planning and benefit sharing is also of interest from a gender perspective.

Unlike other agreements that form part of this broader research project, VDF agreements are not based on formal recognition of land rights, nor are they part of a formal permitting requirement. They are loosely tied to impacts in the sense that the initiative was established for villages in the mine's 'impact footprint' that were excluded from other development initiatives.

## Background context

The VDF was initiated as a result of six villages within the mine footprint requesting a direct form of community development assistance from the company. This request was made to the company following a decision by the government to exclude the villages from the national Poverty Reduction Fund.<sup>1</sup> The reason provided to villagers for that decision was that they were located within an area

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<sup>1</sup> Poverty Reduction Fund (PRF) was established by the Government of Lao PDR in 2002. It is one of the significant measures to support the national Five-Year Socio-Economic Development Plan (2011-2015). It targets the 47 poorest districts as identified by the Government of Lao PDR (Prime Minister's Office, 2012).

that had local infrastructure (electricity, health and education services, access roads etc.) and employment opportunities with the mine. The District Administration Authority had previously taken a decision to exclude those same six villages from projects funded by the Sepon Development Trust Fund (SDTF). The village chiefs and elders of the six villages disagreed with these decisions and contacted the operation's Social Sustainability (SoSu) Department to seek assistance to address the funding gap for their communities' development. A consultant external to the company explained to the CSR research team that social impact assessments and other commissioned studies had already highlighted the need for participatory development processes, such as the VDF.

The Social Sustainability Department negotiated with the six villages on the form of assistance that would be acceptable to them. They wanted to determine how the funding was spent themselves and for the assistance to be provided to the village directly. The Social Sustainability Department undertook an internal process of research and consultancy in order to develop the VDF scheme and hired staff to implement the program. Relative to other initiatives managed by the Social Sustainability Department, the VDF has a moderate budget as the cash contribution is minimal and the primary investment relates to staff costs for supporting the process of building the capacity of villagers to manage the cash contributions.

## Summary of key findings

**The quota of 50 per cent female participation in the VDF Committee supports women's inclusion. While this level of inclusion is an important step forward, it does not guarantee full equality.**

There was support for the quota for equal gender participation in the VDF Committee structure from all stakeholders involved – company, community and the state. Several women who had not been involved in village-level committees before said their involvement on the VDF Committee had been driven by the quota. This suggests that the VDF process meets a strategic need by increasing women's influence within the community, but the degree to which this is being realised has not been assessed.

Generally female VDF Committee members explained their role as one of 'support'. While the VDF scheme required equal participation of men and women on the committee and encouraged women's involvement, community men and women explained that it is more difficult for women to participate due to their roles and responsibilities in the family and community. Currently, there is no form of 'relief' provided for female VDF Committee members. While the VDF is committed to gender inclusion, gender is not applied as an explicit analytical tool for program planning or evaluation, or within the operation's broader program of community engagement and development.

**MMG's VDF staff members play a key role in facilitating a consensus-based process that includes women.**

It was clear from talking to villagers and observing the interaction between VDF staff and villagers that the company plays an active role in the VDF scheme. As part of this, VDF staff members are focused on ensuring inclusive and consensus-based village-level decision-making processes. VDF criteria require staff to be inclusive during meetings – they ask women if they agree and invite them to share ideas, views and opinions at each stage of the process. Aside from this, the support provided by company staff is not gender-differentiated – men and women are both supported. The



gender balance of the VDF staff means that female staff members are involved at each stage of the process. While the company's support may not be gender-differentiated, many villagers reported that the staff helped them to understand why gender inclusion was important.

MMG's social sustainability team is aware of the ethnic diversity of local communities, but some believe that more effort could be made to understand gender roles and responsibilities within different groups and sub-groups, particularly as the expansion communities include a greater number of minority Mon Khmer families than Phou Tai. In recognition of this gap, the company had tried to recruit Brou speakers, but had not had much success in recruiting women.

### **The VDF scheme addresses a 'benefit gap', but other gaps remain.**

Most villagers understand that the VDF was designed to 'fill a gap' between the national Poverty Reduction Fund and the trust fund. However, they are increasingly conscious of 'development gaps' that the program does not address. For example, some villagers said that the VDF scheme did not address the needs of individuals and families who did not have access to jobs, did not own land and/or who relied on forest products for their livelihoods. In fact the program is designed not to privilege a particular group, but rather, benefit the community as a whole (including women and children).

Project selection processes and outcomes may be inclusive of women, but women's needs and specific perspectives are not currently given any particular priority. The longer-term aspiration for the VDF is that as villagers gain more experience, project decisions may move beyond a sole focus on infrastructure and towards other types of projects. Notwithstanding this aspiration, infrastructure projects are still needed and provide practical experience in managing development monies as well as establishing trust between company and community in the process.

### **While VDF projects are perceived as valuable, the balance between 'impact' and 'benefits' is increasingly perceived as inadequate at least by some groups.**

Villagers recognised VDF projects as broadly beneficial and discussion about mining impacts included acknowledgement of some of the benefits of mining. However, even those people who were positive about the VDF projects said that the company's overall approach to development was increasingly disconnected from its operational impacts. Additionally, some villagers were frustrated that livelihoods were not more integral to the company's impact management and benefit sharing strategy. Managers within the Social Sustainability Department are aware of these issues.

Operational pressures on the land access team means that they tend to focus on short-term problem solving and are not required to relate this to longer-term development outcomes. Several communities reported that they continued to lose forests as a result of acquisition and land disturbance activities. Forests provided an important source of food, medicine and everyday necessities. As a result, many people were concerned about the effect of mining on their forests. Several people indicated that the situation was most difficult for individuals and families not receiving benefits (e.g. via employment, compensation).

## **The program's emphasis on process and relationships means that it may be vulnerable in the current organisational context.**

As the outcomes of the VDF are not altogether tangible, the program is at risk of not being seen as valuable to the company. Several staff and managers reported that senior management tended to value more 'visible' forms of development, however these projects were not necessarily underpinned by a participatory or inclusive process or target impacted communities. Further as the funding amount is small relative to other benefit sharing programs, its importance is easily underestimated. Notwithstanding its size, the program provides a potential mechanism for community-driven development for the life of the mine and into closure.

## **Conclusion and implications**

This research confirms that the VDF agreements involve women in governance and implementation processes, and provide practical benefits for communities, including women. The scheme also offers some intangible benefits through community participation and women's involvement in formal representation on the VDF Committee. For some women, the scheme has provided a first opportunity for village-level representation. However, as the program is still relatively new, its longer-term impacts and potential for 'scaling up' are under consideration.

## **Additional strategies for women's involvement**

The research concluded that while the quota ensures female representation, the quality and extent of participation required additional strategies to ensure that female representatives were equipped to influence and that men and women supported transformation of gender roles and responsibilities in principle and practice.

While women are involved in the governance and implementation of the VDF, their involvement is limited by a range of structural factors that reflect the broader issue of gender inequality in Lao PDR. Notwithstanding these challenges, there is potential for the VDF to have a positive influence on gender equality, particularly if additional strategies are incorporated, such as:

- continuation of programs that support the education of women and girls, particularly in Brou-speaking communities
- participatory gender analysis that enables understanding of gender roles and responsibilities, with a view to agreeing strategies to provide women with relief from day-to-day responsibilities, further enabling participation in Committee work
- supporting female leaders, as well as encouraging formal representation
- encouraging female representation beyond the VDF, such as in village associations and other political structures more broadly.

## **A platform for village-level development**

Company efforts to ensure that the original terms of the VDF were agreed at community and district level prior to implementation has provided a stable platform for community-level participation and decision-making. This model could be further integrated into the operation's social development strategy as a mechanism for providing impacted communities with additional support through a



process that builds community capacity to handle the contributions. The potential for scaling up could be considered in future evaluation processes.

Staff capacity was identified as a critical factor for supporting community participation and women's involvement in the VDF scheme. The operation is encouraged to continue its attempt to recruit Brou-speaking staff, and women in particular.

The company has not formalised a long-term commitment to the VDF scheme and seems more inclined to support 'visible development'. A comprehensive evaluation that documents both the practical and strategic benefits of the VDF scheme, and the value the scheme offers by way of relationship building could be considered. The evaluation could also consider the benefit of linking the VDF scheme more clearly to impact mitigation strategies.

### **Corporate leadership on gender and development**

Beyond the VDF, the company does not have an explicit approach to gender and communities work. There is an opportunity for the company to demonstrate leadership in this area and be more proactive. Increased sensitivity to gender beyond the VDF will support the company's broader engagement and long-term development goals. In this vein, there is an opportunity for the company to engage with the development community, particularly in the context of the changing NGO landscape in Lao PDR, for example by connecting with the Gender and Development Association. Proactively linking with this group would demonstrate leadership in gender and development.

### **VDF and impact management**

Even those villagers who were positive about the VDF projects said that the company's overall approach to development was increasingly disconnected from its operational impacts. The VDF scheme and its benefits (tangible and intangible) will be at risk if operational impacts are not adequately managed. For example, some villagers are frustrated that livelihoods are not more integral to the company's impact management and benefit sharing strategy. These patterns of behaviour will undermine the VDF scheme over time.

As well as giving due attention to impact management, it is important that the operation continues to build its understanding of emergent development gaps, and ensure that certain groups do not 'fall through the cracks' due to the presence of the mine. For example, elderly women and other groups will need due consideration as the 'whole of community' approach to development may not always consider the changing nature of vulnerability in the context of mining.

### **Knowledge base to support women's participation**

The operation's knowledge and understanding of local communities is substantial. This understanding has been built through commissioned studies and through the work of knowledgeable staff (both Lao and non-Lao). However, this knowledge is not always linked to operational systems and strategies, such as land acquisition and impact management. It will be important to broaden this knowledge base as the mine expands and moves into new communities. This knowledge can be used to adapt and improve the VDF over time, including strategies to better support women.

# Case report for MMG's LXML operations, Lao PDR

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## 1 About the study

This report documents the findings of village-based development agreements in place at Lane Xang Minerals Limited (LXML), a MMG Limited operation in the Vilabouly District in the Savannakhet Province of the Lao People's Democratic Republic (PDR).<sup>2</sup> The mine comprises open-pit copper oxide and gold oxide mines and commenced production in 2003. The estimated life of the copper and gold mines is 2020 and 2013 respectively. MMG is a mid-tier global resources company, with operations and projects in Australia, Democratic Republic of Congo (DRC), Canada and Lao PDR. The company seeks to align with international best practice standards. It is a member of the International Council on Mining and Metals (ICMM), the Minerals Council of Australia, the Mining Association of Canada, the Chamber of Mines of the DRC and other industry organisations.

## 2 Research description

### 2.1 Method and limitations

As part of the broader research project, two researchers from CSRM and a Lao specialist visited MMG Sepon LXML operations and three surrounding communities in September 2012 to undertake field-based research on gender dimensions of agreement processes. The Lao specialist had previously worked in the operation's Social Sustainability (SoSu) Department<sup>3</sup> and had pre-existing relationships with staff and villages. She had also worked in other social service and advocacy positions outside of the mining industry. Her relationships and local networks significantly enhanced the research team's ability to interact with women and men from the community for the purposes of this research.

During their time in the field, CSRM researchers applied a semi-structured interview protocol adapted to the Lao cultural context. Reflecting the scope of work as agreed with LXML, the interview protocol was oriented towards understanding gender aspects of governance of village-level development agreements associated with the Village Development Fund (VDF) scheme (outlined below). The research team sought the approval of the company and district government to conduct the research, as all of the interviews took place on the company's lease area. The company provided in kind support for the research including on-site accommodation, transport and staff support. The local researcher ensured that appropriate administrative and cultural protocols were followed. Villagers were not paid to participate in the research, although some food was provided as a reciprocal gesture as several village visits were conducted in the late afternoon and evening.

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<sup>3</sup> The Social Sustainability Department consists of the teams for community development (including the VDF scheme), cultural heritage, complaints and grievances, and information, education and communication.

Most interviews were led by the chief investigator, generally via Lao translation but also in English where possible. Researchers observed two VDF Committee meetings as part of the annual evaluation process. Handwritten notes provide a record of field discussions. It was considered inappropriate to either tape record discussions or type into a computer to capture the discussion verbatim while in the field. CSRM researchers typed notes post-interview, with the Lao specialist checking and clarifying content and key quotes. Several of the interviews were time restricted as villagers had other commitments and responsibilities. Research that is less time constrained would better suit the context.

## **2.2 Sample**

The researchers undertook 14 group and some individual interviews during the field visit, including with local community members, government officials, mining company representatives, mass organisations and international non-government or development organisations based in the national capital, Vientiane. Internal company interviews were conducted with the manager of the VDF scheme, in addition to managers in equivalent positions within the SoSu Department and several staff who support the VDF processes.

All village-level interviews were conducted in three of the villages involved in the VDF scheme. While a total of 23 villages had become involved in the program, time constraints restricted the number of villages that could be included. Two of the villages selected were located in the Sepon Project Development Area (SPDA) and had participated in the VDF scheme for two years (as part of the original pilot). The third village was in its first year of the program and had been included due to its increasing exposure to exploration activities. This village sits outside of the SPDA, but within the broader Sepon Expanded Development Area (SEDA).

During village visits, researchers spoke with a diversity of men and women, mostly in mixed groups, although there were some discussions with only men or women present. Group discussions were usually held with VDF Committee members. District officials and company representatives were often present, but did not actively participate in these discussions. The research team did not have the opportunity to speak with many villagers who were not formal members of the VDF Committee. One official meeting was conducted with the district-level administration's local development office.

In Vientiane, the Lao Women's Union (LWU) received the research team for an official interview. This mass organisation promotes a conservative role for women in Lao society (i.e. as a good citizen, good mother and prosperous family or 'cultural bearer'). The team also visited international development agencies and NGOs with explicit gender and development programs and policies. They also learned about the Gender and Development Association based in the capital, which is a non-profit organisation/network for development workers who focus on gender to connect and network. At this point there has been no direct engagement between this group and the mining industry.

## **3 Lao PDR – national context**

### **3.1 Geography**

The Lao People's Democratic Republic (Lao PDR) lies at the heart of the six-nation Greater Mekong Subregion. Lao PDR is the only landlocked country in South-East Asia, and is bordered by China,

Vietnam, Cambodia, Thailand and Myanmar (Burma). The Mekong River flows through Lao PDR and forms most of the border with Thailand.<sup>4</sup> The population is estimated at 6.5 million, with the majority (67 per cent) located in rural areas and a smaller urban-based population (33 per cent) distributed across Vientiane, Luang Prabang, Pakse and Savannakhet.<sup>5</sup> The country's official language is Lao. Other languages spoken include French, English and various ethnic languages. A large percentage of the population identifies with the Buddhist faith (67 per cent), a small minority with the Christian faith (1.5 per cent), and 31.5 per cent identify as either 'other' or 'unspecified'.<sup>6</sup>

### 3.2 Ethnicity

Lao PDR's population has four broad ethno-linguistic family groups, which represent approximately 55 per cent of the total population. These include the Lao-Tai (67 per cent), the Mon-Khmer (21 per cent), Hmong-Lu Mien (eight per cent), and the Chine-Tibetan (three per cent). These groups further include 49 ethnic groups, and some 200 distinct ethnic subgroups identified on the basis of language and other differences.<sup>7</sup> The ethno-linguistic family groups are geographically dispersed, and are sometimes categorised by where they live (lowlands, midlands or highlands) rather than by their linguistic family. The dominant ethnic group, Lao-Tai, predominately live in urban areas and high density and agriculturally productive lowland areas surrounding Vientiane and the Mekong corridor. The Mon-Khmer people generally live in midland rural areas of the north and south. The Hmong-Lu Mien people typically reside in the uplands and high mountains in the north and the Chine-Tibetan are found in the northern highlands areas.<sup>8</sup> There are numerous ethnic classification systems in Lao PDR and, depending on what system is used, the number of ethnic groups varies. An alternative classification based on geographical location classifies Tai-Kadai as *Lao Loum* or Lao people of the valleys (lowlands); Mon-Khmer as *Lao Theung* or the Lao people of the hillsides (midlands); and Tibeto-Burman and the Hmong-Mien as the *Lao Soung* or Lao people of the highlands.<sup>9</sup>

The ethnic minority communities within Vilabouly District, home of the LXML operations, comprise broadly of Phou-Tai and Mon-Khmer (Makong and Tri) speaking communities. The initial project site (SPDA) has mainly impacted Phou-Tai communities. The project expansion area (GPDA) will predominantly impact Mon-Khmer speaking communities.

### 3.3 Political history

Before it became a democratic republic, Lao PDR was known as Laos, and this name is commonly used today. Laos has roots in the ancient Lao kingdom of Lane Xang, established in the 14<sup>th</sup> Century. Lane Xang had influence reaching across present-day Thailand and Cambodia, as well as Laos. After centuries of gradual decline, Siam (Thailand) took control of Laos from the late 18<sup>th</sup> Century until the late 19<sup>th</sup> Century when it became part of French Indochina.<sup>10</sup> The Franco-Siamese Treaty of 1907

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<sup>4</sup> Department of Foreign Affairs and Trade (2012).

<sup>5</sup> CIA (2012).

<sup>6</sup> CIA (2012).

<sup>7</sup> World Bank (2006).

<sup>8</sup> World Bank 2006 in King & van der Walle (2010).

<sup>9</sup> King & van der Walle (2010, p. 2).

<sup>10</sup> French Indochina was a French colony of four protectorates in South-East Asia established between 1860 and 1904. It covered the present-day territories of Lao PDR, Cambodia and Vietnam (including three Vietnamese regions Tonkin (North), Annam (Central), and Cochinchina (South)). The five colonial components of Indochina gained independence in 1954 (Chandler 2007).

defined the current border between Laos and Thailand.<sup>11</sup> During the 1950s Laos gained independence from France, but was soon immersed in the Vietnam War. It became a battlefield between the Royal Laos Government (RLG) and American bombers on one side and the Vietnamese and Lao communist parties on the other. Unexploded ordinances, including heavy bombs, rockets and cluster sub-munitions remain scattered in the ground today, including in and around MMG's LXML operation.<sup>12</sup> By 1973, economic crisis coupled with America's desire to withdraw from Indochina meant the RLG entered a coalition government with the Communist Pathet Lao Party.<sup>13</sup> In 1975, following American withdrawal of military and financial support and the continued presence of North Vietnamese troops, the RLG collapsed and Lao People's Revolution Party (LPRP) took control of the government.<sup>14</sup> Laos became the Lao People's Democratic Republic (Lao PDR) and socialism was institutionalised.<sup>15</sup>

Lao PDR is currently governed by a single-party system and ruled by the LPRP. Drawn from its Central Committee, the 11-member Politburo of the LPRP is the key decision-making body.<sup>16</sup> In December 1975, the LPRP established the Supreme People's Assembly (now known as the National Assembly) by a nationwide People's Representatives Congress.<sup>17</sup> The National Assembly, which is elected by the public from a list of candidates approved by the party, meets twice yearly and is responsible for analysing proposed legislation.<sup>18</sup> Despite being classified as a democracy, there is very little civil society activity in Lao PDR. The existing non-government organisations (NGOs) are subsidiaries of international NGOs and are officially related to technology and science, or education. The government recently drafted new national legislation to enable national NGOs and civil society organisations (CSOs) to be established in the country.<sup>19</sup>

The Assembly First Legislature (1975) had 45 members, four of which were female.<sup>20</sup> Between 1990 and 2003, there was a three-fold increase in women's representation in the National Assembly with the figure now standing at 25 per cent, one of the highest rates in the region. Despite this, women still remain poorly represented elsewhere in political systems, including throughout government administration and the judiciary. The Lao Women's Union (LWU) is a government commissioned institution which supports Lao women's development and political mobilisation from central, provincial, district, village and organisational (schools, university, companies) levels.<sup>21</sup> Nevertheless, in rural areas, village councils and village chiefs handle everyday matters, yet only one per cent of village chiefs are women.<sup>22</sup>

Women are poorly represented in political systems, including throughout government administration and the judiciary. The Lao Women's Union (LWU) is a government commissioned

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<sup>11</sup> CIA (2012).

<sup>12</sup> UXO LAO (2012).

<sup>13</sup> Evans (2002).

<sup>14</sup> Evans (2002).

<sup>15</sup> Department of Foreign Affairs and Trade (2012).

<sup>16</sup> Department of Foreign Affairs and Trade (2012).

<sup>17</sup> LAO People's Democratic Republic (2012).

<sup>18</sup> LAO People's Democratic Republic (2012).

<sup>19</sup> Byron *et al.* (2007).

<sup>20</sup> Lao People's Democratic Republic (2012).

<sup>21</sup> Only four mass organisations/movements are permitted under the 1991 Constitution, including the LWU. The other three mass organisations include: the Lao Front for National Construction, Lao Federations of Trade Unions, and Lao People's Revolutionary Youth Union (Byron *et al.*, 2007).

<sup>22</sup> UN Women (2012).

institution which supports Lao women's development and political mobilisation from central, provincial, district, village and organisational levels.<sup>23</sup> Nevertheless in rural areas, village councils and village chiefs handle everyday matters, yet only one per cent of village chiefs are women.<sup>24</sup> In addition, in rural and remote areas women from an ethnic background are least able to participate in decision-making, in part due to lower literacy and education, and stronger cultural traditions.<sup>25</sup>

### 3.4 Economy

Lao PDR has been undergoing significant social and economic transformations since the introduction of outward market-oriented economic reforms in 1986. The economy has expanded on average by 7.1 per cent per year from 2001 to 2010, and is expected to grow by 7.6 per cent each year in 2011-2015.<sup>26</sup> In 2011, it reached a gross net income per capita of US\$1,010 and, consequently, moved up from its lower economy income status to a lower-middle income economy.<sup>27</sup>

Lao PDR's economy is dominated by natural resources, with minerals, forestry, agriculture and hydropower comprising more than half the country's total wealth. Its only two large-scale mines account for more than 90 per cent of total national mining production.<sup>28</sup> The government has established a number of strategies to develop the mining and energy sectors to enhance economic growth and eradicate poverty by using mining revenue to further development. However, capacity to regulate the impacts of mining and distribute benefits remains a challenge, particularly where responsibility is devolved to the local level. The country's subsistence agriculture is dominated by rice cultivation in lowlands, which accounts for about 30 per cent of GDP and 75 per cent of total employment.<sup>29</sup>

#### 3.4.1 Women's economic participation

Women represent more than 50 per cent of the working population and play important roles in agriculture, small businesses, provision of basic services (e.g. health and education), and manufacturing. Women in urban areas are largely employed in hospitality, information technology, business services and tourism (including commercial sex work).<sup>30</sup> Although women's equal participation in economic, political and social life is supported by international agreements and national laws and policies, gender disparities persist in everyday life. These gaps are often more pronounced among some ethnic groups and in rural regions. There are few publicly available statistics about women's employment in mining.

At an international level, Lao PDR is party to the international treaty on the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and has taken steps to implement strategies of action from international conferences, including the Fourth World

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<sup>23</sup> Only four mass organisations/movements are permitted under the 1991 Constitution, including the LWU. The other three mass organisations include: the Lao Front for National Construction, Lao Federation of Trade Unions, and Lao People's Revolutionary Youth Union (Byron, Porter & Serdan 2007)

<sup>24</sup> UN Women (2012).

<sup>25</sup> GRID (2005).

<sup>26</sup> World Bank (2012).

<sup>27</sup> World Bank (2012).

<sup>28</sup> ICMM (2011).

<sup>29</sup> CIA (2012).

<sup>30</sup> Asian Development Bank (2004).



Conference on Women in Beijing and the International Conference on Population and Development in Cairo. At the national level, Lao PDR has a legal framework to support women's empowerment and gender equality, including provisions under the 1991 Constitution and national laws (e.g. *Law on Development and Protection of Women 2004* and *Labour Law 1994*). Further, the national government has established a number of relevant institutions. For example, the National Commission for the Advancement of Women (NCAW) is a high-level body to coordinate and develop the implementation of a national policy and action plan to further women's advancement. One of the LWU's initiatives, the Gender Resource Information and Development Project, also conducts gender-related research and provides gender training throughout the country.<sup>31</sup>

Despite these laws and initiatives, in practice, implementation is often inhibited due to the "persistence of traditional practices ... and women's lack of awareness of their legal rights".<sup>32,33</sup>

### 3.5 Human development

The 2011 Human Development Index (HDI) ranked Lao PDR's value as 0.524, i.e. in the 'medium human development' category, positioning the country at 138 out of 187 countries and territories.<sup>34</sup> Since 1990, Lao PDR has shown consistent improvement with a 39 per cent rise in its HDI. Life expectancy is 65 years. Health indicators, while relatively poor, are improving with better outcomes for infant mortality (48 per 1000 live births) and maternal mortality (405 per 100,000 live births) in recent years.<sup>35</sup> Lao PDR has also made good progress in relation to improved water supply and sanitation with an increase in access to improved water sources from 28 per cent in 1990 to 74 per cent in 2007.<sup>36</sup> Notwithstanding some improvements, in rural areas, 40 to 50 per cent of the population is without access to safe drinking water and 50 per cent lacks access to basic sanitation.<sup>37</sup> The country's national education budget allocations are among the lowest in the world and consequently educational statistics are poor. Although Lao PDR has made significant improvements in relation to Millennium Development Goal (MDG) two, achieving universal primary education, extending education to the 'unreached' (mainly rural) areas without accessible roads, has proven difficult.<sup>38</sup>

Gender inequality is prominent throughout the country. The UNDP Gender Inequality Index (GII) provides a relative indication of gender inequality across three dimensions: reproductive health, empowerment and economic activity.<sup>39</sup> The 2011 GII ranked Lao PDR at 0.513, positioning it 107 out of 146 countries. Statistics illustrate that women face a number of barriers in everyday life. For example, in terms of health, for every 100,000 live births, 405 women die from pregnancy related causes<sup>40</sup> and the adolescent fertility rate is 39.0 births per 1000 women aged 15 to 19.<sup>41</sup>

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<sup>31</sup> ADB (2004).

<sup>32</sup> For example traditional practices related to early marriage, social pressure against women seeking divorce, and inheritance of some ethnic groups that favour men.

<sup>33</sup> Asian Development Bank (2004, p. xii).

<sup>34</sup> UNDP (2011).

<sup>35</sup> WHO (2012).

<sup>36</sup> AusAID (2010, p.11).

<sup>37</sup> DFAT (2012).

<sup>38</sup> DFAT (2012).

<sup>39</sup> The Gender Inequality Index is a composite measure reflecting inequality in achievements between women and men (UNDP, 2012a).

<sup>40</sup> WHO (2012).

<sup>41</sup> WHO (2012).

Economically, while female participation in the labour market is relatively high at 77.7 per cent compared with 78.9 for men, women's low levels of education hinder the ability to secure non-agricultural employment<sup>42</sup> other than within administrative and service sectors.

In Lao PDR, women suffer systemic disadvantage due to existing cultural attitudes, high average fertility rates, and associated roles and responsibilities in the community and family<sup>43</sup> such as domestic labour and maintaining the families' livelihoods and food security.<sup>44</sup> These roles and responsibilities often mean women and girls are provided with fewer opportunities to access education<sup>45</sup>, resources and services<sup>46</sup>. Women from ethnic minority groups in remote rural highland areas are further disadvantaged due to the comparative isolation of their communities with limited infrastructure, and few, if any, services and resources.

Although female literacy and enrolment rates are significantly lower than for males, during the past decade some slow progress has been made. From 1995 to 2005, the gender gap was slightly reduced as female literacy rates increased at a greater rate (15.3 percentage points) than male literacy rates (nine percentage points).<sup>47</sup> More recently the number of girls per 100 boys in primary education rose from 77 in 1991 to 86 in 2006<sup>48</sup>, but disparity still remains in higher education with 62 girls per 100 boys enrolled in tertiary education in 2009.<sup>49</sup> To fast-track improvement, a number of donors support long-term education programs, including DFAT, which is the largest grant donor of education assistance.<sup>50</sup>

Although there is an absence of data, the prevalence of gender-based violence is understood to be widespread yet largely 'hidden' in Lao PDR.<sup>51</sup>

### **3.6 Benefit sharing in the Lao PDR mining context**

The government has established a number of strategies to develop the mining and energy sectors to enhance economic growth and eradicate poverty by using mining revenue for further development. The government has a short-term development plan (2007-2010) and a longer-term development plan (2011-2020).<sup>52</sup> Both strategies focus primarily on maximising mining investment and foreign direct investment (FDI) and, to a lesser extent, promoting the mining industry as a revenue source for development and poverty eradication.<sup>53</sup> Both strategies are in line with the National Growth and Poverty Eradication Strategy (NGPES) (2004).<sup>54</sup>

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<sup>42</sup> UNDP (2011).

<sup>43</sup> UNDP (2012b).

<sup>44</sup> GRID (2005, p. 78).

<sup>45</sup> DFAT (2012).

<sup>46</sup> Asian Development Bank (2004).

<sup>47</sup> UNDP (2012b).

<sup>48</sup> UNDP (2010).

<sup>49</sup> UNDP (2010).

<sup>50</sup> DFAT (2012).

<sup>51</sup> UN Women (2012).

<sup>52</sup> Kyophilavong (2009, p.77).

<sup>53</sup> Kyophilavong (2009, pp. 76-77).

<sup>54</sup> THE NGPES is a national strategic framework under which all future Government growth and poverty eradication formers will be developed and implemented. The long-term development objective of the NGPES is to liberate the country from the least-developed country (LDC) 2020 (Greater Mekong Subregion Agricultural Information Network, 2012).

Lao PDR also has a number of existing policies, which are intended to promote and ensure community development benefits from mining. Existing policies include:

- *The Minerals Law (2008)* requires that investors contribute to community development funds (CDFs). CDFs can assist with the sharing of benefits and compensate community members who have been adversely impacted by mining operations. To ensure effective benefit sharing, the law requires that these CDFs are incorporated into the local development context and implemented in close consultation with communities.<sup>55</sup> The Draft of Implementing Decree on Minerals Law was approved by government in April 2011.<sup>56</sup>
- *Law on the Promotion of Foreign Investment (2004)* aims to promote and encourage foreign direct investment in a way that assists the country's modernisation and contributes to improving living conditions and overall development.<sup>57</sup>
- Decree 192 and Regulation 2432 and supporting Guidelines for Compensation and resettlement requires that companies "define the principles, rules and measures to mitigate adverse social impacts and to compensate damages that result from involuntary acquisition or reposition of land or fixed and movable assets". Decree 192 also acts to ensure that project-affected populations are compensated and assisted to maintain or improve incomes, livelihoods and living standards [Decree 192, Article 1].<sup>58</sup>
- Decree 112 Regulation for Environmental Impact Assessment (2010) requires provisions for assessments of protection of impact, protection of affected populations, including information disclosure requirements and grievance procedures.<sup>59</sup>
- *Environment Protection Law (1999)* and Regulation on Environmental Protection and Management (2000) outlines "principles, rules and measures for managing, monitoring, restoring and protecting the environment" [EPL 1999, Article 1] and are grounded in the concepts of sustainable development and public involvement.<sup>60</sup>

The new Ministry of Natural Resources and Environment (MNRE) was established in 2011 to oversee the proper use of resources and to develop and implement policies in relation to land and nature resource management. The ministry was established by merging the National Land Management Authority (NLMA) and the Water Resource and Environment Administration (WREA) and numerous other ministry portfolios, including geology and mines, and forestry management and protection.<sup>61</sup> Although the MNRE policy areas are yet to be defined, as the new ministry incorporated the NLMA it is likely that land matters and benefit-making mechanisms will fall under this ministry in the future.

The central government practices a financial distribution policy whereby richer provinces support the poorer ones.<sup>62</sup> Despite this, a mapping exercise<sup>63</sup> revealed that mining operations occurred in locations where residents are often "poorer than average, have a lower literacy rate and more often

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<sup>55</sup> World Bank (2011).

<sup>56</sup> Ministry of Energy and Mines (2012).

<sup>57</sup> Gibson & Carlsson Rex (2010, p. 16).

<sup>58</sup> Gibson & Carlsson Rex (2010, p. 16).

<sup>59</sup> Gibson & Carlsson Rex (2010, p. 17).

<sup>60</sup> Gibson & Carlsson Rex (2010, p. 16).

<sup>61</sup> Yaphichit (2011).

<sup>62</sup> Yaphichit (2011).

<sup>63</sup> Fenton, Lindelow & Heinemann 2010

come from a non-Lao speaking ethnic group".<sup>64</sup> Such groups find it difficult to take advantage of project-generated opportunities (e.g., employment, skills development, small business start-up etc.) and tend to be more vulnerable to adverse social and environmental impacts.<sup>65</sup> Furthermore, mining often occurs in rural locations where residents derive a living from natural resources (e.g. forests, land, rivers, non-timber forest product, etc.) on a subsistence basis. As these resources become degraded and scarce, or their access is limited due to mining and other large-scale infrastructure projects, the resource supply of local and national economies becomes exhausted and households become increasingly vulnerable.<sup>66</sup>

## 4 LXML, impacts and benefits

### 4.1 LXML and the Vilabouly District

The Vilabouly District is home to approximately 36,000 people<sup>67</sup>, and 2245 of these people reside within the Sepon Project Development Area (SPDA) impact area.<sup>68</sup> The population in the SPDA area is not homogenous. In 2001, two-thirds of the villagers were Lao-speaking Phou-Tai and the other third were Mon-Khmer-speaking Mah-Kong and Tri. Local communities refer to Mon-Khmer speakers as the 'Brou' ethnic group. The rural population to the west of the original SPDA – where the mine has extended its operations – is home to predominately Mon Khmer speakers.<sup>69</sup> In the past there was extremely limited mixing of the two ethnic groups, with villages either identified as Phou-Tai or Mah-Kong/Tri. This is changing, particularly in mine-impacted areas.

The Vilabouly District and the SPDA villages have undergone substantial changes since the commencement of mining more than a decade ago. The project has had relatively significant financial and other impacts. For example, between 2001 and 2009, the Phou-Tai and Makhong/Tri populations' annual income rose from US\$80 to over US\$480 and from US\$33 to US\$300, respectively<sup>70</sup>. As incomes rose, households purchased consumables and improved the quality of their housing (especially roofing). The mine has also had a number of adverse consequences on local communities, including in-migration, displacement and loss of natural resources, such as forests for foraging.

Despite government regulations and LXML recruitment measures discouraging opportunistic migration, to date there has been considerable in-migration to the villages near the mine and the district headquarters of Boungkham. Since 2001, the population of SPDA villages has almost doubled<sup>71</sup> and Boungkham has increased almost four-fold.<sup>72</sup> This influx has had some short-term effects within the SPDA, including a sudden growth of retailing and service activities in the area. For

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<sup>64</sup> Fenton *et al.* (2010); Gibson & Carlsson Rex (2010, p. 5).

<sup>65</sup> Fenton *et al.* (2010).

<sup>66</sup> Fenton *et al.* (2010).

<sup>67</sup> Reimann & McGuire (2011).

<sup>68</sup> Jackson (2011, p. 29).

<sup>69</sup> Jackson (2011, p. 27).

<sup>70</sup> Jackson (2011, pp. 30-31).

<sup>71</sup> Jackson (2011, p. 34).

<sup>72</sup> Jackson (2011, p. 31).

example, Boungkham now has a market that attracts villagers from across the district and from neighbouring areas and provinces.<sup>73</sup>

The involuntary resettlement of two small settlements was undertaken in the mine impact area. To commence operations during 2001-2002, LXML relocated a number of households of the Nongkadeng Mai village. The relocation of another village in the mine impact area is attributed to government policy to amalgamate clusters of small villages to form larger administrative and service centres. The longer-term effects of resettlement and in-migration on traditional culture and practices is not yet known or comprehensively documented.

## 4.2 Benefits sharing

MMG Sepon LXML employs a number of different initiatives and mechanisms to enhance its development contribution. Benefits accrue to some community members through direct employment and vocational skills training (including via a local training centre).<sup>74</sup> A number of other development mechanisms have been established, including the Sepon Development Trust Fund (SDTF) for the provision of basic infrastructure, such as roads, electricity, education and health for the district. The SDTF has a fixed annual budget of US\$750,000 and projects are implemented by the district, according to its five-year plan, and monitored by LXML.<sup>75</sup> LXML has also established a small business development program for the procurement of local goods and services. According to LXML, the program sourced more than US\$2.2M worth of local goods and services in 2011. A US\$1.9M micro-finance program has also been established, which will include a total of 48 villages in the area over five years. While not a direct benefit per se, the mine also provides compensation as a means to stream funds into the community in exchange for land access and/or acquisition.<sup>76</sup> The VDF scheme is a separate initiative that provides the Village Development Committee with cash and technical assistance to implement village-level community development projects.

More broadly, LXML has made significant contributions to the Lao economy. According to MMG, since the commencement of production (2003), the mine contributed up to 5.67 per cent of Lao GDP directly and up to an additional 2.56 per cent through indirect means (with a total impact of 8.23 per cent).<sup>77</sup>

## 5 Village Development Fund (VDF)

This study focuses on agreements between MMG's LXML operation and individual villages under the company's Village Development Fund (VDF) scheme, managed by LXML's SoSu Department and endorsed by the district level of government. Currently the VDF is in its third year and includes a total of 23 villages. Broadly, the VDF aims to facilitate community decision-making, planning and management of village-level development projects with communities near the mining operation. The scheme itself forms a small part of the operation's overall development program, but is significant from a gender perspective as it makes a deliberate attempt to involve women in

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<sup>73</sup> Jackson (2011, p. 38).

<sup>74</sup> The Houaykong Training Centre provides training opportunities to residents of the mine's host communities in traditional handicraft production, livelihood skills, agriculture and village veterinary skills (MMG, 2012).

<sup>75</sup> MMG (2012).

<sup>76</sup> Jackson (2011).

<sup>77</sup> The Centre for International Economics (2010).

governance and implementation of the agreements. The whole-of-community approach to planning and benefit sharing is also of interest from a gender perspective.

The initiative makes available an amount of US\$7,000-\$15,000 for each village each year. With support from the SoSu Department's Community Development Unit (CDU) and government officers from the district administration, the villages elect a VDF Committee (by secret ballot) and identify ideas, community resources and priority needs for projects. After securing endorsement from the village at large, VDF committees then submit a project proposal to the company and district administration.<sup>78</sup> The project proposal (for each village) forms a plan for implementation of the agreed program of work.

The terms of each agreement outline specific requirements for participation of all community members and criteria regarding what the grant monies can be used for, timeframes, project monitoring and reporting (narrative and financial). The fund can be used for projects such as small scale village infrastructure; construction/renovation (e.g. fish pond, school extension, meeting hall etc.); livelihood development; training; building access roads and tracks; and/or improving water supply and sanitation. The major criterion is that the project must benefit the 'whole of community'.

The terms of the agreements themselves are not 'negotiated' as such – communities essentially 'sign on' to the overarching terms set out by the company and the government. Company representatives explained that there could be room to negotiate the conditions of individual agreements; to date this has not occurred. Unlike other agreements that form part of this broader research project, VDF agreements are not based on formal recognition of land rights, nor are they part of a formal permitting requirement. They are loosely tied to impacts in the sense that the initiative was established for villages in the mine's 'impact footprint' that were excluded from other development initiatives.

## 5.1 Background on the VDF

The VDF was initiated as a result of six villages within the mine footprint requesting a direct form of community development assistance from the company. This request was made to the company following a decision by the government to exclude the villages from the national Poverty Reduction Fund.<sup>79</sup> The reason provided to villagers for that decision was that they were located within an area that had local infrastructure (electricity, health and education services, access roads etc.) and employment opportunities with the mine. The District Administration Authority had previously taken a decision to exclude those same six villages from projects funded by the trust fund. The village chiefs and elders of the six villages disagreed with these decisions and contacted the operation's SoSu Department to seek assistance to address the funding gap for their communities' development.

Community representatives explained that the decision to exclude their communities from both sources of funding was made based on an inaccurate assumption. That is, that due to the close proximity to the mining operations, they were receiving a greater share of the benefits. They argued

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<sup>78</sup> Anecdotal evidence suggests that the degree to which the district influences the process at the village level appears to vary from village to village.

<sup>79</sup> The Poverty Reduction Fund (PRF) was established by the Government of Lao in 2002. It is one of significant measures to support the national Five-Year Socio-Economic Development Plan (2011-2015). It targets the 47 poorest districts as identified by the Government of Lao PDR (Prime Minister's Office, 2012).



that their communities had lost more than other villages in terms of land and forest resources, and that they had received little support to develop their community and village infrastructure on the whole. Villagers also explained that they wanted their communities to develop but needed assistance to do so.

The SoSu Department negotiated with the six villages on the form of assistance that would be acceptable to them. They wanted to determine how the funding was spent themselves and for the assistance to be provided to the village directly. With these parameters, the department undertook an internal process of research and consultancy in order to develop the VDF scheme and hired staff to implement the program.<sup>80</sup> A consultant external to the company explained to the CSR research team that social impact assessments and other commissioned studies had already highlighted the need for participatory development processes, such as the VDF.

## 5.2 Program components

Following the initial request in 2010, the SoSu Department developed and presented a process, criteria and other components of the VDF scheme to the six villages and district government. The key principles for project selection included:

- participatory needs assessment and decision-making
- whole-of-community benefit
- transparency
- projects that are achievable within one year.

The broad process included:

- whole-of-village meetings
- equal voting rights for men and women in open village meetings
- District administration office involvement through project endorsement, monitoring, final inspection and provision of technical assistance.

Initially, each project had a maximum funding amount of US\$7,000. Minimum requirements for financial accountability, transparency, reporting and record keeping were also stipulated. All requirements are fully documented in a program plan and operating procedures, and form part of the village-level agreements.

Following the pilot, the VDF was reviewed and refined with input from specialist development consultants. One of the new design features was a requirement for each village to establish a dedicated committee in each participating village – the VDF Committee. This committee is in addition to the Village Administration Committee, which is the village-based decision-making mechanism for all villages in the area. A key requirement for participation in the scheme is that the VDF Committee has an equal number of male and female representatives.

A training package was developed and delivered to the VDF staff in the SoSu Department, who in turn worked with each VDF Committee to build their capacity to govern and implement the program

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<sup>80</sup> The VDF scheme describes its methodology as ‘community-driven’, which is an approach increasingly favoured by development agencies for rural development work. Examples of this methodology include the Kecamatan Development Program in Indonesia, the National Solidarity Programme in Afghanistan and the Lao Poverty Reduction Fund (PRF).

in accordance with the principles and requirements. The training package comprises information sessions which include topics such as the VDF rationale, tender processes, project selection and VDF Committee criteria, participatory planning, record keeping, reporting, monitoring and evaluation. Further to these sessions, the VDF Committee receives on-going support from the SoSu Department.

Relative to other company-funded development initiatives, the VDF has a moderate budget as the cash contribution is minimal and the primary investment relates to staff costs for supporting the process of building the capacity of villagers to manage cash contributions. Significant effort has been made to ensure that the VDF staff are trained, and capable of supporting the process, and each other. The manager deliberately built a gender-balanced team, with an equal number of male and female staff. Staff members are clear about their role in the program, the methods being applied and the purpose of the program in the company's 'mix' of development contributions. They are also trained in methods for eliciting participation of women and encouraging an inclusive process.

## 6 Key findings

This section focuses on understanding gender dimensions and women's perspectives on the VDF and documents the key findings from the fieldwork.

### 6.1 The quota of 50 per cent female participation in the VDF Committee supports women's inclusion. While this level of inclusion is an important step forward, it does not guarantee full equality.

During the research, one of the key topics of discussion was the quota for equal gender participation in the VDF Committee structure. There was support for the quota from all stakeholders involved – company, community and the state. District-level officials, for example, confirmed their support:

*“Government policy supports the development of women in all aspects of society ... so we think the quota is a good idea.”*

Several women who had not been involved in village-level committees before said their involvement on the VDF Committee had been driven by the quota. Other committees do not have quotas of gender equivalence, and female representation is far less. There is a minimum requirement for village administration committees to have women represented through the LWU where there is one lead female representative and two deputies. One woman commented that because of her experience, she was able to help less experienced women and men in their role on the committee.

In the villages visited, women were observed attending VDF Committee meetings in equal numbers to men, but were not as 'active' during discussions. Community men and VDF staff (male and female) encouraged women to participate, although most women were reticent to do so. This may well have been due to the presence of the research team as 'outsiders'. However, one of the VDF workers explained that this was not unusual:

*“During village meetings, men are the first to answer. Sometimes we have specific sessions with women where we ask for women's perspectives, without interference from the men.”*

Holding separate discussions was not a standard part of the VDF process, as it was not always the case that women were reticent to speak up and participate in village-level processes. One man explained:

*"Our wives are not shy. There is a group of strong females in this village who speak up during village meetings. Other women know this and they go to them so that their opinions can be heard."*

Having vocal women on village-level committees was one way to ensure that other women were able to have their views represented, recognising that one woman may not represent the views of all women. The research team recorded several instances where men represented women's interests, which women appeared to agree with. However, the extent to which men adequately represented women's ideas and perspectives was not confirmed during this research (by for example, talking to women in the absence of men).

One worker who had been with the VDF scheme from the pilot phase observed a change in the participation of several women involved in the VDF Committee:

*"When we started the project, women weren't really that visible. Since then, their involvement and influence seems to have improved. For example, there are now some female deputies and one has even spoken at a district level meeting."*

This perspective suggests that the VDF process meets a strategic need by increasing women's influence within the community, but the degree to which this is being realised has not been assessed. The research design did not enable an exploration of the degree to which women influence within the family or the sub-community level. A deeper analysis, including the use of ethnographic methods (e.g. in-depth interviews, focus groups and participant observation) would be required to understand these and other social processes.

### **6.1.1 Limitations in literacy and numeracy**

One female VDF worker explained that women could really only take up leadership roles (i.e. as the secretary, treasurer or deputy) if they were numerate or literate. Women's ability to read and/or write – which was less than men's – was a determining factor in their ability to actively participate in these official roles.

Beyond the committee, VDF workers also sought to engage other women. One female worker explained:

*"Women who lack literacy and numeracy, we still get them involved. We spend a lot of time explaining the project to them. We also find out who has influence ... who they listen to. We then try to get that person involved too. Maybe women are on the Committee, or maybe they are generally aware of the process. Even general awareness helps to hold others accountable."*

### 6.1.2 Women's traditional roles and responsibilities as limiting factors

At the village level, the primary role of women on the VDF Committee was described as community-level mobilisation, information dissemination and support. One VDF worker reported that, in practice, women were not selected for their leadership qualities, but because they are better known for getting things done:

*"It's not that the community sees them as leaders, it's that they see them as people who can get things done. Because women are around during the day, they can keep an eye on the construction work."*

Female VDF Committee members explained their role as one of 'support'.

While the VDF scheme requires equal participation of men and women on the committee and encourages women's involvement, community men and women explained that it was more difficult for women to participate due to their roles and responsibilities in the family and community.

*"When we look at families and communities in rural areas like ours, we see that women have all these tasks, and all this work that they need to do. We think it's good to encourage women to participate, but we also see that they don't have a lot of time to take on extra work like this. Women have many other things to do."*

The women and men in this village agreed that men were more able to 'move around' and go to meetings, whereas women's tasks were less flexible and more time bound, providing them limited flexibility in their daily routines.

Currently, there is no form of 'relief' provided for female VDF Committee members. Several international NGOs indicated that they had started to conduct participatory gender analyses so that villagers understood the relative workloads of women and men to increase their willingness to relieve women's burden. Increasingly these joint diagnostic processes were proving more effective than training in terms of increasing village-level understanding of gender and social stereotypes. While the VDF is committed to gender inclusion, gender is not applied as an explicit analytical tool for program planning or evaluation, or within the operation's broader program of community engagement and development. For example, there is a strong awareness among VDF staff that women's education and workload inhibits the quality of their participation in the VDF Committee, but there is no systematic analysis that provides an evidence base for this.

## 6.2 LXML's VDF staff members play a key role in facilitating a consensus-based process that includes women.

It was clear from talking to villagers and observing the interaction between VDF staff and villagers that the company played an active role in the VDF scheme. As part of this, VDF staff members were focused on ensuring inclusive and consensus-based village-level decision-making processes. However they did not control the process as one male villager explained:

*"When the company came to talk to the community about the VDF they explained the criteria, the responsibility of the committee and the kind of people needed. They also*

*talked to elders, people on the Village Administration Committee and party representatives. These people nominated who they thought had the skills and the leadership qualities to take part. The company didn't decide for us. The committee members were voted in by the entire community."*

VDF criteria require staff to be inclusive during meetings – they ask women if they agree and invite them to share ideas, views and opinions at each stage of the process. Aside from this, the support provided by company staff is not gender differentiated – men and women are both supported. The gender balance of the VDF staff means that female staff members are involved at each stage of the process. One of the female VDF workers explained why this was important:

*"Lao women are shy to talk to men in general. When we go to the village, women have more to say to us – we have a lot of informal talk with them. We walk around to each house and see what their families are doing and we find something to talk about. We become familiar – we get to know them and they get to know us. They don't see us so much as outsiders then."*

Village women and men were positive about the role of the VDF staff, and particularly noted the benefit of having female staff.

While the company's support may not be gender differentiated, many villagers reported that the staff helped them to understand why gender inclusion was important. One male villager said:

*"In the beginning, we didn't really understand what to do. Then, after the company did the training, we agreed that it was important for women to be involved."*

A female villager agreed:

*"At first we didn't understand, but our elders said it would be good for us to be involved so we went along with it. It was really good."*

LXML's Social Sustainability team is aware of the ethnic diversity of local communities, but some believe that more effort could be made to understand gender roles and responsibilities within different groups and sub-groups, particularly as the expansion communities include a greater number of minority Mon Khmer families, than Phou Tai. One manager said:

*"Women's roles and participation in decision-making are different across the different ethnic groups. In Mon Khmer communities there are different gender relationships to Phou Tai and we don't really understand enough about that."*

In recognition of this gap, the company had tried to recruit Brou speakers, but had not had much success recruiting females. One male VDF staff member explained:

*"It's difficult to recruit [Brou-speaking] women. Most girls are married before they go to high school – they care for children and help with foraging. The Brou lifestyle and culture is not conducive to supporting education for girls. It's not part of village life and they don't see the benefit."*

Social Sustainability staff members are aware of a range of diversity aspects within local communities. One manager explained:

*“There are also generational issues. There is a younger group coming up with a more cosmopolitan education and outlook. Their leadership styles and capabilities are different. We are going to have to work to ensure today’s youth can access senior positions and do this in a way that doesn’t mean the established leadership loses face. Gender runs through that. There are lots of factors to consider.”*

### **6.3 The VDF scheme addresses a ‘benefit gap’, but other gaps remain.**

Most villagers understand that the VDF was designed to ‘fill a gap’ between the national Poverty Reduction Fund and the trust fund. However, they are increasingly conscious of ‘development gaps’ that the program does not address. For example, some villages said that the VDF scheme did not address the needs of individuals and families who did not have access to jobs, did not own land and/or who relied on forest products for their livelihoods. In fact the program is designed not to privilege a particular group, but rather, benefit the community as a whole (including women and children).

Project selection processes and outcomes may be inclusive of women, but women’s needs and specific perspectives are not currently given any particular priority. When asked whether men’s or women’s project preferences were selected, villagers and VDF staff both indicated that it was often ideas first raised by men that were usually chosen because they were perceived to have broader applicability (e.g. infrastructure projects that would benefit the whole community). The longer-term aspiration for the VDF is that as villagers gain more experience, project decisions may move beyond a sole focus on infrastructure and towards other types of projects. Notwithstanding this aspiration, infrastructure projects are still needed and provide practical experience in managing development monies, and establish trust in the process.

More broadly, people raised issues with the company’s overall approach to benefit sharing, including local economic development. One woman said:

*“Originally, the company said that it would purchase vegetables – all the surplus we could produce. After a while, the company changed its mind and said it would only purchase a small amount from each village. That wasn’t worth it for us. Originally they said they would buy local – now they buy in Savannakhet.”*

One of the male villagers said that the company’s priority was cost efficiency not local economic development. He said:

*“Take the local suppliers program ... it looks good from the outside ... but it’s about protecting the company’s reputation. When you look inside the program you see that the company only purchases from the people they know ... they don’t give opportunities to people they don’t know ... it’s not a fair system.”*

The operation recognises some of these issues exist, and has been putting some processes in place to try and address them.



The discussion in one village highlighted challenges that some people faced in leveraging other development opportunities, beyond the company. For example, men from one village explained that while they had ideas for generating income, it was hard to progress things:

*“In our district, there is an agriculture bank, but they need security for a loan – house or land. But for us, we have no legal title. And if we can’t pay, they take everything.”*

People without assets are less able to generate wealth relative to those with assets and/or access to capital. The company’s micro-credit program is aimed at addressing this gap – and is available to women – but there were some limitations. One villager explained:

*“We can get microfinance, but to do that you must be part of a group, and it’s really only for chicken or pig raising.”*

#### **6.4 VDF projects are perceived as valuable. However, the balance between ‘impact’ and ‘benefits’ is increasingly perceived as inadequate by at least some groups.**

Any discussion about mining impacts included acknowledgement of some of the benefits of mining. For example, the Chair of one VDF Committee explained:

*“There are advantages ... if we look back, there have been roads, bridges, electricity ... some people have gained employment and through employment they have gained skills that they can use outside the mine. Young people in particular are benefitting from employment, sometimes to the extent that they can fully support their families.”*

Villagers recognised VDF projects as broadly beneficial. In one village that had installed a road and latrines, a resident commented:

*“The road is very helpful. We’re able to move around more easily and it’s less muddy. Access through the whole village is easier. And now, our houses have latrines. Everyone is very satisfied.”*

Even those people who were positive about the VDF projects said that the company’s overall approach to development was increasingly disconnected from its operational impacts. Managers within Social Sustainability are aware of this.

One senior manager said:

*“We’ve been asking: Are our development projects linked to mitigation strategies and plans that we’ve developed in our assessment of impacts? In a general sense we think they are, but it’s not always clear how, and to what extent.”*

Additionally, some villagers were frustrated that livelihoods were not more integral to the company’s impact management and benefit sharing strategy. They explained that the company opened up discussion on the topic of livelihoods during permitting and ESIA processes, but failed to follow up once their permit was secure. In the context of an expanding operation, this is important. Again, some managers are aware of this. One said:

*“Our approach to benefit sharing is increasingly undermined by our approach to land access and acquisition. Responsibility [for land access and acquisition] now sits in Vientiane – far removed from local realities and the dynamics at site. Plus, the land access process is done in a rush – we are always under pressure to get access to land to maintain production targets.”*

VDF workers explained that the land access team focused on short-term problem solving and was not required to relate this to longer-term development outcomes. Several communities reported that they continued to lose forests as a result of acquisition and land disturbance activities. Forests provided an important source of food, medicine and every day necessities. One man explained:

*“In the forest ... the men set traps and catch fish, birds and lizards ... women collect vegetables, bamboo shoots and all the detailed things for the household like broom grass ...”*

Even villagers who were keen to reduce their reliance on the forest and live a more ‘modern’ life emphasised its importance. As a result, many people were concerned about the effect of mining on their forest. One man from a nearby village explained:

*“Before [the mine], we were able to hunt as much fish and meat as we wanted ... also collect fruits, bamboo, vines. What we have left are corridors and small plots of land. We can’t use other village’s forests – we would be fined. So, more and more we have to buy it from the market.”*

Several people indicated that the situation was most difficult for individuals and families not receiving benefits (e.g. via employment, compensation). One older woman said:

*“Someone like me ... I’m too old to work. I can’t get work at the mine. I don’t have a source of income to buy food. Now if I need to buy something, I need to ask my family for money.”*

Another woman said:

*“The VDF doesn’t help us with what we really need to live ... or solve the problem of livelihoods.”*

VDF staff members acknowledge this challenge and hope that as the scheme evolves, the focus on livelihoods will become more prominent.

## **6.5 The program’s emphasis on process and relationships means that it may be vulnerable in the current organisational context.**

As the outcomes of the VDF are not altogether tangible, the program is at risk of being seen as not valuable to the company. Several staff and managers reported that senior management valued more ‘visible’ forms of development. However these projects were not necessarily underpinned by a participatory or inclusive process or target impacted communities. Further as the funding amount is small relative to other benefit sharing programs, its importance is easily underestimated.

Notwithstanding its size, the program provides a potential mechanism for community-driven development for the life of mine and into closure. Nonetheless, the program itself is still quite new. One male villager said:

*“The idea that we have projects that we determine is so new. Really, at this stage, we haven’t thought beyond infrastructure, but maybe in the future we will think about other things.”*

Currently, there is no long-term company commitment to the VDF. The program is a year-by-year commitment, and not tied to a life-of-mine or post-closure plan. Some villages are acutely aware of this situation.

More critically, the VDF is at some risk of being undermined by the project’s expansion agenda. VDF company staff reported that villagers often raised land-related issues with them, or asked advice about how to raise a grievance. One female VDF company staff said:

*“Sometimes they tell us things that we can’t address directly, so we pass that information on to our team leader. We see our role as facilitating the messages going to the right people to address the issues.”*

However, villagers are increasingly aware that VDF staff have little internal influence. One man explained:

*“We work closely with the VDF staff from LXML ... who see our lives and know what’s going on here. Do these staff make decisions? Do managers listen to them? We don’t think so. The other managers have a lot of knowledge about how to dig up dirt, but they don’t understand the people who live here.”*

There was broad agreement on this point.

## **7 Conclusion and implications**

This research confirms that the VDF agreements involve women in governance and implementation processes, and provide practical benefits for communities, including women. The scheme also offers some intangible benefits through community participation and women’s involvement in formal representation on the VDF Committee. For some women, the scheme has provided a first opportunity for village-level representation. However, as the program is still relatively new, its longer-term impacts and potential for ‘scaling up’ are under consideration.

### **7.1 Additional strategies for women’s involvement**

The key point of entry for discussing the gender dimensions of each village level agreement was the quota requiring equal numbers of men and women on the VDF Committee. The research concluded that while the quota ensured female representation, the quality and extent of participation required additional strategies to ensure that female representatives were equipped to influence and that men and women supported transformation of gender roles and responsibilities in principle and practice.

While women are involved in the governance and implementation of the VDF, their involvement is limited by a range of structural factors that reflect the broader issue of gender inequality in Lao PDR. The government's policy framework is supportive of gender equality, for example, but in practice, inequality is a systemic characteristic of Lao society – a trend which is more pronounced in rural and ethnic minority communities. Notwithstanding these challenges, there is potential for the VDF to have a positive influence on gender equality, particularly if additional strategies are incorporated, such as:

- continuation of programs that support the education of women and girls, particularly in Brou-speaking communities
- participatory gender analysis that enables understanding of gender roles and responsibilities, with a view to agreeing on strategies to provide women with relief from day-to-day responsibilities, further enabling participation in committee work
- supporting female leaders, as well as encouraging formal 'representation'
- encouraging female representation beyond the VDF, such as in village associations and other political structures more broadly.

## **7.2 A platform for village-level development**

Company efforts to ensure that the original terms of the VDF were agreed at community and district level prior to implementation has provided a stable platform for community-level participation and decision-making. This model could be further integrated into the operation's social development strategy as a mechanism for providing impacted communities with additional support through a process that builds community capacity to handle cash contributions. The potential for 'scaling up' could be considered in future evaluation processes.

Staff capacity was identified as a critical factor for supporting community participation and women's involvement in the VDF scheme. The availability of female staff was important to women, particularly in informal moments of interaction. It will be important to maintain this gender balance in the future, particularly if the scheme 'scales up'. The operation is encouraged to continue its attempt to recruit Brou-speaking staff, and women in particular.

The company has not formalised a long-term commitment to the VDF scheme and seems more inclined to support 'visible development'. As the outcomes of the VDF are not altogether tangible, the program is at risk of not being seen as 'valuable' to the company. A comprehensive evaluation that documents both the practical and strategic benefits of the VDF scheme, and the value the scheme offers by way of relationship building could be considered. The evaluation could also consider the benefit of linking the VDF scheme more clearly to impact mitigation strategies.

## **7.3 Corporate leadership on gender and development**

Beyond the VDF, the company does not have an explicit approach to gender and communities work. There is an opportunity for the company to demonstrate leadership in this area and be more proactive. Increased sensitivity to gender beyond the VDF will support the company's broader

engagement and long-term development goals. In this vein, there is an opportunity for the company to engage with the development community, particularly in the context of the changing NGO landscape in Lao PDR, for example by connecting with the Gender and Development Association. Proactively linking with this group would demonstrate leadership in gender and development.

#### **7.4 VDF and impact management**

Even those villagers who were positive about the VDF projects said that the company's overall approach to development was increasingly disconnected from its operational impacts. The VDF scheme and its benefits (tangible and intangible) will be at risk if operational impacts are not adequately managed. For example, some villagers are frustrated that livelihoods are not more integral to the company's impact management and benefit sharing strategy. They explained that the company only seemed to open up discussion on livelihoods during permitting and ESIA processes, but failed to follow up once their permit was secure. Additionally, villagers indicated that VDF staff were among those who knew the most about the adverse impacts that communities experience, but were the least able to influence internally. These patterns of behaviour will undermine the VDF scheme over time.

As well as giving due attention to impact management, it is important that the operation continues to build its understanding of emergent development gaps, and ensure that certain groups are not overlooked due to the presence of the mine. For example, elderly women and other groups will need due consideration as the 'whole of community' approach to development may not always consider the changing nature of vulnerability in the context of mining.

#### **7.5 Knowledge base to support women's participation**

The operation's knowledge and understanding of local communities is substantial. This understanding has been built through commissioned studies and through the work of knowledgeable staff (both Lao and non-Lao). However, this knowledge is not always linked to operational systems and strategies, such as land acquisition and impact management. It will be important to broaden this knowledge base as the mine expands and moves into new communities. This knowledge can be used to adapt and improve the VDF over time, including strategies to better support women.

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