Comments on Draft Report – MMSD

Part III – Chapter 9

Local Communities and Mines

GENERAL DOCUMENT (Chapter 9)

Although the chapter about Local Communities and Mines condenses diverse issues related to the social impact of mining and sustainability, this part of the document could be improved with the following adjustments:

- In depth analysis of social impacts for each phase of activity. The document acknowledges the different impacts that occur in the phases of exploration, construction, exploitation and closure (pp. 9-7). However this distinction is not fully developed leaving the analysis of the impacts divorced from the phases of the project and the particular activities that take place on each of them[1].

- Contribution for sustainability for each phase of activity. The section called "Maximizing Mining's Contribution to Communities" should also integrate time as a variable. The issues in local development are different in each phase of the activity. This problem is acknowledged by the study "Environmental and Social Performance Indicators and Sustainability Markers in Minerals Development" (MERN Bulletin No 15, 1999/2000). In this study economic, biological, and social indicators are developed for each phase of activity in relation to three actors: community, government and company.

- The document could provide tools to analyze social impacts (indicators for social baselines, methods for Social Impact Assessment) and to manage them (examples of Development, Consultation, or Conflict Management Plans). The draft mentions different issues but it does not develop a guideline for management.

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[1] About differential social impacts for each project's phase it should be revised Paul H. Landis "Three Iron Mining Towns: A study on Cultural Change". Middleton: Social Ecology Press; Janet Finn.1998. "Tracing the Veins: Of Copper, Culture, and Community from Butte to Chuquicamata" Berkeley, CA: University of California Press; and Camilo D. Leon. 2001. "Guia de Relaciones Comunitarias". Lima: Ministerio de Energia y Minas del Peru.

SPECIFIC ISSUES

- In page 9-3, second paragraph it is mentioned that "Exploration increasingly occurs in remote regions that have experienced little or no development,…". This paragraph implies that underdevelopment is one of the reasons for conflict between companies and communities. However, in many cases, conflicts arise with communities and towns well linked to the national society (ie. Tambogrande with Manhattan Minerals and Cajamarca with Yanacocha, in Peru). In this case the level of conflict is high because the communities have the financial and human resources to mobilize against projects that they perceive place a threat on their natural resources. Finally, the very notion of development should be discussed not only in terms of economic growth but in terms that could include cultural survival and participation[2].

- In page 9-7, second paragraph is mentioned that "the more recent the operation, the more likely it is that the technologies used are environmentally friendly and sensitive to social concerns, and that a smaller area is affected". The recent accidents in the Yanacocha mining project in Peru show the contrary. It will be necessary to show the data that supports this statement.

- In pages 9-8, 9-9, some economic impacts of mining are delineated. It is important to distinguish among the different types of value that communities can obtain from a mining project. One is compounded by all the market transactions between companies and communities for the use of land, for the acquisition of local products, and services and for the hiring of workforce. The obstacles between mines and communities for developing fluid economic transactions are mentioned in the text. For instance, local communities lack the technological and human resources to link its production and services to the demand open by the mine. However, there are mines that seek to overcome this problem developing programs aimed to generate strong economic links with the locality. A deeper analysis of the strategies utilized in, for example Antamina in Peru, could be useful for other projects.

  Another form of value obtained by communities comes from development programs financed by the companies as a part of their mission of Social Responsibility. These programs are financed with sources exclusively designated to social issues. The resources are administered by funds, trusts, NGO's or the company directly.

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[2] A generally accepted definition of "Development" is the one provided by Amartya Sen. 1989. "Development and Capability Expansion". Human Development in the 1980's and Beyond. Journal of Development Planning No 19. United Nations N.Y.

Finally, it is mentioned in this section the existence of monetary flows as compensation for impacts. Compensation should not be considered a source of income as it "compensates" for a damage. However, it is important to recognize that compensations could lead to the improvement of a community if this resource is invested in programs that could strengthen the local economic resources.

- In page 9-9, last paragraph it is mentioned that mining can pollute rivers and damage fish stocks. For countries with environmental laws, this is probably the case in the occurrence of accidents or illegal operations. It should not be assumed that contamination is necessary in all mining projects. Also, there are differences in the environmental legal framework among countries that could facilitate stronger impacts in some regions.

- In page 9-10, the issue of migration has been managed by some companies favoring local hiring of workforce. This policy is made known in the region and other regions in order to avoid the influx of strangers to the locality.

- In page 9-11 it is mentioned that the development of infrastructure could facilitate tourism in a locality. It would be useful to know about areas that can attract tourists where mines operate or have operated. In most cases, the visual and environmental impact reduces the option of the area to become an attractive place for tourism.

- In page 9-13 under the heading of Social Change it is mentioned some typical problems linked with the presence of mining projects. These problems should be distinguished and the mitigation measures taken by companies could be included as recommendations or examples. For instance, the problem of alcoholism and misbehavior of the workforce in the locality has been managed by some companies with "offshore" policies where workers are isolated from the local populations. This policy has been particularly useful in some oil developments in the Amazon jungle where the project is close to native communities. The development of Codes of Behavior can be particularly useful to avoid certain attitudes that could be rejected by the local population. Some companies produce larger documents that include a description of the local history and culture, the areas of farming, fishing and hunting, and so on, in order to sensitize the workforce about the local values and practices. An example of one of these codes could be useful.

- In 9-13 about options for women, it should be considered the studies of William Freudenburg and Elizabeth Moen included in "Differential Social Impacts of Rural

Resource Development" 1986. Pamela D. Elkind-Savatsky (ed.) Boulder and London: Westview Press Social Impact Assessment Series, No 13. Also the work of Janet Finn already mentioned contains a gender analysis of the mining household.

- In 9-16 a more thorough analysis of community culture and politics should be included. Some aspects of the local culture relevant to mining projects are: attachment to the local space, perceptions about strangers and mining projects, religiosity (churches in some rural areas have a vigorous influence in community problems and many are against mining), and perceptions about natural resources (for certain communities some mountains or lakes have a sacred meaning and they will do anything to avoid their disruption by a project).

  Local politics is a key issue for a mining project. The analysis of how decisions are made regarding the use of community land should be recommended as a part of the baseline in the Social Impact Assessment. The work of Paul Landis, mentioned at the beginning, analyzes the changes in the politics toward mining projects depending on the phase of the project and the cultural values of the town.

  In the draft, conflict is seen as the outcome of poor governance. But also comes as a result of a complex web of problems that include: expected local revenue from the project, values and perceptions about mining, social impacts, environmental impacts, local politics and leadership, local history in relation to mining and other resource development activities and so on. One important issue is the rising of conflict using the environment as a justification of other problems. In some communities, the conflict arises as a result of economic or political interests of certain groups in the community. For instance, some local leaders direct attacks against projects in order to obtain economic and political out benefits from the struggle against mining activities.

  It will be important also to mention not only the culture and politics of the local communities but also of mining companies and governments. Companies have different cultures and perceptions about communities and the state. Sometimes these perceptions guide their actions in ways that clash with local values. Inside companies, cultures are not the same. The departments and offices of environment and community relations have different perceptions about priorities than the areas of operations, logistics, human resources and marketing. These differences can lead to heterogeneous practices in the field in relation to communities. For instance, the mission of sustainable development carried by an office of community relations could include policies towards the hiring of

local workforce and the buying of certain services and products in the area. This policy could clash with the mission of Human Resources and Logistics where the priorities are efficiency and quality.

The same is true for the state. Ministries or offices related to environment and production (mining, fishing, industry) have different perceptions and priorities. Sometimes the differences lead to clashes that affect the relation of companies and communities. Messages from the state are confusing or communities are involved in larger conflicts inside the state about the management of natural resources.

- In 9-19 the statement in the last paragraph that community demands of sustained benefits is a recent phenomenon is not backed by the literature about community – mining relations. Conflicts due to demands for benefits from mining projects are old as the fight for mining canon (taxes to resource exploitation activities for local and regional governments). Paul Landis work mentions conflicts early in the 20th century originated by the demand of local benefits from mining. Maybe now this demand is more wide spread but by no means was absent in the past.

- In 9-21 one of the problems of the local revenue use is that, in many cases, this money goes to local councils that have functions and skills different from the task of sustainable development. These councils are more concerned about urban issues like roads and parks maintenance. Therefore, the revenue from mining will be used in these areas leaving no budget for projects related to economic local development.

- About gender disparities and literature about women and mining see comment on 9-13 before.

- About employment and retrenchment (9-29), the project promoted by the Peruvian state for former workers from state companies in process of privatization showed very poor results. One of the conclusions is that mining worker has a particular lack of flexibility in their capacity to adapt to different occupations. This and other related projects came to the conclusion that it was better to work with the sons and daughters of former mining workers, mostly in the promotion of micro and small businesses.

- In 9-31 most mining companies prepare some of their lawyers and other professionals in conflict resolution. One of the models more utilized is the one developed at Harvard University. This model is based in a rational account of personal/collective interests,

leaving values aside. The objective is to reach win/win solutions to disputes. This model is widely used specially in negotiations between unions and companies and among firms. However, this model, applied in community settings, assumes that locals can arrive to rational value – free objectives as in a company or other modern organization. It will be useful to mention some issues about how local communities negotiate and arrive to agreements.

- In 9-39 should be mentioned some guidelines for community consultation and participation like the one of the World Bank (1996) and the International Finance Corporation among some others.

- About SIA's it would be useful to revise Rabel Burdge's A Conceptual Approach to Social Impact Assessment (1994) and A Community Guide to Social Impact Assessment (1995). Both edited by Social Ecology Press, Middleton, Wisconsin. About the usefulness of SIA for social management of projects and the social variables that should be included for different project's phase see Leon (2001).

- For Sustainable Development Plans promoted by mining companies see International Finance Corporation (1999) "Sustaining Communities, Improving Businesses". Also Leon (2001) chapter four: La Responsabilidad Social de la Empresa.

Thanks, and we hope this comments help the discussion. Hope to see you in Toronto.

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