

Mining companies must do more to engage Latin American communities – Molodecky

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TORONTO (miningweekly.com) – Away from last year’s eye-catching headlines of Venezuelan riots, a World Cup in Brazil, and Argentina’s technical default, most Latin American countries continue to achieve middling-to-fair levels of growth, with Chile and Peru leading the pack. Much of the development and expansion continues to be based on mining and attracting foreign investment into the sector.

However, this has become harder in recent years because of the down-cycle. There has also been a marked increase in the number of confrontations and disagreements relating to mining.

Even senior companies, with the funds to spend on engagement and corporate social responsibility (CSR) programmes, have found themselves facing censure and, on occasion, even violence. Conversely, many mining projects have been welcomed by communities with open arms.

Why does this dichotomy occur? And if companies are aware of the pitfalls, then why do some continue to make elementary mistakes when it comes to community engagement? These were just some of the questions considered by Global Indigenous Development Trust cofounder and president **Sonia Molodecky** in her speech to the Canadian Institute of Mining’s Management and Economics Society, in Toronto, on January 28.

IT’S COMPLICATED

The Latin American mining sector was currently experiencing over 200 serious conflicts involving more than 300 communities, Molodecky said. Not only was there a cost to a project or operation’s bottom line, but conflict could also cause lasting reputational damage.

“Today everybody has a Twitter account and a camera. Any misstep will end up on the Internet before the day is out,” Molodecky pointed out. “This is something that spreads like wildfire.”

Much of the angst within communities stemmed from a historic perception of mining in Latin America as an arrogant and corrupt industry that ignored local concerns.

On other occasions, communities were wary of dealing with foreign mining companies because they had little-to-no experience in interacting with them. Molodecky cited Peru as an example, highlighting how the government had doubled the number of mining concessions to companies over the past five years. “This represents a huge change.”

Complications also arose when communities remained unsure of what questions they should be asking a mining company. In addition, a community might not have a vision for its future, making it harder for a company to appreciate stakeholder goals and where best to focus its CSR and engagement programmes.

More complicated still, companies would sometimes find weak organisational or political structures at community level. “On these occasions a company might be unsure that the people they are speaking with are actually the ones representing the interests of a community,” Molodecky added.

At other times, a company could find itself caught between the conflicting interests of a community and a local government, creating serious issues that needed to be navigated with care.

Communities also had growing legal rights. In part, this was because an increasing number of Latin American nations had ratified the International Labour Organization Convention, No 169, which dealt specifically with the rights of indigenous and tribal peoples.

“Communities have rights and they are standing up and asserting them. They are becoming more organised and more powerful in their stakeholder engagement,” Molodecky noted.

TERMS OF ENGAGEMENT

One reason for mining’s poor reputation in Latin America was the failure by companies to trumpet the benefits and positive effects they had helped deliver. This often included job creation, which had proven a lifeline for communities whose youth had been leaving home to seek work in the cities.

Mining also paid royalties and taxes, putting extra funds into government treasuries. This could then be used to tackle poverty, build infrastructure and act as a means to help spur further growth. Conversely, conflict deters foreign investment and hinders economic growth.

As an example, Molodecky highlighted Barrick’s reforestation and rehabilitation work in northern Peru. “And I’ve seen many other good things that Canadian companies are doing in Peru and elsewhere in Latin America, but their efforts are buried on page 20 of brochures that communities will never look at,” she said.

Instead, companies would be better served by assisting communities to create and maintain knowledge networks through which they can store and then share their stories. This also helps them inform other communities about the positive outcomes mining has had.

These are important measures as knowledge and experience is often communicated by word of mouth from one community to another in Latin America.

Tied to this, community ambassadors should be appointed as they can also approach stakeholders and discuss the benefits they have witnessed and highlight the objectives of a mining company.

VALUES AND INTERESTS

If there is disagreement or conflict, a mining company should consider the values and objectives of those present at the dialogue table. Its case should then be presented in an open and transparent way, seeking to find solutions that align the company’s interests with those of the community.

“Of course not everyone is going to agree all the time, but you can disagree without being disagreeable,” Molodecky said. “Be respectful and open to new ideas. Sometimes it might just mean listening and giving people the necessary time to voice their opinions.”

But companies should also be aware that there has been a growth in external parties seeking to disrupt or derail community engagement. This includes intervention by partisan nongovernment organisations and anti-mining agents, many of whom have monetised the process of mining opposition. “Spreading negative perceptions [about the industry] is a big business,” Molodecky warned.

However, most communities are keen to develop, a fact many mining opponents are quick to forget. “Most communities are not opposed to development; they are opposed to development that is imposed on them without their having a say in how things are done,” Molodecky said. “In general, they want to be part of the process and they want to be involved.”

A mining company that engages a community on the basis of respect and mutual trust will build ties that are strong and lasting. Among the best examples, communities come to understand that a mine can be integral to their wealth and wellbeing.