

INITIATING MINING COMPANY –
COMMUNITY AGREEMENTS: A
COMMUNITY PERSPECTIVE – RAJIV
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PROBLEM STATEMENT

- Literature - Cross Sector Partnerships (CSPs) has focused on how to get such collaboration “right” so that all participants win.
- Assumption - CSPs are always the best solution and a “Holy Grail” (Bryson *et al*, 2006).
- Community Benefits or Development Agreements (CDAs) - a form of CSP regarded as best practice for community relations and *development*.
- I test this assumption - an in-depth and rich description of the processes and micro-politics that took place between an indigenous community and Barrick Gold in the Huasco Valley Chile.

SUMMARY

- How Barrick Gold used different Influence strategies such as CSR and political influence to fragment local resistance to their Pascua Lama mine in Chile to obtain a social license to operate (SLO).
- Describe the strategies employed by the community to resist Barrick's attempts to collaborate with them - so far failed.
- Question the legitimacy of an Agreement if the less powerful actor (the community) rejects the presence of the more powerful one (the company) in their territory.

- Bryson et al (2006) the initiation of a CSP will have an important influence on the outcome of any CSP - under researched to date
- Shows that for one side of the community (in opposition) to the mine - a CSP/Agreement represents the beginning of the end of their valley and everything they cherish about it, whereas for the other side (who signed the MoU) - represents an opportunity to make the best out of a bad situation.
- Does not support the general positive sentiment that exists around CSP/Community Agreements as providing solutions for societal issues and challenges.

COMMUNITY AGREEMENTS

- Community Benefits or Development Agreements (CDAs) - a form of CSP widely used in the mining sector especially in Canada and Australia - origins (O'Faircheallaigh 2013).
- *“as formal agreements between developers (private or public) and community representatives or organizations. They are designed to minimize negative project impacts and ensure that local communities obtain benefits from development they would not enjoy in the absence of agreements, thus helping to **reduce or eliminate conflict** surrounding development. (O'Faircheallaigh 2013, p. 222).*

COMMUNITY AGREEMENTS

- O'Faircheallaigh (2013) refers to unequal bargaining power however makes no reference to the structural power imbalances that exist between large multinational mining companies and rural (indigenous) communities.
- Argues vetoing mining projects is not realistic and as such communities should try and make the best out of necessary evil.

CRITIQUE OF STAKEHOLDER ENGAGEMENT - CHANNELING

- Burchell and Cook (2013); Banerjee (2000); Kraemer et al (2013); Coleman (2013); Hinley (2014); Horowitz; and Li (2016) – CSR and Dialogue = form of containment and domesticating dissent.
- Channeling - 1960s black civil rights movements published in Jenkins and Eckert (1986); and McAdam (2010). Refer to how government agencies selected certain civil rights movements to finance, which they then restructured so that they became less radical, did not engage in civil disobedience, or be politically motivated.
- Instead, these movements were *channeled* just like canals to become more moderate in favour of smaller apolitical, technical and surface level changes to government policy.
- Diverted attention from the indigenous social movements and also created internal rivalries amongst the civil rights movements.

METHODOLOGY

- In-person field research in the Huasco Valley with semi-structured interviews and observations.
- Email exchanges with local community residents and activists.
- Analysis of facebook discussion groups on the subject of the Pascua Lama gold mine in the Huasco Valley, Chile.
- Different international, regional and national newspaper articles, press releases, legal documents, research reports and video documentaries about the mining project and community conflict.
- Analysis of relevant online articles and communiqués published by activists, local community leaders and Barrick Gold

METHODOLOGY

- 13 days between October 2012 and January 2013. I spent 10 days in the community in October, 2012 and 3 days in January 2013 on a follow-up visit.
- Interviews lasted for between 25 to 95 minutes, the village hall meeting to discuss strategies for dealing with Barrick Gold and local election debates had a duration of 90 minutes each.

TIMELINE PASCUA LAMA

2000

- Local Councillor concerned by Barrick Gold's Environmental Impact Assessment. Contacted a Nun and National Environmental Justice NGO - "OLCA" to start a social movement against the siting of the proposed mine.

2001 -
2004

- Intense international, national and local anti Pascua Lama campaigns by local, national and international civil society organizations including a series of street protests, marches, video documentaries amongst others in Chile, Canada and Europe.

2005

- Barrick Gold negotiates a deal worth US\$60m with the Huasco Valley Water Vigilance Board - a group of the wealthiest and most powerful farmers to manage water supply to the valley and monitor the impacts to the local river and natural water sources. The mining giant has also been investing millions of dollars in local CSR projects.

2006

- Chilean government approves Barrick Gold's EIA and gives them a permit to start construction of the mine on the condition they do not impact any glaciers. Opposing civil society and community voices feel the consultation process was not legitimate. Immediate large-scale local protests.

2007-2010

- Barrick Gold engages in intense CSR investment with local communities. Leads to further divisions within the communities and local protests.

2013

- Well known environmental lawyer hired by one section of Huasco Valley community obtains a legal suspension order from the courts of justice on construction work at Pascua Lama operations on the basis of irresponsible environmental practices by Barrick Gold .

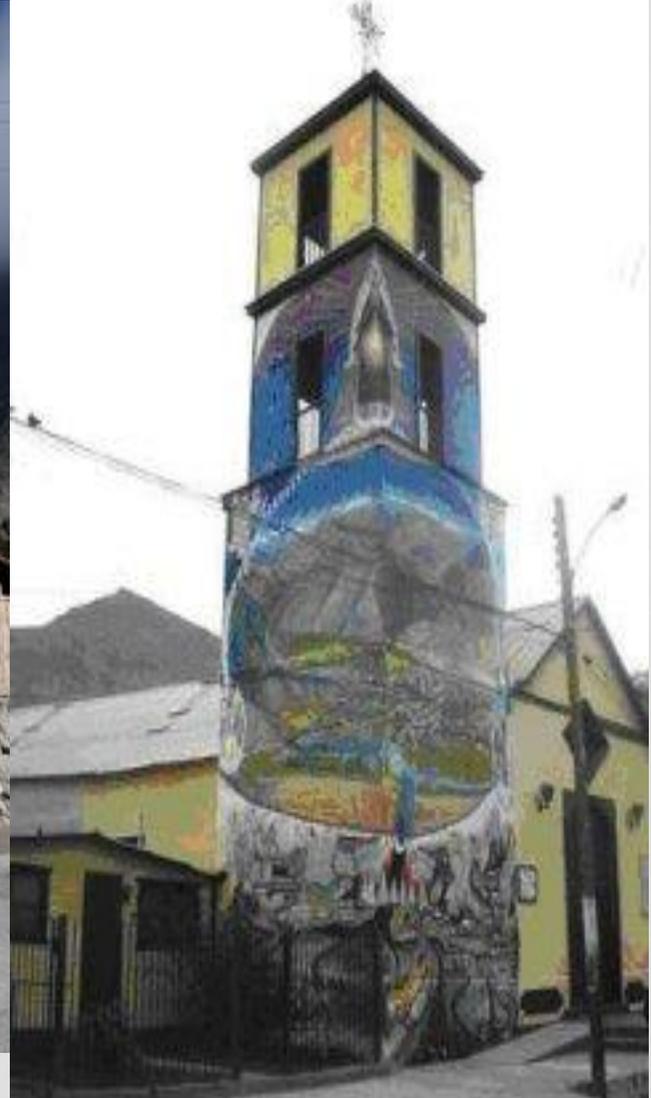
2014

- 15 neighbourhood associations from the Valley decide to collaborate with Barrick Gold via a MoU after a short and intense period of consultations to convince local residents as to the benefits of such an agreement.
- This results in intensified campaigning by other community groups and NGOs who are against any negotiations with Barrick Gold, and who see the process of signing the MoU as illegitimate.

HUASCO VALLEY



VALLE DEL HUASCO



INTERVIEW QUESTIONS

- Why they thought as they did about the mining company and why they thought others in the community perceive the mine differently or similarly.
- Why they and others in the community behaved the way they did towards the mining company.
- How did they and the community perceive the CSR efforts of the mining company?
- If perceptions are so negative towards the mining company why does the community not mobilize collectively in resistance?

MAJOR THEMES EMERGING FROM COMMUNITY INTERVIEWS

Table 1 – Emergent Codes from Data.

Corporate Influence Strategies	Community Influence Strategies
Channel/Co-opt	Resist
Divide and Rule	Independence
Negotiate	Compensation
Manipulate	Negotiate

BACKGROUND

- The community of the Huasco Valley is dependent on agriculture with no history of large scale mining.
- Standen (2011), the Huasco Valley community has a very strong attachment to the valley – importance of water.
- The Pascua Lama project is expected to cost Barrick Gold an investment of \$US8.5bn (Barrick Gold website, 2015).

ANALYSIS

- By 2005 - conflict “scaled up” - Canadian anti-mining NGOs such as *ProtestBarrick* and *Mining Watch Canada* invited a local leader to speak at Barrick Gold’s Annual General Meeting in Toronto and at universities about the Huasco Valley conflict.
- Also anti-Pascua Lama street protests in London, Cambridge and Barcelona and the international press and filmmakers were also covering the story.
- A local newspaper poll in the *Diario Chañarillo* in late March 2005 had – overall Huasco valley community rejection rates - 97%

“they were crazy about finding local community residents willing to participate in their CSR and social investment projects. They sent social and psychological assistants to go knocking on everybody’s doors to see what information they could find out so they could manipulate them and also try to get them involved in their social projects.”
(Corporate influence strategy – Co-optation).

However Trust had already been broken according to interviewees.

- Barrick Gold worked on building good relations and trust with a group of Diaguita people and also took them to meetings in Toronto to demonstrate it had an SLO from the Diaguita.
- *“The company has brought in professionals from other parts of the country to conduct workshops on the ‘traditional’ Diaguita crafts, essentially inventing a nonexistent Diaguita culture and denying the ethnicity of our community. They have raised false leaders, who are now attending meetings with the company and the media, discrediting the real leaders of the community and creating irreconcilable divisions between community members and their neighbours. All these actions have led to confusion and they have weakened the identity of the Diaguita Huascoaltinos.”* (Letter to Canadian parliament by the Diaguita Huasco–Altino Agricultural Community, May 2009. P689, 2011).
(Corporate influence strategy – *Manipulation and Divide and Rule*).

- Barrick Gold published a book in 2009 – “Diaguita” by an anthropologist.
- Claims, - Diaguita people’s true historical identity is a mining people and that becoming farmers is recent.
- This manipulation of a community “truth” met with much irritation by parts of the Diaiguita community perceived - yet more corporate influence meddling with the local social fabric in pursuit of a SLO.
(Corporate influence strategy – Manipulation).

- Decision to accept lawyer *Sanchez* by a few Huasco valley leaders brought to the surface latent tensions, divisions and mistrust within the Huasco Valley community.
- Residents such as *Lionel Fonseca* allied to OLCA and the local Church were and remain against this.
- The argument from this group = “No Negotiations” with Barrick Gold, that Pascua Lama must be stopped at all costs and never accepted on any terms including any forms of compensation.
- Doing so would give the multinational *carte blanche* to do as it pleased leading to the Valley’s destruction.

TO NEGOTIATE OR NOT?

- *“we’re all tired of protesting for years marching with banners in the street against the mine, there’s nothing we can do. Its time to negotiate with them and get the best we can out of them and limit the bad aspects...this is reality”* (Community influence strategy – Negotiation and Compensation).
- A local clergyman cautioned against negotiating with Barrick Gold:
- *“if we negotiate and work with the mining company we will be prostituting ourselves and the future of our beautiful valley. The mine will destroy this beauty and our 1000 year culture in exchange for a few breadcrumbs”* (Community influence strategy – Resist).

DIAGUITA IDENTITY MANIPULATION

“Barrick in their Diaguita publications speak about ceramics and knitting. They are Manipulating their (Diaguita) Identity for their own good. Barrick does it to divert the attention to the secondary elements of the Identity and not to teach the parts of territory and water and language which are the Primary ones. Barrick finance the Indigenous New Year of the sun...They've (Barrick Gold) created 22 communities here from three to get more internal conflict going on. divided the three Diaguita groups into 22, so this creates conflict and disunites the people. (Corporate influence strategy – Manipulation and Divide and Rule).

“.....none of us were interested in their “little demeaning courses and workshops.” What can they teach us about being Diaguitas?! We are Diaguitas and land and water are essential to us, not these courses about artisanal goods and pottery! Just the most vulnerable, humble dear old ladies accepted and agreed to take part but none of us (laughing). We showed them we don’t want or need them in our valley!” (Community influence strategy – Resist).

Locally elected leader Orlando “I don’t need handouts from Barrick or from the government I brought up my kids by my own hard work. That’s what being a Diaguita is about it is about hard work and not accepting handouts from others. We are independent people and proud we don’t need mining companies and the government!” (Community influence strategy – Independence).

SIGNING OF MOU FOR CDA

In May 2014 15 of the 22 neighbourhood associations signed the MoU with Barrick Gold on identifying environmental impacts from the mine. Could lead to benefits sharing with the 15 neighbourhood associations.

REACTIONS TO MOU FOR CDA

- Asamblea por el Agua del Huasco Alto (Assembly for Water Upper Huasco) published a communiqué stating that community leaders used false information and signed the MoU without due consent on behalf of their members.
- Mining Watch Canada & OLCA published “A Problematic Process: The Memorandum of Understanding between Barrick Gold and Diaguaita Communities of Chile.” Wiebe (2015)

A PROBLEMATIC PROCESS

- Wiebe (2015) states that the lack of open transparency and participation was a problem in the process of signing the MoU. Members were coerced and manipulated.
- Testimonies claim the Diaguita leader - seeking signatures from locals offering around US\$600 per signature - called “stupid brutes who did not understand” (p.11, 2015) when they refused to sign.

DISCUSSION

- From the perspective of one significant section of the Huasco Valley collaboration is not seen as the “Holy Grail solution” (Bryson et al 2006) to having to co-exist with Chile’s largest gold mine, Pascua Lama.
- Present challenges for the ethics of deliberative democracy.
- The MoU presents us with an example of corporate *channeling* – where the mining company is able to channel the conflict into a regulated dialogue table with a terms of reference.
- As such community dissent is now managed and controlled by Barrick.
- Community resistance to the Pascua Lama can now be discredited and marginalized if failing to go through the MoU or other established corporate grievance channels.

DISCUSSION

- contradicts the optimism of O'Faircheallaigh (2013) that CDAs can lead to a reduction of mining company – community conflict, as the street mobilizations and campaigning against Pascua Lama has continued from before the signing of the MoU in 2014 until today.
- The MoU - stoked the fire even more in the Huasco Valley.
- I argue that a CSP cannot be considered as legitimate if the less powerful actor (the community) rejects the presence of the more powerful one (the company in this case) in their territory. A CSP in such circumstances is akin to a lesser evil, one that the community did not invite in.

POSSIBLE POINTS FOR DISCUSSION

- The importance of the role of the State, laws and the functioning of democracy?
- Can stakeholder collaboration/CSR initiatives (*even if done the “right way”*) truly resolve socio-environmental conflicts in contexts of unwelcomed projects?
- How much decision making power should communities have over how development takes in their territory? The Right to Self-Determination. Consultation or Consent/Veto?
- Is there anything unethical about Barrick’s alleged behaviour/influence strategies in the Huasco Valley