



## CSRM OCCASSIONAL PAPERS: MINING INDUCED DISPLACEMENT AND RESETTLEMENT SERIES

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# Land Access and Resettlement Planning at La Granja

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### ABSTRACT

Gaining secure land tenure is a fundamental business requirement for mine development that can result in displacement and resettlement of families and communities. Achieving consensual land access and successful livelihoods transition requires long time frames and deep engagement between the company and the community. Mine development can also take years and can be highly uncertain as companies increase or decrease their investment according to changing business strategies, falling or rising commodity prices and the availability of capital. Given these dynamics, one of the critical challenges for mining projects is securing consent from local communities for future land access, while minimizing community exposure to business uncertainty. This paper describes how Rio Tinto Minera Peru's La Granja Project developed an approach that aspired to integrate and align the business and project schedule with a responsible approach to engagement and agreement-making on land access.

**Keywords:** Peru, Mining, Resettlement, Dialogue

**Photo:** Courtesy of RTMP La Granja

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## INTRODUCTION

This paper describes the evolution of the land access<sup>3</sup> planning strategy at Rio Tinto Minera Peru's (RTMP) La Granja Project from 2006 to 2014, during the project's Order of Magnitude and Prefeasibility phases.<sup>4</sup> La Granja is a copper ore body located in the Cajamarca region in Northern Peru, first discovered in the late 1960s. Rio Tinto is the third mining company to own the right to evaluate the La Granja orebody via a Transfer Agreement with the government of Peru.<sup>5</sup>

Mining induced displacement and resettlement (MIDR) is a neglected area of mining industry policy and practice, deserving more detailed analysis and review (Downing 2002; Owen & Kemp 2014). This paper seeks to contribute to the emerging MIDR discussion from a corporate perspective by describing the tools and drivers used by the Rio Tinto La Granja team to build a strategy to secure consensual, permanent land access for the future construction of the mine. The intent is to summarize the learnings that may apply in other mining contexts and serve as a resource for future managers of the La Granja concession.

This paper describes how certain organizational processes guided the development of La Granja's land access approach. These internal processes include: (i) risk management; (ii) footprint evaluation; (iii) understanding social legacies particular to the La Granja project; and (iv) adaptive management to maintain strategic objectives. The paper explores the dynamic of uncertainty inherent in mine development and then proceeds to present a brief history of the La Granja concession, a summary of RTMP's land access strategy, and the drivers and tools used to develop the approach. The implementation and results are also presented along with a consideration of the effectiveness of the approach and the lessons learned.

The paper focuses on how the La Granja team built an approach to responsible land access during a specific phase in the project's development. The scope of the paper does not address the full range of issues and programs implemented by the team as part of the land access and resettlement work, such as livelihood transition, budget and schedule forecasting, community engagement, and identification of destination lands. Brief information on some of these issues is included in sidebars.

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<sup>3</sup> "Land access" refers to the rights that a company has to use land. Land access rights can be held by owning the land, leasing the land or through any legal agreement with surface rights owners that allow the company to access and use the land.

<sup>4</sup> Mining companies typically follow a phased approach to move from initial discovery to operations to eventual closure. These phases form the development pathway: Studies (Concept, Order of Magnitude, Prefeasibility, Feasibility), Construction, Operations and Closure. A "project" refers to a proposed mining business in the phases prior to Operations. Companies set study requirements for each phase that form the basis for understanding the ore body and building a business case for investment. The project team is responsible for executing the study requirements for each phase and preparing arguments for the project to proceed (or not) to the next phase. Study requirements cover all aspects required to construct, operate and close the mine: geology, metallurgy, processing, marketing, financial, legal, social, environmental, health and safety, among others.

<sup>5</sup> Rio Tinto won the rights to explore and develop the La Granja mineral concession in 2005 after an international public bidding process administered by the Government of Peru for the privatization of the asset. The Transfer Agreement transfers title of the mineral concession from the Government of Peru to Rio Tinto.

## ENGAGING IN A CONTEXT OF UNCERTAINTY

Project planning for mine development is based on a standard model of sequential phases, from initial discovery to operations to eventual closure.<sup>6</sup> In practice, mine development pathways do not always evolve sequentially according to the established model. Projects may progress from Order of Magnitude to Prefeasibility for a time and then revert back to Order of Magnitude in the light of new geological studies and other factors. Furthermore, moving from initial discovery to first production may take years, sometimes decades, especially in large, geologically complex ore bodies.

How a project moves forward from initial discovery to production depends on whether the company considers the development, extraction, production, marketing and sale of the mineral will have an acceptable return on investment (i.e. the ‘business case’). While the project team works to evaluate an ore body’s potential, a number of internal and external factors will affect the project’s business parameters. Commodity prices rise and fall, corporate business strategies evolve, available investment capital fluctuates and new technologies emerge. These can affect how a company chooses to invest in the development of new ore bodies or the expansion of existing mines. A project can be on ‘full speed’ one year and ‘on hold’ the next. In early 2008, for example, the La Granja Project employed more than 1500 people (including direct staff hired by RTMP and indirect staff hired by RTMP contractors). That same year, in part due to the Global Financial Crisis and the need for more focused work on the project’s technical requirements, the company reduced its total staff to less than 200. In short, the path from initial discovery to full production and on-going expansions can be highly unpredictable and uncertain.

Given these dynamics, one of the critical challenges for mining projects is securing consent from local communities for future land access, while minimizing the communities’ exposure to business uncertainty. Even the act of engaging with landowners and families about the *possibility* of land acquisition can trigger impacts and alter behaviour. Families may prioritize investment in fixed assets over investments in education and health. Others, in need of quick cash, may sell their land to speculators, losing assets that are important to their livelihoods and the future economic security of their children. Engaging with landowners and families about possible land acquisition can also attract opportunistic economic in-migrants seeking access to employment or compensation benefits. This can, in turn, change community dynamics and power relations. In addition to the impacts on communities, these changes create increased costs for the business and the future resettlement. Yet, the company requires some degree of certainty around land access to progress their studies and this certainty is best obtained by talking with landowners and families about the possibility of land acquisition and resettlement.

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<sup>6</sup> See Footnote 3 for an explanation of the standard model of sequential phases.

A number of key questions about engagement on land acquisition arise from this dilemma:

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

These questions plague developers who aspire to an economically viable business and responsible land access and resettlement with the greatest likelihood of community consent and the best chance for successful livelihood transition.

International Finance Corporation (IFC) standards for involuntary resettlement, the current best practice, require “proactive consultation” and “disclosure” with affected communities, and their participation in all project development phases, from planning and physical resettlement to monitoring and evaluation. However, IFC guidelines do not offer specific advice about the timing of consultation and negotiation given the uncertainty of mine development (IFC 2012).

The La Granja land access planning process described in this paper occurred in a context of uncertainty and in the absence of clear rules about the appropriate timing for community-level engagement on future land access and resettlement. The La Granja team wrestled with these challenges and, through a process of deliberation and analysis, came to agree on a series of decisions and actions. These decisions and actions are described in the following sections.

## **LA GRANJA: BRIEF BACKGROUND<sup>7</sup>**

La Granja is considered a “greenfield” project, as the ore body is undeveloped and in an area that has no history of active mining operations. From a social perspective, La Granja is a “brownfield” project (Owen & Kemp 2014). There may be no mine, but mining companies and mining interests have been present at La Granja for decades, creating significant impacts and legacies for local communities.

The La Granja concession is located in Northern Peru in the District of Querocoto, in the Province of Chota in the Cajamarca Region (Figure 1). La Granja is named after the largest village in the area of the concession. The District of Querocoto has approximately 10,000 inhabitants who are Mestizo (mixed European and indigenous ancestry), speak Spanish, and do not consider themselves to be indigenous (INEI 2007).<sup>8</sup> Approximately 74 percent of the

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<sup>7</sup> This section draws heavily on the social baselines completed by Social Capital Group and GRADE in 2008 and 2013, especially the work done by GRADE on documenting the history of the area and the role of the Rondas.

<sup>8</sup> 2007 population and Household Census, National Institute of Statistics and Information (INEI)

population lives in poverty with 42 percent of these families living in extreme poverty. The district is geographically isolated with weak presence of State government institutions and social services.



**Figure 1 – Rio Tinto's La Granja Project Location**

The La Granja concession covers 3,900 hectares with altitudes ranging from 2,000 to 2,500 meters above sea-level. The local landscape is composed of smallholder, subsistence agriculture with cloud forest remnants located at the higher altitudes. In 2014, the concession area encompassed seven villages with a population of approximately 2,600 (RMTP 2013). Family relationships and ties tightly bind villages, providing shared labour to support agricultural and livestock production. Most families practice a form of diversified agriculture that is highly dependent on the seasons and intensive labour. The agricultural plots owned by a single family are usually dispersed across a wide area responding to soil type and climate.

Villages in the District of Querocoto are organized into Rondas Campesinas (literally translated as “peasant patrols”) that operate alongside the civil municipal structure. The formation of Rondas Campesinas began in Chota Province in the 1970s as a local response to defend villages against cattle rustling and bandits. The Rondas emerged as a grassroots form of social organization that eventually became the substitute for the civil and policing services that the Peruvian State was unable to provide. Over the past 30 years, Rondas have evolved to be the most legitimate form of representation at the village level. The Rondas are a form of customary governance that operates alongside the formal civil administrative municipal structure. Rondas defend and promote community interests in health, education and citizen life and manage village disputes. The Rondas’ role in land tenure is to help moderate disputes by validating land boundaries.

Land in the La Granja concession is individually owned as a result of expropriation processes implemented by the Peruvian National Government in 1975. In Peru, the right derived from a mining concession to explore and exploit the subsoil is distinct from the right to access the surface of a mining concession.<sup>9</sup> Peruvian law requires holders of mining concessions to identify the owner of the surface rights and negotiate right of access. The only surface rights awarded to Rio Tinto via the transfer agreement provide access to a small exploration camp which covers an area of four hectares. Land access for any drilling or exploration work beyond the camp fence requires negotiation with local landowners.

Rio Tinto is the third mining company to hold the La Granja concession. Cambior, a Canadian based mining company no longer in existence, held the La Granja concession from 1993 to 1999. During their tenure, Cambior sought to gain land ownership and implemented a land acquisition and relocation program. According to community members, the company used pressure tactics (with the support of the Peruvian National Government) to close down schools and health clinics to convince landowners to sell their land in exchange for cash compensation.<sup>10</sup> About half the population chose to sell their land and leave. The majority of those who left moved to the Lambayeque Region on the coast and many of the relocated families faced significant challenges in re-establishing their livelihoods in the new settings. The experience with Cambior created conflict and trauma within and between families and a shared social memory of what they felt was an unfair land acquisition process.

In 2000, the Peruvian National Government negotiated an arrangement with Billiton (the British mining company) whereby Cambior received US\$35 million for the existing studies and surface rights to the La Granja concession. The agreement included a commitment by Billiton to pay US\$15 million in royalties to Peru if the project were to proceed to construction. In November 2000, Billiton took possession of 2,600 hectares of land purchased by Cambior from local landowners. The company conducted exploration for one year and in 2001, after a merger with BHP (the Australian mining company), management decided not to proceed with further studies.

The newly merged BHP Billiton recognized the social trauma left by Cambior and consulted with the remaining communities and the dispersed families to design and execute a “social closure” program to address this legacy.<sup>11</sup> In 2002, BHP Billiton sold the 2,600 hectares back to the displaced families at below market prices, using the entirety of the proceeds to fund a foundation designed to facilitate the reconstruction of the communities. Families were given the option of relocating back to the area to rebuild their homes and villages. About half of the displaced families chose to return to the La Granja area and BHP Billiton provided some

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<sup>9</sup> General Mining Law, Chapter 1: Mining Concessions, Article 9. (Ley General de Minería, capítulo I de Concesiones Mineras, Artículo 9.)

<sup>10</sup> Authors’ personal conversations with community members; community stories related to the RTMP Communities team; and external social consultants reports.

<sup>11</sup> BHP Billiton used the term “social closure” to signify the closing of the land access legacy left by Cambior and the termination of BHP’s operations at the site.

support for re-establishment of villages and livelihoods.<sup>12</sup> BHP formally returned the concession to the Peruvian National Government in 2002.<sup>13</sup>

## **RTMP FIRST PHASE LAND ACCESS APPROACH: 2006 – 2008**

After winning the third State-led privatization process for La Granja, Rio Tinto signed a transfer agreement with the Peruvian National Government on January 31, 2006. By 2007, Rio Tinto had placed the project on a ‘fast track’ for development, in part driven by an optimistic view of the technology for copper extraction and a robust financial assessment. This fast track phase continued until the end of 2008. During this first phase, RTMP made two fundamental decisions that became important precedents and learnings for future land access planning.

With the first decision, made at the outset of activities in 2006, RTMP chose to lease land for exploration activities rather than negotiate land purchase. At that time, families were still re-establishing their livelihoods, homes and communities as a result of the BHP social closure plan and there were high levels of distrust for the new mining company (Rio Tinto). RTMP decided that the purchase of land would be too risky for its relationship with the communities and would cause significant impacts at an early phase of project development.

With the second decision, made at the beginning in 2007, RTMP chose to “temporarily” resettle 21 families who owned land and had their primary homes in an area that the project required for the construction of a water treatment plant, warehouses and mineral storage facilities. Using the services of an external consultant, RTMP reached leasing and restitution agreements with these families. These agreements provided for restitution of affected houses and infrastructure, monetary compensation to support the move to their new homes and compensation for leasing the land for three to four years to RTMP. Most families chose to build their new homes in the same village and continued with their primary agricultural livelihood activities. Other families chose to relocate to the coast, usually in areas with already existing family ties, and began new livelihoods based on commercial activities and irrigation agriculture appropriate for the dry desert climate.

This cohort of households became known as the TRAP Families, drawn from the term: ‘temporary resettlement action plan’.<sup>14</sup> The use of the term “temporary” highlights RTMP’s view at the time that full resettlement was just around the corner given the project schedule. The TRAP agreements did not involve the purchase of any land, with the company only leasing a small portion of a family’s total property to locate project infrastructure.

In October 2008, the La Granja team began the process of slowing down its field activities and laying off staff to focus on desktop. RTMP did not resume drilling activities until mid-2010, but community and stakeholder engagement and core social, environmental and

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<sup>12</sup> BHP Billiton provided relocation support that included access to transportation and moving services, a medical exam for family members, access to a small loan to purchase construction materials, and basic foodstuffs for one month.

<sup>13</sup> Source: Paul Warner, former Director, Social and Institutional Relations, Billiton Base Metals

<sup>14</sup> The TRAP program is best understood as ‘partial’ economic and physical displacement. Primary homes and a portion of the each family’s lands were affected. No lands were purchased and families continued to work other agricultural land they owned in the area.

geological assessment continued during this period. RTMP clearly stated that during the downturn of field activities, it would continue to meet its commitments to the Peruvian State, arising from the Transfer Agreement, as well as its commitments to local communities, including land lease obligations.

This unexpected pause created an opportunity to review the project's overall development approach, including its land access strategy. By early 2009, Rio Tinto had embedded a handful of long-time Rio Tinto managers into the leadership team, some of whom had previous experience with projects that had faced significant community and social challenges. The new team had the will and the time to pay attention to the social aspects of mine development and invited the Communities and External Affairs teams to more fully participate in the overall project planning. As the team moved through the review process, 'risk management', 'footprint evaluation' and 'listening to legacies' emerged as the drivers for setting the land access strategy and integrating the strategy as a key milestone in the project development path and schedule. (CSR Case Study 2015)

## RTMP SECOND PHASE LAND ACCESS APPROACH: 2009 – 2014

### RISK: A FRAMEWORK FOR CONCURRENT EVALUATION OF BUSINESS AND COMMUNITY INTERESTS

Mining companies use risk evaluation to identify potential threats and opportunities to their business objectives. Risk evaluation typically considers safety, environmental, financial and social risks to the business. Once identified, a risk can be eliminated by changing the design or be mitigated through controls. Rio Tinto has a robust risk management program that is a requirement for all operations and projects.

In his seminal article, "Risk and Reconstruction Model for Resettling Displaced Populations," Michael Cernea (1997) proposes the use of risk management for identifying the potential negative impacts on people and communities affected by resettlement. As Cernea states, risk evaluation is a "predictive model" that "acts as a self-destroying

#### Box 1: Shared Definitions of Risk

##### Rio Tinto Risk Policy:

Rio Tinto defines risk as "an uncertain event that, if it occurs, will affect achievement of one or more objectives." This definition takes into consideration threats or 'negative' risks (events that can result in unfavourable outcomes for the business to be avoided or minimised) and opportunities or 'positive' risks (events that can result in favourable outcomes to be exploited or enhanced).

The term "social risk" covers a range of threats or opportunities for the business that may result from how the business impacts upon and interacts with communities and stakeholders. Social risks can both directly and indirectly cause lost or enhanced production, affect development timelines and impact capital expenditure, which in turn can affect NPV.

##### Resettlement Risk Michael Cernea:

The predictive-cum-planning capacity of the risks and reconstruction model results from the forewarning virtue of the knowledge "packaged" in it. By incorporating information about the outcomes of many prior displacements, the model predicts future outcomes certain to occur if its warnings are ignored. Without counteraction, these potential impoverishment risks will turn into real and hard deprivations.

It follows that a risk prediction model becomes maximally useful not when it is confirmed by disastrous events but rather when, as a result of its warnings being absorbed and acted upon, the risks are prevented from becoming reality, or are minimized, and the consequences predicted by the model do not occur. This is how the predictive model acts as a self-destroying prophecy.



prophecy.” Once identified, risks can be eliminated by redesigning the approach or mitigated by planning and implementing control mechanisms to minimize the impacts. Rio Tinto’s risk evaluation methodology identifies risks to the business, and Cernea’s risk framework identifies risks to people and communities. The shared principles that underpin both approaches – to identify what could go wrong and prevent it – allowed for the two approaches to be linked. Risks to families from land acquisition and resettlement are risks to the business (Box 1).

### **Box 2: The Role of External Resettlement Experts**

External resettlement experts contributed to the development of the land access strategy and played an important role in up skilling the RTMP team on resettlement definitions, issues and risks.

In the industry at the time, outsourcing the execution of resettlement to third party consultants appeared to be the typical mechanism used by mining companies. Once the internal dialogue in RTMP had commenced, it became clear that the company should lead the development of the resettlement strategy, using the expertise of external consultants as input, rather than relying on consultants for both strategy and execution. At the end of 2008, RTMP organized a panel of external resettlement experts to provide periodic review and feedback on the development of the land access strategy.

RTMP also maintained consistent engagement with Peruvian NGOs, academics and other experts who provided periodic feedback on the project’s overall social strategy and land access approach.

From early 2009 to mid-2010, as part of the project development review, RTMP used a risk approach to identify and understand community fears and challenges related to a potential resettlement, as well as business fears and challenges related to land acquisition and its impact on mine development. Rio Tinto’s risk management system embeds and formalizes the concept of social risk as part of the standard risk evaluation process. RTMP held its first social risk workshop in October 2008 over two days with the participation of Communities and External Affairs staff, external social consultants and non-governmental organizations (NGOs).<sup>15</sup> (Box 2)

From the business perspective, the central land access risks for the development of La Granja were the unwillingness of landowners to sell their land and resettle to a new place; the potential costs; the length of the process and impact on schedule; and how to manage the “holdouts” (people who refuse to sell).

From the community perspective, the team identified the impacts of land acquisition and

resettlement on families and communities and how these impacts translated into risks for the business. Risks to families and communities included impoverishment, social disarticulation, loss of livelihoods and joblessness, among others. A number of sources informed the analysis: formal social baselines implemented by third parties; advice from external resettlement consultants; and community feedback. In addition, RTMP commissioned an external group to document community and family experiences with resettlement and land acquisition.

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<sup>15</sup> Many social staff and consultants traditionally have limited exposure to risk assessment processes. Expert facilitation is required to move participants from storytelling around social and political complexity to identification of links and impacts on the business.

As part of the risk evaluation, RTMP reviewed lessons learned from other Rio Tinto resettlements in Peru and globally. Contracted consultants and interviews with other mining companies provided this information. Important conclusions included:

- Not a single consultant, including those with over 30 years' experience working on resettlement, could point to a case example that is considered 100% "successful" in all aspects. Re-establishment of livelihoods for resettled families was highlighted as being especially difficult.
- Prior planning around the footprint area is key to avoiding repeated resettlements. Some mining projects had resettled families two or three times, sometimes purchasing the same land more than once.
- Land acquisition and resettlement is a negotiation, albeit a very social one, and both company and community should be well prepared prior to negotiation to avoid significant cost increases or delays.

As required by Rio Tinto's risk management system, the RTMP team documented each risk and identified controls and solutions for eliminating or mitigating the risk. The process resulted in a detailed analysis, but also some fundamental conclusions that guided future planning:

- Without permanent land access, there would be no mine development.
- Families and communities may not agree to sell their land and resettle.
- To be attractive to families and landowners, any arrangement would have to be holistic with a focus on livelihoods to build better opportunities for families post-resettlement and to address livelihood transitions risks that could create long-term reputational and legal risks for Rio Tinto.
- The arrangement would have to be mutually acceptable to both the company and the families.

## **INTEGRATED FOOTPRINT EVALUATION: SOCIAL AND TECHNICAL**

In 2010, RTMP established a small resettlement-planning group as part of the Social team<sup>16</sup> to work alongside the Technical team to evaluate the risks related to potential mine footprints for both communities and the business. For every footprint layout, the resettlement planning team analysed the land tenure, social, political, economic and environmental characteristics to identify potential impacts and issues. The team used satellite photos, land-use planning maps, demographic data and other secondary sources to inform its analysis. The team's combined technical and social multi-disciplinary skills helped to develop innovative approaches to evaluate risks and costs. For example, the team used criteria common in forestry management to characterize soil types and crops to estimate differing agricultural land value. The expertise

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<sup>16</sup> RTMP's Social Team included professionals in the following functions: Communities, Land Access, Regional Development, External Affairs, Communications and Social Studies and Systems.

of RTMP's Communities and External Affairs staff also provided a source of important information about local concerns and expectations.

The planning team used data analysis to generate risk assessments and cost estimates for each footprint option. The results were integrated with the technical assessments and reviewed jointly. The two teams worked together to build an integrated view of the viability of each footprint option and how modifications in the design and development strategy could mitigate impacts on communities and the business and achieve cost efficiencies. The teams also discarded footprint options considered too risky from both the technical and social perspectives.

The technical and social teams shared the same office, helping to maintain dialogue and facilitating the collaborative approach. This may appear to be a simplistic point, but it is more often the case in mining to have the technical design teams based in another company, another office or even another country. Physical distance between the social and technical staff can hinder internal engagement, limiting the understanding of the human reality on the ground and the identification of risks to the development of a particular design.

## **LEARNING FROM LEGACIES**

Land access legacies were a major factor in the design of the land acquisition and resettlement strategy and comprised the following: 1) the relocation implemented by Cambior; 2) the TRAP resettlement executed by RTMP; and 3) RTMP's policy of leasing land. These legacies stemmed from events that occurred prior to Rio Tinto's tenure and from RTMP's own policies and decisions on how to secure land access. The three legacies are discussed in turn.

*Cambior Relocation Legacy:* The shared social trauma of the Cambior land purchase from 1995-1997 weighed heavily in the collective experience of the communities. A number of community members alleged that they were mistreated during the relocation process, recounting experiences of forced negotiations, confiscation of land titles by company lawyers, government-supported closures of the schools and health clinics, suicide, destruction of agricultural land, and families being worse off after the relocation.<sup>17</sup>

The recounting of the Cambior event to RTMP by families, social consultants and former BHP Billiton managers who had witnessed its impact, created a real picture for understanding the risks faced by families from the earlier resettlement.<sup>18</sup> The legacy would make it challenging to convince many families to agree to a third resettlement. Any solid agreement is built on mutual trust and the legacy reinforced the principle that any future land acquisition process would need to be consensual and result from a transparent agreement-making process. Also, Rio Tinto's approach would need to strongly support livelihood transition in all its aspects, economic, social, emotional and psychological. Understanding of the Cambior

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<sup>17</sup> Allegations of abuses were recounted to RTMP by social consultants employed by Rio Tinto and BHP Billiton, by community members directly and by former BHP Billiton management.

<sup>18</sup> Some of the social consultants employed by RTMP had also worked with BHP on the social closure plan; RTMP had hired a member of the BHP staff; and the former BHP manager shared with RTMP what he saw when first arriving at La Granja and the evolution of the social closure approach.

legacy was the driver for initiating work on how to address the emotional and psychological aspects of displacement and resettlement, both past and future (Box 3).

*TRAP Families Legacy:* As described above, the TRAP program included the partial economic and physical displacement of 21 families in 2007 and 2008. At implementation, the program did not include a comprehensive approach to addressing the impacts of displacement. The land leases held by the TRAP families expired in 2010 and the families, with some coordination between themselves, demanded significantly higher prices to renew their leases. RTMP had built critical infrastructure on the leased land (water treatment plant, minerals warehouse and an adit<sup>19</sup>) and the families expected higher payments, stating that the land was now more valuable. Some families had been living on the cash compensation paid and required more financial resources, while others felt that they had been abandoned by RTMP without the proper support required for their new lives.

In mid-2010, RTMP offered to purchase the leased land from the TRAP families. This plan failed as every landowner either refused to sell or asked for extremely high levels of compensation that, if paid, would have driven up the cost of any future land acquisition to levels the project could not sustain. A consistent message from the families was “we are not going to sell until everyone else sells”. This position had its roots in the Cambior legacy as, according to community members, the Canadian company paid less to the families who negotiated first and those who negotiated last received better compensation for their land. RTMP took away from the attempted TRAP sale an important lesson on the challenge of ‘getting to yes’ with everyone.

*Land Leasing Legacy:* The attempt to purchase the TRAP families’ land occurred at the same time that the project faced significant challenges in the expansion of the land-leasing program. In 2006 and 2007, an engineering consultant built the leasing compensation formula without input from the Communities team. Driven by the view that the project was in the early stages of evaluation with uncertainty about the future, the formula paid high levels of monetary and non-monetary compensation to obtain quick access to small parcels of land. As

### **Box 3: The Accompaniment Program**

The Family Accompaniment Program began in 2010 to support families with lease agreements to manage new cash inflows within a livelihoods framework. INDES, an independent NGO, administered the program under the supervision of RTMP. RTMP and INDES, with the guidance of a senior Australian development expert, developed the program methodology to focus on people-centred development and the family. The program worked alongside families to empower their skills for self-help by strengthening their internal dialogue, planning and decision-making. The focus was to support the families to make the best decisions for their future by increasing their understanding of the development opportunities available to them. The methodology deliberately avoided traditional technical assistance activities and moved at the pace and desires of each family.

During 2013, RTMP offered the Accompaniment Program as an option to all the families affected by a potential resettlement. Applying the program prior to physical resettlement was intended to reduce family vulnerability to the changes that will be brought by resettlement. The program also provides emotional and psychological support. The accompaniment program would act as the coordinating point for all technical assistance and training programs that would be provided during the resettlement process.

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<sup>19</sup> An adit is an underground tunnel used to excavate rock and mineral samples and evaluate hydrological processes.

project activities progressed, RTMP's confidence in the viability of the concession improved. Drilling and other exploration activities expanded, requiring more land to be leased and in larger parcels.<sup>20</sup>

Only a handful of people in RTMP understood the original formula and, as a result, the team modified the compensation calculation over time to accommodate different negotiations. Also, as project demand for land increased, the team made changes in the formula to align the overall price per hectare with the existing local market rate for agricultural land. The project had not shared the formula or consulted with the local communities on its structure, and land negotiations were a closed circle involving the landowner, their family and RTMP. With the changes to the formula and the lack of public consultation, the leasing compensation approach gradually became opaque to anyone outside of the negotiation. Over time, changes in the formula led to different values paid per hectare.<sup>21</sup>

In the first half of 2010, RTMP's continuing geological exploration required expanded drilling into a new highly productive agricultural area where leasing had not previously occurred. Previous leases were located on land that did not support agriculture due to naturally occurring high acidity from the presence of near surface sulphide copper and other minerals. The RTMP land team commenced negotiations using the usual formula approach and met refusal by all 28 landowners who responded with identical counter offers. The landowners' asking price neatly aligned with the highest value paid per hectare to date, indicating that despite the closed negotiations, the compensation paid by RTMP was public knowledge.

In response, RTMP reviewed the leasing formula: the prices paid, the monetary and non-monetary aspects, how lease values reflected the local land market, and impacts on future land acquisition and resettlement costs. The team rebuilt the formula into a more coherent and understandable framework.<sup>22</sup> RTMP held a series of workshops to familiarize the whole community with the new compensation formula and consult with local leaders and landowners on setting compensation costs for agricultural crops. Negotiations were re-initiated and 27 of the 28 landowners signed agreements.<sup>23</sup>

Parallel to this process, RTMP maintained on-going communication with all community members and groups about the importance of the new drilling areas to the future of the project and subsequently the future of local jobs. RTMP shared its position that landowners had every right to negotiate for their interests and that the company was confident that

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<sup>20</sup> As of the third quarter 2014, RTMP has leased approximately 400 hectares via 131 agreements with 313 landowners.

<sup>21</sup> The leasing negotiation between the landowner, their family and RTMP was transparent and occurred as a "social" negotiation." Negotiations were well-ordered with clear steps that involved the participation of local authorities in validating property boundaries. All members of the family were included with special attention paid to ensuring internal family agreement with the lease.

<sup>22</sup> The revised framework consisted of two components: agricultural value and a bonus structure. The agricultural component included annual compensation linked to established sale values for agricultural land, increases for inflation and compensation for crops. The agricultural value was paid upon signature. The bonus structure offered an additional percentage of the agricultural value to be paid at three points: 1) when all landowners involved in a geological campaign had signed, 2) halfway through the contract, and 3) at the end of contract.

<sup>23</sup> The 28<sup>th</sup> landowner refused to lease as he and his family already had two different land access arrangements with RTMP (a TRAP contract and an original leasing contract) and did not believe the new contract offered enough value.

mutually acceptable, fair agreements would be put in place with time. In the community, holders of land lease agreements are seen as having access to special financial benefits and are an elite few. A greater number of community members benefitted from access to employment with RTMP and its contractors and publicly sharing the new compensation framework helped to support the view that the benefits were fair and that the 28 landowners were acting in their personal interest rather than the broader interest of the community to have access to jobs as part of on-going field activities.

These three legacies – Cambior, TRAP Families, and land leasing - underpinned the design of the land acquisition negotiation process and the compensation and benefits package. Key conclusions included:

#### Negotiation Process:

- Transparency, equity and fairness are fundamental to achieving agreement on land access. These are values important to the Ronda Campesina and aligned with Rio Tinto’s “The Way We Work” values.<sup>24</sup> Private land ownership is recognized and prioritized, but not at the cost of fairness to all.
- A social or community dimension in the negotiation process would be required to achieve individual consent to sell and resettle. The social dimension would demonstrate the values of transparency, equity and fairness and hopefully result in a social consensus for land acquisition and resettlement that would set the context for individual negotiations.
- ‘Getting to yes’ with everyone was also important for the project. RTMP wanted to know if resettlement and land acquisition was going to be possible with all the owners of the land required for the mine prior to making a substantial investment in future development.

#### Compensation and Benefits:

- To agree to sell their land and resettle, families would need to be certain that the deal would result in a better life. The resettlement proposal would need to be holistic, offering improved opportunities for livelihood, restitution of assets and continuing access and engagement with Rio Tinto and the future mine.
- A desirable package for families and landowners would include restitution of assets, monetary compensation and clear benefits to create opportunities for the resettled families.
- The package would need to address the emotional and psychological issues related to resettlement and provide families with the support necessary to enable them to take advantage of the opportunities contained in the compensation and benefits.

## THE LAND ACCESS STRATEGY

By mid-2011, RTMP had developed a policy framework and a two-stage negotiation process for permanent land acquisition and resettlement. The first stage would be an open, transparent

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<sup>24</sup> “The Way We Work” is Rio Tinto’s global code of business conduct.

agreement-making process with all the affected communities, followed by a second stage of negotiating individual agreements with families and landowners.

The first stage would allow RTMP to learn if the communities were willing to resettle and at what cost, and it would allow the communities to share their fears, concerns and expectations for land acquisition and resettlement. The objective was to address fundamental risks for both communities and the business prior to launching full resettlement negotiations or making further investments in mine development.

The policy framework set forth a public document with RTMP’s principles and commitments for voluntary and peaceful land acquisition and resettlement:

**Table 1: RTMP Land Acquisition and Resettlement Policy Framework**

<b>Vision</b>	<ul style="list-style-type: none"> <li>• To secure the future of both resettled communities and the La Granja mine through continuing partnership to improve the well-being of communities and families, and the peaceful and voluntary transfer of landownership.</li> <li>• Leverage resettlement investment to benefit host communities and contribute to regional development.</li> </ul>
<b>Business case</b>	<ul style="list-style-type: none"> <li>• Access to land for project development in a timely and financially acceptable manner.</li> <li>• Communities and families committed to and supportive of the development of the La Granja.</li> </ul>
<b>Principles</b>	<ul style="list-style-type: none"> <li>• Peaceful and voluntary = agreements and consent</li> <li>• Equity, fairness and transparency</li> <li>• Community participation</li> <li>• Net benefit to livelihoods</li> <li>• Affordability and timeliness</li> </ul>

*Stage One: Social Agreement*

The first stage would be implemented during the project’s Prefeasibility phase and would establish a transparent dialogue at the community level to develop a community or social agreement. The agreement would set the criteria and commitments for land acquisition and resettlement to govern the negotiations with individual landowners. Issues like destination lands, livelihoods, compensation and benefits would be addressed. The existing Agreements Roundtable would be used as the platform for discussion and agreement-making.<sup>25</sup>

*Stage Two: Individual Agreements*

During stage two, based on the terms set forth in the Social Agreement, and after final approval by Rio Tinto Corporate to proceed to Feasibility, RTMP would negotiate individual agreements with families and landowners.

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<sup>25</sup> RTMP and local community leaders established the roundtable in 2008 as a forum to collaborate and agree on joint work for education, health, water, environment, local employment and other issues in the company-community relationship. The roundtable consisted of elected authorities and local leaders from each community.

RTMP understood that launching the first social agreement stage would mean sharing business risk and uncertainty with the communities and that the dialogue would likely change family behaviour and increase land speculation. The decision to invest in the construction of a mine is usually not made until the end of the Feasibility phase and, if approved, construction starts soon after. RTMP considered the risks, benefits and trade-offs of initiating the dialogue process during the Prefeasibility phase versus waiting for a later phase. Waiting to initiate dialogue would reduce the time available for consultation and negotiation, risking a pressured process that could result in higher costs. Waiting would also postpone any real ‘knowing’ of the likelihood of families’ willingness to sell their land and resettle. Conversely, starting the dialogue process would initiate a speculation process and create expectations among families for future compensation and benefits. If the project was delayed and expectations left unfulfilled, community goodwill could be lost, potentially undermining the agreements already made.

RTMP considered these issues in formal risk assessment processes and in conversations with corporate senior management. Eventually, RTMP took the position that the first social agreement stage should be implemented during Prefeasibility for the following reasons:

- RTMP required stable land tenure to build the mine. Whether or not local families and landowners would agree to sell their land was a fundamental risk to project development, and information on their willingness to sell would be material to Rio Tinto’s decision to invest in the Feasibility phase.
- Discussing, consulting and agreeing on a mutually acceptable arrangement for land access would take time. Lessons learned from other projects demonstrated that land negotiations under pressure to achieve construction timelines result in higher costs for the company and increased impacts and risks for the community.
- The community had a right to know RTMP’s plans for land access in a timeframe and at a pace that would allow them to make informed decisions. This was fundamental to achieving social consensus prior to commencing the individual negotiation process.
- The agreements process would include a key message around the future uncertainty of the project: “Any agreements around land acquisition and resettlement would be subject to corporate approval and were only one of the factors that Rio Tinto would consider when advancing to Feasibility.”

## **MOVING FROM PLANS TO REALITY: ADAPTIVE MANAGEMENT**

RTMP received approval from RT corporate to move forward with the social agreement stage in November 2011. RTMP launched the process in June 2012 with four communities (La Granja, La Lima, La Iraca, and La Pampa) and the organization representing the La Granja diaspora of landowners and community members along the coast.<sup>26</sup> The initial launch occurred over a four-day period and began with a meeting between the RTMP Project

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<sup>26</sup> Given the Cambior relocation and existing economic and social ties, many people who owned land in the La Granja concession resided in and near the coastal city of Chiclayo. These families had organized a formal association to work collaboratively on common issues.



Director and the Agreements Roundtable, followed by meetings with local authorities and leaders in each community. RTMP initiated the process with one statement and one question: “We would like to talk with you about the possibility of future land acquisition and resettlement. Are you interested in talking with us?”

The community response was swift and emotional. RTMP had under-estimated the emotional impact that the question would elicit and the depth and breadth of how Cambior’s legacy had become a shared social trauma for all families and communities, even for those who had not been directly impacted. Most community members did not react by saying “no”, but rather by sharing what had gone wrong with Cambior’s land acquisition and exhorting RTMP to pay attention to their history.

RTMP asked each of the communities to formally discuss and answer the request for dialogue in their individual Rondas and organizations. Of the four communities, one community discussed the issue in a Ronda meeting (with both men and women present) and formally affirmed their response as “yes.” The organization representing the coastal diaspora also returned a formal “yes.”

The leaders in the other three communities chose not to take the question to their Ronda meetings. The Cambior legacy again had a role in this response. One of the experiences recounted by the community was that, during land negotiations, Cambior took a number of local authorities down to the coast to see the new land being purchased for them, but during the trip, the company bribed the local leaders and convinced them not to oppose the land purchase process. As a result, many local authorities in 2012 were reluctant to lead any discussions related to RTMP’s land acquisition process to protect themselves against perceptions of corruption.

Within two weeks of the announcement, RTMP began preparing to meet individually with the 400+ families in the four communities and Chiclayo. It became clear that RTMP had to witness each family’s story and listen to their concerns before the family could decide whether or not they wanted to discuss any future process. Some of these family meetings were short; others took the whole day as families recounted with sadness and pain their individual histories.

Parallel to the family visits, RTMP continued to meet with the local authorities who were uncomfortable and unwilling to represent the interests of the families in any dialogue process. “It is up to the families” was a consistent statement. The family visits ended in September 2012 with two clear conclusions: 1) 93% of the families visited agreed to continue the dialogue; and 2) neither the families nor the authorities wanted an agreement-making process led by the Agreements Roundtable or local authorities. All dialogue would need to be directly with the families.

RTMP quickly reviewed and re-designed the planned engagement process and the approach to establishing an “agreement”. The table below outlines adaptations in the initial social agreement strategy in response to community and family feedback. The strategic objective

remained the same: a transparent process to discuss the possibility of land acquisition and resettlement that would set equitable criteria for compensation and benefits.

**Table 2: Adaptations to the Social Agreement Process**

	<b>Initial Plan</b>	<b>Adaptations</b>
<b>Output</b>	<ul style="list-style-type: none"> <li>Community agreement with enforceable commitments signed by representatives in the Agreements Roundtable</li> </ul>	<ul style="list-style-type: none"> <li>Public Compensation and Benefits Framework, validated by each family indicating their willingness to negotiate with RTMP under the framework</li> </ul>
<b>Schedule</b>	<ul style="list-style-type: none"> <li>Initial schedule allowed 12 months for an engagement process, including 6 primary engagement sub-processes</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue process completed in 18 months<sup>27</sup></li> <li>Adaptation to the scope and timing of the engagement sub-processes due to demands from families for more information</li> </ul>
<b>Dialogue Forum and Communication</b>	<ul style="list-style-type: none"> <li>Primary communication with Agreements Roundtable composed of leaders and representatives</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue held in four forums:               <ul style="list-style-type: none"> <li>Meetings with individual families</li> <li>Meetings with family groups and neighborhoods</li> <li>Meetings with each community</li> <li>Meetings with all 4 communities</li> </ul> </li> <li>Methodologies developed to capture feedback and commentary in each forum and adapt work plans and approaches accordingly</li> </ul>
<b>Cut Off Date</b>	<ul style="list-style-type: none"> <li>Establish official cut off date to control speculation, population growth and new construction</li> </ul>	<ul style="list-style-type: none"> <li>Define and validate criteria for Household and Residency to determine eligibility for resettlement</li> <li>Formally link criteria to the existing population using results from the Census and Inventory</li> <li>Expanded engagement with non-residents to control speculation and in-migration</li> </ul>

By early 2013, after working with families and community leaders, a five-step approach had emerged for what RTMP was now calling ‘the dialogue process for building a compensation and benefits framework’. The figure below presents the steps:

<sup>27</sup> Changing requirements in the technical studies also contributed to delays in the schedule.

## Land Acquisition & Resettlement Process

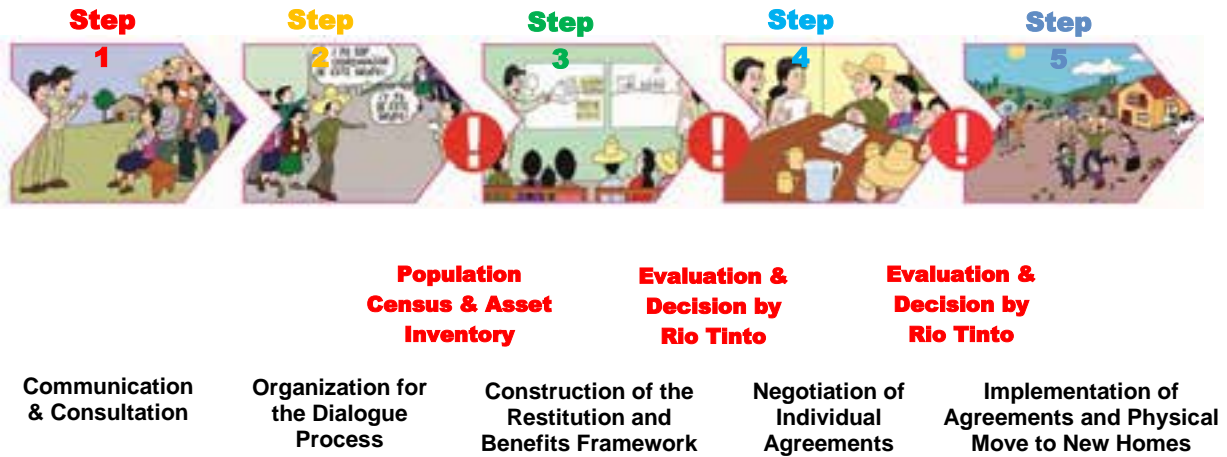


Figure 2: Land Acquisition and Resettlement: 5 Steps



Figure 3: PLG Restitution and Benefits Framework Presentation<sup>28</sup>

<sup>28</sup> Drawing by a community member depicted their hoped-for life post resettlement, El Rollo Sector, Rio Tinto, 2014 Source: Family visit registry 4<sup>th</sup> Engagement– Zone II, Rio Tinto, 2014

## UNCERTAINTY AND SPECULATION

Subdivision of land and construction of new houses are the most frequent types of speculation at the La Granja project. In addition, the employment generated by the project's field activities encourages in-migration. Local residents and their extended family members typically drive speculation, construction and in-migration.

Speculation is common across resettlement projects and is one of the most challenging aspects to manage. Speculation management related to land acquisition is particularly difficult in countries that lack a legal framework to regulate resettlement, as is the case in Peru. Recognizing that the dialogue process would stimulate speculation and, in the absence of legal controls, RTMP used a number of social controls and process mechanisms to mitigate speculation:

- Clearly communicated and validated criteria to differentiate residents from non-residents and newcomers. Differentiating the benefits that would be received by residents over non-resident landowners helps to create disincentives for subdivision of land to family members who reside outside of the area.
- Household census, land and fixed assets inventory executed with the voluntary participation of the families. This created a formal, family and community validated register of eligibility for resettlement.
- Broad based communication of the RTMP resettlement policy that emphasized the principles of equity, fairness and transparency. This included messages regarding equity for both the community and RTMP and the importance of not diluting future benefits to eligible families by sub-dividing land to extended family members or selling land to outsiders.
- Engagement with non-resident landowners living outside of the local area to discourage in-migration plans.
- Implementation of the Accompaniment Program (Box 3) to provide the emotional, livelihood and psychological support required by poorer families who might be tempted to subdivide or sell their lands to speculators as a way to earn quick cash.
- Development and validation of the Compensation and Benefits Framework which included the eligibility criteria to be applied to resident and non-resident landowners.

RTMP estimates that during the dialogue process, the local population increased by 5% and households increased by 8% over a three-year period.

## MILESTONES AND RESULTS OF THE DIAOGUE PROCESS

The dialogue process ran from June 2012 to May 2014. Key milestones during the process are captured in Table 3 below:

**Table 3: Dialogue Process Milestones**

Date	Activity
June – September 2012	<p><b>Launch Dialogue Process</b> RTMP met with every family in the proposed resettlement footprint and asked: “We would like to talk with you about the possibility of future land acquisition and resettlement. Are you willing to talk to us?” 93% of families visited agreed to continue the dialogue.</p>
October 2012	<p><b>Presentation RTMP Land Acquisition and Resettlement Policy</b> RTMP shared the principles and commitments of the policy in public workshops in each community.</p>
January – March 2013	<p><b>Rights Review</b> RTMP contracted an NGO to implement workshops to review the rights and responsibilities of the families and RTMP in any land acquisition and resettlement process.</p>
March - July 2013	<p><b>Household Census and Asset Inventory</b> Executed by a third party consultant with the participation of the families. Results were posted in each community and validated. The census and inventory created a list of eligible residents and their assets and provided details for refining budget forecasting.</p>
August 2013	<p><b>Participatory Workshops</b> RTMP executed workshops in each community to present, consult and adapt the proposed compensation and benefits framework.<sup>29</sup></p>
November 2013 to June 2014	<p><b>Family Meetings</b> RTMP met with each family to present and review the adapted framework. Households were asked if they were willing to negotiate with RTMP under the framework.</p>

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

- 71% of the resident households were visited.
- 97% reported their willingness to reach agreement with Rio Tinto under the framework.
- 3% were undecided.
- 29% of households were not visited because they rejected the visit, they were absent during the visits or postponed the visit three times.

<sup>29</sup> The framework set broad criteria for compensation and benefits in housing restitution, land-for-land exchange; access to social services; livelihood restitution; among others. For example the criteria for housing allowed for restitution of one house per family and monetary compensation for secondary homes.

## CONCLUSION

For RTMP, the dialogue process delivered positive results. The company and the communities had an opportunity to have a robust conversation on what land acquisition and resettlement could look like, especially from a comprehensive livelihoods perspective and not just as a transaction to exchange assets and rights for cash. Early up-front planning helped RTMP respond to changing concerns, expectations and unanticipated fears, while maintaining a focus on the strategic objective to achieve a consensual framework for future land access. The process established a framework for resettlement planning and compensation that is essential to both RTMP's financial evaluations and family decisions to sell land and resettle.

The dialogue allowed RTMP to validate the scope and scale of estimated impacts and further refine the associated costs of land access for the project. Typically, mining companies look at the costs of resettlement as an expenditure primarily in tangible, fixed assets – the construction of new homes and the purchase of land. While a majority of the budget reflects these investments, the complexity and challenge of resettlement lies in the transition of intangible processes, such as social organization, family-based livelihoods, cultural traditions and adaptations to productive activities. The transition of livelihoods, communities and social networks requires investment in people, relationships, emotional and psychological resiliency and skills development. The dialogue process helped drive internal collaboration in RTMP to align destination lands purchase and construction planning to develop a comprehensive livelihoods approach that incorporates the tangible and intangible elements.

The decision to execute a first stage dialogue process meant sharing business uncertainty with the communities and families. Talking with communities and families about future resettlement did result in changes in economic behaviour and led to worries about the future and when RTMP would be ready to move forward with the second phase of negotiating individual agreements. This approach was tested in May 2014 when Rio Tinto decided to slow the development of the La Granja project, reduce funding and focus on business case improvement. The change was not wholly unexpected as similar reductions of project expenditure were occurring across the industry, given the reduction in commodity prices and capital constraints.

This slowdown in the project development process brings into sharp focus the challenge of land access and resettlement in mining and extractive development. Achieving consensual land access and successful livelihood transitions post-resettlement requires long time frames and deep engagement. Additionally, this engagement is fundamental to fully understanding the impacts and thereby the costs to the company for land access.

Investments in mine development respond to prices and market opportunities that change quickly and companies are adept at implementing those changes in matter of months, sometimes weeks. It is easy to see how companies opt for “encroachment” land access and resettlement– acquiring small bits of land over time – as the business decision-making drives these short-term decisions. Project managers want to push out as many capital costs into the future to enhance today's financial value.

#### **Box 4: A Family History of Land Access at La Granja by Liz Vergara**

Don Porfirio Cubas has nine children and is the patriarch of a large extended family. He has lived in La Iraca for more than 50 years. In 1995, the whole family sold their land to Cambior and moved down to the coast to the district of Batangrande. Many of the families who sold their land to Cambior ended up in Batangrande.

I began working with the La Granja project in July 2006, leading the land lease negotiations with Don Porfirio and his family. The family said that moving to the coast was painful and full of sacrifice. They purchased land in Batangrande that did not have enough water, they had no idea how to do agriculture in the coastal desert environment and they had no access to basic education and health services. They also had many health problems. After a period of time, they decided to sell their land and move back to an area called Checopon which is much closer to their original home in La Iraca. The family settled in Checopon until 2000 when they purchased their land in La Granja back from BHP Billiton.

In 2006, RTMP began drilling and exploration activities at La Granja. Don Porfirio was one of the first families RTMP visited to ask if they were willing to lease their land and relocate their main home. Don Porfirio initially was very suspicious. But as is the local tradition, he was always respectful and friendly. He walked me around his land, showing me the boundaries and telling me what his family had lived through during the sale of land to Cambior and how they had forced him to negotiate.

One day, I asked him why he did not plant crops at the bottom of the valley which was by far the most productive land. Don Porfirio said "... because those ingrates at Cambior filled my field with rocks so that I could not plant there." He showed me the land covered in stones and rocks where Don Porfirio was trying to plant in the spaces in between. That day I asked the operations department at Rio Tinto to remove all the rocks, so Don Porfirio could continue planting potatoes.

Don Porfirio eventually agreed to lease us his land. To date, Rio Tinto continues to lease about 50% of the family's total land holdings (about 16 hectares). The first contract signed with the family leased no more than 1000 m<sup>2</sup>. In 2007, the family agreed to lease more land to RTMP and relocate their home to another area in the village. Don Porfirio with 5 of his children and their families relocated to the neighbourhood of El Rollo where they owned other land. Rio Tinto built new homes for the family and supported them in the transition.

Don Porfirio passed away last year. He spent the last years of his life with two of his daughters who live in Checopon and Chiclayo where he could get access to specialized medical care.

Land lease negotiations were always complex with Don Porfirio and his family. It took a long time to gather all the members of the family, discuss all the issues and reach an agreement. Sometimes, it took a while for RTMP to listen to the family and really hear their concerns. But we always came to an agreement and the lease between RTMP and the family has been renewed three times since 2006. Without the goodwill and trust shown by Don Porfirio and other families like his, RTMP could not have progressed its work.

This is a story about a family, but also a lesson about the impacts of the La Granja concession on families and communities over 20 years. Project development takes a long time and impacts many generations. This story is a small way to give our thanks to Don Porfirio and his family – and all the families in the La Granja area - for their hospitality and willingness to reach agreements with RTMP.

This dynamic and inherent tension between the financial timelines of companies and the social timelines of communities deserves more scrutiny. Emerging evidence shows that the encroachment approach results in higher land access costs for the company and higher risk for communities and landowners (Kemp et al. 2013). Certainly, companies should strive to minimize their social impacts and refrain from premature land acquisition until the future of the project is clear. But if a company knows that a mine is not viable without access to certain land areas that require resettlement in the future, how long should they delay incorporating

that cost into their financial models or discussing the possibility with families and landowners?

Sharing uncertainty means sharing change. RTMP shared with the communities the decision to reduce project funding, communicating that field activities, the resettlement dialogue process and opportunities for local employment and local services would be slowed down for a period of time. Community members responded with mixed reactions: disbelief (“it is hard to imagine how the company could not proceed with the project after making such a significant investment in its development”), worry (about access to jobs and income), frustration (about their future livelihoods), and resignation (“we knew this could happen”). The challenge now is for RTMP and the communities to continue open dialogue to address the impacts of the reduction of employment and the changes in the project’s development path and its timing, while maintaining trust and goodwill.

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<sup>30</sup> A big hug.



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