

InBrief

Research on company–community conflict

Social and Economic Development
March 2015



Introduction

In recent years, mining related company–community conflicts have received a great deal of attention by advocacy organizations and traditional and social media, creating the perception that such conflicts are on the increase.

Given the complexity of mineral resources developments, differences in interests and priorities will often result in disagreements between companies and local communities. Disputes arise when two or more parties believe their interests are incompatible. Non-violent disputes can be essential to social progress and development, and are often a feature of the interactions between mining companies, host communities and host governments. However, in some instances disputes or related protests can escalate towards conflict that weaken or damage relationships between companies and communities. When conflict does occur, demonstrations or protest may result in physical violence.

For companies, conflict has the potential to result in:

- lost productivity
- lost opportunity
- lost time
- negative impacts on reputation.

Costs resulting from these losses can be significant. For example, a 2014 study estimates that lost productivity due to temporary shutdowns or delays at a major mining project with capital expenditure of between US\$3 and 5 billion will suffer costs of roughly US\$20 million per week of delayed production in net present value (NPV) terms, largely due to lost sales.¹ Communities are also negatively affected by conflict. Some 'costs' are the same for communities as for companies, such as lost productivity, opportunity and time. Conflict can also undermine or damage their formal or informal institutions and decision-making structures, erode trust and damage relationships within communities. In extreme cases, it can result in physical harm to community members, company employees or security providers.

In view of the direct relevance of conflict to the contribution of mining to social and economic development, ICMM undertook a preliminary desk-based research, which focused on reported incidents of company–community conflict between 2002 and 2013, based on publicly available sources. The objective was to deepen ICMM's understanding of whether mining-related conflict between communities and companies was on the rise and to explore the causes of conflict between communities and companies.

This research also served as an input to a series of regional workshops co-convened by ICMM and the Institute for Human Rights and Business (IHRB) on human rights and Indigenous Peoples held in Australia, Canada, Colombia and South Africa.

For more information see:
www.icmm.com/articles/human-rights-and-indigenous-peoples-workshops-2013-2014.

Research approach

The overall aim of the research was to explore trends in company–community conflicts related to the mining sector. This was based on identifying the type and nature of the concerns according to how such conflicts were reported and the implicated parties, for the years between 2002 and 2013.

Using a range of publicly available sources (listed later in this InBrief), the scope of work included:

- identifying the number of reported incidents between 2002 and 2013 ('Incidents' were defined as disputes between companies and communities which involved protests and/or the use of force, as well as legal proceedings against companies related to environmental or social issues)
- determining whether the number of conflicts had changed over the period 2002–2013
- identifying the type of concerns reported based on 15 issue indicators and definitions for 2012 and 2013
- identifying the nature of concerns – whether these were primary or underlying reasons for the conflict – and the implicated parties, if known (primary concerns are those which triggered either a protest or the use of the force, whereas underlying issues helped fuel disputes between companies and communities).

The conceptual framework used as a basis for the analysis of the causes was ICMM's second submission to the UN Secretary General's Special Representative on Human Rights and Business (SRSG) in 2006, titled, 'Mining and Human Rights: how the UN SRSG can help spread good practice and tackle critical issues'.² The fifteen definitions for primary or underlying concerns are outlined on page 7. Methodological limitations are described on page 6.

The conceptual framework excluded the following incidents:

- court cases/complaints based on incidents that did not take place between 2002 and 2013
- general critiques of the industry/commodity/country, not linked to a specific company/community incident
- environmental allegations which did not lead to company–community incident or legal proceeding
- general complaints/allegations which did not lead to company–community incident or legal proceeding.

¹ Davis, Rachel and Daniel M. Franks. 2014. "Costs of Company-Community Conflict in the Extractive Sector." Corporate Social Responsibility Initiative Report No. 66. Cambridge, MA: Harvard Kennedy School.

² ICMM (October 2006), Second submission to the UN Secretary General's Special Representative on Human Rights and Business; Mining and Human Rights: how the UN SRSG can help spread good practice and tackle critical issues; www.icmm.com/document/216.

“The objective was to deepen ICMM’S understanding of whether mining-related conflict between communities and companies was on the rise and to explore the causes of conflict between communities and companies.”

Findings

The research findings show a progressive increase in the number of reported incidents between 2002 and 2012, and then a small decrease in 2013 (see Figure 1). This increase occurred over a period of significant investment in the mining and metals sector and so the research does not reflect whether the reported incidents represent an increase or decrease relative to the numbers of projects and operations. Other factors might also have resulted in an increase in reporting of incidents, as explored in the section on ‘Conceptual and methodological limitations’ on page 6. However irrespective of whether the reported incidents truly reflect an increase in relative or absolute terms, they certainly explain the perception that mining related company-community conflicts are on the increase.

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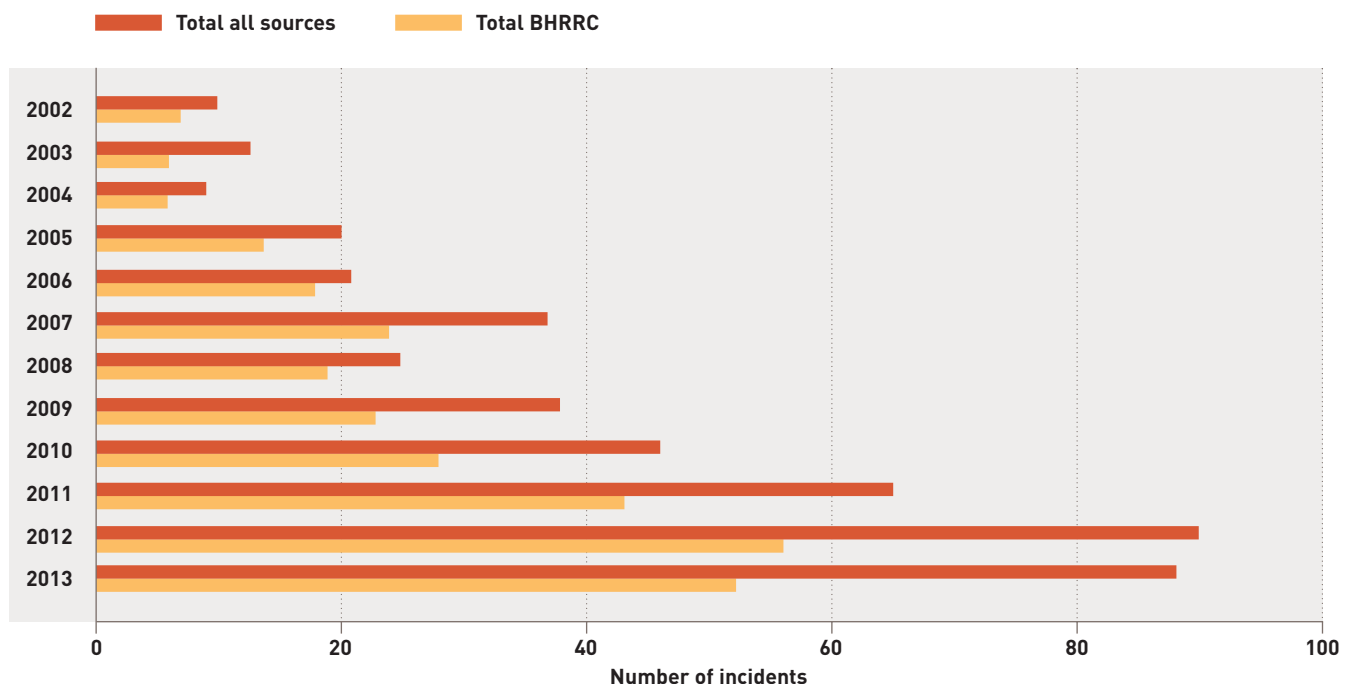
Trends in the primary and underlying causes

The research includes a qualitative analysis of the primary and underlying causes leading to the incidents reported in the Business and Human Rights Resource Centre (BHRRC), for 2012 and 2013 only. While acknowledging that the causes behind conflicts between mining companies and communities are complex, multidimensional and intertwined, gaining some insight into the reasons for the reported incidents is critical. The methodology separated primary causes (defined as the trigger for the protest or use of force) from underlying ones – these often being numerous and non-exhaustive. There were also flashpoint causes, for instance a violent clash between police and protesters, which are not shown in the graphs below.

Environmental concerns were the leading causes of incidents between communities and mining companies (see Figures 2 and 3) throughout the analyzed time period. This primary cause was often coupled with a number of underlying causes, including health and safety or economic causes (which affect sources of income and/or livelihoods).

It is also worth noting some changes in the prevalence of two causes between 2012 and 2013. Firstly, there was a considerable decrease in the number of reported incidents that had ‘social cohesion’ as a primary cause, whilst it remained a recurring underlying cause in 2013. Additionally, the use of force was not a primary or underlying cause of any reported incidents in 2012, but 2013 saw a significant increase in the recurrence of use of force as a primary or underlying cause.

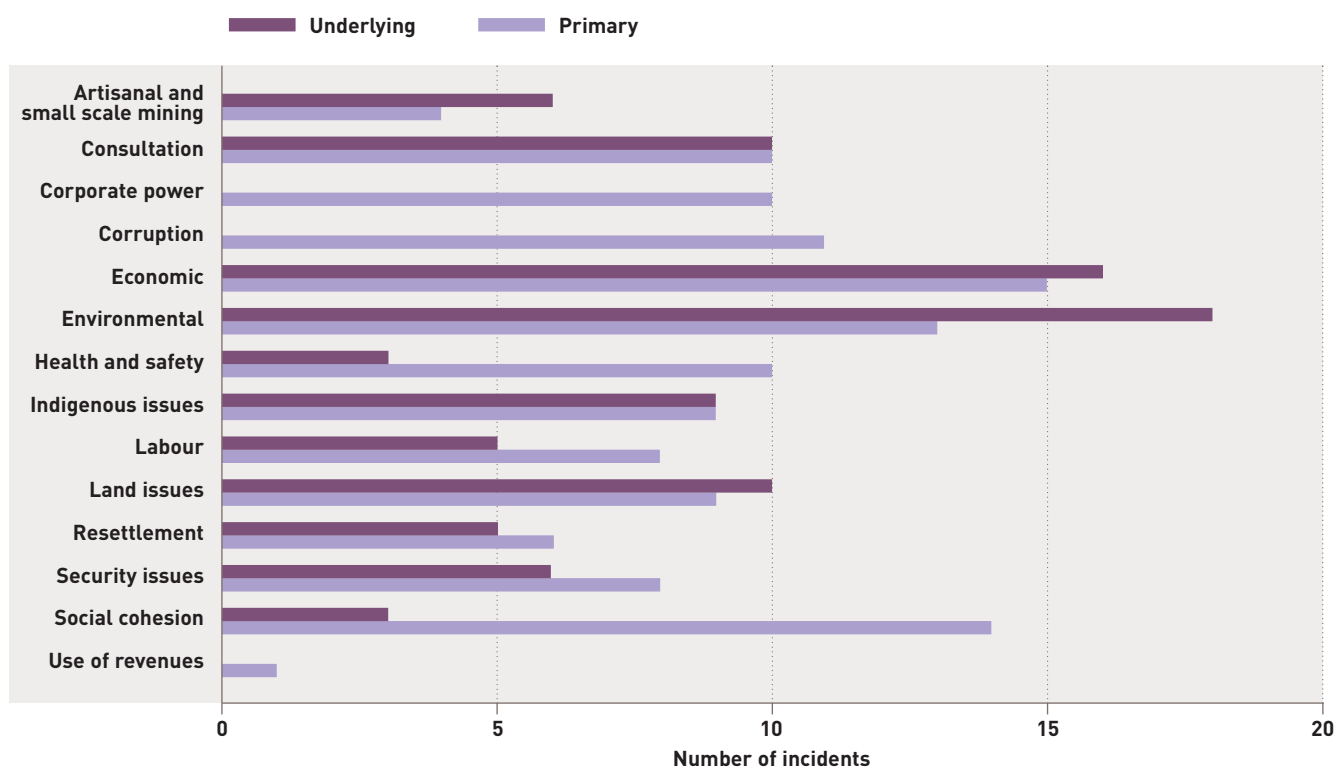
Figure 1: Incidents of company–community conflict (2002–2013)



Source: See ‘Sources used’ on page 7.

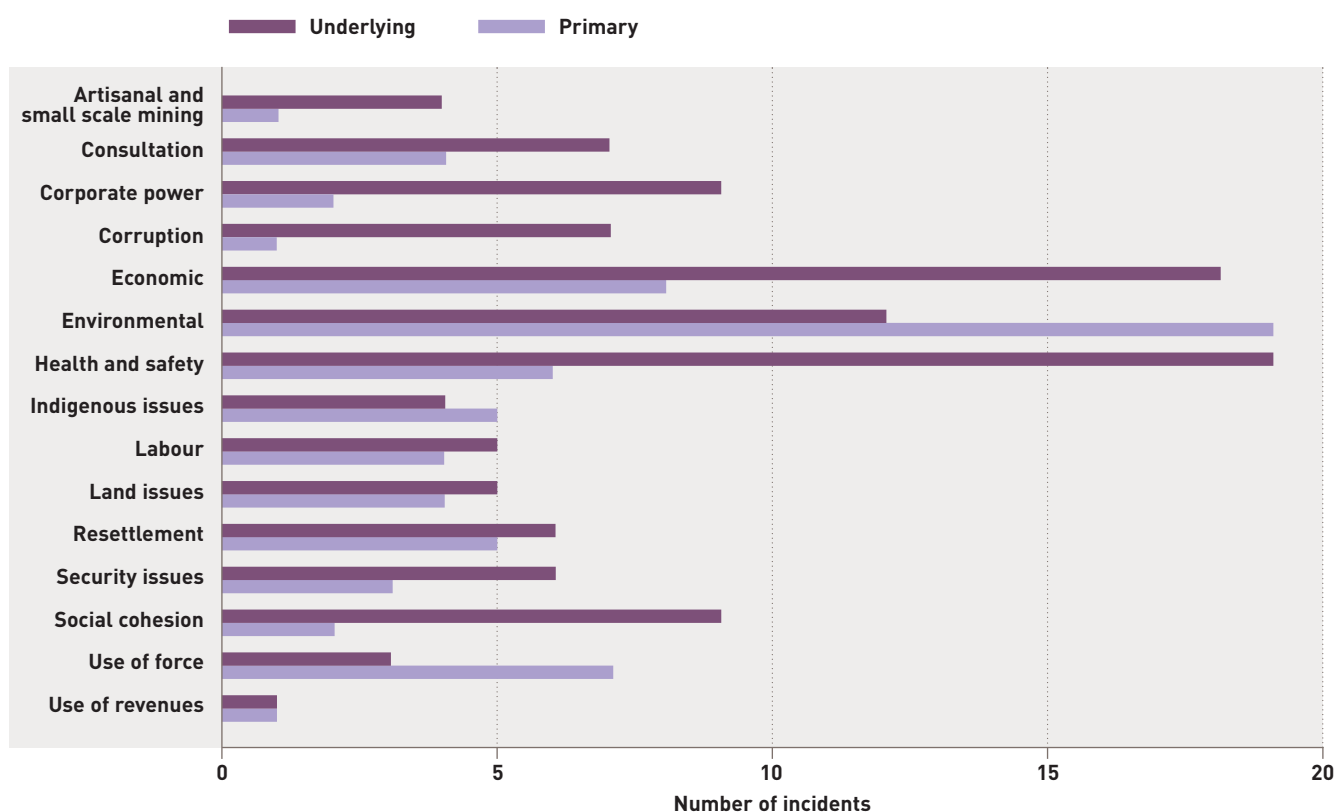
Research on company-community conflict

Figure 2: Causes of incidents in 2012



Source: Business and Human Rights Resource Centre.

Figure 3: Causes of incidents in 2013



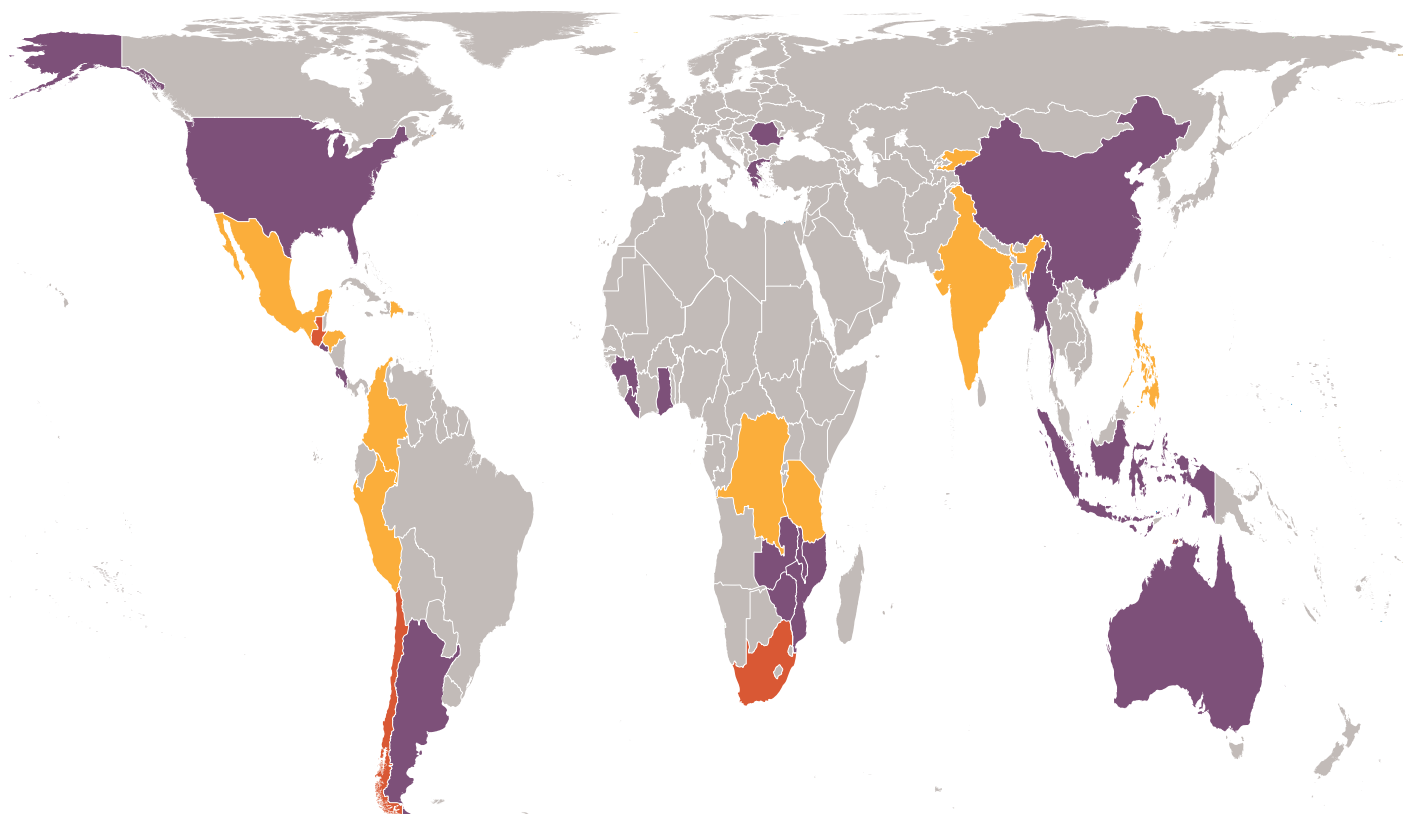
Source: Business and Human Rights Resource Centre.

InBrief

Only nine countries in which incidents occurred were considered as being stable or sustainable. Similarly, 23 out of the 30 countries (77 per cent) were ranked in the lower half of the World Bank's 2013 Governance Indicator for political stability and absence of violence/terrorism. These figures highlight the importance of understanding contextual risk factors in relation to conflict between mining companies and local communities.

“The results show that 70 per cent of reported cases occurred in countries assigned ‘warning status’ or ‘alert status’, signifying that these countries have either a high or very high risk of vulnerability to collapse or conflict”

1 incident 2-3 incidents 4 or more incidents

March 2015 **Social and Economic Development** 5

Conceptual and methodological limitations

Correlation does not equal causation

The main and most evident caveat to the results of this research is that an increase in reported cases does not necessarily mean that there are currently more conflicts between mining companies and communities than there were in the past. Increased internet connectivity, empowerment of civil society or changes to the political situation of certain countries resulting in greater availability of information, are just three examples of factors which might have led to an increase in reported cases.

Publicly available sources

The cases identified in this research were found in publicly available sources, which while being directly relevant are not exhaustive. These sources were not corroborated by the parties involved or third parties; which has a potentially limiting effect on the reliability of the sources used. The objective of this research, however, was not to provide primary data or to create an empirical study on actual levels of company-community conflict.

Defining 'community'

Communities are often thought of as homogenous, static, easily identifiable social groups. This does not necessarily correspond with the reality on the ground, where 'communities' are dynamic, fluid and interrelated. This nuance is acknowledged, but the modest scope of this research was consistent with using the term 'community' in its broadest sense.

Identifying parties

The subjects of this research were always mining companies and communities (broadly defined). This meant that incidents where conflict primarily involved the host state or government (as opposed to a company) were not included in the findings. This was consistent with the ambition of the project, which was to focus on the relationships between companies and communities.

Regional bias

As indicated in the list of sources used, two of the additional sources had a regional focus (CONACAMI, Peru, and the Observatorio de Conflictos Mineros en America Latina, Latin America). This might have skewed the results in terms of spatial distribution, but the general prevalence of conflicts in other regions (Sub-Saharan Africa, South and South East Asia) corroborates the overall findings.

Insights and conclusions

The main purpose of this research was to assess whether company-community conflict is on the rise, and to better understand the underlying issues driving conflict between communities and companies. The results indicate that these conflicts are at the very least persisting. Moreover, we were able to confirm anecdotal suggestions that environmental and economic grievances are a dominant feature of these incidents. Perhaps unsurprisingly, most conflicts occur in countries where governance is weak.

Accepting that disputes are inevitable, the focus of companies should be on conflict prevention. Open communication and a clear focus on effective grievance management is vital to ensuring stability, collaboration and improved trust between companies and communities. Company-led measures, such as understanding the country and local context (including an explicit focus on vulnerability) and addressing any actual and potential adverse impacts, are important in this regard.

One of the most important ways for a company to provide for remedy in the event of impacts and resolution of disputes is through operational-level grievance mechanisms. Establishing these mechanisms is a central focus of the UN 'Protect, Respect and Remedy' Framework and supporting UN Guiding Principles on Business and Human Rights. It is also the subject of a related ICMM guidance document *Human rights in the mining and metals industry: Handling and resolving local level concerns and grievances* (available at www.icmm.com/document/691).

ICMM will continue to work to better understand the practical dilemmas that companies and communities face. In 2015, this involves engaging operational level staff to explore common factors and discuss practical ways to avoid or resolve conflict where it occurs. For further information on ICMM's current activities in this field please visit www.icmm.com or contact us at info@icmm.com.

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Sources used

Business and Human Rights Resource Centre

<http://business-humanrights.org/en/sectors/natural-resources>

ACCESS

<http://accessfacility.org>

Compliance Advisor Ombudsman for IFC and MIGA

www.cao-ombudsman.org

Global Policy

www.globalpolicy.org/dark-side-of-natural-resources.html

Indigenous Peoples Issues and Resources

http://indigenouspeoplesissues.com/index.php?option=com_fjrelated&view=fjrelated&id=0&Itemid=97

Last accessed November 2014

Mines and Communities

www.minesandcommunities.org

Mining Watch Canada

www.miningwatch.ca

National Confederation of Peruvian Communities Affected by Mining (CONACAMI)

(In Spanish: Confederación Nacional de Comunidades del Perú Afectadas por la Minería)

Observatorio de Conflictos Mineros en América Latina

http://basedatos.conflictosmineros.net/ocmal_db

OECD Watch

<http://oecdwatch.org>

Office of the Extractive Sector Councillor of Canada

www.international.gc.ca/csr_counsellor-conseiller_rse/index.aspx?view=d&lang=eng

Issue indicators – definitions used

ASM (artisanal and small scale mining)

Interests/position of traditional/artisanal or small-scale miners alleged to be undermined.

Consultation

Perceived insufficient inclusiveness, access to decision makers, transparency, timing, respect of customs and authority structures, clear reporting.

Corporate power

Perceived undue political influence on company, including both (a) revenues and existence of company as investor allegedly helping to legitimize human rights abusing regime or (b) government allegedly bending to wishes of company.

Corruption

Alleged corruption or lack of fiscal transparency on part of company or government.

Economic

Perceived inequitable distribution of benefits across state/regional/local/ethnic/family groups and insufficient impact on local employment, local business spend, training, local inflation on food and housing prices.

Environmental

Perceived or demonstrated negative impact on air (eg dust), water (groundwater, river, ocean) pollution, noise, government capacity to monitor and regulate.

Health and safety

Alleged/feared health and safety failures.

Indigenous issues

Indigenous sovereignty – including Free Prior and Informed Consent (FPIC) and rights of Indigenous Peoples alleged to be infringed (ie group identified as ‘indigenous’ being allegedly harmed).

Labour

Alleged labour abuses, including forced labour, child labour, lack of freedom of association or union representation, racial or sexual discrimination, harassment or abuse.

Land issues

Access to land (for farming, cultural heritage, forest resources) is being denied/insufficiently negotiated; traditional land rights have been overseen.

Resettlement

Resettlement alleged to have been undertaken unfairly, or perceived inadequate compensation for land/property.

Security issues

Security arrangements – alleged abusive actions of personnel guarding the mines/in region of mines.

Social cohesion

Perceived disturbance of social order through migration and growth or decline of towns, substance abuse, prostitution, community cohesion.

Use of force

Community members/activists getting killed/injured by company’s personnel/contractor/government.

Use of revenues

Revenues, payments or other support from company allegedly used by government/state entity/rebel group to fuel conflict, or conflict between different groups over distribution of revenues.

The International Council on Mining and Metals is an industry body created by leading mining and metals companies to catalyze strong environmental and social performance in the sector; and to enhance understanding of the benefits, costs, risks and responsibilities of mining and metals in contemporary society. It works as a not-for-profit organization, engaging with all parts of society and collaborating with 21 major mining and metals companies and 35 national mining and commodity associations that are its members.

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