Social license to operate:
Trust must be earned before land can be mined

by Elizabeth Adey

Two gold mines, 3,200 km (2,000 miles) apart. Both were closed in 2006. One is still held back by the legacies of the past. One is set to reopen in 2014. What lessons can they teach us about earning a social license to operate (SLO)?

A mining company’s SLO can often feel like a fragile thing. The consequences of a project failing to win stakeholder approval and losing its SLO have been seen all too frequently. No doubt this stems, in part, from the bad reputation that mining has in many parts of the world, caused by a poor environmental and social record and a legacy of accumulated problems. At its worst, mining is described as the most environmentally destructive activity that we undertake. And, despite the efforts of the industry to raise the bar, it’s often still seen as only as good as its latest failure.

Globalized social media has created a platform for millions to express their opinions on the industry’s performance. The impact of high profile incidents such as tailings dam failures and cyanide contamination receives understandably high levels of public attention. It also has a negative effect on companies trying to operate in a responsible way.

This only increases the importance of adopting responsible practices in the area of environmental and social performance, and being seen to do so. That includes operators looking at how they can become more responsive to meeting the needs of local people and the wider community – especially where there are strong ties and expectations of jobs, services and infrastructure.

The Rosia Montana project in rural north-west Romania makes an interesting case in point. In 1997, Rosia Montana Gold Corp. (RMGC) started exploration work at the historic gold and silver mines located in a remote commune of around 16 villages occupied by 4,000 people. State-owned operations had closed in 2006, creating widespread unemployment in an area heavily reliant on mining and related industries. Seven years on, and following 16 years of work on the site, RMGC is still waiting for environmental permits from the Romanian government to start mining.

During this time, an NGO, Aburnus Maior, has led a long “Save Rosia Montana” campaign. It and other protest groups recall the (unconnected) major cyanide spill from the tailings dam at Baia Mare in Romania in 2000. This led to the release of cyanide-tainted water into the River Lupes and out into the Tisza and Danube, killing hundreds of tonnes of fish. Campaigners argue that large numbers in the Rosia Montana community are against the reopening of the mine, partly because of claims that many have been forced out of their homes and properties.

Yet the author’s own independent study of Rosia Montana stakeholder views in 2010 as a research fellow of the Camborne School of Mines, shows rather a different picture. Of the 97 local residents who completed a survey, many of whom were personally visited and talked to, 95 percent felt positive about mining in general. They saw the industry bringing new employment and economic benefits into the area. Every single one regarded mining as an important part of the community’s identity, heritage and tradition.

Residents were clearly also more concerned about job dependency than environmental issues. The
The Rosia Montana project in rural northwest Romania was closed in 2006. Photos courtesy of Gabriel Resources.

community was hit hard when Minvest, the state-owned mining company and former major employer, closed in 2006. Nearly 2,800 people lost their jobs over the following 10 years. As one resident eloquently put it, “Our mountains bear gold, yet we are begging from door to door.”

Their overwhelming view was that, without mining, there were few suitable alternative sources of employment, and that the area would rapidly depopulate. While there are clearly some in the local community against the project, the overall research findings show that the majority are supportive. Many were and remain frustrated at the length of time it’s taking the government to make a decision. And perhaps most interesting of all in relation to the SLO question, 80 percent felt that RMGC and the local government were engaging them sufficiently in existing or future mine developments.

To understand the historical context of some of the opposition to the reopening of the Rosia Montana gold mine, we need to go back to 2006 and the contentious issue of property and land purchasing. World Bank guidelines were used for the acquisition of 594 residential and 1,028 non-residential properties and land. Yet interviews revealed that this had caused a degree of conflict among residents, with some perceiving the policy to be unfair. A specific issue related to the boundary of the project. People living 10 m (33 ft) outside it, for example, hadn’t had the option of having their house purchased, yet still faced its impacts.

Ancestral saints

Now let’s travel more than 3,200 km (2,000 miles) east to Pustynnoye - a semi-desert region of undulating plains in Kazakhstan. Here, too, there’s an existing gold mine that ceased to operate in 2006. It was closed by its previous operator — reportedly with little communication with local people, and poor transparency even while operational. There was, therefore, a serious and inevitable legacy of lack of trust that needed to be faced and addressed by the new operators, Altyналmas, who took over the exploration licence in 2011.

At an early stage, Wardell Armstrong International was commissioned by Altyналmas to carry out an environmental and social impact assessment to cover the site upgrade and its development as a new gold mining operation. Key steps involved identifying the project stakeholders, developing a plan to engage them and establishing a thorough social baseline to understand the wider socio-economic context of the project.

Restoring lost trust takes time. It’s been a challenging process, involving an ongoing commitment from Altyналmas to maintain good communications with local people, understand how the local community functions and implement mitigation measures into project design to avoid, minimize and compensate adverse impacts on livelihoods when the mine becomes operational in 2014.

The main local occupations for residents of Akzhaidak Station, the closest settlement, are commercial fishing and maintaining railway infrastructure. While the project development doesn’t require resettlements or have direct effects on livelihoods, the ecosystems service impact assessment considered water abstraction from Lake Balkhash and some minor potential effects on fish stocks, outlining requirements for ongoing monitoring and compensatory measures.

Vulnerable groups within the settlement are women, the elderly and people reliant on fishing as their main livelihood. After applying mitigation measures, two ‘moderate’ adverse socio-economic impacts were identified — traffic movements that might increase accident risks, and job dependency issues that might be created by closure. Altyналmas will carefully monitor the numbers and seriousness of road traffic accidents, and make sure of regular safety communications. It is also committed to regularly reviewing and updating the closure plan and developing a retrenchment policy, with regular, transparent communication to stakeholders.

Another important issue that emerged from an archaeology and cultural heritage baseline and impact assessment (part of the ESIA) was the identification of a site of high cultural importance
on the edge of the license area – a group of mud brick tombs. Two of these were considered by local people to be sacred, and referred to as akin to ancestral saints. The local Imam and residents were concerned by the possibility of the graves being moved, or restrictions on the ability of local people to visit them. As a result, a cultural heritage management plan was put in place to preserve the site and provide continuing safe access.

**Clear lessons**

One of the lessons from Pustynnoye is the vital importance of clear, effective, transparent communications — including an adequate grievance mechanism — from the start. Without engaging with local people, keeping them well informed and giving all stakeholders a voice, it’s unrealistic to expect them to be on your side and supportive of your project.

As the Rosia Montana example shows, resettlement can be a critical issue. While the environmental boundaries of a project are readily definable, social boundaries are far more complex. Extensive relocation programs need extremely careful consideration and stakeholder participation to avoid community conflict.

The potential impacts on local livelihoods need to be considered just as carefully, through a rigorous social baseline that provides a clear understanding of communities and how they function.

Finally, it’s essential to think ahead to the eventual closure of the mine and its impact on job dependency. This can include developing other business and training initiatives to seed industries that can last well after the lifetime of the mine. As the mayor of Rosia Montana put it, “The estimated 20 years of substantial income will give people the skills and time to develop an alternative to mining, learn new skills and start businesses. It effectively gives people a period of grace to find out what they can do longer-term.”

But all that, of course, depends on the Rosia Montana project going ahead and effective management.