

Livelihood restoration

Sustainability, positive legacy and the importance of social closure are high on the agenda of many mining companies operating around the world today. It is our belief that a new model being rolled out by SRK Consulting can provide a much-needed practical framework to help these companies achieve their aim of creating shared value.

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The SRK model works on building in a social developmental focus from the early exploratory phase of a mine's life. We believe this approach can help develop communities that don't simply serve or rely on mining operations for their livelihood, but are rather empowered and encouraged to build on their inherent passions and drivers.

This talks directly to comments made recently by Harvard University Professor Michael Porter, one of the contributors to a new year-long study issued by the Shared Value Initiative in October 2014. The report, entitled *Extracting with Purpose: Creative Shared Value in the Oil and Gas and Mining Sectors' Companies and Communities*, advocates that miners move beyond community relations and begin to align their business interests with the needs and priorities of local communities.

"Investments based on community wish lists and attempts to placate the loudest voices in a community have led to ever-shifting community requests, unilateral projects that have little impact, prioritising image over outcomes, and missed opportunities for business and community alignment," Porter wrote in the foreword to the study.

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Rather, he argued: "Companies must tie community prosperity to the present long-term needs of the business in areas such as a qualified labour pool, capable

suppliers, and well-functioning community infrastructure."

This view is very much in line with the SRK approach. However, up to now, not all mining companies have been keen to fully engage with communities on this level and, indeed, to foster an understanding of what makes individuals and communities tick. While, it must be said, many leading mining companies have been paying a great deal of attention to this aspect of social engagement for the past 15 years, it is by no means an industry-wide standard. However, miners can no longer afford to stick with a paternalistic approach to community engagement. The days of only making a profit are gone; stakeholders increasingly demand it, as do governments, civil society groups and the communities in which mines operate. It's time for a new, more socially-focused blueprint.

That approach, we believe, is a concept



The final product (photograph courtesy Sazani Associates)

Women preparing jam using fuel efficient stoves in Zanzibar (photo courtesy Sazani Associates 2013)

AND global mining



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which builds on the Livelihoods Asset Pentagon of Diana Carney and Ian Scoones, but takes things to a new, practical level by tapping into the current focus on positive legacy creation and the impact of social closure of mining projects.

We believe if social closure is developed from the early stages of a mining project's life, then positive legacy will sort itself out. By focusing on livelihood restoration as a means of engaging with communities, mines will minimise the risk of creating dependency. Rather the existence of the mine will create opportunities for host communities, many of which will not be dependent only on the mine. Under this

scenario, the service industry which springs up and which supplies the mine will, hopefully, become the icing on the cake, rather than the whole cake.

The 'how' of this model is simple and, at its core, requires a deep understanding of the complexity of rural communities and the need to structure livelihood restoration towards building on existing skills and assets. In much the same way that we prize biodiversity in natural environments, so

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too should we recognise this multifaceted approach applies to human communities. This is the only way to create a diversified economy from the outset, and, in the mining context, avoid common social concerns that develop as a result of issues: like artisanal mining, conflict, involuntary resettlement and corruption. The same way that we don't expect a maths wiz to study Shakespeare, or an accountant to design a bridge, we need to start by identifying the talents and abilities of the communities in which we are working, and create opportunities which can develop from that existing base.

Identifying where to start begins with an appreciation of the assets inherent in each community, as identified using the



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five capitals approach: human, physical, financial, natural and social. We inevitably find that rural communities score highly on issues such as social capital (family and friends, community, sense of place, networks of obligation be they religious, tribal, ethnic or familial) and natural capital (water, land, sea, biodiversity, minerals like gold and oil). Of course, it is these two core capitals which are most affected by mining operations; making the need for



Community mapping with health workers in Niger (photograph courtesy SRK Consulting 2014)

economic diversification and community engagement all the more important.

In the long term this approach is more cost effective for the client. It is better for the client and better for the communities, which also benefits the client, whose operations are less subject to the slowdowns and financial pressures associated with prolonged strike action – such as the five-month platinum sector strike which hit South Africa so hard in 2014. To quote Porter in the Shared Value Initiative: “Extractives companies today are losing billions to community strife despite extensive community relations programmes. In Nigeria, community disruptions to pipelines lowered oil production by 18% between 2005 and 2008. Strikes at platinum mines in South Africa in 2012 caused production to drop by 12% of the total annual global supply. New data from the International Council on Mining and Metals shows that reported conflicts with communities are increasing.”

Because of the business imperative, this approach should not be dressed up as social conscience; it's ultimately about good business and our clients want their businesses to run with minimum risks. Miners don't want to set up complicated

grievance mechanisms and be constantly dealing with huge social issues. SRK's model advocates spending time and effort on establishing these relationships from the outset and then reaping the benefits in the long term.

For communities the model not only draws them into the engagement from a position of equal standing and partnership, it also highlights the unique social and community structure and how it is impacted by external influences.

What sets our model apart is that we consider these pressures and forces and how they impact on the realities and livelihoods of local communities on a day-to-day basis; be it the unsustainable use of natural resources, global social-economic competition, climate change, globalisation, terrorism, the global economic crunch, or the price of gold. In today's global village these impacts can have a profound effect on local livelihoods, so it is increasingly important that communities understand these global pressures and forces. For miners, governments and communities it's only once all parties embrace sustainable and responsible mining practice that the industry can, ultimately, be developed to the benefit of all. **MRA**



Local farming at AngloGold Ashanti's Geita mine in Tanzania (Photograph – AngloGold Ashanti)