

Mining and Community Development: From Rhetoric to Practice

By Ernesto Sirolli

When mining companies have wanted to take immediate measures to [alleviate the poverty](#) that they have observed in the neighbourhood of their mining projects, they have typically done this by building schools, clinics or hospitals and by sponsoring external health and education service providers to create new programs.

Although appreciated as generous [gifts to local communities](#), [these efforts](#) have not usually lasted beyond the life of the mine and, sometimes, not even beyond the tenure of the particular company staff that instigated the projects.

The reasons for this are that the projects:

- Were chosen by the mining company people and/or the local elites;
- Were built or run by outsiders, with little management involvement from local community members;
- Were only accessible by the more affluent members of the community and not by the poorer members;
- Required technology or knowledge not locally available to maintain them, or the capacity of local people to manage the programs was not built up to a sufficient level.

The sum of these factors is that, with the best of intentions, the projects were imposed upon local communities and they did not feel any particular ownership of them, nor did they have the capabilities required to sustain them. This resulted in a progressive decline once external support was withdrawn.

Further, if local communities and government agencies become accustomed to mining companies taking charge of the provision of infrastructure and services, an [unhealthy dependency relationship](#) can evolve, which works against sustainability.

What Not to Do



Developing agreements with local communities (Courtesy of SRK Consulting)

[The Community Development Toolkit](#), published by the [International Council on Mining and Metals \(ICMM\)](#) in 2005, explains why conventional community development programs do not work. Set up in 2001 to represent many of the leading mining and metal companies of the world, the ICMM critiques the “knee-jerk” infrastructure development, which is spot on.

For a number of reasons, building infrastructures is the easiest thing for mining companies to do. Unfortunately, as recognized by the ICMM, the approach is not sustainable.

I had the opportunity to visit a mining community in the Amazon that had been the recipient, for 45 years, of what I would describe as the paternalistic attention of an international mining company. The mine had built the school, sealed the roads, built for the community of 6,000 people the best regional hospital in the State and provided electricity for the town.

When I visited the community the mine had been closed for nine years ... and nothing worked anymore!

The power plant had shut down, the roads were reduced to obstacle courses of mud and potholes, the school barely survived and the hospital had shut down. When we asked the local council members what had happened, they told us that they had no resources to keep those infrastructures open. “We are poor,” they said. “Don’t give us infrastructures that we cannot maintain.”

In [Valdez, Alaska](#), I was told a similar story. Mostly with money from companies associated with the Trans-Alaska Pipeline, the city built a multi-million dollar convention centre. The 20,000 square foot facility is now an albatross around the neck of the community of 4,300 people that has little use for it. It costs the city US \$200,000 a year just to keep it heated!

What to Do

The ICMM recommendations regarding the opportunities for mining companies in community development are accurate and welcome.

After discussing the obvious benefits of offering training and apprenticeships in trade areas to build the skill level of the local population, the Community Development Toolkit states that:

“The challenge is to not only build the skills but also facilitate the growth of other activities in parallel to mining [...] Mining companies can localize some of their products and service procurement policies to help build local supply capabilities [...] In addition to helping train local community members to provide goods and services, companies can also consider supporting micro credit schemes to help encourage small business.”

According to my interpretation of it, the document recommends that mining companies look at building the capacity of the communities to survive long after the mine has gone. A parallel economy has to emerge that may be based, initially, on providing goods and services to the mine but that, eventually, would expand and diversify to provide the same to the community, the region and the State.

The Toolkit even mentions, by name, an enterprise that did precisely that:

“...The [Lac La Ronge Indian Band](#) initially developed trucking and catering skills with support from the local uranium mines in northern Canada. Over time, it expanded its business away from the mines and had an annual turnover of CD \$65 million in 2005 supplying services in the surrounding region.”

Wrong Tools for the Job

The Toolkit's excellence, in both identifying “what not to do” and in suggesting “what to do” was lost, in my view, when it started to suggest and enumerate the tools to achieve what it had so eloquently suggested.

The “17 Tools” proposed are all “top down.” Some of them may be useful in identifying what areas of trade and apprenticeship can be offered to residents but, in our experience, they are useless in fostering entrepreneurship. “Facilitating the growth of other activities in parallel to mining” requires “facilitation tools” and “facilitation tools” have to be, by definition, bottom-up and responsive.

Working with entrepreneurs, however, entails an environment that allows the local people to come and tell us what they

want to do, when they want to do it and how. It requires the creation of a “convivial” social infrastructure in the community that allows for free, confidential, caring, competent and compassionate service to them.

Facilitating Entrepreneurship

The change that is required to go from “planning for infrastructure development” to “facilitating local entrepreneurship” is huge. It is like going from open cut low grade coal mining to prospecting for gold nuggets. Not only are the tools different; everything is different, including the attitude and expectations of the people involved.

We, at the [Sirolli Institute](#), know how to prospect for gold. We know how to find one nugget at a time and have developed a methodology that actually gets the nuggets to come to us.

In 1985 we implemented the first Enterprise Facilitation project in Esperance, Western Australia. Since then, we have been refining the process and have been developing tools for sustainable community development that are ideally suited for capturing the passion, energy and imagination of local potential entrepreneurs.

We never initiate contact with local entrepreneurs or motivate local people to do anything. If invited to work in a mining community, we mainly engage with the mining company management and train a small team in the principles and practices of Enterprise Facilitation.

We then assist that team (called the Project Management Team) to recruit an Enterprise Facilitator, from within or outside the company. The Enterprise Facilitator is preferably a native of the country and is both culturally and linguistically suited to operate in the community.

The Enterprise Facilitator, whose selection is based on certain personality characteristics and life experiences, is then trained by us to respond to local would-be entrepreneurs and to facilitate the transformation of their ideas into sustainable enterprises.

While working with mining companies we have noticed that the language and thinking behind community development have changed dramatically. It is the tools that have to catch up.

Some of the ICMM tools were borrowed from international development agencies and non-government organizations that have been working in Africa for the past four decades.

Yet, after forty years of international aid and US\$ 2 trillion donated to the African continent, [Africa is poorer now than forty years ago](#). Not only that, the gap between the African countries and the rest of the world has actually widened during the period.

The rhetoric in international development circles is becoming even more refined and the names involved even more impressive, but what has been done is more of the same. More money has been allocated to build hospitals, schools, water treatment and roads for communities that cannot maintain them.

The mining industry can do better than that. ■

[Dr. Ernesto Sirolli](#) is the founder of the [Sirolli Institute](#).

Links and References

- [Dead Aid: Why Aid Is Not Working and How There is Another Way for Africa](#)
- [Gaining a Social License to Mine](#)
- [ICMM's Community Development Toolkit](#)
- [International Council on Mining and Metals \(ICMM\)](#)
- [Lac La Ronge Indian Band](#)
- [Sirolli Institute](#)
- [The Equator Principles and IFC Performance Standards](#)
- [Valdez, Alaska](#)
- [World Bank: World Bank Review Finds Extractive Industries Rarely Alleviate Poverty](#)

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<http://go.mining.com/jan10-a7>