

# TYOLOGIES OF CHALLENGES TO SOCIAL LICENCE TO OPERATE (SLO) IN MINING

Categorizing visible challenges to existing or impending SLO in the mining sector, with the aim of facilitating intervention in support of achieving and maintaining SLO.

# WHAT IS A SOCIAL LICENCE AND HOW DOES A MINE KNOW THEY HAVE IT?

*"The simple fact is: in today's world if we don't bring people with us and if the majority of those living in host communities don't benefit from our presence we won't be allowed to mine."* Mark Cutifani, CEO Anglo American

- SLO has been termed as "social acceptance by key stakeholders."
- Being able to operate a business in a specific locality means you have a SLO.
- Lots of key works: Trust, Legitimacy, Stakeholder model of analysis.

**You will know if you don't have it!**

# WHAT WE DO KNOW?

- Loss of, or failure to gain a Social Licence to Operate, is a **management failure** of the mine.
- It may be hard to define an SLO but if you don't have one your mine can't operate.
- Loss of an SLO or barriers to obtaining an SLO are not instant affairs. (Issues develop over time.)
- Identifying typologies of challenges to an SLO will enable the development of responses to contain challenges.

## THE CRITICAL CONCEPT.

**Active corporate capture of conflict** with communities is critical to establishing and keeping an SLO.

Mines must recognise that their impacts or those impacts local communities may anticipate, produce vulnerabilities to the mine's SLO either via permits, reputational impact on investors/lenders or through stirring up local action. If mines want an SLO, they must engage in active corporate capture of potential conflict, or be a hostage to fortune.

# THREE IDEAL TYPES OF SLO CHALLENGE

## 1. Permit related.

Pressure from community directly or via political elites stalls or stops essential permitting.

**Targeting the mine and the State.**

# 1 SUB TYPE A **PERMIT.**

Perception of existing or future environmental or social impacts of the mine mobilizes those locally to attack existing or impending regulatory/government permits. (Local organic resistance via the regulatory System)

## **Critical Component.**

The resources mobilized are local. Those mobilizing them live locally to the mine and the drivers are concerns with local physical environmental impacts, livelihoods and jobs.

# 1 SUB TYPE B PERMIT.

Those seeking to build political capital (NGO, Politicians, existing or aspiring local oligarchs) utilize or ferment discontent. This sub type is characterized by the mobilization of community based stakeholders to attack existing or impending permits.

## Critical Component.

Resources mobilized are not all local to the target mine and have either national or international links or characteristics. Discontent and local communities represent a form of useful capital for those fermenting the challenge. The conflict drivers can be political, ideological or economic and very often utilizes supra-national environmental frameworks or resource nationalism.

## **2 LENDER/INVESTOR RELATED.**

Pressure from community actors targeting the reputation of the lender/Investor stops or stalls production through the lender/Investor being forced to restricting capital to the mine until the pressure is removed.

## **Targeting the Lender/Investor.**

## 2 SUB TYPE A **LENDER/INVESTOR**

Visible or potential challenges are directed at the Lender/Investor and their reputation from the community directly, using social media/internet/non aligned media/or the democratic system concerning demonstrable or anticipated negative impacts of the mine project (environmental, economic or social).

### **Critical Component**

Likely there is a sophisticated local elite driving the dispute. This is a timely indicator of the potential for conflict to be hijacked as a form of political capital. Lender/investors may have a high profile and resource nationalism may be a developing factor. Media and reputation are the fields of combat.

## 2 SUB TYPE B **LENDER/INVESTOR**

Visible or potential challenges are directed at the Lender and their reputation from the community through an agent /media agent/NGO / political elite concerning demonstrable or anticipated negative impacts of the mine project (environmental, economic or social).

### **Critical Component**

External (to community or country) actors are involved and often there is external funding driving the conflict- NGO or political funding. Media and reputation are the fields of combat.

## **3 OPERATION RELATED.**

Pressure from community action directly stops or slows production.

## **Targeting the mine/State**

## 3 SUB TYPE A

Community activities stop mine operations through physically restriction of extraction/movement of resources/movement of personnel.

### Critical Component

The legitimacy of the State for participants is likely to be a driving issue. It is critical to assess if this is a sub group (displaced local people) or if conflict has the potential to go wider and has an element of resource nationalism. If no official or credible recourse to permitting or lender investment challenge methods this challenge is more likely. Violence likely.

## 3 SUB TYPE B

Community failure to cooperate disables mine operations.

### Critical Component

The legitimacy of the State for participants is likely to be a driving issue. Critical to assess if this is a sub group (displaced local people) or if conflict has the potential to go wider and has an element of resource nationalism. If no official or credible recourse to permitting or lender/ investor challenge methods this is more likely. Likely to be more common when strong community cohesion factors exist.

# WHAT CAN YOU DO?

For all challenges:

- **Early and meaningful Community engagement by the Mine.**
- Successfully support the community in building an understanding of the challenges, opportunities and physical impacts likely to be present in the delivery plan.
  - **Early development of shared content between Mine and the Community.**
    - Effective grievance mechanisms and procedures.
    - **Media management strategy that is capable of timely addressing all stakeholders.**
  - Map community livelihoods and understand the rolling impact of development of the mine on livelihoods.
    - **Trust building with community.**
    - Transparency of potential conflict management approach.
      - **Use an external critical corporate friend.**
      - Enable stakeholders to articulate conflict issues.
    - **Design and implement retractable shared content with potential agitators.**

# IN ADDITION FOR TYPOLOGY 2 AND 3

- External critical review of Project Management Documentation- ESIA etc (not by the authors.)
  - Lender/Investors should insist on mine compliance capturing higher local regulatory standards which have applied historically.
  - Effective external monitoring of delivery of social management system.
- Ensure adequate resources (human and financial) are deployed locally as an effective management information systems (MIS) regarding potential conflict.

# IN ADDITION FOR ALL TYPOLOGY 3

- Understand local history , culture and sensitivities. (Is this an area with a history of political activism?)
- Recognize constitutional or political change can bring social change. (Joining EU for example)
- Recognize the limitation of existing local governance systems and develop a roll for the mine supporting local calls for resources from them (not replacing them).
  - Recognize pinch points and develop a resilience plan with a security, political and social strategy.
  - Build a social fence around the mine and know it's geographical limit. (This may take in a significantly wider area than the physical workings of the mine and will be an asset to be managed by your security team.)

# IN ADDITIONAL FOR TYPOLOGY 3 TYPE B

- Contingency plan (business resilience strategy) to replace local resource input.
  - Know that WINNING will require compromise.

# REALITY

These ideal types can merge, transform and run contiguously.

Failure to capture conflict will lead to this conflict being utilised as a form of capital by oligarchs/politicians/Media and NGOs. There will be a cost to combating this.

Cost of corporate capture and retaining Vs Cost of threat of loosing a SLO. (management choice)

How does one judge? Who has the capacity to judge? What is the judgement being made on? (Do you send an engineer?)

Once captured there is the ability to “shape” and direct the conflict. Perhaps to support reputation and production-potentially driving down operating costs. The higher the mines vulnerability the more valid investment in social management.

Spatial data is useful in designing remedial action but community concepts of mine influence more important in both identifying both social risk and business risk from social acceptability. Qualitative data is critical to decision making.

The conceptualisation of space may be more influential regarding the community perception of environmental, social and economic risk than a Cartesian reality.

# REALITY CONTINUED

Building a social fence must correspond with the security /resilience boundaries. (Engage your security team)

SLO can only happen once permitting for activities has been received. Corporations can get a social licence to explore and have a licence for that, but that does not mean they will have a licence for full scale production.

SLO as a concept is only within the confines of necessary formal permitting.

Securing SLO may involve significant investment of resources prior to permitting. (Even a great base for a SLO does not mean once permitting and production start it will continue to exist- SLO is a trust based concept and may need renewed or reinvigorated.)

SLO revocation does not require a regulatory response (permitting revocation).

Concentration only on securing permitting in no way supports SLO.

SLO failure is a strategic management failure, possible not a lack of appropriate resources but maybe a lack of judgement, data and timely application of a remedy.

# MORE REALITY

SLO failure is rarely a surprise and never the result of spontaneous decision by the community.

Securing and keeping a SLO requires both management strategy and action to reduce non-technical risks arising from affected or adjacent communities. This requires investment.

If SLO has the potential to revalue the asset, how does the investor/lender assess that?

Corporations are not operating to replace the state.

Political and social contexts are fluid.

Why does the mine sector not work together and advertise to change perception?

Reliance on state stakeholders, precedents or oligarchs is liable to raise corporations exposure to non-technical risk (SLO failure) arising from affected or adjacent communities.

# QUESTIONS

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