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# COMMUNITY CAPACITY BUILDING AND A SOCIAL LICENSE TO OPERATE IN THE MINING INDUSTRY

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## ABSTRACT

This paper aims at increasing our understanding about existing community capacity-building approaches and their implications for obtaining a social license to operate in the mining industry. The notion of 'capacity building' is gaining increasing currency in the mining sector in developing countries due to rapid rise in globalisation of the mining operations. Building a community's capacity to understand and effectively respond to these transformations is vital for obtaining a social license to operate, as it promotes sustainable and locally relevant development. Accountability mechanisms such as global norms and international standards increasingly point to the need to build capacity among stakeholders but particularly among local communities adjacent to mining operations. International frameworks and mining companies have embraced the notion of community capacity-building as a driver to assist corporate social and operational performance. However, this narrow understanding of capacity-building through the prism of corporate social responsibility and 'best practices' is preventing the industry from impacting communities meaningfully and forging sustainable communities in the regions where it operates. The idea of social license to operate is being widely embedded across multiple industry sectors, as a social and economic reward from mining companies to compensate communities for natural resource extraction and gain social acceptance.

Although both concepts are widely recognised in the minerals industry, insufficient attention has been paid to the implications of applying a top-down or a bottom-up capacity-building approach for obtaining a social license to operate, or indeed how these two concepts are linked and applied in practice. At times, communities lack the necessary capacities in the form of education and skills to deal with mining-led livelihood transformations. This is preventing both, mining companies and communities from forging sustainable livelihoods and responding to mining-led livelihood transformations, a situation that is creating discontent among communities and reducing the possibilities of obtaining and renewing a social license to operate for the industry. Based on review of current scholarly debates, accountability mechanisms in the mining industry and fieldwork findings in Colombia, this paper will contribute to understanding of the implications of exiting community capacity-building approaches for ensuring a social license to operate.

## KEY WORDS

Mining, capacity-building, social license to operate, community, sustainable livelihoods, Colombia, sustainability.

## INTRODUCTION

The overarching aim of this article is to explore the challenges of existing community capacity-building approaches for obtaining social license to operate (SLO) in mining regions. The growing demand of minerals and metals is increasing the need to undertake mining operations in remote areas. However, local communities adjacent to mining projects lack capacities and education to benefit from mining and actively engage with other sectors of the local economy. In addition, informed by the media or local and global NGOs, communities are nowadays more aware of their rights and benefits in compensation for natural resource extraction. This has increased community's demand regarding their future and the possibilities to forge sustainable livelihoods that last after mine closure. Similarly, communities are aware of the importance of developing skills and knowledge to contribute to locally relevant development.

On the other hand, the minerals industry is transforming existing corporate social responsibility approaches to get a SLO and increase productivity rates. Indeed, traditional corporate rewards for obtaining a SLO, such as donations and infrastructure still occupy a privilege place in corporate agendas. However, capacity-building is more often positioned as a key element of corporate social responsibility as it has shown benefit all stakeholders involved in the mining industry. In theory capacity-building contributes to forge more sustainable communities achieving development aspirations and facilitates the extension and opening of mining projects, on account for extra values such as skill shortage supply in the industry. From a theoretical standpoint capacity-building has been widely recognised, however, its linkages to SLO need to be further explored.

The concept of community capacity-building transcends disciplinary boundaries. The idea of capacity-building was first conceived in schools of thought of education, as a tool for the emancipation of the poor. Popular education theories first developed by Freire (1970) posited that capacity-building transforms livelihoods and free poor people from their living conditions. This idea of freedom was further developed in the capability approach later proposed by Amartya Sen (1979). According to Sen, when individuals develop capabilities, they are able to free themselves and to make decisions over their life plans. International organizations such as the United Nations embraced Sen's ideas and adopted the notion of CB. As defined by the United Nations Development Program (UNDP), capacity-building is a process in which individuals develop either tangible or intangible skills to achieve goals (UNDP, 2011). This notion is also often linked to concepts such as development and emancipation (Eade, 1997; Oxfam International, 2011); however, the connections between capacity-building and SLO have not been widely explored.

The notion of SLO is defined as a corporate approach intended to gain community acceptance. It is also considered as an agreement between, both mining companies and locals in compensation for mineral and metal extraction. Very often, these agreements involve financial and physical capitals delivered in the form of donations or infrastructure, but education and knowledge transfer initiatives are rarely included or simply neglected. In order to assure the effectiveness of mining operations and help mining companies to align with high environmental and social standards, the minerals industry has recently embraced the idea of capacity-building. At the global level, international standards and global principles encourage mining companies to incorporate this notion in corporate accountability mechanisms (ICMM, 2005; OECD, 2008; ISO, 2010; IFC, 2011; RJC, 2011). Companies operating in Latin America, particularly in the case study areas are engaging with this approach now reflected in sustainability reports and social responsibility agendas.

However, these initiatives are hugely insignificant compared to the magnitude of the problem. Despite corporate attempts to deliver capacity-building actions, local communities still lack capacities and education preventing them from forging sustainable livelihoods and finding gainful employment opportunities. This is not only causing productivity losses for the mining industry but is also fostering discontent and resentment in mining regions, a situation that threats future agreements to obtain a SLO. So far, local communities have been compensated by mining revenues and capacity-building programs. However, these forms of social investment have not meaningfully contributed to achieve development aspirations. Thus, existing capacity-building approaches are not sustainable for the local population as the loss of natural capital has not been adequately compensated. Hence, it is imperative to take capacity-building more seriously so that current development models become more sustainable and corporations can successfully undertake future mining operations. These dilemmas are further examined in the light of two case studies Antioquia, Colombia; where local communities have not been adequately compensated despite the implementation of capacity-building initiatives and where corporations face significant challenges to undertake

new operations and extend existing projects. Another case in the point is Risaralda, Colombia where communities have benefited meaningfully from existing capacity-building approaches.

The paper is based on ongoing PhD research and qualitative research methodology. Around twenty interviews were conducted in each case and involved stakeholders from the corporate, government and the civil society sectors. To facilitate the understanding of this paper the discussion proceeds as follows: The paper begins with a review of the literature of the notions of capacity-building and SLO. This is followed by a discussion of the two case study areas. Some background of the two cases will be provided as well as a discussion of the main challenges and implications regarding existing community capacity-building approaches for obtaining a SLO. These challenges are examined in the light of Risaralda and Antioquia, Colombia, the case study areas. The paper finishes drawing some conclusions and recommendations for stakeholders in the industry.

## LITERATURE REVIEW

This section contains a literature review of the notions of capacity-building and SLO and is organised as follows: The review begins with an examination of the notion of capacity-building, its trends, evolution and definition. This section also discusses the linkages between the notion of capacity-building and the minerals industry. This is followed by an exploration of the concept of SLO and its implications for the mining sector globally and in the Colombian context. The review is based on both scholarly and grey literature that deals with the key areas of research. The grey literature reviewed includes, among others, sustainable development agendas and frameworks that guide mining company performance and accountability mechanisms as they operate in Latin American countries. The review is also based on the examination of accountability mechanisms such as corporate social responsibility agendas, sustainability reports and web pages from a group of ten mining and exploration companies operating in Latin America.

### Capacity-Building: Historical and current trends in the mining sector

Capacity-building is an evolving term that has been subject to multiple definitions. The term was first coined by the United Nations Development Program (UNDP) in 1990 and defined as a "long-term process by which individuals, organizations, networks, and societies increase their abilities to solve problems and achieve objectives" (UNDP, 1997). Since then it began to be introduced in developing countries as part of technical assistance programs to help communities cope with the changes caused by globalisation and economic restructuring (Amin & Thrift, 1992). Although capacity-building has applications in several sectors, this particular section focuses on exploring definitions and characteristics of capacity-building in mining communities.

As defined by the United Nations, capacity-building is a long-term process that involves the commitment of multiple actors. Veiga et al (2001), for instance, state that "the first step to community sustainability ... may relate to local capacity-building and local governance". Similarly, the Institute for Environment and Development (IED, (2001) argues that capacity-building needs to be understood as a multi-stakeholder collaboration process that lasts before and after mining operations, intended to enhance existing skills in local communities. In addition, Loza (2004) defines capacity-building as an ongoing process that improves existing conditions in local communities and that requires the development of partnerships between corporations and communities. Indeed, capacity-building cannot be considered as a reactive response from mining corporations to tackle community problems but as a long-term process that takes into consideration community aspirations (Alizar & Scott, 2009). These characteristics suggest a mutually agreed framework of capacity-building implementation; however, there is a lack of understanding about the roles and the interactions of the participants that take part in the implementation of these initiatives in mining regions.

While the idea of capacity-building as a long-term process is appealing from a theoretical standpoint, there are major difficulties in its real-life application. Capacity-building initiatives, particularly in the Colombian context, lack continuity due to the absence of long-term commitment, resources, coordination and collaboration amongst stakeholders. This is reflected in the existing conditions of local communities adjacent to mine-sites operating in the north of Colombia. Despite the past implementation of several capacity-building initiatives in areas like training and education programs, mining communities are still experiencing joblessness and lack of opportunities to forge sustainable livelihoods (Cardenas, 2011).

### Capacity-Building: A Historical Background

To reverse the effects of global economic consequences like the inadequate compensation for the loss of livelihood options, international organizations promoted a set of technical assistance programs and capacity-building initiatives in developing countries (UNDP, 1997). These global initiatives have been the subject of analysis by scholars from various schools of thought like education, economics and more recently sustainable development and corporate social responsibility. The origins and evolution of capacity-building have been influenced by two cross-disciplinary debates since 1970. On the one hand, capacity-building has been regarded as a bottom-up approach that is situated at the local level and is intended to emancipate the poor (Eade, 1997). On the other hand, capacity-building is considered as a top-down process from the global level to build skills and allow individuals and organizations to perform specific tasks. This latter approach has mainly been adopted by mining companies through training programs and knowledge transfer strategies in local communities they operate within.

The bottom up approach of capacity-building was first developed by modern educational schools of thought like critical pedagogy. Freire (1970), one of the major representatives of this educational approach, argued that education serves as a means to free the poor and the most vulnerable. Freire (1970) notes that communities need to be provided with meaningful education to meet their development aspirations, envisaging education as a political process that involves the active and critical participation of students, teachers and the society. One of the premises of Freire's work is the notion of freedom, a concept that differs amongst contexts and individuals. This idea was later embraced by Sen (1979) in the capabilities approach to development which was intended to challenge traditional welfare economic theories. Sen´s (1979) contribution also develops the idea of emancipation that Freire (1970) first proposed. Sen (1979) argues that human beings are free to choose their life-plans. However, this notion of freedom comes from the capabilities that the person develops. In other words, more developed capabilities equals more freedom and more freedom equals more possibilities to choose the life plan that responds to one´s expectations.

Sen´s work later influenced the current global understanding of capacity-building. The World Bank (2011) and the United Nations (UNDP, 1997) conceive capacity-building as a process that allows individuals and organizations to build abilities to perform functions, achieve goals and solve problems. This global understanding of capacity-building neglects the notion of freedom initially proposed by Freire (1970) and Sen (1979). Bypassing the notion of freedom in the capabilities approach has been contested by a segment of development practitioners. In the development literature, capacity-building is defined as a bottom-up approach to development to help the poor to free themselves and to improve their living conditions (Eade, 1997; Oxfam International, 2011). These tensions between the bottom-up and top-down approaches of capacity-building keep influencing current understandings of capacity-building in several sectors, including the mining sector.

**Capacity-Building in the Mining Sector**

Given the fact that this paper concentrates on mining communities, it is important to provide an overview of the scholarly and grey literature debates about the role of capacity-building issues in the minerals industry. The inclusion of capacity-building in this sector started with the discourses on corporate social responsibility (Cornelius et al, 2008; Jenkins, 2004; Tracey et al, 2005) and sustainable development (United Nations Division for Sustainable Development DSD, 2009a, 2009b, 2009c). Scholarly debates about community development (Alizar & Scott, 2009; Hilson, 2006; Veiga, et al., 2001) and business (Loza, 2004) have also contributed to this notion in the mining sector.

The mining sector has developed a strong emphasis in capacity-building in recent years. In fact, voluntary global norms that guide the corporate mining sector (ICMM, 2005; IFC, 2011; International Organization for Standarization, 2010; OECD, 2008; Prospectors and Developers Association of Canada, N.D; Responsible Jewellery Council, 2011) and mining companies operating in Latin America (AngloAmerican Chile, 2008; Barrick, 2011; BHP Billiton, 2009) have employed the notion of capacity-building in their corporate rhetoric. But at the global and the corporate levels, their concept of capacity-building is clearly a top-down rather than a bottom-up approach.

The Guidance on Social Responsibility, ISO 26000 (2010), defines capacity-building as a process that assists communities to achieve social and economic development standards. In addition, it is stated that capacity-building is one of the most sustainable legacies that mining companies can deliver to local communities (ICMM, 2005). This notion is also regarded as a valuable legacy that fosters community development (Rio Tinto, 2011) and engagement (BHP Billiton, 2009) and forges sustainable communities (Barrick Peru, 2008). These interpretations of capacity-building position mining companies as the major providers of capacity-building initiatives and neglect the participation of other stakeholders in the implementation of these initiatives. This top-down approach may in fact prevent the mining sector from impacting communities meaningfully (Mate, 2001).

Capacity-building initiatives have the potential to foster community resilience and therefore increase the possibilities for mining companies to gain and maintain a SLO in the expansion of mining operations (Warhust, 2001). Capacity-building initiatives can also provide sustainable outcomes for communities, mining companies and other stakeholders involved. Therefore, it is important that mining companies, communities, national and local governments, educational institutions and other relevant stakeholders in the mining sector take part in their implementation so that they can create shared value, hopefully for all parties. Certainly, capacity-building involves important challenges in its implementation since multiple interactions amongst stakeholders might foster or hinder

this implementation. However, in spite of the difficulties that capacity-building might experience in practice, empirical research has shown the potential of capacity-building approaches in Latin American contexts for creating value for communities, mining companies, local governments and other role-players in mining contexts (Institute for Environment and Development, 2001).

Whilst global norms and mining corporations posit a top down approach to capacity-building, other approaches to corporate social responsibility and sustainable development position capacity-building as a bottom-up approach to assist mining communities to improve their living conditions (Alizar & Scott, 2009; Loza, 2004). Most importantly, capacity-building is considered a sustainable legacy for mining communities (Lahiri-Dutt et al, 2009; Veiga, et al., 2001). In the literature it is also stated that the implementation of capacity-building initiatives involves the participation of several actors and that it cannot rely on communities alone since they often lack education and capacities to communicate their aspirations and become active participants of their development (Bridge, 1999; Lanzi, 2007; Mate, 2001). In those cases in which the underdeveloped conditions of local communities prevent the employment of a capacity-building approach, government participation might overcome these obstacles. Hence, capacity-building initiatives should not bypass the participation of other stakeholders such as governments (Institute for Environment and Development, 2001). In this sense, it is important to explore the collaboration of stakeholders in the mining sector and the way in which their expertise and resources can become the drivers to achieve capacity-building that is meaningful for all parties.

Although the subject of capacity-building has been well covered in the scholarly literature, there are few scholars that deal with its implementation, particularly with the roles, interactions and responsibilities of stakeholders in capacity-building implementation in mining contexts (Cornelius et al, 2008; Jenkins, 2004; Tracey et al, 2005). This research gap needs further exploration, specifically in developing contexts like Colombia where capacity-building approaches for sustainable communities are essential in the face of the escalating mining boom and in obtaining a SLO.

**SLO: Implications of global mining locally**

There is a general agreement in the academic literature that the tensions between local and global forces have contributed to the widening of economic disparities, leading to escalation of discontent, particularly in natural resource-rich regions of developing countries (Cook, 2006; Haan & Maxwell, 1998; Harrison, 2006; Kabeer, 2000; Shankar & Shah, 2003). Existing discontent and lack of compensation for natural resource extraction challenges companies' possibilities of obtaining a SLO and therefore threatens corporate reputation and productivity. Increasing global trade following deregulation has generated escalating demand coming from the newly emerging economies or BRIC countries (Brazil, Russia India and China) for natural resources such as metals and minerals. Global decision-making on natural resource extraction is raising tensions at the local level, as poor and local communities often feel that they are not being adequately compensated for their loss of livelihood options (Surborg, 2012). Although some scholars highlight the difficulties to measure such compensation as well as the impacts derived from the extractive industry over the poor (Davis & Vásquez Cordano, 2013), empirical research in the Colombian case shows that lack of capacity-building in the form of education and gainful employment opportunities to work for either a mining company or a related local industry, further escalate poverty-related issues (Escobar & Baena, 2010).

The separation between employment generation at the local level and global industrial production has been mainly caused by the geographical dispersal of production and distribution nodes (Amin & Thrift, 1992). Business networks such as joint ventures and other types of strategic business alliances tend to look for cheap labour to support the growing accumulation of capital. However, some scholars argue that human capital is becoming more important than other assets such as natural resources (Shankar & Shah, 2003). They argue that regions with a skilled and educated workforce compete more successfully over physical and natural resource rich areas. However, this is not likely to happen in the mining sector, as increased demand in commodities has led the mining sector to expand operations in regions often rich in reserves of minerals and metals but starved of skilled human capital.

The shortfall in skilled human capital in active mining areas has consequently increased mobility of people across the globe, including international migration, preventing local unskilled human capital from competing against these global pressures. These circumstances are causing local tensions that very often threaten corporate investment. Local mining communities are becoming more aware of the marginal compensation that they get from natural resource

extraction against the large corporate profits (Hilson, 2006; Mate, 2001). This situation has led communities adjacent to mining operations to deny a SLO to multinational mining corporations in regions rich in natural resources.

The SLO is a term mainly used by the minerals industry and is considered as an agreement between the mining company and the mining communities in which "[companies] need to demonstrate positive benefit and engage directly in corporate social investment to ensure that host communities, particularly those directly or indirectly affected by mining operations, receive immediate benefit rather than wait for a possible 'trickle down' effect from governments from the receipts of taxes and royalties" (Warhust, 2001, p. 59). As a principle, the notion of SLO varies amongst mining companies seeking community consent to start or expand operations. Given its informality, it is not subject to global or local regulations and therefore can be easily neglected by companies. In 2011, in Santander, Colombia, a region rich in gold, the Canadian mining company Greystar was denied the SLO by the local communities of California and Vetas, causing significant financial losses for this mining corporation (Dinero, 2011). However, Greystar is determined to continue with the project.

Global actors aware of this situation are encouraging mining companies to become more accountable to local communities (ICMM, 2005; IFC, 2011; International Organization for Standarization, 2010; OECD, 2008; Prospectors and Developers Association of Canada, N.D; Responsible Jewellery Council, 2011). In response, mining companies feel pressured to increase such accountability, resulting in a proliferation of response mechanisms like corporate social responsibility (CSR) agendas, sustainability reports, use of the Internet and social media, social audits, consultation and other accountability mechanisms and processes.

Existing accountability mechanisms state explicit corporate commitment to local community sustainability and sustainable livelihood opportunities. Global mining companies argue that corporate initiatives are intended to raise community quality of life (AngloAmerican Chile, 2008), diversify local economies and foster community development (Rio Tinto, 2011) and engagement (BHP Billiton, 2009) and build more sustainable communities (Barrick Peru, 2008). Pegg (2006, p. 383) and Alizar and Scott (2009, p. 24) agree that companies are becoming more accountable to communities and that actions undertaken in compensation for the extraction of natural resources are reducing poverty and fostering employment in local populations. However, Hamann et al (2004, p. 85) and Hilson (2006, p. 46) disagree with these arguments, stating that corporations undertake these actions in pursuit of their own interests and benefits rather than achieving community sustainable development aspirations.

The argument that corporate accountability mechanisms are effective to achieve community sustainability is also contested in the development and environmental literature. In the scholarly literature, corporate acknowledgement of global norms and the execution of corporate initiatives in local communities do not guarantee benefits for local communities. Instead, these are seen as 'green-wash' actions that legitimise corporate practices and increase reputation and profits (Bebbington et al, 2008, p. 900; Hamann & Kapelus, 2004, p. 85; Hilson, 2006, p. 44; Jenkins & Yakovleva, 2006, p. 272). This argument is reinforced in global norms statements that show that when corporations abide by global norms, it favours corporate interests in terms of workforce recruitment and retention (Prospectors and Developers Association of Canada, N.D, p. 20), brand image and better relationships between companies, employees and communities (Responsible Jewellery Council, 2011). Likewise, business scholars agree that social investment undertaken by global mining companies is profitable for companies as these actions accelerate local markets and strengthen corporate goodwill (Nwankwo et al, 2007, p. 91; Tracey et al, 2005, p. 342).

However, a number of scholars situated in the business ethics school are concerned about this corporate approach. They feel that the legacies delivered by global mining companies to local communities are not long-term processes intended to sustain communities but tools to fix community issues and gain reputation to favour corporate interests (Jenkins, 2004, p. 25; Tracey et al, 2005, p. 331). This limited approach makes explicit the narrow understanding of global mining companies of community expectations (Cornelius et al, 2008, p. 363). To date, this matter has not been exhaustively examined.

However, despite the potential social veto over mining corporations by local communities, the need to access resources and capital has increased along with the escalation of struggles in the local contexts where global companies operate. These operations more often represent a threat to traditional means of community livelihood. They are also seen as drivers of poverty, unsustainable communities, loss of land, internal conflict and rights violations. These effects have crossed local boundaries emerging in large-scale issues such as climate change and

greenhouse gas emissions (Evans, Goodman, & Lansbury, 2002). The large number of adverse impacts caused by global mining corporations have been widely explored in the literature (Arellano-Yanguas, 2011; Escobar, 1989; Evans, et al., 2002; Mate, 2001), however, the potential for mining companies to contribute to the eradication of those issues, particularly to forge build sustainable community capacity, has not been well documented yet.

Some scholars agree that the cause of these global-local struggles has to do with the inexistence of a mandatory legal framework at the global, national and local levels and the weak institutional capacity of local governments where the largest mining projects take place (Hilson, 2006). Global frameworks that regulate corporate performance in the minerals industry are voluntary (ICMM, 2005; IFC, 2011; International Organization for Standarization, 2010; OECD, 2008; Prospectors and Developers Association of Canada, N.D; Responsible Jewellery Council, 2011). This means that mining company accountability and compensation for natural resource extraction are not mandatory. This failure is caused by the poor institutional capacity of governments (Fiszbein, 1997; Gibson, 2001) and weak legal mining frameworks in developing countries. These issues often result in unequal negotiations between mining companies and local governments, regarding, for example, labour laws and environmental regulations and imbalance of power. This can lead to unexpected scenarios in which, despite harmful incidents caused by mining operations within communities, global mining companies keep running projects without any regulatory framework.

On June 2002, in Peru, the local government from the municipality of Cajamarca, where Newmont (the world´s largest gold mining company) operates, came out second best during negotiations with the global mining company after a mercury spill threatened community health. This incident demonstrated that the government could not effectively deal with this and other related environmental hazards, requiring the intervention of civil society actors like the CBO Generacion de Capacidades and the Canadian NGO CoDevelopment to assist the local government in this regard (Institute for Environment and Development, 2001). Likewise, in research conducted by the World Bank and the Colombian Planning Department (intended to examine the institutional capacity of Colombian municipalities) provided evidence that local governments did not have leadership capacities (Fiszbein, 1997) preventing local administrations from effectively dealing with adverse impacts of global mining operations. These governance dynamics have increased the concern of scholars and consequently the need to extensively explore governance issues in mining regions where global mining companies operate (Alizar & Scott, 2009; Bridge, 1999; Lahiri-Dutt et al, 2009; Mate, 2001).

These examples illustrate the point that there are serious tensions between global demand for minerals and metals and obtaining a SLO. Such tensions have not only amplified the need to foster economic sectors like mining and exposed the difficulties of delivering more sustainable legacies to local communities and accessing skilled human capital to expand mining operations. But more importantly these tensions have also shown the challenges to adequately compensate natural extraction with the substitution of other forms of capital such as human capital as well as to provide communities with capacity-building initiatives to forge sustainable communities.

## DISCUSSION

This section aims to discuss the way in which capacity-building and SLO are linked and applied in practice and the implications of such as connections for stakeholders in mining regions. The discussion begins presenting the implementation of both, a top-down and a bottom-up capacity-building approach and the challenges to obtain a SLO. This section also discusses capacity-building initiatives that do not often meet community's expectations neither tackle social issues. Some background of the case study areas, which are: Antioquia and Risaralda is also provided. Both regions differ substantially not only geographically and politically but also in terms of the complexities around capacity-building and current implications for obtaining a SLO.

There are major challenges that need to be identified and further examined to improve existing capacity-building approaches and facilitate future SLO processes. Despite the mining industry's contributions to the communities adjacent to mining operations, there are still mixed feelings amongst locals, particularly in the Antioquia case. The compensation for natural resources in other forms of capital such us capacity-building of the local human capital though training and education has not meaningfully achieved mining communities' development aspirations. A situation that threatens the notion of SLO and the expansion of future mining projects: "There are regions with a long-term mining history experiencing high levels of poverty, lack of development opportunities and where traditional livelihoods are threatened due to the increasing in mining operations" (Senior Government Representative, Interview, January 16th, 2013). However, in Risaralda the situation differs substantially, as mining and exploration companies play a stronger role in forging sustainable livelihoods in local communities.

### Antioquia Case Study Area

The State of Antioquia is located on the north Pacific Coast of Colombia. The region is going through a mining boom that has increased the complexities around mining community capacity-building and SLO. Antioquia has an active mining industry, as it holds the largest reserves of gold, silver, coal, platinum and construction materials in Colombia. Mining projects currently operated by domestic and South African multi-national companies have significant implications for local communities (Camara de Comercio de Medellin para Antioquia, 2010, p. 14; Sistema de Informacion Minero Energetico Colombiano, 2010, pp. 16-17)

Antioquia is also one of the largest regions in Colombia and hosts a diverse population inhabiting urban and non-urban areas. Antioquia's population have participated in capacity-building initiatives at all levels. Data from the actual census register shows that Antioquia had an urban population of 4.340.744 inhabitants and 1.260.763 people inhabiting non-urban areas at that time. Out of the total population, 51.7% were female and 48.3% male. Antioquia also hosted a total of 1.458.193 households in the same year. In addition, illiteracy level in Antioquia was 7.5% for population older than fifteen years. However, in the same year a considerable percentage of the population had enrolled at least in one level of education: elementary school (37.4%), followed by secondary (33.3%), undergraduate and postgraduate (11.3%) and vocational education (3.6%) (Departamento Administrativo Nacional de Estadisticas, 2010). Although capacity-building initiatives are in place, the outcomes have not positively impacted on communities. This is diminishing locals' possibilities to forge sustainable livelihoods and overcome existing social challenges.

### Risaralda Case Study Area

Risaralda is a region located in the Colombian Andes mountain range. This geographical area is one of the most active producers of minerals and metals. With the escalation of mining operations stakeholders in Risaralda have engaged to maximise social benefits in the mining boom. Governments, the private sector and civil society have joined efforts to develop a capacity-building approach that tackles the most latent community issues. This approach is characterised by active community engagement. Mining is part of Risaralda's cultural heritage; however, the recent escalation of mining operations undertaken mainly by international companies has not prevented communities from forging alternative livelihoods and benefiting from existing capacity-building approaches to development.

Mining and exploration projects operated in Risaralda impact on local communities from both urban and non-urban areas. According to actual census register, Risaralda hosted a population of 859.666 people by 2005. Out of the total population 665.104 people inhabited urban areas whereas 194.562 were located in peri-urban and rural areas. 51.3%

of the population was female and 48.7% male. A high percentage of Risaralda's population have participated in capacity-building initiatives. The illiteracy rate of people older than fifteen years old was 6.8% in 2005, a lower percentage compared to the Antioquia case. By 2005, most of the population had enrolled at least at one educational level: elementary school (40.3%), followed by enrolments in secondary education (32.8%), undergraduate and postgraduate (9.8%) and vocational education (3.9%) (DANE, 2005). Locals have meaningfully benefited from capacity-building initiatives as they have been able to forge alternative livelihoods such as business, dress making, jewellery and coffee production and agriculture. Further details about the factors that have made that these initiatives result in positive outcomes for communities will be provided in the following sections.

**From a Top-down to a Bottom-up Community Capacity-Building Approach: Implications for a SLO**

Bottom-up capacity-building agendas implemented by multinational mining corporations in Colombia can become one of the main drivers for local development and sustainable livelihood aspirations. Developing bottom-up rather than top-down capacity-building approaches for development has meaningful impacts on local communities. The mining industry in the case study areas has been driven by Canadian and South African corporations. However, despite the fact that these multinational companies have embarked on social responsibility agendas focused on capacity-building, at times they tend to bypass communities' expectations. This is an issue that threats companies' possibilities of obtaining a SLO. Although companies operating in Risaralda have somehow overcome this barrier, existing inadequacies of top-down corporate social responsibility approaches is one of the major challenges that the Antioquia's minerals industry faces.

A preliminary analysis of the situation in Antioquia shows that existing corporate approaches are unsustainable as they do not meet community's expectations. Some corporations operating in the region have not developed community-based social responsibility agendas to effectively implement capacity-building initiatives, tackle livelihood-related issues and respond to adverse mining impacts. However, when these accountability mechanisms are in place they seem to bypass civil society's voice. According to senior government representatives at the national level, "global corporations invest on projects that are convenient for their business such as infrastructure and facilities for mine's workers rather than on more sustainable legacies for communities adjacent to their operations. This corporate approach is preventing local communities from achieving development aspirations which questions the notion of sustainable mining in the region". (Senior Government Representative, Interview, January 16th, 2013; Senior Government Representative, Interview, February 8th, 2013).

Despite existing corporate engagement in the Antioquia case, mining companies still continue to develop their social responsibility agendas on the basis of three premises, which are: taxes, royalties and infrastructure. "Social Responsibility does not go beyond some little help for infrastructure, royalties and taxes"(Academic from Antioquia, interview, October 22rd, 2012). Although other initiatives such as capacity-building more often become part of such agendas, in most cases those tend to favour corporate interest rather than responding to community's expectations and forging sustainable livelihoods. In the Antioquia case for example, capacity-building initiatives are mainly intended to supply the skill shortage in the industry rather than providing other livelihood options for locals.

Similarly, existing corporate engagement with the community and their livelihood options has been circumstantial and opportunistic. This is another factor that shows the inadequacies of corporate social agendas and prevents the industry from forging sustainable livelihoods and obtaining a SLO in mining regions. A case in the point is an accident in 2010 which led to the death of 63 miners, caused by poor mining practices in Antioquia. This incident acted as wake-up call for the mining companies operating in the region to improve their operational practices, including engagement with the local communities (Ospina, 2010). After the accident, family members were promised compensation in the form of money and infrastructure. Additionally, capacity-building also became part of the corporate agenda as the company is currently working closely with local foundations and community organizations to promote education and training programs: "capacity-building in the form of education is a key element for this corporation, as it creates value to the mining company and the community" (Manager Corporate Social Responsibility, interview, October 25th, 2012). This opportunistic top-down approach to development is exacerbating discontent amongst community members as they have not been able to achieve their development aspirations.

Risaralda's case differs substantially from Antioquia as corporate social responsibility agendas are more community-oriented contributing to meet community's aspirations. Risaralda's state and local governments have pushed companies towards a more bottom-up and community-oriented agenda. This scenario has resulted beneficial for local communities as they have been compensated for natural resource extraction: "Companies operating in the region have embarked on social investment...one of the companies has helped us increase our productivity by providing us some financial assistance, capacity-building and some machinery to grow our local business" (Community leader, Interview, October 18th, 2012). Community organizations for coffee, blackberry and jewellery production and commercialisation have been able to further develop livelihood options more accurate to their life's plans and intended to last after mine's closure.

While corporations operating in Antioquia seem to have limited understanding of the importance of delivering sustainable legacies through capacity-building, the scenario in Risaralda suggests that mining companies have a broader understanding due to active corporate-community engagement in this regard. The companies' social responsibility managers as well as other senior decision-making positions within mining and exploration companies are occupied by former local government representatives and community leaders. This has helped the community engage with the company and express their concerns and demands, resulting in more effective and accurate community capacity-building approaches and gainful opportunities to for companies and communities.

Bottom-up approaches for capacity-building in the frame of corporate social responsibility agendas have the potential of becoming key drivers of development and sustainable livelihood options for local communities. Existing approaches need to go beyond mining practices and provide locals with alternative livelihood options more accurate to their life's plans. Promoting mining livelihood options as the only drivers for local development does not provide communities with sustainable legacies. Instead, this top-down approach increases discontent amongst local communities as they cannot achieve their development aspirations, exacerbating internal conflict dynamics and threatening companies' reputation and expansion of future projects.

**Community capacity-building and local expectations: Challenges to maintain a SLO**

Despite existing capacity-building approaches in place, they need to be further developed as they do not tackle priority areas relevant for locals, challenging the notion of SLO. According to Eade (1997), capacity-building approaches that have a positive impact on communities are those that better respond to their needs and expectations. However, at least for a preliminary analysis of the situation, stakeholders more often embark on capacity-building initiatives that do not tackle important community's issues and demands. Although capacity-building is a core theme in the Colombia's minerals industry's agenda, there are aspects that deserve early attention to effectively implement capacity-building approaches in mining regions. While in Antioquia existing corporate approaches are mainly mining-oriented, Risaralda's communities have been able to develop assets to forge livelihood options more accurate to their life's plans.

In Antioquia, capacity-building actions are intended to attract and retain potential human capital for the industry. For example, mining companies are engaging with tertiary institutions to facilitate undergraduate practicum projects and mining student tours (Mining Engineering Students from Antioquia, Focus group, October 22nd, 2012). Similarly, corporations in partnership with local governments are running capacity-building initiatives to build high school students' and locals' capacity in mining practices. Although these initiatives have helped communities get broader understanding of the industry, they have not met community's expectations yet. Miners and community members acknowledge mining as a livelihood option but not the only one. They agree that companies and governments should support alternative livelihood options more accurate to community members' life's plans. Following Sen (1979), capacity-building is a process in which individuals are free to choose their life's plans. However, in the Antioquia case, mining has been positioned by the minerals industry as the most predominant livelihood option. As discussed previously, the notion of capacity-building in Antioquia has been implemented as a top-down rather than a bottom-up approach to development. Companies are more often implementing capacity-building initiatives in mining in order to supply the skill shortage in the industry neglecting other sectors equally important for mining regions. This has become an issue that is preventing locals from developing other type of assets and gaining employment opportunities in other relevant areas for the local economy.

The lack of livelihood options accompanied by the dearth of gainful job opportunities in the region has exacerbated civil society members' frustration and discontent. As one of the miner states: "the company is currently helping me

finish high school but I would like to specialise on gastronomy" (Miner, interview, October 23rd, 2012). In addition, community members and miners more often encourage their children and family members to abandon the town to look for better study and employment opportunities as they do not want them to be part of the industry. This negative connotation that community members have towards mining reflects their frustration and uncertainty regarding the lack of opportunities in the region:

> I am the only miner in my family. I have three children and want them to study. I am aware of the risks of working at the mine and I did not want them to be part of the industry. This is a mining town… a person who does not go to school becomes a miner. Most of us do not know anything else than mining, hence, we have to work here and sustain our family members with the little income we get (Community members, group interview, October 26th, 2012).

Mining-oriented capacity-building has adverse implications for local development at the economic and social levels. According to academics undertaking research in the region, local economy has become more speculative with the increase of mining operations. In account for adverse social impacts that are also undermining the regional social tissue and development opportunities:

> "Mining towns get 15% of profits derived from mining production. In addition, other industries equally important for the local economy have been displaced as companies and local traders import goods and services, instead of investing and supporting local production in mining towns. Sectors like agriculture and manufacturing are threatened as mining companies pay higher wages to local farmers who have chosen mining over their traditional livelihoods. Unfortunately the little income they get is wasted in gambling, prostitution and alcohol. (Academic from Antioquia, interview, October 22rd, 2012).

In spite of corporate improvements on capacity-building approaches, those initiatives still need to go beyond mining practices as they have resulted in a large number of issues that need major attention. Development aspirations have been partially achieved and mining companies need to play a stronger role to develop sustainable capacity-building agendas, particularly in Antioquia. In addition, corporations need to take capacity-building more seriously so that existing initiatives can make a difference in local communities and future SLO agreements create value for all parties:

> "Unfortunately, mining communities who have participated in capacity-building actions have not been able to forge meaningful livelihoods. Most of the 600 children who finished high school in the last years became miners and bar tenders. A scenario that questions existing education and training initiatives to forge sustainable communities in Antioquia" (Academic from Antioquia, interview, October 22rd, 2012).

While Antioquia's communities have not meaningfully benefited from corporate capacity-building actions, this approach to development has become advantageous for Risaralda's inhabitants. Active community engagement in Risaralda has helped communities request and be part of capacity-building initiatives intended to develop their capacities and assets in economic activities relevant for the region. In order to respond to Risaralda's communities' requirements, corporations and governments have embarked on a community-oriented capacity-building agenda resulting in positive impacts on locals. Coffee and jewellery local producers as well as female leaders have experienced the benefits of these initiatives: "We have participated in capacity-building initiatives in jewellery design... the mining company has also provided us with some financial assistance to attend international fairs so that we can promote and sell our products" (Risaralda's Community Risaralda, interview, October 18th, 2012).

Capacity-building approaches need to be further developed according to community's expectations and needs. This will have positive effects on communities as will provide them with more possibilities to develop sustainable assets. However, if existing capacity-building approaches that do not meet community's expectations keep being implemented this will not only be detrimental for locals but also for companies operating in mining regions as it will escalate community discontent and resentment towards the industry SLO agreements.

## CONCLUSIONS

This paper discussed the challenges of existing community capacity-building approaches and their implications for obtaining a SLO. Considering capacity-building as a top-down approach in corporate agendas has adverse implications for communities and challenges existing SLO agreements. Instead, capacity-building as a bottom-up approach to development addresses community's expectations providing communities with gainful livelihood and employment opportunities and creates added value for companies. Mining companies have a substantial potential to transform existing capacity-building policy concepts and make this approach a driver to achieve community development. This will also create value for all parties, particularly for civil society and mining corporations.

In addition, it is necessary that mining companies and civil society share responsibilities and articulate more effectively to guarantee the success of capacity-building actions. However, serious research about the aspects that can foster multi-stakeholder collaboration for capacity-building and potential connections to SLO is needed. This will provide stakeholders with greater understanding of existing forms of engagement and the possibilities to achieve development aspirations in mining regions.

More than ever there is a need to take capacity-building more seriously to adequately compensate communities for natural resource extraction and increase the possibilities to foster successful SLO agreements. However, this is possible due to bottom-up capacity-building approaches intended to meet community's expectations and active corporate-community engagement around capacity-building implementation in Colombia and other mining regions in developing countries.

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