

Establishing a Resilient Social Licence to Operate: Issues and Opportunities for the Mining Sector

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Introduction

Full legal compliance with government regulations has become an increasingly insufficient means of satisfying community expectations in regards to mining. There is now a need for mineral developers to gain an additional 'social licence to operate' (SLO)^{1,2,3} in order to avoid potentially costly conflict and exposure to social risks.

A social licence can be considered to exist when a mining project is seen as having the broad, ongoing approval and acceptance of society to conduct its activities. Considering the potential risks community protest and disapproval pose for mining projects, the need for a SLO that is long-lasting and adaptable to changing contextual conditions is well-established. However, the SLO is itself complex and largely intangible, community demands are often in flux, and SLO outcomes may be affected by variables a mining company has no control over. These factors present significant challenges to the establishment of a SLO, but are an understudied area of scholarly research.

The goal of this research is thus to explore the governance dimensions of SLO and the obstacles and opportunities associated with its effective implementation in the Canadian mining sector; more specifically, this research will assess actual and potential governance arrangements that enable the establishment of a *resilient* SLO in the mining sector.

Case Study Locations and Methods

Fieldwork is being conducted in three locations: **Yukon, Canada; Alaska, USA; and Australia.** Two secondary case studies are also being reviewed from **Peru and Papua New Guinea.** These cases were selected for their unique SLO outcomes and comparability between governance contexts.

Qualitative methods such as key informant interviews with mining stakeholders (i.e. from industry, communities, government and civil society), document review (e.g. of regulatory and corporate materials), and participant observation are being employed to obtain detailed, triangulated insight into the individual cases. Results will be analyzed using an interpretive approach.



Theoretical Foundations

Resilience is a concept that has roots in *complex systems theory*^{4,5} and generally refers to the capacity of a system (a SLO, in this case) to absorb a spectrum of shocks or perturbations and still retain the same basic structure and functioning. At a fundamental level, a resilient SLO is one that is long-lasting, adaptable, and effective. It is crafted according to its surrounding context and is able to respond to and manage external surprises and changing community expectations. Establishing a resilient SLO is arguably an important goal for both mining companies and local communities. The business risks associated with not establishing, or losing, a SLO are well-known, while communities that negotiate a SLO can help ensure their meaningful participation in decision making and the delivery of mining-related benefits. It is thus in the interest of both mining companies and local communities to maintain a SLO throughout a mine's lifecycle.

Initial Results

Three of five case studies have now been completed. Field work has been completed for the Yukon case study, and extended literature and document reviews were conducted for two 'secondary' (i.e. non fieldwork based) case studies in Peru and Papua New Guinea. Initial results suggest SLO outcomes are influenced by a complex and interactive set of variables operating at different scales within the SLO system:

Contextual Variables

- Social (e.g. local customs and culture, societal trends, influential actors)
- Environmental (e.g. presence of 'legacy' projects, environmental events and crises)
- Economic (e.g. market factors, mine economics)

Governance and Institutions

- Government regulation (e.g. effectiveness and trust in institutions)
- Market factors (e.g. corporate activities, CSR commitments)
- Civil society pressures (e.g. local governance, civil disobedience, NGO involvement)

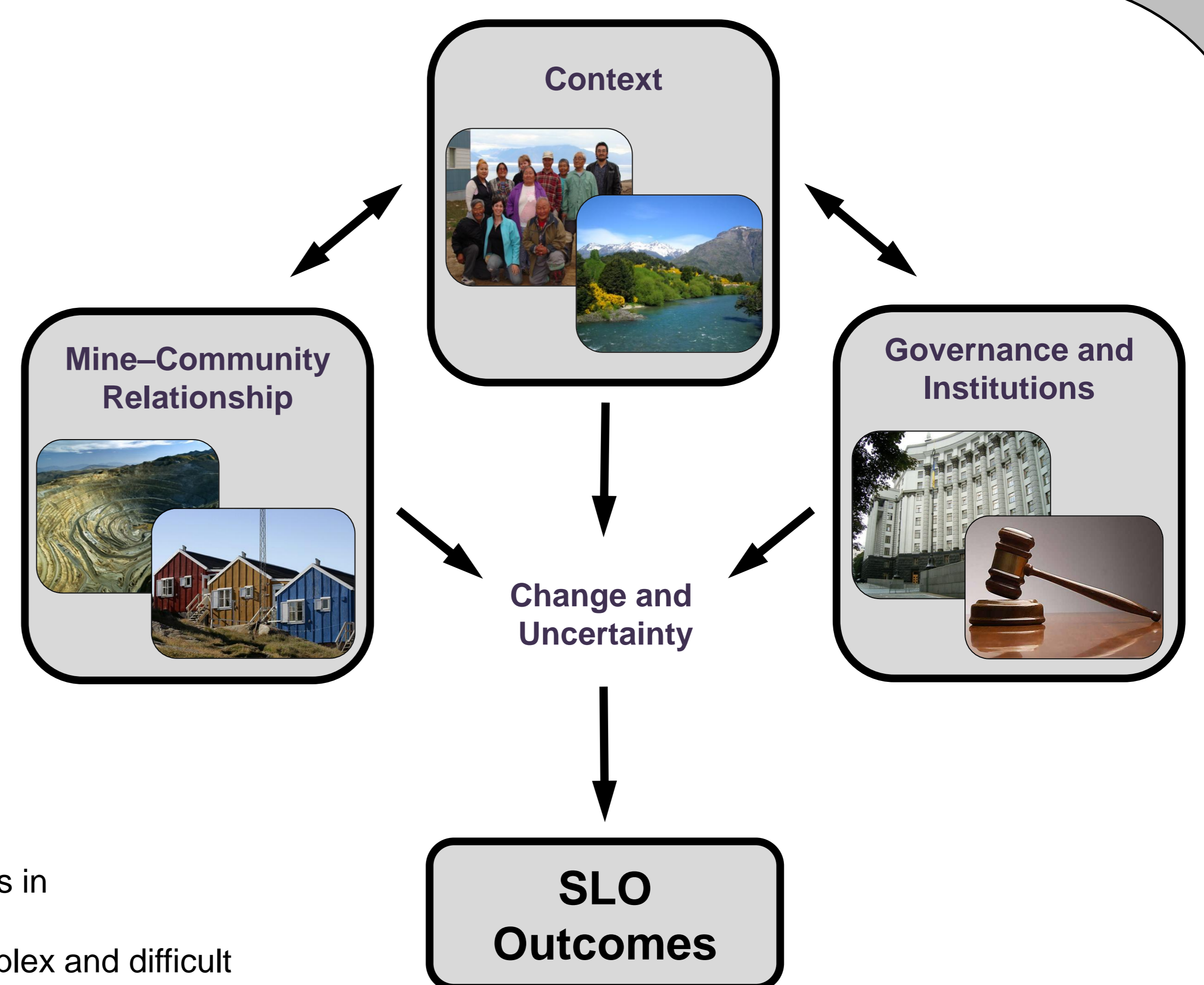
Mine-Community Relationship

- Specific rules and expectations of the parties
- Timing, transparency, and frequency of engagement
- Commitment to dialogue
- Delivery of community benefits

Change and Uncertainty

- Changes in the mine-community relationship are inevitable and may be unexpected (e.g. changes in community/company leadership and project status, onset of crisis events)
- Complete knowledge of a given context is never possible (e.g. socio-ecological systems are complex and difficult to fully comprehend, effects may arise from unexpected parts of the system)

All these variables can affect – both negatively and positively – the establishment of a SLO with local communities and strategies can be developed to manage each on a case-specific basis. Furthermore, results indicate that *of all system components, the mine-community relationship is of key importance* and must - at a minimum - be built using 'best practice' community engagement principles (e.g. early, open, and ongoing engagement), a commitment to dialogue, and the delivery of mining-related benefits to communities. Furthermore, a SLO is predicated on mineral deposits being developed sustainably and without significant impact on local communities. *SLO resilience also appears to be correlated with adaptive responses from industry.* Companies that embrace change and uncertainty, acknowledge the transitory nature of SLO, and who continually adjust their community engagement strategies appear best poised to maintain SLO in the long-term.



Future Work

Two case studies remain to be completed in Alaska, USA and Australia. Future research and analysis will be aimed at better understanding the linkages and feedbacks between SLO outcomes, mining contexts, governance and institutional arrangements, mine-community relationships, and change and uncertainty. Furthermore, factors leading to, and detracting from, SLO resilience will be more thoroughly investigated. It is anticipated that a good practice framework for establishing a SLO with local communities will eventually be developed from this work.

The results of this research will be disseminated widely, through academic publications (e.g. PhD dissertation, journal articles), conference presentations, articles in mining trade journals, and the popular press. It is expected that fieldwork will be completed by June 2012 and all PhD program requirements fulfilled by December 2013.

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Notes:

- ¹Joyce, S., and I. Thomson. 2000. Earning a social licence to operate: social acceptability and resource development in Latin America. *Can. Inst. Min. Metall. Bull.* 93 (1037): 49-53.
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