



# The Social Licence to Operate: Ambiguities and the neutralization of harm in Mongolia



Marieke Evelien Meesters<sup>a</sup>, Jelle Hendrik Behagel<sup>a,\*</sup>

<sup>a</sup> Forest and Nature Conservation Policy Group, Wageningen University, The Netherlands

## ARTICLE INFO

### Keywords:

SLO  
Oyu Tolgoi  
Extractive industry  
Governance  
Governmentality  
Communities

## ABSTRACT

The Social Licence to Operate (SLO) is increasingly used in extractive industries both as a response to calls for greater community engagement and as a corporate sustainability strategy. Given its current popularity as a policy instrument, critiques on the SLO deserve attention. Critiques mainly focus on ambiguities that surround the processes of granting and maintaining the SLO. This article explores the negative social and environmental impacts that these ambiguities may obscure from sight. It applies a critical research approach to a case study of the diversion of the river Undai as part of the Oyu Tolgoi mining project in Mongolia and the associated construction of a SLO. The results show that neutralising discourses obscured harmful impact on nature and society. Moreover, the SLO was intimately entwined with changes in the landscape and livelihood strategies that had a harmful effect on both the livelihoods and the social identity of herders. The analysis thus validates existing critiques on the SLO and calls for more authentic engagement with local communities that specifically includes the recognition of harm.

## 1. Introduction

The Social Licence to Operate (SLO) has become increasingly popular in the extractive industry (i.e. the mining of minerals, oil, and gas) and has recently been adopted in other economic sectors as well, including energy production, agriculture, and forestry (Moffat et al., 2016). This popularity follows broader trends in society towards stakeholder and community involvement (also known as governance) and sustainability (Prno and Slocombe, 2012). Mining companies refer to the SLO as an element of their Corporate Social Responsibility (CSR) strategy (Hall et al., 2015). Its aim is to increase or establish CSR values such as accountability and credibility for industry and stakeholders (Nelsen, 2006). Moreover, the SLO is considered a response to calls for community involvement and democratic participation of communities affected by mining operations. With increased global connectivity, use of new media, and attention for global-local connections, “the voices of mining affected communities have become much more influential in mineral development decision making and political processes” (Prno and Slocombe, 2012, p. 346).

The SLO is defined as the “grant of permission to undertake a trade or carry out a business activity” (Nielsen, 2013, p. 1585) and is often complementary to legal licensing. It refers to the level of acceptance that corporations and their activities get from government, communities close to the activities, and broader society (Prno and Slocombe,

2012). The concept of SLO is closely related to the requirement of Free, Prior, and Informed Consent (FPIC), which is established in international law and integrated in the 2007 UN Declaration on the Rights of Indigenous Peoples. Even so, the SLO differs on some key points with FPIC: 1) the SLO usually involves an ongoing process not just prior to but also during mining operations and 2) the SLO is considered a responsibility of companies, while the FPIC is considered more a responsibility of states (Prno and Slocombe, 2012). In addition to consent, Boutilier and Thomson (2011) mention legitimacy, credibility, and trust as factors that may establish a SLO, which correspond respectively to having the benefit of the doubt, support for the project, and a shared interest between stakeholders and a mining company.

Many resource-rich countries that start mining operations face issues related to the depletion of and a growing dependency on natural resources (Hatcher, 2012; Hilson and Haselip, 2004; Naito et al., 1998). An important issue is economic stagnation, also known as the ‘natural resource curse’ (Sachs and Warner, 2001), which can undermine the social support for mining operations and lead to protests and contestation of the legitimacy of mining operations by various communities (Boutilier and Thompson, 2011). Countries with indigenous or traditional populations face additional challenges because these populations more often question state authority and accordingly the legal licence to operate (Boutilier, 2014; de Jong and Humphreys, 2016). Therefore, multinational mining companies like to complement state granted legal licences

\* Correspondence to: Forest and Nature Conservation Policy Group, Wageningen University, P.O. Box 47, 6700 AA Wageningen, The Netherlands.  
E-mail addresses: [mariekemeesters@gmail.com](mailto:mariekemeesters@gmail.com) (M.E. Meesters), [jelle.behagel@wur.nl](mailto:jelle.behagel@wur.nl) (J.H. Behagel).

with a *social licence*, in order to 1) legitimise mining operations towards the global public, 2) minimise economic risks (e.g. delays or cancellations of mining operations because of socio-environmental conflict; Grzybowski and Yahya, 2012), and 3) maximise reputational benefits (Owen and Kemp, 2013).

The SLO is subject to various critiques, which relate mainly to the ambiguity that surrounds the concept. First, it is unclear who is in the position to grant this licence (Owen and Kemp, 2013). Despite the declared importance of local communities in the granting of the licence, there is no generally accepted definition of who and what constitutes such a community. Importantly, FPIC is rarely used in SLO granting processes, despite the concept of FPIC having a basis in international law (Bice, 2014). Moreover, marginalised, poorer, or unskilled groups are often left out of the regulatory processes and are less mobilised and less connected with global activist networks, while being the most likely victims of irresponsible industrial activities (Newell, 2005). Second, it is unclear who can revoke a SLO. On the one hand, industry perceives the SLO as being fragile and easy to withdraw by local stakeholders in case of dissatisfaction or unforeseen negative impacts (Mining Facts, 2016). On the other hand, procedures and/or channels to revoke a SLO during mining operations are unclear or unavailable. Moreover, outspoken disagreement may not be accepted in all political contexts. Implicit threats made by pro-development state security forces, private security, or groups within the community may prevent overt opposition (Owen and Kemp, 2013). Third, the conditions for granting a SLO are unclear. Whether these are based on a series of participatory processes, a clearly articulated agreement, or another type of procedure is rarely made explicit. Finally, the SLO is criticised for its primary focus on realising economic gains for communities. While economic gains for local communities are a key issue to consider, measures to offset environmental damage and negative social impacts that could further the legitimacy of a SLO are often overlooked (Richert et al., 2015).

This article offers an in-depth, critical analysis of how a SLO comes into being. Doing so, it considers the increasing popularity of the SLO in a variety of industries and acknowledges critiques on the concept, in particular the various ambiguities on how it comes into being. We use the case study of one of the largest copper-gold-silver mines in the world, Mongolia's Oyu Tolgoi (OT), to detail how a SLO is constructed, including the social and ecological processes in which it is situated. In particular, we focus on the Undai river diversion resulting from the mining project that plays a large part in the construction of the SLO. The case is exemplary of SLO construction in the extractive industry, as OT claims to have a SLO and declares to be strongly committed to the involvement of stakeholders and to the protection of the natural environment. The case details how the SLO is constructed despite the fact that socio-environmental problems have been reported for the communities living near the mine.

Most studies within the emerging SLO literature address conceptual and/or institutional guidelines and frameworks on how to organise a SLO (Prno and Slocombe, 2012). We expand this body of work by offering a critical account of the SLO 'in action' based on extensive empirical work. We show that the SLO should be considered as an instrument that may shape behaviour in unforeseen and perhaps harmful ways. To do so, we approach the SLO from the perspective of political ecology (Bryant, 1992) that understands human behaviour to be situated in and steered by broader social and ecological changes that result from political and economic interventions. The large-scale mining operation of OT represents such an intervention. Furthermore, we apply insights from green criminology (Persak, 2007) in order to situate our analysis within normative debates on the desirability of the SLO as an instrument for socio-environmental justice. After detailing our analytical approach, we present our results by outlining the strategies to legitimise the Undai river diversion and by detailing the ability of the SLO to shape behaviour. We conclude by discussing the insights and contributions that our critical perspective can bring to the

understanding of the SLO and similar types of governance interventions in resources policy.

## 2. Theoretical framework

The SLO is considered to be a tool to balance uneven power relations by requiring community consent with extractive operations and is characterised by the involvement of a multiplicity of authorities and agencies, including state and regional governments, international expert agencies, NGOs, and businesses. The SLO operates by working on the interests and beliefs of local actors. Accordingly, the SLO as a policy instrument calls for an analysis of its capacity to exercise power in various ways. In the field of environmental policy, we find a body of critical studies addressing the role of power and marginalization in socio-environmental issues (Behagel and Arts, 2014; Dressler, 2014; Bush and Duijf, 2011). This literature critically engages with *how* mechanisms of power are at work in nature conservation and sustainability policy (e.g. Castree, 2008; Li, 2007; Silva, 2015). In particular, it shows how discourses and practices related to nature and sustainability are neither neutral nor natural, but rather affect power relations and are constructed to privilege certain meanings and practices over others. A governmentality perspective enables power analyses through the discourses and practices that are associated with a SLO.

### 2.1. Governmentality

Governmentality studies are primarily concerned with how authority is exercised and how collective goals are being pursued by specifically acting on the behaviour of groups and individuals. In the words of Dean (1999), governmentality is:

...any more or less calculated and rational activity, undertaken by a multiplicity of authorities and agencies, employing a variety of techniques and forms of knowledge, that seeks to shape [human] conduct by working through the desires, aspirations, interests and beliefs of various actors, for definite but shifting ends and with a diverse set of relatively unpredictable consequences, effects and outcomes. (Dean, 1999, p. 18)

Following governmentality studies, we understand power to be exercised both through discursive techniques and forms of knowledge that influence social understandings of the world and through specific techniques and practices that influence more individual notions of identity. We identify both types of power in the SLO, as it seeks to influence societal discourse and aims to more directly align with the interest of local actors.

We draw on two analytical categories of the governmentality perspective to guide our enquiry. The first analytical category entails the analysis of discourse and the production of truth. As a social construct, the SLO is a discursive agreement between the involved actors without clear boundaries or requirements. We analyse discourses as processes bound up with established practices, such as traditions and culture, as well as with change, such as new developments and migration (Behagel et al., 2017). To uncover how discourse on the SLO reflects specific power relations, we moreover draw on neutralization theory to identify specific themes and storylines as bound up in 'neutralization techniques'. The second analytical category we use is that of subjectivities. Here, we focus on how specific social techniques and landscape interventions are part of the SLO and steer the habits and desires of local herders in new directions. Moreover, the self-understandings of local stakeholders may transform due to changed circumstances. Therefore, we consider how subjectivities are shaped by techniques, practices, and material elements in the landscape. We discuss neutralising discourse and subjectification below in detail.

Download English Version:

<https://daneshyari.com/en/article/5104168>

Download Persian Version:

<https://daneshyari.com/article/5104168>

[Daneshyari.com](https://daneshyari.com)