



A multi-stakeholder platform involving a mining company and neighbouring villages in China: Back to development issues



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ARTICLE INFO

Keywords:

China
Income-generating project
Mine
Multi-stakeholder platform

ABSTRACT

Mining companies are increasingly called on to organize compensation activities for the villages close to mining sites, using a participatory approach. In the Guizhou Province of China, when a gold mine was opened, most of the land farmed in the surrounding villages was expropriated. The mining company set up a multi-stakeholder platform to identify compensation activities. The platform included representatives from the villages, local government, the mining company and a provincial university. The article examines the relations between the different actors and assesses the activities that were developed. The multi-stakeholder platform enabled some communication between participants, but village representatives had very little say in the decision-making. Many infrastructure projects were implemented, but most income-generating projects failed. The funding provided by the mining company did not compensate for the lack of institutional support for designing and implementing income-generating projects capable of providing sustainable livelihoods to the villagers.

1. Introduction

Mining companies operating in rural areas increasingly claim to have taken measures to reduce the possible negative social, economic and environmental impacts of their activities, by undertaking compensatory action and promoting positive impacts (Onn and Woodley, 2014). Key concepts, such as corporate social responsibility (CSR) or the social licence to operate, are increasingly used to support these claims (Carroll and Shabana, 2010). Mining companies implement a wide range of actions (Fuisz-Kehrbach, 2015) with contrasting results (O'Faircheallaigh, 2013; Idemudia, 2014).

In many cases, when mining companies implement actions, rural communities have limited involvement in decision-making (Kemp, 2010; Banks et al., 2013; Tang-Lee, 2016). However, more formal ways of engaging rural communities in decision-making are increasingly recognized as a key component of CSR (Kemp, 2009; International Council on Mining and Metals, 2012). For instance, this may include the negotiation of agreements between a mining company and landowners before a mine is operational (Lacey and Lamont, 2014); or formal grievance resolution procedures, if the mine is operational (Kemp et al., 2011). It is increasingly common for communities to be officially invited to take part in forums, which bring together mining companies and local government, to design develop-

ment projects (Anguelovski, 2011; Dashwood and Pupilampu, 2015; Gavidia, 2015). These multi-stakeholder platforms may lead to community development agreements, which are now considered to be a prerequisite for mining companies to operate in many countries (Sarkar et al., 2010).

In rural areas of China, extractive and industrial activities have developed rapidly in recent decades (Long et al., 2012). Although they provide economic growth and rural employment, there is growing concern about the resulting environmental degradation (e.g., water pollution) and the impact on agricultural activities (Wang et al., 2008). It is often difficult for rural inhabitants, who have been expropriated, to find new sources of income in rural areas or even in cities (Hui et al., 2013).

Mining companies operating in China are increasingly active when it comes to communicating about their CSR (Dong and Xu, 2016). However, there is no real tradition of multi-stakeholder platforms in China and few formal procedures provide support for organizing them (Johnson, 2010) and, in particular, for managing the relationships between industries and inhabitants in rural areas (Tilt, 2013). Citizens opposed to an economic actor, such as a mining company, can organize petitions (Gao and Long, 2015) or start a court case (Moser and Sovacool, 2011). In the past 15 years, many rural inhabitants have felt that they have been unfairly treated during expropriation processes.

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There have been numerous court cases as a result (Hui et al., 2013; Yeh et al., 2013; Yuen, 2014).

In 2002, Sino Gold, an Australian-based mining company registered the Jinfeng joint venture to operate a gold mine in a rural area of Guizhou Province, south-western China. From the outset, the Jinfeng Company claimed that establishing good relations with neighbouring villages was a priority. Every year, the company organized several activities to improve the livelihoods of the inhabitants living in the area affected by the mine. Later on, the company set up a multi-stakeholder platform with the aim of improving the coordination between actors to identify activities that could be developed. This platform included representatives from the mining company, local government staff, representatives from villages close to the mine and staff from Guizhou Normal University.

In China, this type of multi-stakeholder platform, which aims to improve the relationships between mining companies and neighbouring villages, is new. As far as we know, such experiences have not yet been documented. This article examines the link between the actors involved in the multi-stakeholder platform and analyses the compensation actions funded by the mining company. On the basis of this analysis, we assess the extent to which the multi-stakeholder initiative helped build actors' capacities to plan and implement actions that are able to support sustainable livelihoods for people living near the mine.

2. Case study

The mining area is located in the south west of Guizhou Province, in the Shaping Township of Zhenfeng County (Fig. 1). The county's gross domestic product per capita is low compared to the average GDP in the Guizhou Province, one of the least developed provinces in China (Sun et al., 2016). The Jinfeng Mining Company's activities had a direct impact on the Jinshan, Lannigou and Niluo villages. Many inhabitants in these villages belong to the Buyi ethnic group, one of the main ethnic

minorities in Guizhou Province (Wu and Iredale, 2015). According to a survey conducted by the mining company, Buyi people represented 12%, 100% and 100% of the inhabitants in the Jinshan, Lannigou and Niluo villages, respectively. Each village includes several smaller groups of houses. The three groups of houses in the Jinshan village are contiguous and will be considered jointly. Inhabitants who lost land in the expropriation process are from Jinshan village, the Baintian, Guochang and Lannigou groups in Lannigou village and the Tingshang group in the Niluo village. The area is hilly and predominantly forested (Ge and Ma, 2007). The villagers cultivate rainfed crops, such as maize, on small plots of sloping land. However, cultivation on the slopes is difficult and most of the land is forested. Before the mine was established, rice production was the main agricultural activity. Paddy fields were cultivated in the low-lying areas. Rice was grown primarily for home-consumption.

Sino Gold owned 82% of the shares of the Jinfeng joint venture (the remaining 18% belonged to the state-owned China National Gold Company and local public bodies). In 2009, Sino Gold was bought by the multinational Eldorado Gold.¹ Land expropriation started in 2004. As stated by law (Guo, 2001), all rights previously held by the village communities were transferred to local government. The land expropriation process took place in accordance with the Land Administration Law (1986, last amended in 2004). The law states that the expropriation process should not lead to a reduction in the living standards of the households affected. The law also stipulates that a lump sum should be paid to those who have been expropriated. The value of the compensation payment should be six to ten times the average output value of the cultivated land during the 3 years prior to expropriation. In 2005, the Guizhou provincial government officially approved the gold mining project. The gold mine operations began in 2007. The Jinfeng Company also set up a department responsible for comexpropriation process.

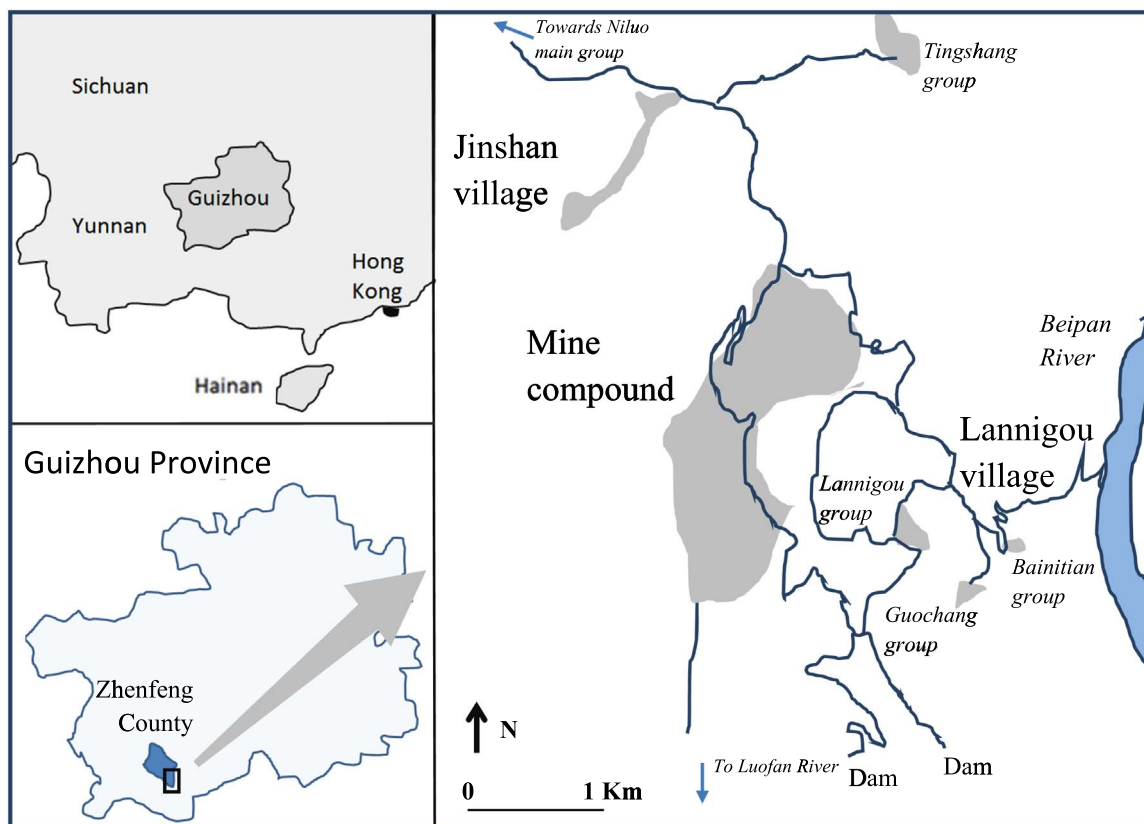


Fig. 1. Location of the study site.

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