



Contents lists available at ScienceDirect

The Extractive Industries and Society

journal homepage: www.elsevier.com/locate/exis



Original article

Decentralization, corporate community development and resource governance: A comparative analysis of two mining regions in Colombia

Isabel B. Franco^{a,*}, Saleem Ali^b

^aSustainable Minerals Institute, Centre for Social Responsibility in Mining (CSRMI) and School of Geography, Planning and Environmental Management, The University of Queensland, St Lucia, St Lucia Campus, QLD 4072, Australia

^bSustainable Minerals Institute, Centre for Social Responsibility in Mining (CSRMI), The University of Queensland, St Lucia, St Lucia Campus, QLD 4072, Australia

ARTICLE INFO

Article history:

Received 28 September 2016
Received in revised form 4 December 2016
Accepted 4 December 2016
Available online xxx

Keywords:

Mining
Colombia
Decentralization
Governance
Community development

ABSTRACT

The major challenge that companies face when engaging in sustainable livelihood transformations is related to the tiers of governance dynamics in which companies are immersed. The implementation of social responsibility agendas in poorly governed regions rarely delivers sustainable legacies for communities. This article posits the idea that the lack of regional connectivity in governance and conflict prevents companies from playing a stronger role in forging sustainable livelihoods. In this context, this article equips us with a broader understanding of the contribution of the private sector in delivering development outcomes. It does this through a comparative case study analysis of Risaralda and Antioquia, two resource regions in Colombia with differing governance nexus with private enterprise.

© 2016 Published by Elsevier Ltd.

1. Introduction

The rise of direct private sector involvement in delivering community development goals has increased in recent years, particularly in post-conflict societies where the role of the state has become marginalised by the expanding influence of private investors in the region. Sustainable livelihoods research has largely neglected the interface between local governance and private enterprise, focusing instead on broader development planning (Buitrago Franco, 2014). Our research seeks to address the question of why private enterprise may be more successful in gaining traction in delivering development outcomes preferentially in some subnational jurisdictions. We hypothesise that local level governance systems which gain resilience through a history of self-reliance to conflict are more suitable for decentralization agendas. This in turn provides them with a greater ability to be receptive to private capital as an agent of development. The peace agreement with the FARC rebels, that was approved by the Colombian legislature on 30 November 2016, will likely bring forth further scrutiny of Colombia's extractive industries and their

contribution to development. In this context our paper's objective to consider the role of decentralization is ever more timely.

Our comparative case study analysis will further articulate that the history of the extractive industry interface poses empirical caveats to defining private sector success with the delivery development outcomes. Our research thus aims to challenge notions of how decentralization is posited as a means of facilitating private enterprise. Key underlying governance factors, in areas where decentralization is to be implemented, need to be considered in order to modulate successful development outcomes. Both corporate social responsibility programs as well as public-private partnerships for development can benefit from such a nuanced approach to considering decentralization efforts.

2. Mining and sustainable livelihoods

Contested concepts such as sustainable development (SD) and sustainable livelihoods have taken centre stage in present day discourse with clichéd definitions that need constant contextualization. The notion of SD owes its origins to environmental activists in the 19th century (Dresner, 2008; p. 19). However, in the contemporary era, SD is seen as a broad term that encompasses a wide range of social, economic, environmental and political elements. Global organizations such as the World Bank and the United Nations have embraced the Brundtland Commission's definition of SD, one that states it is "Meet(ing) the needs of the

* Corresponding author at: The University of Queensland; Address, Staff House Road, Building 47A 4th Floor, St Lucia Campus, QLD 4072, Australia.

E-mail addresses: isabel@drisabelfranco.com (I. B. Franco), s.ali3@uq.edu.au (S. Ali).

present without compromising the ability of future generations to meet their own needs” (*World Commission on Environment and Development, 1987, p. 31*).

This definition is based on an anthropocentric perspective that places humans at the centre, downplaying other components that are equally important to achieve sustainability, like the environment itself. This SD approach has also made room for a proliferation of global and local agendas pertinent to development, like Agenda 21, Local Agenda 21, and SD approaches like the triple bottom line, the five capitals approach and the Sustainable Livelihood Approach (SLA) (*Freeman, 1996; p. 65*).

One of the core components of SLA is the notion of ‘livelihood’ itself which is also relevant in this paper. According to the Department for International Development (DFID, 1999, p. 1), a livelihood comprises the capabilities and activities required for the means of living. In addition, it is also stated that, “a livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future” (*DFID, 1999, p. 1*).

However, despite its use by many organizations, a major criticism of the SLA is that its application neither provides an adequate role for the private sector, nor provides for broader ideas about governance dynamics (*Carney, 2003; p. 48*). Thus, on one hand, this paper examines how private corporations, particularly mining and exploration companies take part in creating sustainable livelihoods in resource regions. We argue that locations with a history of self-reliance to conflict are more suitable for decentralization agendas and therefore more receptive to private capital as an agenda of development.

A revised version of DFID’s SLA has been adopted as a theoretical approach to support our analysis of the Colombian case. Although the standard SLA normally comprises five components, this research focuses on the context and governance. Other components will not be examined as part of this piece as they do not relate to the objectives of the research. Conflict has been identified as part of the context. This component is the principal factor for mining development in Colombia and allows us to understand the context of multinational and domestic mining companies in constructing sustainable livelihoods in local communities. Governance processes are a core constituent of the policies, institutions and processes due to the complexity of multi-stakeholder collaboration processes in the case study areas.

Mining companies operating in Colombia often embark on governance arrangements for community livelihoods through their corporate social responsibility (CSR) agendas. CSR has emerged as a tool to increase corporate accountability. There is a general agreement in the literature that corporations should be accountable to external stakeholders and CSR has served as means to do so (*Clarkson, 1995; Freeman, 1984; Gibson, 2000; Tracey et al., 2005*). The concept of CSR as an accountability mechanism has permeated scholarly debates in business, accountability and sustainability literature (*Pozas et al., 2015*). Following these scholarly debates, CSR is thus considered a pivotal element to understand the involvement of corporations in the Colombian governance environment, particularly in fashioning sustainable livelihoods.

Companies have been encouraged to account for their performance at the global, regional and local levels. This has resulted in corporate initiatives intended to forge more sustainable livelihoods. CSR has become a key mechanism to promote community livelihood options and to strengthen collaboration with other stakeholders, like governing and civil society bodies. However, scholarly debates continue to discuss whether conventional governance and accountability mechanisms including CSR and corporate reporting against SD global agendas can lead to more sustainable livelihoods or whether they are tools that merely

legitimate existing corporate practices and therefore benefit private interests rather than local communities (*Hamann and Kapelus, 2004; p. 85; Hilson, 2006; p. 44; Jenkins and Yakovleva, 2006; p. 272; Hilson and Banchirigah, 2009; Bebbington et al., 2008; p. 900*).

3. Methodology and case selection

We chose to study decentralization and efficacy of the extractive industry’s community development efforts in Colombia due to granulose analysis available at the subnational level, specifically in the mining areas of the country that have experienced decentralization efforts. Colombia has a fraught history of internal political conflict with weakened governance structures, that has nevertheless experienced escalating mining growth over the last three decades. The country is the main producer of coal in Latin America and the twelfth largest globally; the third major producer of nickel after Cuba and the Dominican Republic. Mining is not a new enterprise in Colombia. On the contrary, it precedes colonial times (*West, 1952*) and is now one of the most active economic sectors in the country. There are large reserves of commodities country wide such as coal, copper, platinum, silver, gold, iron and emeralds (*DNP, 2010, p. 169; Torres, 2001*). Colombia is also known as a leading exporter of gold and emeralds (*Idarraga et al., 2010, p. 19; Torres, 2001; p. 2; Vilora de la Hoz, 2009; p. 30*). Mining represented 4.9 per cent of the national GDP in 2013 (*UPME, 2014, p. 31*). The resource boom is not particular to a specific region, with exploration and mining operations being spread throughout the country. Key findings presented in this paper are based on PhD research undertaken in Colombia. A qualitative methodological strategy was applied to develop this research in Antioquia and Risaralda case studies.

The selection of the two case studies was based on three criteria: (1) regions that belong to mining districts; (2) locations where existing governance arrangements for corporate community development are in place and (3) places that display complexity in resource governance processes and conflict. Research findings can be applied to other types of mining locations, since case studies were selected based on the particularities of the region rather than on the type of commodity.

The two case study locations selected, are characterized by the particularities of the contexts in which they are embedded. The two case studies were also chosen because they appeared to follow different paths to corporate community development despite conflict. However, our analysis was mainly undertaken in the early stages of the life of a mine. Antioquia pursued a mining-centric industry development approach, while Risaralda was more conscious of diversity and encouraged community development and resilience to conflict while also pursuing mining. The two cases thus adopted a different attitude and development strategy towards mining. Different outcomes also followed with Antioquia experiencing higher levels of community dissatisfaction with their approach. This disparity provided an interesting subject for investigation in order to better understand the links between decentralization, corporate community development and resource governance.

Differences between case studies go beyond quantitative data and therefore cannot be broadly analyzed in the light of strictly quantitative approaches. Nevertheless, this research values the importance of quantitative analysis since it has facilitated the examination of some of the data collected, like royalty reports, corporate financial reports and other quantitative secondary data meaningful to achieve the objectives of this research. The data was collected from well known and reliable sources: Colombian Ministry of Treasury, Deputy Director for Education Development, Colombian Ministry of Education, Deputy Ministry of Tertiary

Download English Version:

<https://daneshyari.com/en/article/5114453>

Download Persian Version:

<https://daneshyari.com/article/5114453>

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