



COMMUNITY AGREEMENTS AND MINING: A NEW FRONTIER FOR SOCIAL IMPACT INVESTMENTS

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SUMMARY:

Developing countries are increasingly targeted for large-scale mining and other extractive industry projects. These projects frequently impact local and indigenous communities, particularly those who live or depend on the land and natural resources for their livelihoods and ways of life. The exclusion of these communities from planning processes and development decisions can lead to economic or physical displacement, inequity, and social conflict.

Preventing and resolving these problems requires effective and equitable processes that represent all relevant interests, especially those of communities that stand to be the most directly impacted. Critical to this is active, transparent, and informed collaboration by governments, mining investors, and concerned communities. Many communities have limited capacity, however, to participate in an active and informed way, which prevents them from asserting their rights and interests and from evaluating the costs and benefits of a project, including non-extraction as an option.

Where a mining project is under consideration, direct negotiations between communities and companies or governments may be the most effective way of arriving at mutually agreeable arrangements. Equitable agreements are possible only through thorough and informed negotiations. Communities must have the ability to negotiate on fair terms and benefit equitably from extractive processes, but they are often at a disadvantage given their unfamiliarity with mining, limited awareness of their rights, and lack of financial resources to represent themselves in complex contract negotiations.

This research paper draws on insights from select jurisdictions with specific focus on the Philippines. It explores the feasibility of developing novel structures built around impact investment to fund community capacity for negotiations representing their interests. Based on an examination of the legal and practical situation on the ground in the Philippines, this report concludes that externally funded negotiators may contribute to resolving potential conflicts through effective, equitable, and mutually acceptable community agreements, and that these negotiations may be suitable for program related investments by foundations and impact investing. Specific risks and challenges are explored.

Download the paper here: <http://oefresearch.org/publications/community-agreements-and-mining-new-frontier-social-impact-investments>