

Mining in Peru and Local Governance: Assessing the Contribution of CRS Projects

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Abstract : Mining activities in South America have significantly grown during the last decades, given the abundance of natural resources, the implemented governmental policies to incentivize foreign investment as well as the boom in international prices for metals and oil between 2002 and 2008. While this context allowed the region to occupy a leading position between the top producers of minerals around the world, it has also meant an increase in socio-environmental conflicts which have generated costs and negative impacts not only for the companies but especially for the governments and local communities. During the latest decade, the mining sector in Peru has faced with the social resistance of a large number of communities, which began organizing actions against the implementation of high investing projects. The dissatisfaction has derived in the prevalence of socio-environmental conflicts associated with mining activities, some of them never solved into an agreement. In order to prevent those socio-environmental conflicts and obtain the social license from local communities, most of the mining companies have developed diverse initiatives within the framework of policies and practices of corporate social responsibility (CSR). This paper has assessed the mining sector's contribution toward the local development management along the last decade, as part of CSR strategies as well as the policies promoted by the Peruvian State. This assessment found that, in the beginning, these initiatives have been based on a philanthropic approach and were reacting to pressures from local stakeholders to maintain the consent to operate from the surrounding communities as well as to create, as a result, a harmonious atmosphere for operations. Due to the weak State presence, such practices have increased the expectations of communities related to the participation of mining companies in solving structural development problems, especially those related to primary needs, infrastructure, education, health, among others. In other words, this paper was focused on analyze in what extent these initiatives have promoted local empowerment for development planning and integrated management of natural resources from a territorial approach. From this perspective, the analysis demonstrates that, while the design and planning of social investment initiatives have improved due to the sector's sustainability approach, many companies have developed actions beyond their competence during this process. In some cases, the referenced actions have generated dependency with communities, even though this relationship has not exempted the companies of conflict situations with unfortunate consequences. Furthermore, the social programs developed have not necessarily generated a significant impact in improving the quality of life of affected populations. In fact, it is possible to identify that those regions with high mining resources and investment are facing with a situation of poverty and high dependency on mining production. In spite of the revenues derived from mining industry, local governments have not been able to translate the royalties into sustainable development opportunities. For this reason, the proposed paper suggests some challenges for the mining sector contribution to local development based on the best practices and lessons learnt from a benchmarking for the leading mining companies.

Keywords : corporate social responsibility, local development, mining, socio-environmental conflict

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