

How UBC is digging the mining industry out of a hole

Frances Bula | Jun 1, 2016

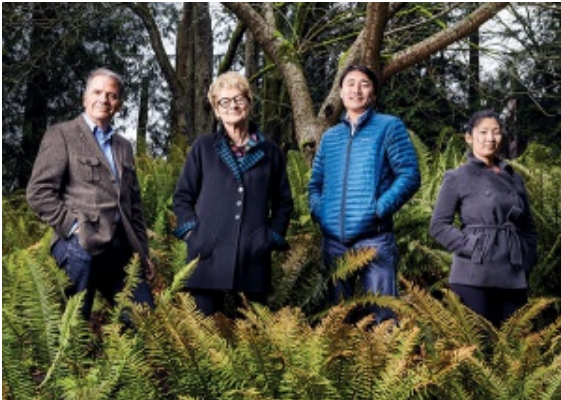


Image by: Matthew Chen

PARTNERS IN MINES | (L-R) Former Teck executive Dave Parker, now working with Canadian International Resources and Development Institute in Peru; Cassie Doyle, CEO of CIRDI; and two UBC grad students from Mongolia, Damie Gongor and Bulgan Batdorj

A new institute at UBC aims to repair mining's tarnished reputation and show that, with proper community engagement, projects can leave behind a positive legacy

Damie Gongor's enthusiasm about making life better in his home country, half a world away from Vancouver, spills over as he talks. Mongolia, he explains, went through a bad time with international mining companies in the wake of its transition to a democratic, market-based economy in 1990. The northern Asian country of 2.9 million—home to the Gobi Desert and, until recently, an economy dominated by herdsman, beef and cashmere—turned out to be sitting on top of a wealth of globally desired minerals. Foreign investors rushed in—1,500 of them, from 61 countries, since 1990—with Canada closely following China as the top source of investment.

Now Gongor's country is trying to harness that investment energy and turn it into something that will be a long-term benefit for the Mongolians. While they may not achieve anything as ambitious as what Norway has with its oil sector—creating a state oil company and directing tax revenues from it into a government pension fund, free education and support for other industries—many Mongolians hope for something better than the quick-buck mentality that often dominated government negotiations with mining companies in the past.

Gongor, for one, believes that attitudes are starting to shift, both among Mongolian politicians and the companies now operating in the country. "People have some different understanding of how they can benefit, how it can go in the right direction. We are just starting and we hope we will do some changes."

The 34-year-old engineering graduate student at UBC is part of that change. Gongor is working with a research team at Canada's fledgling Canadian International Resources and Development Institute (CIRDI), which was created in 2013 by the federal government, with \$25 million allocated for its first five years from the Canadian International Development Agency. Based in a small office at UBC, CIRDI is a collaboration among academics at UBC, SFU and the Ecole Polytechnique in Montreal. The ambitious goal: to empower local governments and local communities to get better deals for their people when mining companies come to town. Not just better financial deals, but better deals when it comes to protecting human rights, the environment and long-term economic development in the country.

Under the supervision of Julian Dierkes, a sociology professor at the UBC Institute of Asian Research, a team of academics (mostly engineering profs) is working with Mongolian graduate students in Canada, as well as government

officials and community groups in Mongolia, to help the country develop a system of regulation, inspection and community investment for new companies that come in.

“If we equip Mongolians with the ability and the knowledge to make decisions about the mining industry that they have and are building, they’ll make better decisions. It’s not a recipe. We’re not telling Mongolians, ‘This is what you should be doing,’” says Dierkes, a tall man with starting-to-silver hair. He believes that helping Mongolians understand how to negotiate and set rules for international companies—and helping them understand the mistakes that countries like Canada have made—will ultimately lead to prosperity for their people.

The Mongolian project is one of five major ones that CIRDI teams are involved in; others are in West Africa, Ecuador, Colombia and Peru. In Peru, a research group is focused on working with local government authorities on how to monitor water quality and manage water use. In Ecuador and Colombia, a team is focused on artisanal mining—a term that sounds quaint and attractive but really means working with the many people in developing countries (called *ninja miners* in Mongolia) who use primitive methods and powerful chemicals to do small-scale mining and cause enormous environmental damage. Smaller projects include one to help develop a process for a mineral audit authority in Kenya, as well as one looking at the rise in conflict between mining companies and communities around the world.

CIRDI—and similar institutions established in mining-heavy countries such as England, the U.S. and Australia—came about as a result of two global trends, mostly in the past 35 years. One was the world’s general awakening to the idea of sustainable development. The other was the global mining industry’s own realization of its particular problems: bad practices, bad public relations and a general bad image.

“One of the key things that has led to more of these institutes is that, at the end of the 1990s, there was concern among the heads of major mining multinationals about the perception of the industry,” says Robin Evans, associate director of the Sustainable Minerals Institute at the University of Queensland in Australia. Among the perceptions (and sometimes realities) that the industry had to fight were questions surrounding human exploitation, damage to the environment and collusion with corrupt governments.

The challenge, he says, was to “reverse the curse”—to find ways to demonstrate that mining could provide long-term benefits, instead of throwing a country’s economy off balance for a few decades and then leaving, with polluted rivers and open pits left behind. One industry response was to create, in 2002, the Global Mining Initiative—an industry-funded organization aimed at painfully listening to critics talk about everything that was wrong. Or, as the then-chair of London-based Rio Tinto, Robert Wilson, put it diplomatically in a 2002 speech: “The GMI is an attempt to demonstrate that a sometimes-controversial industry can respond constructively to the challenges of sustainable development.”

But it wasn’t just industry that was concerned. For countries like Canada, mining represents a significant contributor to the national economy: Canadian mining companies account for almost a third of the money spent around the world on exploration and mining, while more than half of all mining companies that exist have headquarters in Canada. A bad image abroad has far-reaching implications for the federal government. As a result, the feds launched a new national initiative in 2009 called *Building the Canadian Advantage: A Corporate Social Responsibility Strategy for the Canadian Extractive Sector Abroad*. That was updated in 2014, opening with a lofty mission assertion that the strategy “clearly demonstrates the Government of Canada’s expectation that Canadian companies will promote Canadian values and operate abroad with the highest ethical standards.”

Although CIRDI was born in the same period, it took some time for it to get going. After two years of “near silence,” according to one industry observer, things started to move forward in early 2015 under interim director Moura Quayle. In the fall of last year, long-time bureaucrat Cassie Doyle—once a deputy minister in the NDP government of Mike Harcourt—was hired as CIRDI’s permanent director, a move that observers see as positive. Doyle is firmly committed to promoting the centre as a mechanism for making lives better in developing countries.

“These countries, they want mining because they want the jobs. But our ultimate outcome is poverty reduction. And one critical aim is protecting human health,” says Doyle, a charming, forceful woman who has already been through some whirlwind meetings with mining bureaucrats around the world. “We in Canada have an amazing body of

knowledge. We want to tap into that expertise, but we really also want to tap in to the expertise of local governments and communities. We want communities to know what they can ask for in terms of local employment.”

She also says that community groups near proposed mines in developing countries are becoming increasingly sophisticated about what they can negotiate as benefits. One apocryphal story she tells is about a group in West Africa who, when the mining-company reps arrived, had one initial question: “We heard what the people in Papua New Guinea got from you. Are we going to get the same?”

Despite such stories of community empowerment, groups like MiningWatch Canada remain unconvinced. The Canadian nonprofit was cautiously optimistic at the beginning about what CIRDI might be able to do. But not anymore.

“It’s not an independent academic institute. It was established by the government with overseas aid funds to serve as an academic front for foreign policy and to create favourable conditions for Canadian mining companies,” says Jennifer Moore, the Latin American co-ordinator for MiningWatch, speaking from Mexico City. “They look for countries that are aligned with Canadian foreign policy.”

Canadian mining companies may talk sustainable development, she says, but they and the Canadian government continue to be linked with reprehensible governments and activities—like Canada’s alignment with the Honduran government established through a 2009 coup. (Several Canadian mining companies operate in Honduras, including Toronto’s Aura Minerals and Vancouver’s Goldcorp.) Moore says the new government swept off the table a proposed new law on mining with tough regulations and brought in something that throws the door open to poorly regulated activity.

Moore, whose criticisms have been echoed by a local group of UBC students who formed Stop the Institute, says the centre makes no mention of indigenous rights and displays an absence of “fundamental respect for mining-affected communities.”



<http://www.bcbusiness.ca/sites/default/files/uploads/OhCanada.jpg>

But not everyone concerned about the mining industry’s history of abuses has a blanket condemnation—if only because, say the more pragmatic critics, mining activity continues to expand (as global demand for iPads, cars, microwaves and the like explodes in the burgeoning middle classes of China, India and beyond) and just saying it’s all bad is a limited response.

“The pace of international investment in mining is growing exponentially,” says Josh Scheinert, a Toronto-based lawyer specializing in international investment and human rights. “It’s going to grow at a pace most people aren’t aware of. So let’s try to establish some parameters for international investment.”

He acknowledges frankly that, “to some people, that makes me a sellout.” But, he continues, “I think there’s a really important role for countries like Canada to play.” Scheinert says that role includes the kind of in-country support that CIRDI gives to developing countries. It also can mean having the Canadian government and public put pressure on mining companies in their home country. “The more we’re talking about that in Canada, the greater chance we have of making changes.” A big global mining company may have the upper hand in Ghana or Ecuador. It doesn’t with its citizens back home.

If nothing else, the public pressure has mining companies—and centres like CIRDI—spending a lot of time talking about what mining can do for a country. Former Teck executive Dave Parker, now working with CIRDI in Peru, emphasizes that the infrastructure that mining brings to remote areas—roads, electricity, the Internet—can help those regions develop other, non-mining businesses that help the country become self-sufficient when the mining operations stop.

In Australia, Robin Evans drives that point home in a bigger-picture way - acknowledging that critics who say mining can't be sustainable on its own are right. No, you can't grow minerals back into the earth. "But the basic question is not, 'how can mining be sustainable?'" he says. "It's, 'how can mining contribute to sustainable development.' A lot of mining projects are in more remote locations; if you do that intelligently, you can help those communities."

Damie Gongor hopes to be part of that effort. For now, he and other Mongolian graduate students at UBC are an integral part of the CIRDI research teams—helping bridge the abyss that often exists between local cultures and visiting experts when the teams are working in Mongolia. Eventually, once his PhD is completed, he plans to go home to contribute in some way. "I'm preparing myself for my country. My duty is to give some right information for the people."



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