

# THE RISE IN CONFLICT ASSOCIATED WITH MINING OPERATIONS: WHAT LIES BENEATH?

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## EXECUTIVE SUMMARY

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*The following is the executive summary of this study. The complete report, together with an accompanying literature review and four individual field case study reports, are available on the CIRDI website.*

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## EXECUTIVE SUMMARY

The purpose of this research project is to delve beneath the surface manifestations of conflict related to mining activities in order to develop a deeper understanding of their nature and uncover their root causes, systems and pathways. We believe that a more systematic understanding of conflict will help those involved to apply more effective preventive rather than reactive measures and to further improve approaches to prevention, management, mitigation and transformation.

This study was motivated by indications that conflict incidents associated with mining operations worldwide, have increased dramatically in the period from about 2000 to 2013. The authors observed that in spite of a rich literature on mining-related conflicts, most studies have focused on the company-community interface and there are still limitations to our understanding of what lies beneath their obvious manifestations. Furthermore, there has been relatively limited, systematic analysis and documentation of the individual and collective behaviors of the players involved, their interrelationships and how they actually contribute to conflict situations over time.

The approach is based on a number of key premises as follows: a) given the nature of mining and its inherent impacts, the potential for conflict always exists and that potential should be considered a normal aspect of the relationship between mining companies and their stakeholders; b) that conflict is rarely the result of a single party; more-often-than not it is the result of the interplay of multiple actors including companies, various levels of government, communities, civil society organizations and others, all of whom contribute to conflict situations in different ways and c) while conflicts inevitably manifests at the company-community interface, this does not mean that the conflict is *sensu stricto*: a community-company conflict, but in fact, has a much longer prior history.

This study is based on three main components including a literature review, a compilation and analysis of existing global conflict incident databases and field investigations of four case studies in Latin American and Africa: the Ambatovy mine and plant in Madagascar, the Bulyanhulu mine in Tanzania, the Haqira and Las Bambas advanced exploration and development stage projects in Peru and the San Cristobal mine in Bolivia.

While the literature review and conflict incident database analysis provide an opportunity to analyze the topic from a broad, high-level perspective, involving a relatively large number of incidents, the on-site, field-based investigations allow for a deeper, more penetrating analysis, a field-truthing, based on a carefully selected sampling of existing and recent conflict cases.

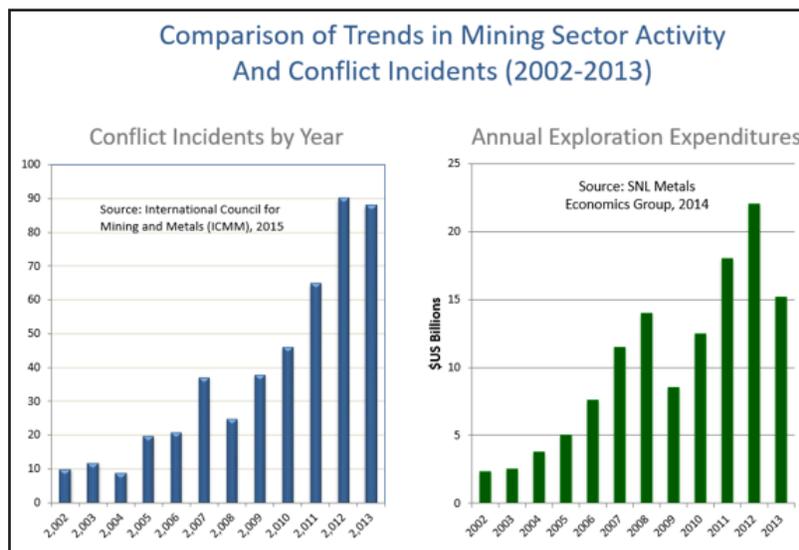
Valuable lessons can be learned not only from analysis of conflict cases that involved organized protest and sometimes violence but also from situations where a) the potential for conflict, violent or otherwise, existed but was somehow avoided and b) relationships which were generally positive and tensions that could have resulted in sustained conflict were redirected to achieve constructive outcomes. As in any relationship, conflict can be used and experienced as a natural, evolutionary process, which, if properly managed, can give rise to constructive outcomes and progress for the parties involved.



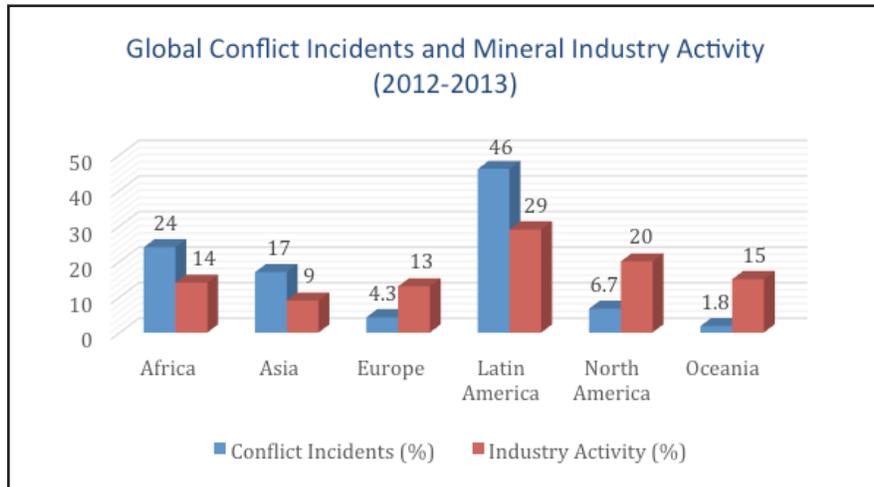
*Fuerabamba Alta, a community relocated to develop Las Bambas / BERNARDA ELIZALDE*

This study's conclusions are suggestive rather than conclusive at this point in time. Preliminary findings set the stage for substantial expansion and verification, providing an opportunity for additional research and deeper analysis. However, the current research does identify a number of key observations set out below, which are expanded upon in detail in the full report:

1. The significant increase in conflicts associated with mining operations since about 2000 has occurred in the context of a general rise in organized protests globally, in connection with widespread increasing social instability, and an unprecedented increase in global exploration and mining activity during this period. The data show a direct correlation between the frequency of conflict incidents and the rise and fall of global mining activity (Figure below). Further analysis shows that when the industry is well-financed and expanding there is a declining per-activity conflict count, but when financing is restricted and the industry is contracting, there is an increasing per-activity conflict count. This relationship is particularly noteworthy during the liquidity crises of 2007-08.



2. A compilation and analysis of 167 conflict incidents documented in 2012 and 2013 indicate that the majority of conflicts incidents occurred in Latin America (46%) followed by Africa (24%) and then Asia (17%). Again, these relative proportions correlate with the level of industry activity reported for these regions in 2013, with Latin America at 29%, Africa 14% and Asia 9% (figure below). The most conflict prone countries were South Africa, Mexico, Peru, Chile, and Guatemala. Our collective observations suggest that escalation of tensions into organized opposition to mining, accompanied in some cases by violence are rare in African countries compared to Latin American countries. While the explanation for these differences will require further research, we suspect that they are related to broad structural factors characterizing the history and social dimensions of the two regions.



3. A significant outcome of the literature review is the identification and understanding of the determinants involved in the initiation and evolution of conflict, which define the broad enabling environment in which conflict is either created or avoided. These are categorized in terms of structural factors, contextual factors, conflict drivers and triggers, which define a descending order of conflict determinants in terms of the geographic extent and duration of their influence. This framework was employed in the field investigations and analysis of the 4 case studies. The table below provides examples of these conflict determinates, which are expanded upon in the full report.

**STRUCTURAL FACTORS**

- Neoliberal Reforms and Structural Adjustment Plans
- Investment in Politically Risky, Under-Regulated Countries
- Anti-Extractivism and Cultural Friction Over Resource Usage
- A Rise in Organized Protest Activity Globally Related to Increasing Social Instability

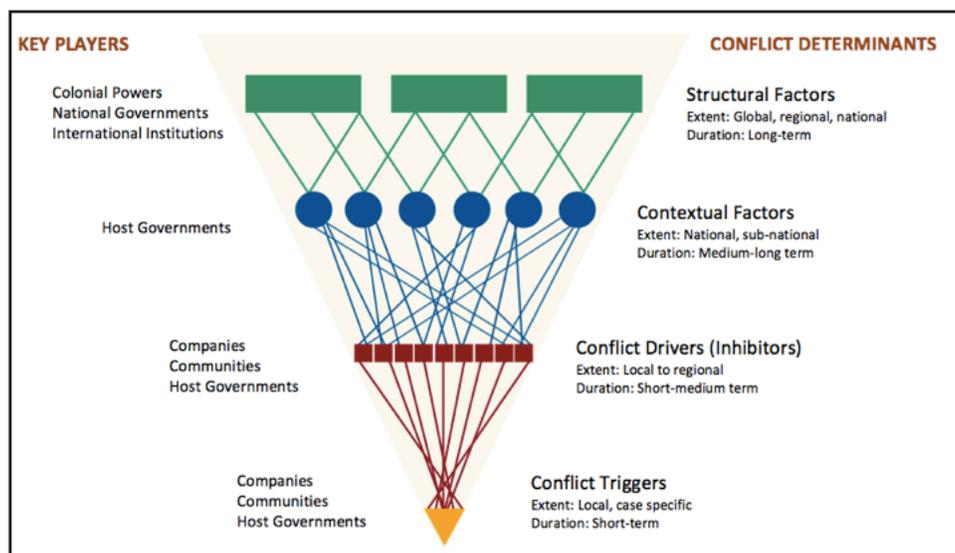
**CONTEXTUAL FACTORS**

- Ill-Designed or Poorly Implemented Mineral Development Strategies
- Introduction of the Formal Economy Simultaneously with Mining
- Weak Government Capacity, Corruption and Lack of Transparency
- Poverty and Marginalization

**CONFLICT DRIVERS AND TRIGGERING FACTORS**

- Lack of Participation or Representation of Local Communities
- Company Social Responsibility Practices
- Asymmetry in the Distribution of Economic and Social Benefits and Impacts
- Mobilization and Transmission of Opposition Against Mining Operations

4. The two Latin American field case studies explore situations that are positioned towards the two ends of the conflict spectrum and present a very interesting comparison. Haquira-Las Bambas is situated at the pole characterized by organized protest and violence whereas San Cristobal is situated at the other pole characterized by a strong, positive relationship, resilient enough to transcend the occasional conflict outbreak and maintain stability. The two African case studies (Ambatovy and Bulyanhulu) are positioned somewhere in between these two extremes and present conflict which has been contained, at least for the time being, and is expressed in a latent or passive aggressive manner. It has the potential to either erupt in a negative and possibly violent manner or transform into a more positive situation, depending on the behaviors of the players.
5. Emerging from the collective observations of all 3 components of the study is a conceptual model for conflict as a 'process', allowing for the analysis and discussion of conflict associated with mining in a systematic way and useful for a comparative analysis of the 4 field case studies. The conceptual model is based on a) the hierarchy of conflict determinants as identified above, which reveals the relationships among determinants, the players involved and their primary contributions to conflict and b) a conflict continuum, which illustrates how the determinants and players interact over time, which brings to light the history and pathway involved in a conflict situation. In general, there is interconnectivity and sequential causation from one layer to the next in the conflict hierarchy, proceeding from structural factors, through contextual factors, to conflict drivers and triggers (See figure below). Importantly, structural and contextual factors influence the formation of conflict drivers, which in turn shape the manifestation of conflict at the community-company interface and the behavior of the players at that level.



6. Applying the conceptual model to the analysis of our 4 field case studies reveals that while conflicts inevitably manifest at the company-community interface, this is not the first chapter in the narrative, but in fact, there is a much longer prior history involving other players who contribute in important ways. In particular, in the 4 field case studies we investigated, it demonstrates that government is of equal importance a player in conflict as are companies and communities. Government agencies at the central, regional and local levels are implicated across the complete conflict hierarchy and continuum, from structural factors through to triggers, but with a singularly important role in the field of contextual factors, which create the enabling environment for conflict to occur and strongly influence its creation or avoidance. Whereas central government agencies can display a persistent role right down to the local level, regional and local government agencies tend to prevail in the fields of conflict drivers and triggers, active at the regional and local levels. Not surprisingly, the

roles of companies and communities also congregate in the fields of conflict drivers and triggers and are most active at the regional and local levels, in proximity to the sites of mining operations.

7. Considering how conflict manifests and plays out at the community-company interface, the compilation of observations and comparative analysis of the 4 field case study investigations provides evidence for two normative characteristics common to all four of the field case studies as a) the extent to which the communities believe that their interests are respected or protected (i.e. the extent to which they feel that they have what they need or deserve from the mining operation); and b) the degree to which communities believe that they can influence outcomes through conflict in the context of their relations with the company and or government authorities (i.e.; the extent to which communities believe that they can gain what they want or need from the presence of a mining operation, by the use of conflict). This can be presented graphically as a model that explains the relationship between communities and companies and the behavior of communities towards companies including resistance, coexistence, containment and engagement reported in all four of the case studies. The model potentially provides a tool for analyzing the current reality of conflict at the community-mining company interface and predicting how the conflict may evolve and how intervention might help to redirect from a negative to a more positive direction. Further testing in other conflict situations is required to establish the validity and utility of this model.

Much attention has been focused over the past 20 years on the community-company interface and improving practices at the sites of operations, in order to prevent and manage conflict with local stakeholders. Much less attention has been given to assisting companies to understand the structural and contextual environment in which they are trying to operate and how to best manage and survive in it. Equally important, not enough attention has been given to enhancing the ability of host governments, at all levels, to prepare themselves and their societies for the impacts and benefits of foreign direct investment and the arrival of the large-scale mining industry, and building their capacity to govern and manage the development of their resources in a sustainable manner. The preliminary conclusions emerging from this study demonstrate the potential for future research with regard to:

- a) Improving the approach by companies to due diligence and risk assessment of the countries and regions in which they are considering to invest and possibly operate.
- b) Improving the approach by host governments in preparing for the benefits and impacts of FDI and the large-scale mining industry and how host governments can influence the contextual environment in which the large-scale mining industry is going to operate or is already operating and thus mitigating the probability of conflict.
- c) Improving the approach by companies, communities and host governments to managing and responding to conflict outbreak.
- d) Providing guidance to government agencies, companies and communities on the best way to structure collaboration, for the prevention of conflict and enhancing sustainable development.

