

Mining and sustainable development: is it possible?



The research presented by Álvaro Cano (Universidad del Pacífico) found that, in the CSR aimed at promoting local development, the training of the workforce and the creation of local suppliers decrease considerably after the construction phase of the operation. His study focused on the companies Minera Chinalco Peru, operator of the Toromochu project (Junín), and MMG, operator of the Las Bambas project (Apuímac).

Although the responsibility with the neighboring communities to important investment projects is an imperative in the governmental and business management, it is not always fulfilled, which generates conflicts for different problems. It is enough to evaluate the practices of different sectors or review the social conflict indexes to corroborate this situation. Focusing on the strategies applied by some companies in the country, two studies address the problem.

The 'Porter hypothesis' states that a well-designed environmental regulation policy can boost innovation in companies and improve efficiency in their production processes. In addition, it could offset the cost of complying with these regulations. Hiroshi Toma and Harumi Hasegawa, researchers from ESAN University, presented the study Analysis of the relationship between the monitoring of environmental standards and productive efficiency: a study for Peruvian companies, whose objective is to

verify if this hypothesis is fulfilled.

Following the line of women's empowerment, another of the objectives of this work was to verify if the presence of women in the top management of companies can reduce the productive inefficiency of firms that adopt environmental management instruments, and in what way. degree interacts with environmental regulation.

To measure both effects, the researchers used a stochastic frontier methodology and information from Peruvian companies, which

1/ This research desk was co-organized with Universidad del Pacífico. He had as exhibitors Hiroshi Toma and Harumi Hasegawa, researchers from the ESAN University, and Álvaro Cano, from Universidad del Pacífico. The opening was in charge of Marina Irigoyen, of the Dialogue, Mining and Sustainable Development Group, and president of the IDEAS Center. The comments were presented by Lourdes Álvarez, former director of the General Office of Impact Evaluation and Economic Studies of the Ministry of Production, and Rolf Pérez, an official of the Ministry of Energy and Mines.

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was collected from the 2014 National Survey of Companies (ENE) and the Annual Economic Survey (EEA) of 2014 and 2015. These surveys They addressed five productive sectors: agroindustry, manufacturing, construction, services and commerce.

From a sample of 1589 companies, the authors found that those that have environmental management instruments, when working under the risk of impact on the environment, are on average 14% more efficient than those that do not have such instruments. This result also represents an additional 14% in its production. Toma y Hasegawa's study also revealed that, on average, each woman who holds a high position in the company implies a 4% reduction in the company's inefficiency. In those firms that work according to environmental management instruments, such as an environmental impact assessment (EIA), each woman who holds senior management positions averages a reduction of 9% on the inefficiency of the companies.

Finally, among the recommendations of the research, three aspects are considered: introducing the topic

of environmental innovations in the centers of technological innovation (CITE) of the Ministry of Production; that this same issue be discussed at the executive tables of the Ministry of Economy and Finance; and recommend that the Ministry of the Environment disseminate, through communication programs, that adaptation to environmental regulation can bring about improvements

in the efficiency and productivity of companies. Toma stressed that the results of his research should be taken with caution, because it is a first approach to the subject, and that it could involve problems of multicollinearity and simultaneity.

MONITORING SOCIAL RESPONSIBILITY

In turn, Álvaro Cano, researcher at the Center for Mining and Sustainability Studies (CEMS) of the Universidad del Pacífico, presented a study on corporate social responsibility (CSR) of the company Minera Chinalco Peru (MCP), Toromocho project operator (Junín), and the MMG company, operator of the Las Bambas project (Apurímac). The study is titled Qualitative Diagnosis of the Corporate Social Responsibility Programs of Copper Mining in Peru: Between the hiring of unskilled male labor and the creation of local suppliers with a gender focus.

The research is part of the recent debate on the use of CSR programs to strengthen the contribution of mining to sustainable development and compliance with the 17 Sustainable Development Goals (SDGs) of the UN 2030 Agenda. It also analyzes the CSR based on compliance with

the sustainability standards that exist within the mining industry itself since 2002.

There are two specific aspects addressed in the diagnosis. On the one hand, CSR initiatives are analyzed with a focus on gender equality, particularly those interventions aimed at strengthening economic empowerment (employment and business opportunities) and the political empowerment (power relations) of women in the areas of influence of these projects. These initiatives contribute to sustainable development to the extent that they converge with the goals of SDG 5 (gender equality) and SDG 10 (reduction of inequalities). On the other hand, the CSR initiatives aimed at local development are described - through the creation of manpower capacities - and the development of suppliers, which contribute to SDG 8 (decent work and economic growth) and SDG 9 (industry, innovation and infrastructure).

What did this research find? Regarding the gender approach, the results indicate that both the CCM and MMG manage a corporate definition of the gender approach, which privileges the economic sense of empowerment and hardly addresses the political conditions of inequality. Therefore, it does not go beyond welfare, which produces multiple dispersed initiatives that weaken after construction and resettlement.

Although both companies have internal and external commitments to sustainability and gender equality, in none of them was it possible to see an incorporation of this approach in the whole circuit of implementation of social projects, which is known as mainstreaming gender. For exam-

2/ Statistical methodology used to measure efficiency from a stochastic production frontier.

3/ Methodological problems in which an explanatory variable is predicted by another explanatory variable(s), which may reduce the power of the estimate made.

ple, the needs of women have not been identified through a baseline. They are not a stand-alone stakeholder, but belong to the “vulnerable” group, and there are no gender champions within the companies that can monitor the differentiated impacts generated by the project.

To the extent that almost all interventions are aimed at economic empowerment, they reach to consider that a gender approach is being applied, and initiatives that reflect the political dimension of inequality experienced by women are not visible.

In terms of CSR aimed at promoting local development, it is found that, similarly, the training of local labor and the creation of local suppliers decrease considerably after

the construction phase of the operation. Both projects have a series of local expectations and demands that far exceed the needs of the company after the local demand initial shock, where a series of local agreements were also made whose non-compliance is a permanent source of tension between the company and the community. Likewise, for both cases, it is observed that there are multiple informal access strategies to these benefits, which companies must identify to monitor and prevent conflicts. For example, it is found that capitalists from other areas use local entrepreneurs as nominees to access contracts, that merchants’ associations that negotiate with the company end up being

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The Toma and Hasegawa study suggests introducing environmental innovations in the centers of technological innovation (CITE) of the Ministry of Production, and that this issue be discussed at the executive tables of the Ministry of Economy and Finance.

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- 4/ Mainstreaming gender is the process through which an organization incorporates a gender equality approach in all its operational processes and in all areas of the company.
 - 5/ Stand-alone stakeholder means that women should be a group of interest in themselves and not grouped as “vulnerable” (together with the elderly and people with different abilities).
 - 6/ Local demand shock is the abrupt increase in local demand for resources at specific moments of a mining operation, such as construction



Among other points, Lourdes Álvarez said that it is risky to use the Annual Economic Survey for a study, because it is not of very good quality.

taken over by family or friendly “rings,” or that they also benefit people in particular. uncomfortable for the company, in exchange for stopping their efforts opposed to the projects.

The study recommends that the companies investigated monitor and balance the distribution of hiring of labor, as well as contracts to suppliers between the areas of influence and between subgroups of the commu-

nity (such as rural versus urban areas and men versus women). ; for example, the distribution of contracts between the community of Pucará and Nueva Morococha (Toromochó), and the compensations between Nueva Fuerabamba and the rest of the communities (Las Bambas). Along these lines, it suggests identifying and balancing informal strategies for accessing the benefits derived from corporate social responsibility programs. With respect to the gender approach, the study proposes to identify and monitor impacts and distribution of benefits differentiated by gender, through the construction of a baseline for women in the area, as well as the establishment of a gender staff within the company, so that there is a responsible person that can assume and monitor the integral compliance of the implemented initiatives.