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COMMUNITY AND NGO STAKEHOLDERS IN MINERAL-RICH RURAL ENVIRONMENTS: WHY IS SO COMPLICATED TO MAKE "RESPONSIBLE MINING" REAL?

This paper aims to make a contribution at understanding the relationships between community, civil society stakeholders and corporations from the mining industry. Based on three case studies in the Andes (Peru, Bolivia and Ecuador), the paper argues that, in the contemporary context of expansion of extractive industries, conflicts over the countryside respond to the ways in which stakeholders promote or challenge such an expansion. In their struggles with corporations – and with governments too – community stakeholders interact with NGOs and try to change the terms of national and local debate about sustainability and socio-environmental justice in the rural area. However, establishing the basis for socio-environmental justice, therefore for rural citizenship, is in part constrained by overspread poverty in mineral-rich areas of low-income countries, which affects rural communities' negotiation capacities. It is also limited by the different notions that each stakeholder (rural community organizations, urban groups, NGOs, corporations and government in its several layers) has of the role the rural area should play in a national development strategy.

1 Introduction

Mineral extraction has been the dominant economic activity in Andean countries since colonial times. Mining in Peru, Bolivia, Chile and parts of Colombia, and oil in Venezuela and Ecuador are, by large, the main sectors for international trade. In the mining sector, although small miners have always existed, in the last two centuries the sector was dominantly driven by large foreign companies. In large scale mining, exploration, extraction and export has sequentially passed from the private sector until the early 1950s, to state corporations until the early 1980s, and since the mid 1980s to private foreign companies again.

After the "lost decade" of the 1980s when Latin American countries, and in particular Andean countries, were in economic and political crises, the arrival of foreign direct investment in the mineral industry was sought and welcomed by foreign policy advisers and governments as the main component of a neoliberal strategy for economic recovery. However, in time, such a resource-based strategy has also been a matter of criticism. Whilst international organizations such as the World Bank Group, private corporations and national governments argue that the comparative advantage that Andean countries have in mineral resources can provide the financial resources for development, a common perception among civil society and community groups has been that large scale mining has not delivered any development outcome to nationals. Therefore, these groups have become highly suspicious of foreign mineral operations. As Bouton (1998:1) quotes from his study on Bolivia and other mineral-rich countries, people perceived that 'foreign mines took wealth out of the ground and gave nothing back to local communities.' Moreover, as the World Bank's report on mineral industries states, in the first half of the current decade, the increase of international prices made the industry so attractive to exploration and exploitation that an overflow of FDI towards developing countries was observed (World Bank 2005) and, together with that, an increasing concern for the environmental and social consequences of such an expansion.

In countries where poverty is significantly high and overspread, and the natural environments are fragile, such a perception and the protests that have followed have warned (some) companies about the sustainability of their operations, both in terms of risks for their investments as well as of the impact the mineral industry produces in hosting countries and communities. It is in this context where corporate social responsibility (CSR) in the mineral industry of Andean countries was introduced. The idea behind CSR in the mining sector was that through CSR the corporate sector would contribute to establish the basis for what would be named "responsible mining", that is a new type of mining where technology reduces the environmental impact that mining produces (c.f. WBCSD 2000) and a new style of management (which comprises sustainability, accountability and transparency) (Crowther 2008) enables corporations to play a role in development.

This paper analyses the relationships between community and civil society stakeholders and corporations from the mining industry. It argues that, in the contemporary context of mining expansion through large companies, conflicts over the countryside respond to the ways in which stakeholders such as governments and financial institutions promote such an expansion, whilst community and civil society stakeholders challenge it. In their struggles with corporations – and with governments too – community stakeholders interact with NGOs and try to change the terms of national and local debate about sustainability and socio-environmental justice in the rural area.

The paper is organized in four sections apart from this introduction. Section two contextualizes the mining industry and presents the contrasting arguments that stakeholders defend about the impact that mining produces on their economies, both at macro and micro level. Section three presents a discussion on the relationships between stakeholders. Based on a selection of cases in Bolivia, Ecuador and Peru, this section identifies the factors that influence each stakeholder's standpoint and analyses the impact that CSR and regulation can have on the social *tejido* and development. Section four concludes.

2 Stakeholders' dissimilar arguments about the impact of mining

The contribution of mineral industries to the economy of developing countries has been widely discussed in the literature. On one side, the 'resource curse' literature (Auty 1993, 2001; Sachs y Warner 1995) argues that resource abundance, and the FDI inflow it attracts, produces at the end perverse effects on the economic performance and political stability of hosting countries. On the opposite side, the 'resource endowment' approach (ICMM and others)[1] suggests that mineral wealth is not a curse *per se* and that mining can produce the financial resources that low-income countries need for growth and development.

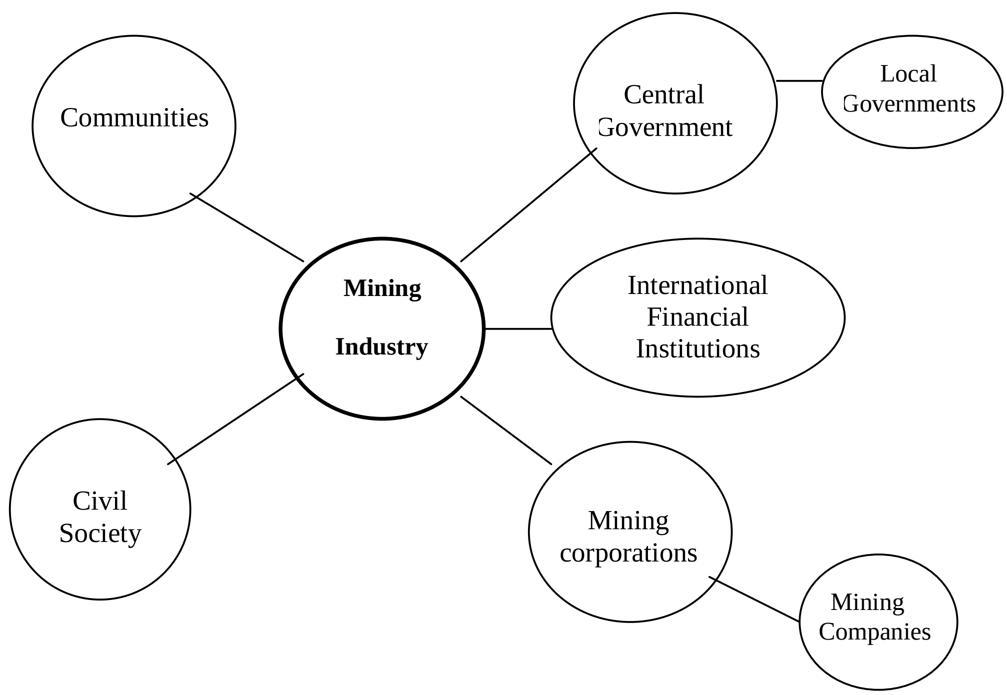
[1] See, for instance, "The Challenge of Mineral Wealth: using resource endowments to foster sustainable development".

In time, each one of these scholar approaches has transmitted dissimilar standpoints from groups of stakeholders. In the same way as it happens within the academia, in the discourse stakeholders' views vary within a whole range of positions, from a (at any cost) pro-mining to a zero-mining (even if that sounds unviable). In practice, every extreme position is often – though not always – attenuated and focused on developing a "responsible mining".

The main stakeholders in the mining industry are identified in Figure 1. Those at the left hand side are generally positioned to advocate for a – to say the least – regulated mining activity and those to the right hand side defend the industry expansion. Two aspects are at the core of such a discrepancy. First, the impact that each party identifies mining produces and, second, the nature of relationships established between parties.

Figure 1

Main stakeholders in the mining industry



Given the links between the several stakeholders, the impact assessment of the mining industry on hosting countries and communities requires by and large an assessment at multiple scales. This implies to look at the national level effects, where the contribution of mining to macroeconomic aggregates (gross domestic product, fix capital formation, employment and national income, foreign exchange, etc.) becomes fundamental, but also to the economies of sub-national spaces (e.g. regional GDP, local employment, fiscal resources for local governments, etc.) and to the economies of affected households and their communities. However, the linkages between these economies – even if in many cases weak – introduces complexity into the impact assessment of mining investments as well as of CSR measures. The additional difficulties regard the lack of economic statistics at subnational level, which constrains a spatial analysis based on single methods of research (in particular, quantitative methods). They also suppose that the entities to be analyzed are different in nature, which implies that aggregation can be nonsense. Though the use of qualitative methods has the advantage of opening space for more stakeholders inclusion, it also makes more difficult the tasks of policy design, implementation and assessment.

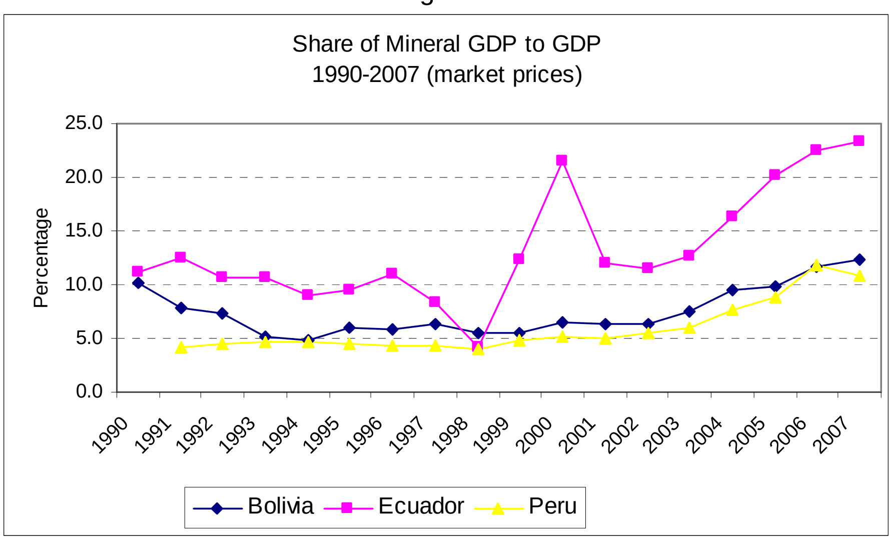
Based on a combined methodology of quantitative and qualitative instruments, the following sections present a review of factors that explain the main stakeholders' standpoints with regards to mining activity and its expansion.

2.1 Basis of governments' and international financial organizations' pro-mining arguments

Expansion of extractive industry in Bolivia, Ecuador and Peru has been systematically promoted by governments and international financial organizations such as those from the World Bank Group. Nor is it only the centre right Peruvian governments which did it since 1990, the ostensibly post-neoliberal President Correa's government of Ecuador (2007), already lauding the benefits that "responsible" foreign mining investment could bring to the country, and the Bolivian Morales' government (2006), claiming both post-neoliberal and indigenous credentials, have likewise promoted foreign investment in extractive industries (Hinojosa and Bebbington, forthcoming). In all these cases governments' arguments rely on the role mining plays in providing the financial resources, in particular foreign exchange, needed for growth, anti poverty and development purposes.

In macroeconomic terms, mining and hydrocarbons (i.e. the aggregate of mineral activities as they are accounted for national economy statistics) have been always important. Between 1990 and 2007, the share of mineral activity in the GDP was 7.5% in Bolivia, 13.3% in Ecuador (mainly oil) and 5.9% in Peru. Even if those numbers have changed in time, the trend observed since the 2000 when international prices started to rise is to increase (see Figure 2).[2]

Figure 2



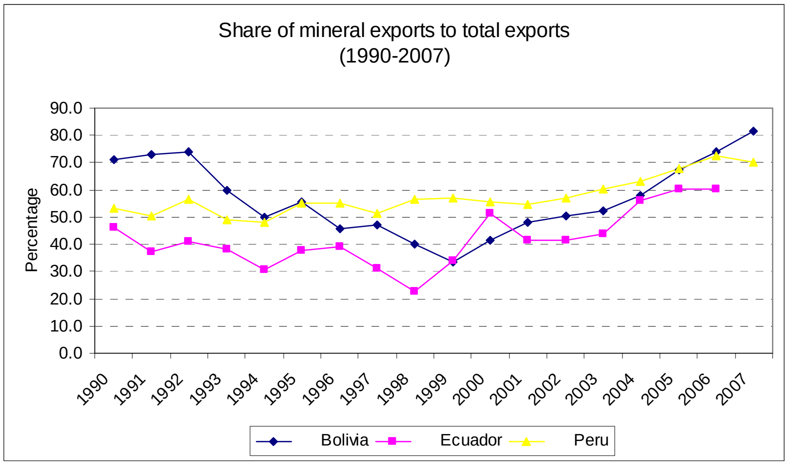
From: Hinojosa (forthcoming)

Among all productive sectors, mineral activities are fourth in Bolivia (after sectors such as services, manufacture and agriculture), second in Ecuador (after services) and penultimate in

[2] Given the fall of prices, it is very likely that in 2008 and 2009 a new lower point will be observed. However, that is unpredictable given the way in which mineral markets operate.

Peru. Nonetheless that relative small importance in the GDP sector structure of each one of the countries, mineral extraction is the first activity in foreign exchange creation. Even considering fluctuations in time between 1990 and 2007, mineral exports reached 57% of total exports in Bolivia and Peru, and 42% in Ecuador. Such a high external dependence is even stronger in boom periods (as in 2004-2007) when the average shares reached 70%, 59% and 68% in Bolivia, Peru and Ecuador, respectively. (See Figure 3).

Figure 3



From: Hinojosa (forthcoming)

2.2 *The mining private sector's argument*

Echoing IFIs' and governments' arguments, the mining corporate sector has argued that all the above can only be achieved through large scale investments which, given the constrained domestic savings in each one of the Andean countries' economies, would only mean foreign direct investment.

Indeed, the increased contribution of mineral activity to economic aggregates has been a direct consequence of increasing FDI in the economies of the three countries. As Table 1 shows, FDI rose approximately five times between 1990 and 2007. In Ecuador it grew almost seven times in the 1990-2008 period and in Peru it increased more than 21 times.

Table 1. Foreign direct investment in Bolivia, Ecuador and Peru, 1990-2008

Stock and GDP share (Millions of US dollars)

	1990	1995	2000	2006	2007	2008 a/
Bolivia	1026	1564	5188	5119	5323	n.d.
% GDP	21.1	23.3	61.8	44.7	40.6	n.d.
Ecuador	1626	3619	7081	10132	10310	11303
% GDP	14.5	17.9	44.4	24.5	23.2	
Peru	1330	5510	11062	19356	24744	28823
% GDP	4.5	10.7	20.7	20.8	22.7	

Source: UNCTAD 2008, BCRP 2009, BCE-SIGADE 2009,
a/ Calculations based on national statistics
2008 Peru: from BCRP, Reporte de inflación, March 2009
2008 Ecuador: from BCE-SIGADE (online)

Additional to the ‘macroeconomic contribution’ justification, since the 1990s the corporate sector defends its increasing presence in developing countries by arguing that large scale mining brings to host countries technological development, in particular in terms of environmental management (World Bank 2005, ICMM 2006). Potential technology transfer would, in some cases, contribute to reduce the negative environmental impact that small scale mining produces (c.f. UNCTAD 2007).

More recently, preoccupation for the impact on local communities has also produced a third argument pro for large scale-mining. It regards the potential that mining investments have to create local employment and income, and to contribute to local governments’ revenue. For instance, the review of companies’ documentation and interviews with companies’ staff and some local stakeholders in the Bolivian Oruro region[3] and in Peru[4] support the suggestion of a certain interest in producing a positive impact in the communities directly affected by their mine and – potentially – in the regions where mines are located. In the companies’ vision, that would make sure that companies’ will reach their business purposes (i.e. profit), keep in good relations with local communities, ensure its long term permanence in the area (and perhaps future expansion) and, eventually, create benchmarks for mining investments in each one of the countries as well as in the world corporate sector (c.f. ICMM 2006).

In order to develop linkages to local economies, companies have started to implement CSR strategies. Although CSR is a concept ‘still embryonic, whose theoretical frameworks, measurement and empirical methods still remain to be resolved’ (Crowther and Capaldi 2008: 9), issues such as sustainability, accountability and governance are at its core. The way how these issues are approached in the mining sector determine the impact upon society as much as it does upon the companies – and their respective corporations. Thus, adequate management of CSR approaches and practices is in reality a sign of a company’s responsible performance and investment in the future of the organisation itself, something of significant importance for a mineral enterprise which lifetime goes over the short term.

At a wider scale of the world corporate mining industry, three broad approaches on CSR can be found (O’Faircheallaigh and Ali 2008). The first approach sees it simply as a public relations exercise designed by companies to persuade governments and citizens that they are not only interested in maximising profits, but also have a public interest at heart. A second approach sees CSR as a holistic and long-term view of what is required to allow a company to survive and continue to generate wealth into the future. In this case, companies have to pay careful attention to societal values and to abstain from profits in the short term in order to protect its social licence to operate. But this is part of a self-interest rational calculation, to maximise profits in the long term (Cragg and Greenbaum 2002). A third approach suggests that CSR is the corporation’s duty to create benefits for society in ways that go beyond what they cannot avoid doing because of legal obligation, or what they would do in any case purely on the basis of economic self-interest. Companies become philanthropic (Carroll 1999) and, because companies receive substantial benefits from society (for instance, legal privileges, limited liability, benefit from public expenditures and the like), they ought to contribute in the same way to society.

In one way or another, these approaches have oriented mining companies on their relations with communities to practicing CSR. Due to the fact that mining is an extractive activity by

[3] Interviews held during fieldwork in 2007 and 2009.

[4] See Burneo (forthcoming).

definition and it unavoidable contaminates and pollutes, [5] those relations have been far more complex than in other industries, in particular when local communities are formed by indigenous peoples. As the ICMM put it:

> Mining can have significant impacts on local communities. While these impacts can be both positive and negative, many Indigenous Peoples view their historical experiences of mining negatively. In some cases, mining operations – even though abiding by relevant national laws – have contributed to the erosion of Indigenous Peoples' culture, to restricted access to some parts of their territory, to environmental and health concerns, and to adverse impacts on traditional livelihoods. The development aspirations of Indigenous communities have also not always been met. Equally, mining has also brought some positive impacts to indigenous communities, particularly in recent years. These include income generation, opportunities for equity participation, support for cultural heritage and assistance for community development through education, training, employment and business enterprises. (ICMM, 2008).

In the three countries presented in this paper CSR began only in the mid 2000s[6] – and after communities and civil society organizations put companies under pressure to act more responsibly.[7] The strategies adopted for pursuing CSR goals have been diverse. Two of the most popular are the companies' foundations and the companies' community-relations departments. The former has usually taken the form of a non-governmental organization (NGO) which is funded by the company, but has institutional autonomy. The latter is a section within the company (usually called REC by its Spanish acronym for external and community relations) which is in charge of developing relationships with communities and other external stakeholders. Table 2 shows a typology of these two CSR mechanisms.

Table 2: Mining companies' CSR mechanisms

Type	Degree of autonomy from the company	Degree of community participation	Examples from Andean countries
Foundations (NGO)	Medium	Participatory but sceptical	Inti Raymi Fundation (Newmont, Bolivia)
Companies' direct action (REC)	None	Clientelistic	Yanacocha (Newmont in Peru)

Under the Foundation/NGO form companies provide services such as medical, educational and agricultural-training programs, basic infrastructure and other community services. The

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5 Mining extracts and uses resources in the present and then they are no longer available for use in the future. Main concerns with regards to extraction are not just about mineral resource depletion but on the broader environmental effects on other resources (plants, animals, land and water).

6 Though few, it is noteworthy that different forms of other practices to benefit communities were put in place by mining companies (e.g. the case of Inti Raymi in Oruro, Hinojosa forthcoming/a).

7 For a review of companies-communities struggles see, for instance, the MAC's (Mines and Communities) website (http://www.minesandcommunities.org).

REC form does more or less the same, but it has less autonomy given that all activities are part of the company's internal policy, overall oriented to facilitate the companies' operations.[8]

According to companies, foundations can be qualified as 'successful' in terms of leverage and the NGO-type of achievements, that is, significant impact on direct beneficiaries and less or none in the rest of population.

2.3 Community and civil society groups' argument

Communities' position upon large scale mining is diverse. Although many oppose the establishment of mining activity in their lands, there are also others which see that as an opportunity to obtain the financial resources for their community projects and, more and more, as a source of employment. Such standpoints often change in time and according to the circumstances in which mining activity develops. Indeed, resistance to exploration stage seems to be less than to extraction (c.f. Bebbington et al 2008).

Other civil society groups such as NGOs and networks of NGOs and community organizations have also divided positions. Although it is more often possible that many of them oppose large scale mining due to its environmental and social consequences, there are also a number of cases where relationships between companies and NGOs develop in quite encompassed ways (Sayer 2007). For instance, OLCA (the Latin America observatory of environmental conflicts), in the last three years or so, has registered 16 resonant mining conflicts in Peru, six in Bolivia and two in Ecuador. The list of complaints against large companies includes:[9]

- Human rights abuses against rural population – in particular of indigenous peoples' rights
- unfair compensation at purchasing land
- elusion of environmental assessment (EA) processes
- contamination of communities' lands with mine waste toxins
- dumping of toxic waste into fresh water sources
- threats and violence against community leaders
- criminalization of community protests

Communities claim that the environmental impact that all this produces include resource depletion, contamination, species extinction, landscape transformation. Likewise, the social and economic costs that can accompany extraction implies livelihood decline, forced labour, the introduction and dissemination of new diseases and deepening of asymmetrical relationships between companies and communities.

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[8] Personal communication from a company representative (Bolivia, August 2007).

[9] Based on MiningWatch's (http://www.miningwatch.ca/), MAC's (http://www.minesandcommunities.org) and OLCA's (http://conflictosmineros.net) websites. These organizations present a number of cases to document each point.

Some of these community organizations have emerged specifically in response to extractive industry, for instance CONACAMI (the National Confederation of Mine-affected Communities in Peru). Others already existed around indigenous interests who felt threatened by mining expansion; for example, CONAIE (the Ecuadorian Confederation of Indigenous Nations) and CONAMAQ (the National Council of Indigenous Organizations from the Qullasuyu in Bolivia).

Community organizations have been assisted by local and national NGOs (for instance, CIPCA and GRUFIDES in Peru, Acción Ecológica in Ecuador, CISEP, CEPA and FOBOMADE in Bolivia), and international NGOs and networks (e.g. Friends of the Earth, CAFOD, Oxfam International, the Mine and Communities network, together with their respective national affiliates). At the same time that they facilitated financial support and information, they developed specific actions to influence negotiations with companies, governments and IFIs through debate, lobby and direct pressure. In this role, a particular aspect in which these organizations have supported community organizations has been by contending the way in which the evidence regarding social and environmental damage is presented. Indeed, to the companies' and government's tendency to base their project appraisals and the like on "technical and scientific knowledge" (i.e. under the form of technical environmental impact assessments), NGOs counterbalance such a view with studies based on local populations' "traditional knowledge".

3 Relationships between stakeholders

Relationships between stakeholders in the mining industry of Peru, Ecuador and, to a less extent, Bolivia have been characterized by tension, conflict and ambiguity (see also Bebbington et al 2008). The highly conflictive situation recently observed in Peru's Amazonia where indigenous peoples were protesting against the government's decision to pass legislation that would facilitate hydrocarbon exploration, mining, commercial farming and logging in their territories, reveals – one more time – the recurrent conflicts between foreign companies and local population who react to the risk of more environmental damage and/or lack of tangible benefits from large scale investments in extractive sectors.[10] In Ecuador, increasing protest from civil society groups induced the government to withdraw the legal status of the country's most vocal environmental NGO.[11] In Bolivia mining confronts regional groups and there is relatively little disposition from the government to substantially change the rules in the mining sector – at least not as it did in the hydrocarbons sector.

Despite all these struggles, mining concessions in Peru, Bolivia, and increasingly Ecuador, have covered immense areas for potential and current exploitation (see Map 1). Such an expansion has threatened (or created a perception of a threat to) the viability of other rural activities such as small and medium farm agriculture or ecotourism. It has also meant a threat for urban and rural water supply.[12] Furthermore, given that mining investments occur in areas currently occupied by peasants and small farmers, this mineral expansion challenges the ability of rural people to control the patterns of change in the lived environment (Hinojosa and Bebbington, forthcoming) as it does with the development trajectory of host regions (i.e. municipalities, counties, provinces or/and departments). Therefore protest has become increasingly territorialized and organized by a range of civil society organizations working alongside rural populations and quite often local governments.

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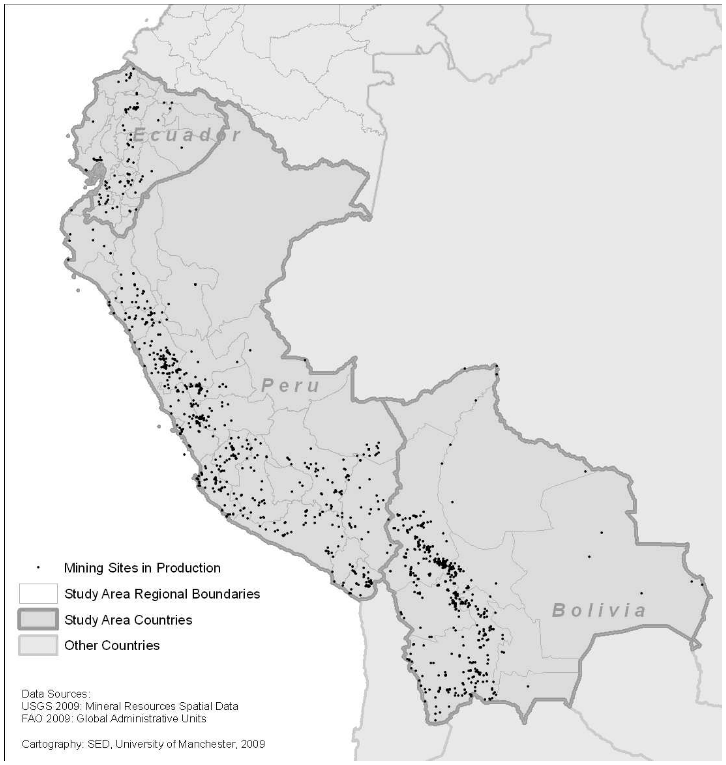
[10] The incident was widely covered in the international press (see, for instance, The Economist, Jun 11th 2009).
[11] This was later reinstated, following international outcry.
[12] As the Yanacocha case illustrates in Northern Peru.

Map 1: Expansion of the mining industry in Bolivia, Ecuador and Peru



As such, environmental conflicts in the mining industry bring into confrontation groups who coincide in a single space and struggle to control the rights, practices of access and use of that territory and the resources that it contains.

The relationships between stakeholders from inside and outside the territories affected by mine operations in the Andes are established and operate across local and global spaces (Bebbington and Hinojosa 2007, Svampa and Antonelli 2009). In each one of these spaces, each stakeholder assigns a unique 'environmental value' to a given territory. For communities and the civil society organizations which support them, the environment has a value that transcends the mineral resources hidden underground. Such a value has to do with the material and cultural assets that a local space provides to rural population.

When these two positions are confronted, civil society organizations, in particular NGOs which advocate for the communities' environmental rights, are disqualified by other stakeholders (such as the central government and companies) and named as "anti-development environmentalists NGOs". To come back, mining companies and international financial organizations are disqualified by NGOs and communities due to their presumed inclination to pursue in their profit-seeking interests, regardless of the "human rights violations that an irreversible environmental damage implies".

Governments are often in an awkward situation. On one side they are deemed to lead a mining-driven growth strategy, therefore to encompass requirements of security and stability for foreign investments. On another side they are expected to assume a fundamental role in the country's government structure and to be accountable first to citizens – in particular to the less advantaged and vulnerable populations.

3.1 Regulation

The institutional response that conflicts between community and private sector stakeholders have produced from domestic and foreign governments, as well as from public and private international organizations, has been the establishment of new rules to regulate the industry. At national level most of governments' action has been concentrated in the introduction of environmental norms. In Ecuador, the environment has been treated as the key element for a bio-centric development strategy and has been sanctioned as such by the country's new constitution (Gudynas 2009). In Bolivia, environmental regulation has been addressed at the constitutional level too, tough it emphasizes a relation with regulation on indigenous peoples' rights. Peru has recently created an environmental ministry (Ministerio del Ambiente)[13] which integrates all environmental programs dispersed before across several ministries and special cross-sectoral programs, and is called to coordinate with other ministries and regional and local governments on environmental matters. The three Andean countries have signed the ILO convention 169, which recognises special status to indigenous peoples and ensures a wide range of basic human rights and fundamental freedoms for them to preserve their culture and livelihoods, and full participation in determining their own development strategies. However, adaptation of national legal systems to this international agreement and implementation of reinforcement mechanisms is just commencing.

At international level, regulation tries to produce the institutional framework within which companies will operate. For instance, the Canadian Act Respecting Corporate Accountability for the Activities of Mining, Oil or Gas Corporations in Developing Countries, targets Canadian extractive companies to adhere to human rights and environmental best practices when they operate overseas. The UK's DFID has fostered the Extractive Industries Transparency Initiative, which establishes binding measures on transparency of tax and non-tax incentives to attract FDI in the extractive industries. Few companies have adhered these initiatives in Andean countries.

Some of these rules and norms have also come under suspicion due to the strong linkages between rulers and corporations. For instance, the following declaration from the Canadian company IAMGOLD after the approval of a new constitution in Ecuador was taken as an example of how governments and companies act together:[14]

> "The constitutional referendum is an important step in fulfilling president Correa's commitment to develop a modern, responsible mining industry which will provide an equitable sharing of benefits amongst all stakeholders. *IAMGOLD will continue to work proactively with the government of Ecuador to support their stated intention to complete a new mining law and related legislation* by the year end." (President and CEO Joseph Conway, IAMGOLD) (my emphasis).[15]

[13] Created by Legislative Decree No. 1013 on May 14th 2008.
[14] Personal communication from a NGO representative, located in Brussels (July 2009).
[15] IAMGOLD press release September 29, 2009. http://www.iamgold.com/news_details.asp?id=3805

3.2 Relationships among civil society and community organizations

As mentioned above, movements of protest against mining companies have articulated local population with local, national and international NGOs, and generated a new institutional setting where discourse and practice increasingly trespass the stakeholders' physical boundaries of location. This has strengthened the ability of civil society to open space for debate and awareness about a fair understanding of communities' interests and standpoints; therefore, it has enabled major opportunities for leverage, accountability and social capital building – at least à-la-Putnam. However, it has also put in evidence that relationships between community and civil society organizations are also contentious, require high levels of participation and coordination, thus demand time and resources that many times rural population lack of, and in one way or another are often impugned by governments, companies and affiliated organizations. For instance, in Ecuador where the New Constitution and President Correa's government were initially identified as "promising" with regards to protect peoples' and the nation's environmental rights, voices defending the expansion of the mining industry come from inside the government itself and pro-mining civil society organizations. The following quotes are illustrative.

> "From the time of their IPO [initial public offering], and throughout the exploration and EIS [environmental impact statement] phases, mining companies have come under fire from internationally financed green NGOs. These groups are vocal in their opposition and have frustrated mining activity through lobbying efforts, demonstrations and the spread of disinformation… [and] opposition to economic development in Ecuador, a country where poverty persists". (Silvia Santacruz, Ecuador Mining News).[16]

Disagreements – sometimes leading to ruptures – appear also inside community organizations. To continue with Ecuador as a case for illustration, the following exchange of communications between leaders from the indigenous federations of Shuar people (one of the largest indigenous peoples in Ecuador) show the difficulties community organizations have to amalgamate in a single position with regards to mining companies:

> "…*Es bien conocido dentro de nuestras comunidades que las ONGs transnacionales siguen intentando utilizar las técnicas de lavado de cerebro con nuestra gente en contra de la minería responsable y del desarrollo. Estos grupos pequeños y violentos no ofrecen beneficio económico alguno al pueblo Shuar, solo la continuación de la pobreza.*"
>
> "It is well known by our communities that transnacional NGOs continue brainwashing indigenous people against responsable mining and development. Those small and violent groups do not offer any economic benefit to the Shuar people but just to continue in poverty." (Rubén Naichap Yankur, President, Shuar de Zamora Chinchipe Federation, in response to indigenous leader Domingo Ankuash's previous email denouncing the federation's involvement with mining companies).[17]

Similar events have been observed in Peru (Hinojosa and Bebbington, forthcoming) and at smaller scale also in Bolivia. These discrepancies among civil society and community

[16] Ecuador Mining News' policy news website. (http://www.ecuadorminingnews.com).

[17] Domingo Ankuash is leader of (among others) the Confederation of Indigenous Nationalities of Ecuador (CONAIE). Communications from May 2008.
http://www.federacionshuar.org/index.php?option=com_content&task=view&id=43&Itemid=84

organizations have affected the outcome out of conflicts and even the understanding of "who really are the parties in conflict". Is it a problem between the mining companies and communities, or is it between the companies and NGOs?

Despite the complexity involved in that type of interpretation, such a questioning is misleading and produces disappointment and bewilderment in community organizations, disrupting – one more time – the difficult process of building trustable relationships between companies and communities. That also deepens the disagreements between companies and civil society organizations, and, at the very end, erodes the basis of social capital creation.

Should this type of disagreements be interpreted as an essential weakness of civil society an communities which can define in the future a path towards company-community more 'orthodox' relationships? A reflection on this question is carried out in the next final section.

4 Conclusion. "Responsible mining"? The way forward

If there is something that is common to many mineral-rich communities in the Andes of Bolivia, Peru and Ecuador, it is poverty (see Hinojosa 2009). Even though there is not enough evidence to support any sense of causality between mining activity and poverty, it seems incontestable that their coincidence in geographical space has produced significant tension and conflict. That has called attention from all stakeholders of the mining industry, in particular companies, to introduce compensating mechanisms for communities in order to reduce the risks of making unsustainable their investments.

Conflicts are perhaps the more eloquent symptom of how irreconcilable large-scale mining and rural livelihoods can be. Even in regions where mining is the economic activity to be developed "by default" due to those regions' comparative advantage, the big gap between communities' expectations and companies' CSR resources underlies the tension observed between stakeholders who benefit from or are concerned with mining development. Therefore, the good relations between companies and the communities directly affected by mining activity – at least at the time when they benefit from CSR programmes – are followed by poor relations with other communities from surrounding areas. Such a picture can also be extended to broader spaces such as municipalities, counties or regions where mines are located, in which case the mismatch is between the fiscal resources flowing from the mining sector and the financial needs for poverty reduction and development in those regions. Furthermore, looking at a national level, inequities in distribution and inefficiencies in implementation of economic and social development programmes explains the strong questioning to large mining-based development strategies.

A solution to conflicts based on what is being named "responsible mining", which basically relies on an eco-efficiency approach, i.e. on a belief that technology will ease the relation nature-society (WBCSD 2000), seems to be helpful but still incomplete. The dominant discourse that mining provides the resources for national development is hardly convincing when the current conditions in which mining investments are happening in the three Andean countries and the significant inflow of fiscal resources is spent do not guaranty that the trilogy 'sustainability, accountability and transparency' would be achieved.

This calls for reflection on a different approach to CSR and public sector compensatory mechanisms. Perhaps, as Cannon (1992) suggested, CSR has been instrumental for companies to accumulate social power as they use their wealth to intervene in social, political and cultural affairs. If that would have been the case (see also Hinojosa 2009a), it is perhaps preferable that governments take higher responsibility at ensuring that 'responsible mining' starts first at guarantying that the socio-environmental rights of citizens will be respected. Unlike corporations, governments can be held accountable by the electorate.

Taking into consideration that relationships between stakeholders evolve in ways which reflect each one's short and long term expectations, a state-led mineral-based development strategy would have to include careful planning of mineral expansion, clearer basis for natural resources control and management, and mechanisms that make CSR practices more transparent. This does not suggest that governments should and are capable to fully govern the mining industry and the relationships between private stakeholders. The recent work on the 'local resource course' hypothesis (e.g. Bebbington et al 2009a, Arellano 2008) suggests that the significant inflow of fiscal revenue received by local economies has created problems and conflicts rather than benefits due to the state's insufficient capacity to carry out effective development strategy and management.

What needs to be in debate is that the several mechanisms to make 'responsible mining' real – CSR included – are not producing the expected results in terms of easing relationships between stakeholders and ensuring sustainability of a mining-led development strategy. Conflicts observed across the three countries reviewed in this paper reflect that involvement of communities and civil society organization can not just mean consultation but effective participation in the decision making processes of natural resources allocation, financial resources distribution and, overall, in the decisions about the use of their living environment. In this sense, much work needs to be done on building institutional capacities and social capital in national and sub-national spaces. This being part of a long term process of institutional change, it may need to be addressed well in advance before mines start to operate. In a way, 'responsible mining' should imply that CSR and governments' accountability need to start well before mineral extraction occurs. If the mineral exploration phase is essential for companies' decisions on where and how much to invest, preparing the social terrain for a successful intervention of mutual benefit (for companies and community stakeholders) would need similar investment.

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