

EXTRACTIVE SECTOR AND CIVIL SOCIETY:
**WHEN THE WORK OF COMMUNITIES,
GOVERNMENTS AND INDUSTRIES LEADS
TO DEVELOPMENT**
MEXICO





Copyright © [2018] Inter-American Development Bank. This work is licensed under a Creative Commons IGO 3.0 Attribution-NonCommercial-NoDerivatives (CC-IGO BY-NC-ND 3.0 IGO) license (<http://creativecommons.org/licenses/by-nc-nd/3.0/igo/legalcode>) and may be reproduced with attribution to the IDB and for any non-commercial purpose. No derivative work is allowed.

Any dispute related to the use of the works of the IDB that cannot be settled amicably shall be submitted to arbitration pursuant to the UNCITRAL rules. The use of the IDB's name for any purpose other than for attribution, and the use of IDB's logo shall be subject to a separate written license agreement between the IDB and the user and is not authorized as part of this CC-IGO license.

Note that link provided above includes additional terms and conditions of the license.

The opinions expressed in this publication are those of the authors and do not necessarily reflect the views of the Inter-American Development Bank, its Board of Directors, or the countries they represent.



This is a publication of the Inter-American Development Bank (IDB) Group, Vice Presidency for Countries.

EXTRACTIVE SECTOR AND CIVIL SOCIETY: WHEN THE WORK OF COMMUNITIES, GOVERNMENTS AND INDUSTRIES LEADS TO DEVELOPMENT

MEXICO

4% of Latin America and the Caribbean's GDP comes from the extractive sector. This figure is equivalent to the amount generated by agriculture in the same region. An effective engagement between governments, companies, and civil society is required to propel sustainable development. With this diagnostic study of Chile, the IDB seeks to shed light on best practices among stakeholders of the extractive sector. It focuses in actions of information, dialogues, consultations, collaborations, and partnerships that are driving development in the country.

This booklet focuses on the findings of Chile and is part of a regional diagnosis executed in Argentina, Chile, Colombia, Mexico, Peru, and the Dominican Republic. The full publication is available at: <https://publications.iadb.org/en/extractive-sector-and-civil-society-when-work-communities-governments-and-industries-leads>.

This publication was possible thanks to the Canadian Extractive Sector Facility (CANEF) funded by the Canadian government.

Leadership, team coordination and contents

Flavia Milano, Operations/Civil Society Senior Specialist, Vice Presidency for Countries, IDB

Content revision and adjustments:

Martin Walter, Extractive Sector Initiative Specialist, INE/INE, BID

Maria Dolores Vallenilla Sosa, Extractive Sector Initiative, INE/INE, BID

Editors:

Irene Irazábal Briceño, Vice Presidency for Countries, IDB

Viviane Espinoza, Vice Presidency for Countries, IDB

General coordination and research:

Volker Frank (Fundación Futuro Latinoamericano)

Javier Caravedo (ProDiálogo)

Iván Ormachea (ProDiálogo)

Mitzy Canessa (Grupo de Diálogo Latinoamericano)

Bruno Gomes (Grupo de Diálogo Latinoamericano)

Research teams by country

Susana Cruickshank, Centro de Estudios en Cooperación Internacional y Gestión Pública – Researcher and focal point, Mexico case (hydrocarbons)

Fabiola S. Sosa-Rodríguez, Universidad Autónoma Metropolitana, – Strategic Environmental Management, Mexico case (mining)

Special thanks

The project leader, the coordination team and the national researchers would like to especially thank and remember José Luis Lopez Follegatti, promoter of the dialogue on mining and sustainable development in Peru, who in life participated and played an important role in the creation of this team and the successful development of this research.

Contents*

1. INTRODUCTION TO THE REGIONAL DIAGNOSIS	4
1.1. THE THREE STAKEHOLDERS IN EXTRACTIVE ACTIVITIES	9
1.1.1. Extractive companies	9
1.1.2. Government	11
1.1.3. Civil society	15
1.2. THE COSTS OF CONFLICTS	17
2. BEST ENGAGEMENT PRACTICES BETWEEN COMPANIES, GOVERNMENTS AND CIVIL SOCIETY	20
2.4. MÉXICO - Hydrocarbons	22
2.4.1. Summary	22
2.4.2. Introduction	24
2.4.3. Best practices	26
2.4.4. Stakeholder analysis	34
2.4.5. Legal framework	36
2.5. MÉXICO - MINERÍA	38
2.5.1. Summary	38
2.5.2. Introduction	41
2.5.3. Best practices	41
2.5.4. Stakeholder analysis	61
2.5.5. Legal framework	64
3. CONCLUSIONS AND RECOMMENDATIONS OF THE REGIONAL DIAGNOSIS	67
3.1. CONCLUSIONS	68
On the economy, extractive industries and engagement with other stakeholders	68
On regulatory frameworks and engagement levels	68
On practices, engagement levels and coordinating dialogue	69
On the main stakeholders	69
On the issues related to practices	70
On engagement	71
On engagement practices	72
3.2. RECOMMENDATIONS	74
For companies	74
For civil society	75
For the State	76
For all three stakeholders	77

*The table of contents of this booklet maintains the same numbering of the original regional diagnostic study.

Abbreviations and acronyms

ACM	Asociación Colombiana de Minería
ACP	Asociación Colombiana de Petróleo
AIDESEP	Asociación Interétnica de Desarrollo de la Selva Peruana
AMEXHI	Asociación Mexicana de Empresas de Hidrocarburos
AMSA	Antofagasta Minerals
AMUCEP	Asociación de Municipalidades de Centros Poblados de Huari
ANDI	Asociación de Industriales de Colombia
ANLA	Autoridad Nacional de Licencias Ambientales
ASF	Auditoría Superior de la Federación
IDB	Inter-American Development Bank
CAEM	Cámara Argentina de Empresarios Mineros
CAMIPE	Cámara Minera Petrolera de la República Dominicana, Inc.
CAR	Autonomous Regional Corporations
CEAS	Comisión Episcopal de Acción Social
CEMDA	Centro Mexicano en Derecho Ambiental
CEFORMOMALI	Centro de Formación para Mujeres Organizadas María Liberadora, Inc.
CFE	Consejo Federal de Energía
CIDE	Centro de Investigación y Docencia Económica
CINEP	Centro de Investigación y Educación Popular
CITT	Centro de Innovación y Transferencia Tecnológica
CMAP	Comité de Monitoreo Ambiental Participativo
CODELCO	Corporación Nacional del Cobre
COFEMA	Consejo Federal del Ambiente
COFEMIN	Consejo Federal de Minería
CONADI	Corporación Nacional de Desarrollo Indígena
CONALEP	National College of Technical-Professional Education
CONAP	Confederación de Nacionalidades Amazónicas del Perú
CORMIDOM	Corporación Minera Dominicana
CSO	Civil Society Organization
CVSA	Cerro Vanguardia, S.A.
DGM	Dirección General de Minería
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
ENTRE	Espacio Nacional por la Transparencia de la Industria Extractiva
FALCONDO	Falconbridge Dominicana
FARN	Fundación Ambiente y Recursos Naturales
FFLA	Fundación Futuro Latinoamericano
FOMISAR	Fondos Mineros de la Provincia Sánchez Ramírez
GDL	Grupo de Diálogo Latinoamericano Minería, Democracia y Desarrollo Sostenible
GDMDS	Grupo de Diálogo, Minería y Desarrollo Sostenible
GDP	Gross Domestic Product
ICMM	International Council on Mining and Metals
FDI	Foreign Direct Investment
ILO	International Labour Organization
IMCO	Instituto Mexicano para la Competitividad
INFOTEP	Instituto Nacional de Formación Técnico Profesional
LWR	Lutheran World Relief
MAC	Canadian Mining Association
MBV	Mesa de Buenos Vecinos
MEM	Ministerio de Energía y Minas
MIMARENA	Ministerio de Medio Ambiente y Recursos Naturales

MSG	Multi-Stakeholder Group
MSX	Minera San Xavier
ONIC	Organización Nacional Indígena de Colombia
UN	United Nations
PACMA	Programa de Apoyo a la Comunidad y Medio Ambiente
PAE	Pan-American Energy
PEMEX	Petróleos Mexicanos
PUCP	Universidad Católica del Perú
PVDC	Pueblo Viejo Dominicana Corporation / Barrick Pueblo Viejo
CSR	Corporate Social Responsibility
SEMARNAT	Secretaría del Medio Ambiente y Recursos Naturales
SENER	Secretaría de Energía
SIA	Social Impact Assessment
SMCV	Sociedad Minera Cerro Verde, SAA
SME	Small and Medium-Sized Enterprises
SMP	Social Management Plan
SNMPE	Sociedad Nacional de Minería, Petróleo y Energía
SODOGEO	Sociedad Dominicana de Geología
SPH	Sociedad Peruana de Hidrocarburos
TSM	“Towards Sustainable Mining” initiative
UAGRO	Universidad Autónoma de Guerrero
UASD	Universidad Autónoma de Santo Domingo
UBA	Universidad de Buenos Aires
UNMSM	Universidad Nacional Mayor de San Marcos
UNSAM	Universidad Nacional de San Martín
UTECO	Universidad Tecnológica del Cibao Oriental
YPF	Yacimientos Petrolíferos Fiscales

1. INTRODUCTION

Countries that are rich in natural resources and the consequent extractive activity around those non-renewable resources -minerals, oil and gas- present several possible analytic perspectives or approaches. An economic analysis allows us to estimate investment costs, corporate profitability and the contributions of the extractive sector to the national or regional economy. From the perspective of technological advances, extractive industries require the use of sophisticated, cutting-edge technologies with the potential to help reduce negative impacts. From an environmental perspective, due to the scale of these types of projects, there is an emphasis on the impacts of extractive activities on nature and biodiversity, the competition for the use of water resources, the consequences for crops and the possible contamination of rivers and aquifers, where the aforementioned technologies can play a decisive role in prevention and mitigation measures.

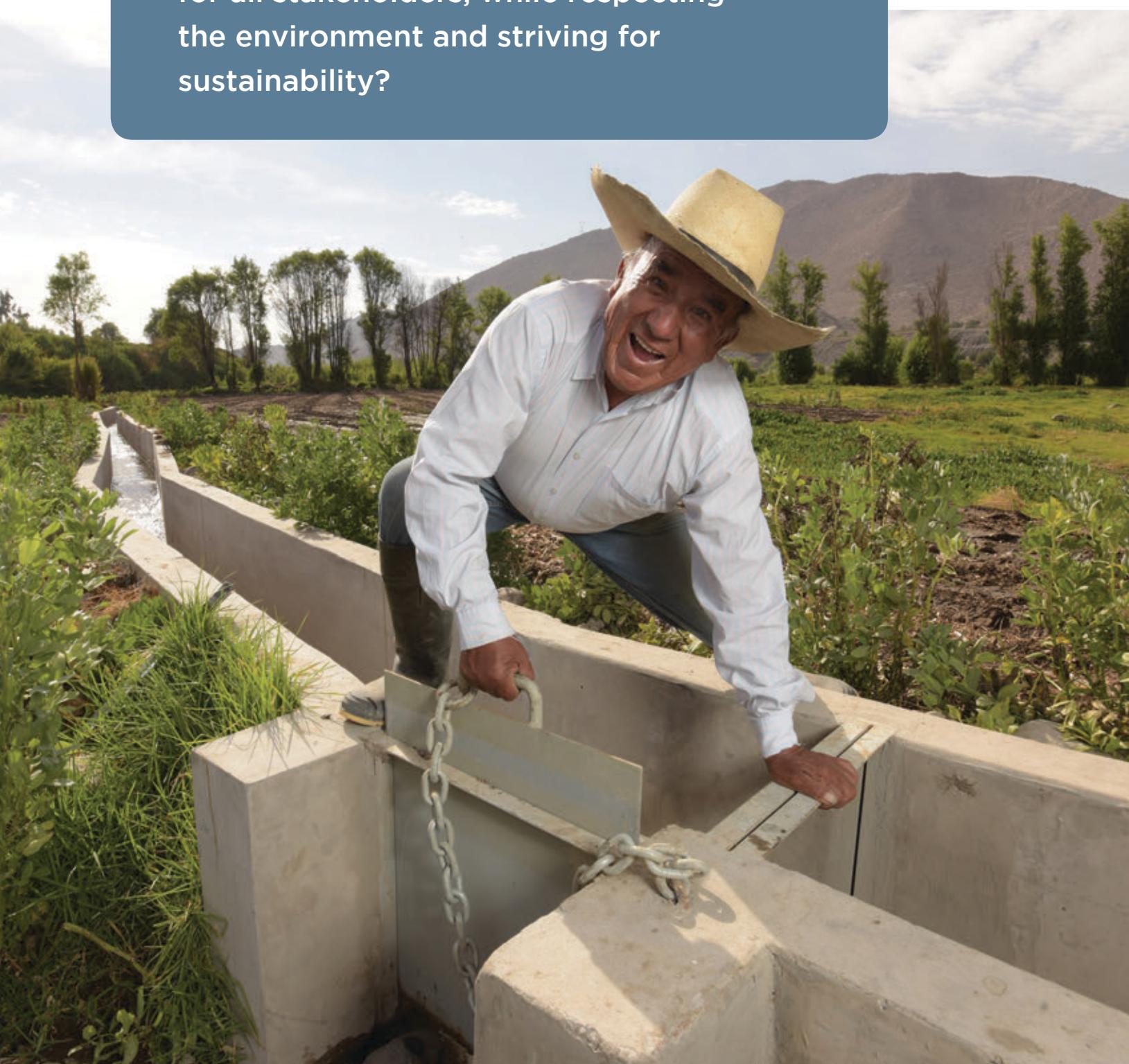
From the social perspective, a similar sophistication is required to analyze the range of opportunities and challenges for stakeholders when dealing with the various phases of large projects, such as exploration, exploitation and closure, particularly considering the neighboring communities, which are generally rural.¹

The following diagnosis analyzes the extractive sector from the perspective of the engagement between the main stakeholders: the Government, the Company and the Communities directly or indirectly affected by extractive activities. This diagnosis differs from the classic approach towards extractive activities as “a catastrophe for natural resources,” preferring to study and highlight those findings where effective stakeholder engagement represented an opportunity for development and contributed to the success of an operation.

As a baseline, the diagnosis used information obtained through previous studies and field experiences, reviewing the fact that extractive activity implies the participation of these three stakeholders in different capacities and spheres of action: (i) the **government** and its role at the national, provincial and/or municipal levels regarding the steps of extractive activity, such as the design and allocation of bidding documents, authorizations, monitoring of implementation, with a shorter period of influence on political decisions (in the absence of institutions that support such decisions) compared to the other two stakeholders, among others; (ii) the **company** that, due to the nature of long-term extractive activity, remains in the field for periods generally spanning decades. After obtaining authorizations and licenses (including social ones), it is situated geographically and becomes



How can governments, communities and industries use their diverse interests and needs to generate mutual benefits for all stakeholders, while respecting the environment and striving for sustainability?





part of the life of communities near the extraction zone. This important characteristic defines extractive activity and helps shape the social fabric and the local economy, impacting the composition of traditional groups; (iii) the **communities**, in addition to being responsible for providing information and understanding the scope of the project before granting the social license to operate, remain on the land for generations and are engaged during each phase of the activity (in the case of “onshore” extraction, from the opening to the closure of activities).

Extractive activity can provide opportunities for communities and can also lead to new tensions within the population itself. These opportunities and tensions include the employability of workers from the communities. Due to their specific requirements and technical profiles, this employability tends to be low, which leads to greater competition for jobs. Sometimes a gap can arise between workers from the communities and other members of the same community without jobs in the company. The communities are susceptible to internal divisions where no previous conflicts existed. This factor is also observed when workers arrive from outside the community and generate significant growth in the local population, with new inhabitants in the area who are foreign to rural traditions and rhythm. This situation also exerts pressure on the same territory with the same limited resources. Other potential conflicts include new infrastructure projects and the time it takes to complete these works, affecting traffic patterns in the communities; a possible increase in alcohol consumption; a disproportionate number of men compared to women; potential increases in gender crimes; start or increase of prostitution activities.

Particularly noteworthy is the company's ability to influence the value chain with different undertakings and service organizations that can gain new development opportunities due to the arrival of the company, often leaving the extractive company at the mercy of a monopolistic fixing of prices for these services.

How can the parties involved use their diverse interests and needs to generate mutual benefits for all stakeholders, while respecting the environment and striving for sustainability?

To answer that question, this diagnosis focused on studying best engagement practices, which have achieved both measurable and comparable results that can be replicated, such as new productive undertakings or significant advances in the education and health sectors, as well as intangible impacts, such as building trust and developing collaborative processes. This approach seeks to discover what works in an activity that, for some countries rich in natural resources, represents more than 50% of tax revenues.² The best practices highlighted in this publication provide guidelines and orientations for consolidating and improving the engagement between these three stakeholders and show ways in which the extractive sector can contribute to national and local development in the countries of Latin America and the Caribbean.

Best practices have shown that good engagement builds trust, leads to agreements on disputed issues, strengthens the local economy, generates environmentally sustainable practices and improves the quality of life of the population. These same best practices also indicate that stakeholder engagement is the result of processes that require a medium- and long-term vision that considers the allocation and investment of human and financial resources.

For this diagnosis, countries within the region that are rich in natural resources but have different profiles and experiences in extractive issues were selected. These countries are: Argentina, Chile, Colombia, Mexico, Peru, and the Dominican Republic.



**For some countries
rich in natural
resources, extractive
activity represents
more than 50% of their
tax revenue**

In order to develop this study, each country's experience was validated, and these experiences were corroborated with representatives of industry/business, communities/civil society and governments, to ensure that they all agreed that the experience was considered best practice according to previously defined criteria.³ Subsequently, a second validation was carried out using different sources of information, including written materials, interviews, field visits and working groups.

With the purpose of organizing all the experiences, these findings were grouped methodologically into five engagement levels.⁴



Information:

This level includes the provision of data and background information about the extractive project by the company and the government. It also includes the provision of information by civil society organizations and other interested parties within the territory.



Dialogue:

Dialogue refers to the active, continuous and informal exchange that, through various degrees of contact between stakeholders regarding the extractive sector, seeks to create or strengthen constructive relationships between the parties. These processes can be temporary or permanent over time, and also have the potential to generate positive changes in the relationships.



Public consultation:⁵

Consultation is considered a formal, public and organized process, with stages that respond to legal or regulatory obligations, as well as principles of universal best practices, with the goal of gathering inputs regarding an extractive project.



Collaboration:

These are the actions in which the communities, the extractive company or the government develops knowledge products or in which the community itself participates in training initiatives to add skilled human capital that may benefit local economic growth.



Partnership

These are the actions in which communities are included and financed so that they become responsible for implementing a project or project component related to the extractive project.

1.1. The three stakeholders in extractive activities

All extractive enterprises (mining or hydrocarbons) have three stakeholders that are constantly interacting: the extractive industries, the government and civil society.

1.1.1. Extractive companies

The term “extractive industry” refers to all companies—public or private—that aim to extract natural resources.⁶ It also includes companies that provide services directly related to the extraction process (for example, companies that supply drilling rigs). At the same time, it excludes all companies involved in commercialization, such as pipeline managers, ships, gas stations, etc. In the context of this technical publication, artisanal and small-scale mining is not included.

Extractive companies operate in the peripheral regions of the world, trade in international securities markets, employ state-of-the-art technology, and interact locally with governments and communities. Across the world, extractive companies belonging mostly to global trade associations have been promoting a series of initiatives to strengthen their engagement with local communities. The mining industry has the International Council on Mining and Metals (ICMM), which is a leader in the field of social responsibility within the sector.⁷ This organization is led by industry CEOs and dedicated to sustainable development. Founded in 2001, ICMM brings together 23 of the leading mining and metals companies in the world, as well as 34 regional, national and commodities associations. These companies and associations are committed to improving their performance in sustainable development and the responsible production of the mineral and metal resources that are required on a social level.⁸

Similarly, the hydrocarbon industry has the International Association of Oil & Gas Producers, founded in 1999 as the leading global voice of the industry.⁹ Members of the association produce more than a third of the oil and gas consumed worldwide. The association operates by supporting industry regulators to improve safety and environmental and social performance. It is also a unique space where members of the association exchange knowledge and best practices to improve health, safety, the environment and social responsibility.¹⁰



For industries, the presence of governments with clear regulations and engagement with the local population are key elements for including all interested parties and achieve the greatest success of operations. Experience has shown that companies strive for continuous engagement with local communities, in order to build trust and generate support for the extractive project by a majority of the population. There is a growing trend in which companies consider the population as a potential ally for the project's implementation, with whom it is necessary to build trust, develop effective communication channels and agree on rules for an engagement that may produce positive results and impacts for all stakeholders.¹¹

Thanks to the results of this diagnosis, it was found that most companies promote exchanges with communities that go beyond sharing information or maintaining informal dialogues, promoting and developing engagement plans that may help minimize negative impacts and increase the social and economic opportunities provided by the extractive project. In this sense, civil society has reached a critical mass and—together with responsible companies—has promoted and adhered to voluntary principles on human rights and business practices,¹² while also respecting and advancing other social and economic rights.¹³

It has also been pointed out that there is an interest in promoting local businesses by connecting them to the extractive industry as suppliers of goods and services. This has helped strengthen the local economy, driven by the extractive sector and leading to a shared interest with the government.¹⁴



In the same line, the diagnosis has provided evidence of how the industries manage community engagement and assign human and technical resources.¹⁵ On the other hand, companies dedicated to exploration activities in the first phase of an extractive project usually do not have the financial resources to develop partnerships and collaborative processes, since these require planning and investment of significant human and financial resources, and therefore informative activities and initial dialogues are critical. On another note, some projects in the exploitation phase do not have enough pre-assigned human and financial resources for effective company-community engagement. Since some companies do not have engagement plans, they may fail to communicate the opportunities and limits of their actions.¹⁶

During the implementation of a project, the government—both national and local—and the company are in a situation that requires collaboration, and they both have complementary roles in their engagement with the community. However, their respective roles are not always clear, and they do not always possess the skills required to fulfill these roles.¹⁷

This diagnosis has revealed that engagement in the extractive sector has been driven by important progress in the design and implementation of Corporate Social Responsibility (CSR) principles. According to the ICCM, companies have improved their practices in areas such as transparency, human rights and the environment and are looking for ways to contribute to sustainable development at the national level in the territories where they operate.¹⁸ Many extractive companies have CSR policies that include programs which promote productive capacities, as well as health programs, improvement of local infrastructure and formal education.¹⁹

1.1.2. Government

The national governments of the region,²⁰ regardless of their political party orientation, have implemented policies to attract foreign direct investments for projects that include extractive industries.²¹ The high prices of raw materials have increased the tax revenues of the countries of Latin America and the Caribbean and have increased investment and economic activity. Some governments in the region saved a portion of the revenues and others used that income to increase fiscal spending. This is why the price reduction in early 2008 and more strongly between 2012 and 2013 has had different impacts on the development of these countries.²²

The boom in raw material prices has had an impact on poverty reduction and the growth of the middle class in the region.²³ The extractive sector has also had positive effects on employment; however, its contributions have been relatively modest compared to the total Economically Active Population (EAP). In the countries selected for the diagnosis, the percentage of employment in the extractive sector compared to the PEA is around 1%, with the exception of Chile where it exceeds 2%.²⁴

Governments seek to adapt their institutional and legal frameworks to continue capturing revenues through the extractive sector. The price reduction for mining and oil resources since 2013 has led national governments to create attractive regulatory frameworks that ensure the economic and legal stability of investments in the sector, which frequently raises dilemmas in terms of how to balance this situation with its role as a regulator of extractive activities and a guarantor of human rights and natural resources.²⁵



In recent decades, Latin American governments have strengthened their democratic and institutional systems, efficiently managed their macroeconomics and implemented inclusive social policies in order to reduce poverty and inequality. Even so, the end of the boom in raw materials has revealed structural problems in several countries of the region, related to fiscal and institutional matters, as well as other social, political and economic issues.²⁶

National governments create the regulatory and institutional frameworks in which companies and local populations can engage. In terms of safeguarding the rights of the communities that surround the extraction zone, as well as other interested groups, this study shows that some engagement levels are clearer than others. Particularly noteworthy is the consultation with Indigenous Peoples, which has been included in their legal frameworks through the ratification of Convention 169 of the International Labour Organization.²⁷ Peru is the only country in the study in which such consultations are governed by a law, whereas Chile, Colombia and Mexico have regulations at the decree level for this purpose.²⁸

Meanwhile, it was also found that the level of access to information is strongly regulated through legal frameworks. Every country has legal regulations that facilitate general access to information, and environmental laws specifically provide for access to information on the condition of nature. The development and approval of Environmental Impact Assessments often includes significant rights for the local population, such as access to information, consultations and other forms of stakeholder engagement.²⁹

Regarding the institutional framework for the extractive sector, the national government is made up of different ministries that do not necessarily share the same priorities, although their operations are governed by general public policy guidelines. In all the countries in the diagnosis, it is the ministries of Mining and Energy that design the policies for the extractive sector and control their compliance.³⁰ On the other hand, there are ministries that aim to protect the environment and are in charge of approving environmental licenses. Depending on the country, other ministries may also engage with the local population. For example, in Chile the Ministry of Social Development, through the National Indigenous Development Corporation (CONADI), coordinates the action of the State in favor of the integral development of indigenous communities.³¹ In contrast, the Ministry of the Interior leads the dialogue with local communities in Colombia. In Peru, the National Office for Dialogue and Sustainability is the coordinating entity for the rapprochement between the different stakeholders, and is very focused on extractive industries, although its role has diminished in recent years.³²

Besides the executive branch, the countries analyzed in this diagnosis have other government stakeholders at the national level that engage with businesses, communities and the State in the extractive sector. The Ombudsman's Office (Defensoría del Pueblo) acts as guarantor of Human Rights and in some countries, such as Peru, it is also an important promoter of dialogues at the local level. In Mexico, the state-run company

PEMEX designs the engagement policies for the oil sector. The Constitutional Court of Colombia, in the absence of a law regulating prior consultation, has helped provide substance for this international standard.³³ In short, a series of national government stakeholders participate in the engagement between businesses, the State and civil society. Although this activity may cover potential regulatory gaps, it also increases the risk of a lack of coordination between the different spaces, on the one hand, and between these and other stakeholders such as companies and communities, on the other.³⁴

The diagnosis also found that the engagement between the national government and local governments would benefit from a higher level of coordination and communication, which is necessary to reach agreements on standards and conditions for the implementation of extractive projects.³⁵ While the powers over the extractive sector are centralized and concentrated in the national government, local governments play a crucial role as representatives and counterparts for the local population. They are key stakeholders in achieving agreements that include benefits for all the stakeholders.

The diagnosis shows that the relationship between national and local governments would benefit from a higher level of coordination and communication, which is necessary to reach agreements on standards and conditions for the implementation of extractive projects.

The possibilities for engagement with local governments depend on their perspectives and policies regarding the extractive sector. The diagnosis shows that, for example, Argentina has provincial governments with regulations that are favorable to the development of a responsible extractive sector, while seven other provincial governments within the country have passed laws prohibiting open-pit mining projects or those that use chemical substances such as cyanide in their processes.³⁶ In Colombia, until mid-2017 the Municipal Councils of five Colombian municipalities have approved popular consultations on extractive projects, and the population has voted against these projects in every single consultation.³⁷

Local governments are not only important counterparts in dialogues and collaborative processes, but also play a central role in ensuring that the resources from the extractive sector are effectively invested in works that benefit the communities surrounding the project. Depending on the country, up to 50% of tax revenues are distributed to local



governments, with Chile being the country in which revenues are most centralized and Colombia and Peru being the countries with the highest proportion of decentralized resources.³⁸ An important condition for resources to contribute to local development is the ability of subnational governments to coordinate investments and carry them out efficiently. Resources are an opportunity for development and for transforming local dynamics and economies, as long as the territories possess the capacities necessary to take advantage of this opportunity.³⁹

The diagnosis shows that coordination between different levels of government, extractive industries and civil society increases the opportunities for resources from the extractive sector to contribute to local development.⁴⁰ For example, in Argentina, the three sectors established a local development agency that helped the local economy—which was based on wool production and was going through a severe crisis—recover and generate productive alternatives. The mining company that operated in the area encouraged the creation of this agency, participated actively in it, and financed some of the projects it prioritized. Another example is the Good Neighbor Roundtable (MBV), which brings together all three stakeholders in a Chilean municipality and directs the investment of the extractive sector towards new possibilities for economic development.⁴¹

For local governments, it is very important that the investment of resources is oriented to a territorial development plan and a territorial planning process, thus enabling resources to be allocated to the works most relevant for local stakeholders, while respecting local government plans in regard to its environmental, economic and social potential; and it is even better if these processes are developed in a comprehensive, participatory manner. According to this perspective, the extractive sector should be “a guest in this process,”⁴² which contributes and adds value to the consensual development plan agreed between the different populations and based on the reality of the territory.

At all levels of government, especially in countries with little extractive tradition, there is a demand for more training and education on issues related to the extractive sector. At the level of local governments, it is necessary to hire more specialized technicians in these areas. A greater knowledge of the extractive sector will facilitate a more equitable negotiation between local governments and extractive companies, and will help consolidate and improve their engagement practices, which in turn will result in more benefits for the local population.⁴³





Civil society has diverse positions and roles regarding the extractive sector, which cannot be reduced to a simple “yes or no” to extractive activity.

with a high degree of technical knowledge, and are therefore guided by this knowledge and perceived in a more neutral role. One example is the Negotiation, Mediation and Dialogue Program (Prodiálogo) of the Center for Research and Teaching in Economics (CIDE), one of the most prestigious universities in Mexico that organizes multi-sector forums and workshops to promote dialogue on the extractive sector.⁴⁴

1.1.3. Civil society

Civil society is made up of a wide range of non-profit organizations and human groups that represent social, cultural and ethnic sectors and interests. Its scope of action can be both rural and urban, as well as local, regional or international. At the national level, there are foundations, professional associations, non-governmental organizations (NGOs), academia, social movements, confederations of indigenous peoples, churches, or foundations of the extractive companies that finance development projects, and trade unions. At the local level, there are communities, community organizations, associations, indigenous groups and afro-descendant groups. Civil society organizations (CSOs) can be formal (legally registered in their respective countries) or informal (groups not officially registered).

The diversity of civil society is also reflected in the different roles assumed by its organizations in their engagement with the private and public sectors in relation to extractive activities. The diagnoses of all the selected countries show a polarization of society between opponents and supporters of the extractive sector. But they also reveal a diversity of positions and roles of civil society regarding the extractive sector, which cannot be reduced to a simple “yes or no” to extractive activity.

On the one hand, the countries analyzed have CSOs that create and strengthen spaces for engagement between companies, the State and the communities themselves and facilitate communication between the three stakeholders at the national and local levels. On the other hand, there are CSOs that implement a critical perspective, seeking to influence public policies and generate information that may help extractive activities respect both community rights and environmental and social standards. Finally, there are several CSOs that unconditionally oppose extractive activity and promote and accompany actions of resistance by the local population .

The diagnosis revealed that universities in Argentina, Chile and Mexico play an important role, not only in the areas of academic training, research and knowledge transfer around extractive activities, but also in building bridges between stakeholders with conflicting interests. Generally, universities have legitimacy, since they are considered institutions



Universities play an important role, not only in the areas of academic training, research and knowledge transfer around extractive activities, but also in building bridges between stakeholders with conflicting interests.

Other key stakeholders are the communities near extractive projects, who are stakeholders with a decision-making role regarding extractive projects. Companies must obtain a social license, which implies a certain degree of consent among the communities in order to develop their project.

This diagnosis includes cases in which the communities near extractive projects consider the projects to be development opportunities and are willing to engage with the company to achieve concrete and tangible results. In these processes, communities have committed to respecting their own visions of development and engaging with companies based on the fulfillment of that vision. They also assume commitments with the national government must establish in order to ensure its institutional presence in the territory and guarantees for the protection of their rights. Access to information, trust, equity in collaborative processes, participation in decision-making and transparency are additional interests that guide the actions of communities in engagement processes.

The diagnosis shows the evolution of engagement with respect to the investment of resources in indigenous territories. Many of the best practices report the strengthening of community assemblies and other traditional decision-making mechanisms through the presence of the company in these spaces in order to share information and seek the consent of indigenous organizations. In Colombia, the intercultural approach towards the Cerrejón company's engagement, with safeguards for the Wayuú people, included respect for their worldview, the use of the Wayuú language and the inclusion of traditional indigenous authorities in the negotiating committee. Thus, the company responded to the indigenous peoples' demand for participation and self-determination, understood as the right to own, control, manage and develop the territory.⁴⁵

1.2. The costs of conflicts

A poor engagement process in which community complaints and concerns add up and go unresolved for long periods of time causes and intensifies conflicts, which in turn has consequences for the company, the State and the community.

At the community level, conflicts generate very high costs. A study that analyzed the costs for the communities of six large-scale investment projects (two agro-industrial, two energy, and two mining projects) discovered the following types of costs generated by conflicts at the community level:⁴⁶

1. Financing the opposition movement (payments for leaders, media and advertising campaigns against the project, social networks).
2. Financing legal counsel in order to present lawsuits against the project.
3. Financing technical studies to contrast with company reports.
4. Financing transportation for mobilizations, informative meetings and visits to political authorities.
5. Depreciation of housing and economic activities that are near the project and assuming environmental impacts.
6. Tearing of the social fabric, since conflicts cause psychological and emotional effects, mistrust, competition and insults between the inhabitants themselves.

For the State, this same study indicates, above all, the expenses related to the increasingly expensive environmental licensing process and to possible lawsuits and expert studies. In addition, the State faces costs for personnel to deal with conflicts, potential police and military expenses, and must also assume political costs. The country as a whole can lose productivity and income, general competitiveness and foreign investment.⁴⁷





The calculation of the costs of conflicts for companies results from the difference between the cost of preventing and addressing conflicts (related to security, recruitment of specialized personnel, training of personnel, among others) and costs arising from the outcomes of the conflict (project modifications, material damages, loss of productivity, reputation, among others).⁴⁸ In addition, the delay in the start-up of the project represents the highest cost mentioned. Particularly noteworthy are the costs derived from the bad reputation generated by a poor engagement, which hinders the search for new capital and the prospects for starting an operation in a new country.⁴⁹

In a consultation conducted by the Fraser Institute, 36% of the mining companies surveyed stated that public opposition to mining has negatively affected the government authorization process, resulting in delays or rejections of permits. The majority said that the arguments made by the opposition to the extractive sector were environmental or pertaining to the rights of indigenous peoples.⁵⁰ Another study indicates that of a total of 200 infrastructure projects that faced some type of conflict, 36 were suspended due to conflicts, 162 faced delays and 116 had cost overruns.⁵¹

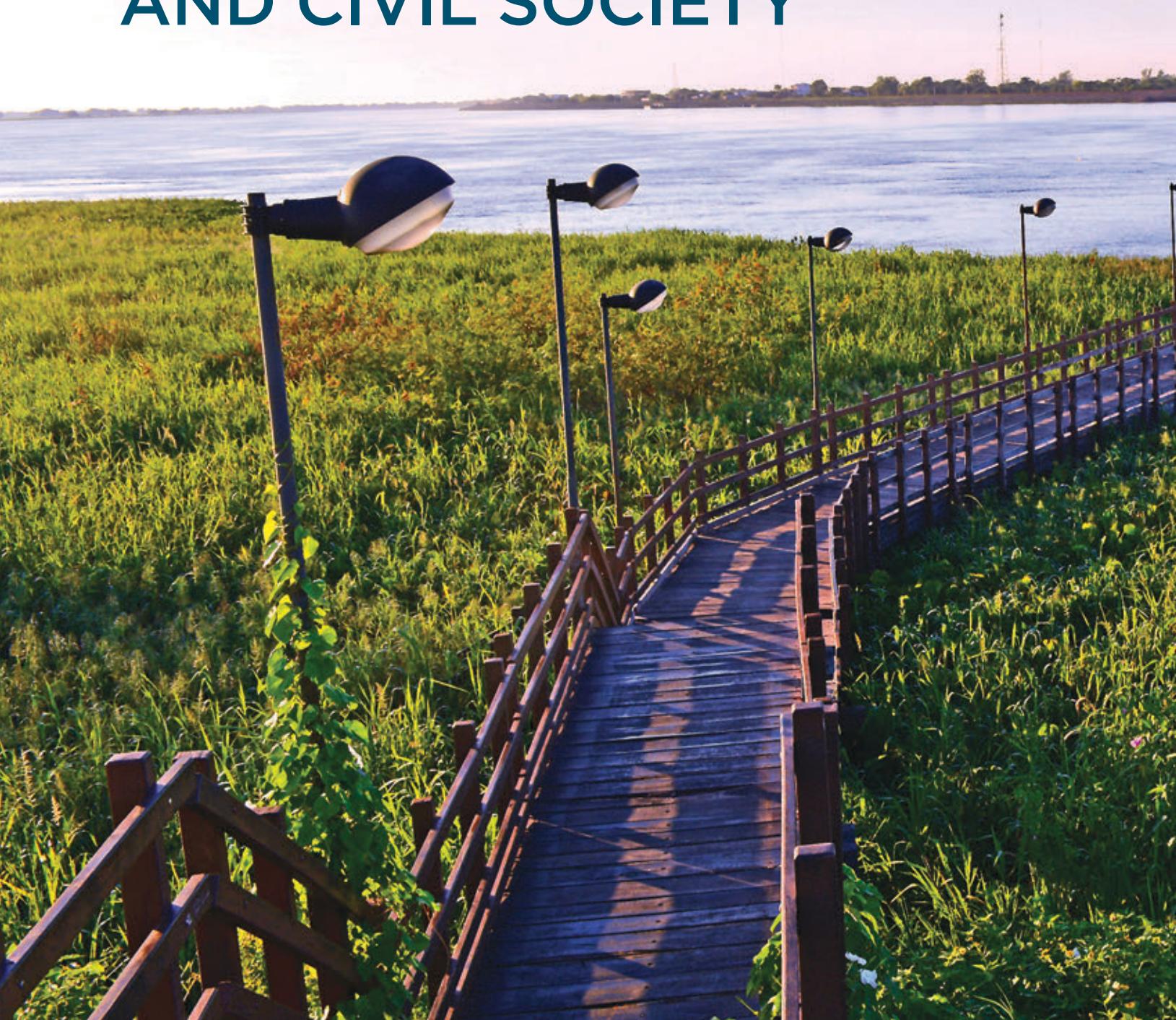


According to a study by the international network BDO International, the biggest concern for international mining executives are the existing and potential delays of mining projects. In a survey, high-level financial executives from the United States, South Africa, the United Kingdom, Australia and Canada expressed their concerns about access to capital and loans during 2013, mainly due to the interruptions observed in various mining projects. The main concerns of these executives were related to environmental and regulatory issues, high infrastructure costs and geopolitical conflicts that led to project disruptions.⁵²

In 2008, an analysis of 190 projects by largest companies in the oil sector showed that the time period until the start of operations had almost doubled over the previous decade. The reason was the increase in costs. A more detailed analysis showed that non-technical risks made up 50% of the total risks and that, within this 50%, the most significant risk was engagement with other stakeholders.⁵³ Another study of 19 gold mining companies found that two-thirds of their market valuation was the result of their engagement practices with key stakeholders and only one-third was based on the value of gold in the territory.⁵⁴

The above imply a risk perspective, where the costs of conflicts also indicate the need for timely planning of the engagement between the company, the State and civil society. This engagement must address and balance the diverse needs and interests of all stakeholders and thus allow for a better investment climate and the achievement of common benefits for all parties involved.

2. BEST ENGAGEMENT PRACTICES BETWEEN COMPANIES, GOVERNMENTS AND CIVIL SOCIETY



The following section presents detailed findings on the best engagement practices identified and validated in Argentina, Chile, Colombia, Mexico, Peru and the Dominican Republic. The analysis of each country begins with a summary of the context, best practices, stakeholder mapping and legal framework. Subsequently, best practices, the parties involved and the legal framework in which said best practices are implemented are described in further detail. The main conclusions and recommendations are presented at the end of the document.





2.4. Mexico

Hydrocarbons

Susana Cruickshank, Centro de Estudios en Cooperación Internacional y Gestión Pública: susanacruickshank1967@gmail.com

2.4.1. Summary

Context



Economic: the hydrocarbon sector contributed 10.2% to Mexico's GDP in 2016, up from 6.9% in 2010.¹⁴⁴ The states that benefit the most from oil revenues are Campeche, Tabasco, Veracruz, Tamaulipas and Chiapas. According to statistics from PEMEX, an autonomous state-run company, hydrocarbons accounted for 4.6% of all exports in 2016.

In terms of employment, 397,240 people were dedicated specifically to the extractive industry and energy in 2017, over 86.9% of which were men and 13.1% were women.¹⁴⁵ This represents at least 1% of the total economically active population.

Social: Mexico is characterized by a nascent civil society, with around 35,000 civil society organizations dedicated to addressing different problems.¹⁴⁶ With the intensification of foreign and national investment in extractive projects, some organizations develop collaborative processes, while others have formed resistance movements. Many of these social movements have requested legal protection¹⁴⁷ and some have managed to stop the construction of projects. The Environmental Justice Atlas has only identified 8 conflicts in the hydrocarbon sector.¹⁴⁸ Other figures estimate a total of 80 social conflicts in the energy field.¹⁴⁹

Best practices



Community and Environmental Support Program (PACMA) (2016-2017, Dialogue/ Partnership). PACMA is a program of PEMEX (Petróleos Mexicanos) that promotes social investment through the creation of strategic partnerships with state and municipal governments, which convene the key stakeholders in coordination with PACMA; as well as through private initiatives and civil society organizations. The organization Transparencia Mexicana has collaborated with PACMA in designing the operating rules, which have streamlined and institutionalized the process. Investments are approved in a participatory process where the social stakeholders choose the project they want financed by the company, which provides funding and training for the project.

Coahuila Energy Cluster (2016-2017, Dialogue). The GS Oil & Gas company has hired the Coahuila Energy Cluster, a multi-sector stakeholder in northern Mexico, to facilitate community engagement. The dialogues maintained have contributed to a management plan that includes the needs of the community. The dialogue covers the planning of projects and a community council has been established to ensure follow-up. This has managed to establish relationships of trust.

Stakeholder map



Legal and regulatory framework



The state-run company PEMEX is in the process of opening up to transparent engagement with the communities. With the energy reform in 2014, new national and transnational private companies have entered the oil sector, such as Shell, BP and others. Some government agencies, such as the National Hydrocarbons Commission, have transparency policies and practices and have won awards for their innovation. The Ministry of Energy provides essential regulations for the sector and is responsible for reviewing the social impact assessments and indigenous consultations that pertain to hydrocarbon projects, as well as all the bodies included in the Energy Reform, such as the National Center for Energy Control, which specifically regulates the Mexican energy sector.

Mexico has a number of civil society organizations (CSOs) with the capacity to build bridges between stakeholders with conflicting interests in the hydrocarbon industry. Some important academic stakeholders are, for example, the Latin American School of Social Sciences (FLACSO) with its tripartite training programs, and the Negotiation, Mediation and Dialogue program (Prodiálogo) of the Center for Research and Teaching in Economics (CIDE), which organizes multi-sector debates on the subject. Some CSOs such as the Civic Collaboration Center promote collaborative processes, and others, such as the Mexican Center for Environmental Law (CEMDA), litigate in defense of communities that request their support, and do so without closing the doors to dialogue.

In 2011, Mexico approved a constitutional reform that incorporates international treaties on Human Rights into the Political Constitution of the United Mexican States. In 1990, Mexico ratified Convention 169 of the International Labour Organization. The Hydrocarbons Law (December 2014) provides for a social impact assessment with respect to areas subject to allocations or contracts (Chapter V, Article 119), which must include mitigation measures and the mandatory implementation of an indigenous consultation (Article 120).

Meanwhile, Article 2 of the Mexican Constitution establishes that the rights of self-determination and autonomy of indigenous peoples must be respected to determine their forms of government, culture and organization, as well as preserve their lands, among other issues related to respect for indigenous peoples. In terms of access to public information, Mexico has the Law on Transparency and Access to Public Information, which after the 2017 reform guarantees access to information on the public funds received by legal entities, trade unions, autonomous institutions and the legislative branch, as well as public administration entities.



2.4.2. Introduction

The engagement diagnosis must consider two key references: the history of PEMEX (Petróleos Mexicanos) and its forms of engagement with social and political stakeholders; and the recent energy reform that came into effect at the end of 2014 and that has allowed the private sector to participate in the sector. PEMEX's historical engagement policy has created a context that presently affects the possibilities for engagement between the private sector, local governments and communities.

For this report, it is essential to know the history of what is now the Social Responsibility Area of PEMEX. The Mexican energy reform is very recent and the history of PEMEX—in states where it operated for decades—still determines to a large extent the engagement between companies and communities, and between companies and subnational governments. In the 1970s, PEMEX generated a type of relationship, which over time resulted in some failures with municipal presidents and community leaders, when what is now known as the “Gifts and Donations” program began. In one interview, two academics who are experts on PEMEX¹⁵⁰ explained its engagement with some communities: donations were made to social movements that, while defending their territory, did not allow PEMEX to operate unless it provided compensation for the damage it caused. Meanwhile, gifts were handed out to municipalities for public works. Both started to become mandatory quotas that allowed PEMEX to function without problems, in a context of institutional rules with huge gaps or with zero compliance. Currently, PEMEX's

“Gifts and Donations” program still exists, but it is channeled institutionally, which implies more restrictive operating rules and also changes to the institutional culture of the company, to the communities and to the municipal governments.¹⁵¹

International and national companies that arrive to develop exploration, exploitation or distribution projects find a paternalistic culture in the communities that is very difficult to approach, or face anger and resistance from these communities due to the social and environmental liabilities passed on by PEMEX.¹⁵² It is important to note that PEMEX is undergoing a profound change in its institutional culture. It is no longer a state enterprise, but rather an autonomous state enterprise, and is implementing structural and internal culture changes. Today, as with all private companies, there are certain criteria required to obtain a social license from communities, and social impact assessments and consultations must be implemented for indigenous peoples.¹⁵³

The energy reform and the participation of the private sector have forced PEMEX to implement institutional engagement policies. This has generated unrest in some communities and leaders who have become accustomed to more clientelistic policies.¹⁵⁴ The changes to the Hydrocarbons Law have made it compulsory to carry out social impact assessments and consultation processes for indigenous communities. These two elements can be tools for creating closer ties to social stakeholders. However, in practice, some social movements have rejected them because they are perceived as a mere administrative process and not as instruments that may ensure respect for the rights of the country’s indigenous peoples.¹⁵⁵

In this context, during 2014 the Secretariat of Energy held consultation processes with the Zapotec indigenous community of El Espinal, Oaxaca, with communities of the Rarámuri people of Chihuahua, with the Yaqui tribe of Sonora and with the Zapotec indigenous community of Juchitán de Zaragoza; as well as in the Isthmus of Tehuantepec, in Oaxaca.¹⁵⁶ Not all consultations have resulted in processes of acceptance. For example, a Consent Framework Act was signed with the Yaqui ethnic group after having carried out a prior consultation process on the construction of the Guaymas-El Oro gas pipeline, which crosses a stretch of 100 kilometers through their territory.¹⁵⁷ The process has been complex, as the leaders of the Yaqui community initially approved of the prior, free and informed consultation and also accepted the right-of-way.¹⁵⁸ After the prior, free and informed consultation was held, there were conflicts between the Yaqui tribal authorities themselves, resulting in a controversial process; to date, the project is frozen and the community has been involved in confrontation.

In 2017 in Yucatan, in the context of the construction of the Tizimin Wind Farm, consultations were held in the communities of Santa Clara Dzibalkú, Xkalax Dzibalkú, San Francisco Yohactún and Yohactún de Hidalgo. As of July 2017, there are ongoing indigenous consultations being held in Muna and Sacalum regarding the construction of a solar power plant. This process has been denounced as being neither prior, nor free, nor informed. The construction of the solar power plant has not yet begun, as the consultation process is not finalized.¹⁵⁹

The consultation process in Mexico has been a controversial process and some projects are being closed down, as is the case of the Aguaprieta gas pipeline in Lomas de Bacum, Sonora,¹⁶⁰ because the communities have argued that the consultations do not meet the requirements of being “prior, free and informed” or do not respect the peoples’ decisions, in response to which the Secretariat of Energy has submitted documents that prove that the processes have been conducted in accordance with the law. The right to

prior consultation is of fundamental importance, insofar as it is interconnected with the protection of other collective rights. In this sense, in the Round of Bids for Hydrocarbons 2.2 exploration projects, SENER excluded two blocks because the process had been rejected by Zoque communities.

Mexico has regions in which the relationship with the private hydrocarbon industry and with PEMEX is very different. This depends on their history and culture, but also on the type of engagement between governments and the private sector by the civil society and indigenous communities. On the one hand, there are states such as Veracruz, Tabasco and Campeche where cultural and territorial characteristics have, in some cases, created a specific form of engagement between the communities and PEMEX, that is different from the engagement in northern Mexican states such as Coahuila, Nuevo León or Tamaulipas, and also very different from the engagement with some communities in states such as Oaxaca and Guerrero, where community resistance movements have been observed against the construction of dams, the installation of mines and wind farms.¹⁶¹

It is a tremendous challenge to generate processes capable of strengthening the trust between all parties and complying with regulations in a comprehensive manner, in order to start building a good environment for all stakeholders, regardless of their local cultures and their past relationships with other stakeholders.

2.4.3. Best practices

The opening of the hydrocarbon sector following the energy reform of 2014 authorized the entry of national and transnational private companies. The reform established and facilitated new forms of engagement, for example, with the mandatory nature of prior consultations.¹⁶² Therefore, PEMEX's previous model is currently being reviewed and adjusted, either by the company itself or by companies that operate in areas where PEMEX had previously been present. It is worth mentioning that Mexico's inclusion in the Extractive Industry Transparency Initiative, approved in 2017, has prompted new debates on issues of access to information and the participation of civil society in the sector.

The two best practices identified as of 2017 illustrate this transformation. PEMEX's Community and Environmental Support Program (PACMA) has undergone changes in recent years towards in order to achieve greater transparency, participation, dialogue and sustainability. Meanwhile, the example of GS Oil & Gas demonstrates forms of dialogue in which new intermediary organizations are playing an important role in engagement.

The two best practices that follow are:

- 2.4.3.1. *Support Program for the Community and the Environment (PACMA)*
- 2.4.3.2. *Coahuila Energy Cluster*



2.4.3.1. Support Program for the Community and the Environment (PACMA)

ENGAGEMENT LEVEL



DURATION

2016 - 2017

MAIN STAKEHOLDERS

PEMEX (Petróleos Mexicanos), CGG geo-services company, Nitrógeno Cantarell S.A.¹⁶³

Municipality of Carmen.

CSO Transparencia Mexicana, communities (Nuevo Campechito village and Nuevo Progreso village, both in the Municipality of Carmen, State of Campeche).

DESCRIPTION

National company: PEMEX is the national oil company that, until the energy reform in 2013, was the only company allowed to extract hydrocarbons from the subsoil.

Community and Environmental Support Program: to achieve its social license, PEMEX launched the Community and Environmental Support Program (PACMA), which seeks to promote social development based on shared responsibility between the public and private sectors in communities where PEMEX operates.

PACMA funding: PACMA operates through the contribution (following specific criteria) of around 2% of the value of the contracts signed between PEMEX and its suppliers or subsidiaries.

New operating rules: Transparencia Mexicana has collaborated with the program to create operating rules that contribute with clear goals, targets and indicators that must be met for projects to remain sustainable. Streamlining procedures, as well as having specific and institutionalized formats, was another contribution made by this organization. The operating rules provide for community participation in decisions on the project, its technical inspection and its feasibility.

Coordination with local governments: in order to determine the project to which the PEMEX subsidiary will contribute, PACMA works closely with local governments to get to know the key local stakeholders that it will be working with. Potential impacts and populations that could be affected directly or indirectly are reviewed.

Community dialogue: once the target group has been established, the official registers of fishermen or cooperatives or key sectors of the population are reviewed and the representatives of the groups identified are all invited to come together: PACMA, local government and subsidiary. Meetings are held as necessary to share the required information, listen to the representatives of local stakeholders and civil society organizations that are involved. Depending on the project and the level of knowledge and trust among the stakeholders, this process can last anywhere from three to six months. Once a consensus is reached with stakeholders in all aspects, the project begins. If all parties are not in agreement, the project cannot begin. Depending on the nature of the project, they must decide who will build the project: if it is infrastructure, a company is hired to build it. In the case of the ice factory, it is operated by the fishermen's cooperative itself, with technical support. The same applies to the hydroponic booths, where the women in charge were trained in its operation.

Definitions and agreements: it is said that it is difficult to reach agreements between the different visions within the community about what they need, since in many cases conflicts arise when communities cannot agree on what they need, on the one hand, and what the company believes is needed and can provide, on the other. Also, the decisions made by leaders are often not shared by the entire community. This is why several meetings are held to go over alternative proposals and the feasibility of all possibilities, and this can take a long time before a final decision is made.

Local participation: there is a Technical Committee composed of the PACMA promoter in the region, a representative of the local group that proposes the project, and a representative of the subsidiary company that evaluates each project using a matrix generated with goals, targets and indicators. The promoters work very closely with the inhabitants or project leaders, who are the project operators. This implies that community members or all project beneficiaries constantly express their needs and opinions, which are integrated into the forms and later evaluated by technical personnel according to their technical capacity and feasibility.



MAIN OUTCOME

Two beneficiary communities of PACMA have been visited. The Nuevo Campechito community, which has 1,200 inhabitants, has set up an ice factory for a group of fishermen, which saves them significant expenses. They produce one ton of ice per day, which also allows them to sell ice to other fishing communities. The beneficiary group consists

of 457 individuals. The capital was set by the CGG de México company. In the Nuevo Progreso community, 10 fishing families were benefited. In this community, hydroponic fodder production booths have been installed. At the time of this investigation, they had been working for two months and were beginning to see profits. They produce around 450 kilos of fodder every day, which is sold for approximate 10 cents per kilo. In this case, the women of the families contribute the money. The women receive technical training and the fodder is sold for animal and human consumption.



INNOVATION

The innovative aspect is the program's systematization through institutional operating rules, formats and guidelines, which includes the participation of all local stakeholders and takes into account the demands and needs of the communities or stakeholders directly or indirectly affected. At this moment in Mexico, companies in the hydrocarbon sector either do not have established, systematic procedures to encourage the active participation of local stakeholders or, as in the case of Shell and BP, they have systematized them in a general manner, but have only recently found ways to apply these instruments to local cultures in Mexico. The PACMA is a program that has been proven over many years, and its systematization has involved continuous reviews with communities, companies and other civil society stakeholders.



PARTICIPATION, RELEVANCE, SUSTAINABILITY

- Institutionalized participation: The practice integrates unilateral and bilateral participatory mechanisms for sharing and gathering information through meetings attended by PEMEX and the community. The operating rules of PACMA include community participation mechanisms.
- Relevance by need: PEMEX and the company it finances conducted a market study among the fishermen's groups to analyze their needs, and therefore the project was presented as a response to the needs and demands of the fishing community.
- Sustainability by consensus and institutional sustainability: The three sectors of society (community, business and government) recognize this engagement process and use the institutional communication channels established by PACMA. PEMEX has provided support for technical training and is committed to accompanying the ice-making process. These standards were defined in PACMA's Operating Rules.



APPROACHES

Diversity Approach: The fishing community of Campeche is diverse: though they are all native to the community, they belong to different indigenous groups from the region. In this sense, the Social Responsibility Area of PEMEX makes no differences when supporting the projects that they agree on and propose for financing according to their customs and practices.

Conflict Transformation Approach: The practice also contributes by transforming conflicts through collaboration and consensus among fishermen, as well as other stakeholders, PEMEX and the companies. The fishing community explained in an interview that, in order to select a project, they held several meetings in which some of the fishermen wanted to confront PEMEX and did not accept the project. This required a process of peacefully handling these differences, and ultimately some of the members of the Cooperative quit, but many others decided to stay and continue on with the project.

Gender Approach: The hydroponic booth project took into account the capacity of women in the community in terms of time and transportation



LESSONS LEARNED

The success of projects depends to a large extent on the attitude of the local stakeholders and those who implement them. Attitude refers to an attitude that is not confrontational, but rather favors collaboration, dialogue and listening. PEMEX has historical social liabilities, and still must work hard to generate trust in the population, so in many cases, the leaders of groups or key stakeholders express their distrust or demand handouts without wanting to carry out the institutional processes now required by PACMA.

In this context, a partnership has better substantive and engagement results if it begins with dialogue and collaborative processes prior to creating the conditions for a relationship that seeks sustainable development.



VALIDATION

Interviews were conducted with the Deputy Manager of Planning and Liaison of the Department of Social Responsibility and Development of PEMEX, and with the Operating Coordinator of PACMA, who was responsible for implementing PACMA's operating rules at Transparencia Mexicana. Interviews were conducted with members of the fishing groups and with the families in charge of the fodder booths, as well as with the engineer who provided technical support for the booths. Visits were made to the ice factory and the hydroponic fodder booth projects, among others. This best practice was mentioned at the working group held on July 14, 2017.



BIBLIOGRAPHY/LINKS

- http://www.pemex.com/acerca/informes_publicaciones/Documents/Informe-Anual/Informe_Anual_2015.pdf
- <http://www.pemex.com/procura/estrategias-de-abastecimiento/Documents/10.%20ANEXO%20PACMA.pdf>

2.4.3.2. Coahuila Energy Cluster

ENGAGEMENT LEVEL



Dialogue



DURATION

2016 – 2017



MAIN STAKEHOLDERS

GS Oil & Gas company; Coahuila Energy Cluster; inhabitants of Ejido Buena Vista in Río Bravo, Tamaulipas.



DESCRIPTION

Start of operations: GS Oil & Gas S.A. de C.V. operates in Rio Bravo, State of Tamaulipas. It is a medium-sized company with national capital that submitted a bid for the first time in 2016 and was awarded the operation and maintenance of several PEMEX gas pipelines. They began operating in the region on November 23, 2016.

Form of engagement: for community engagement, GS Oil & Gas hired the Coahuila Energy Cluster. This organization is dedicated to generating dialogue between companies and communities in energy projects in the region. The Cluster's Council includes companies, local governments and academics. They have recently started integrating community representatives on their Council.

Mediation process: the Coahuila Energy Cluster mediates based on participatory project planning processes. They build participation plans in 4 stages:

1. Informative and awareness-raising stage. A workshop for the company employees is designed to raise awareness on issues of social impact, social risk, community engagement and social license to operate.
2. Documentary and field research. The consulting team conducts a documentary study about the communities, providing it with prior knowledge of the site where the study will be conducted and an initial rapprochement with key stakeholders.



3. Community immersion and agreements. A community immersion is carried out, where community participation is the basic foundation. Field visits, specific questionnaires and participatory workshops are developed in the communities; all activities are adapted to the social dynamics of the specific community.
4. Creation of management and social participation plans. The company gives recommendations for communicating and connecting with the community through a Social Management Plan,¹⁶⁴ which also includes measures to deal with social impacts, a social investment plan and a strategy for monitoring the Social Management Plan. In addition, audits are proposed to follow up on the Plan.

Mediation with Ejido Buena Vista: in the case of the GS Oil & Gas company, the Coahuila Energy Cluster promoted community engagement and mediated with Ejido Buena Vista. The mediation has involved providing information to the community on the company's impacts and timeline, as well as its security measures. The Cluster held talks with the community to hear their concerns about the project and they were made aware of legislation they could appeal to if the company fails to comply with any regulations. This has helped overcome a situation of distrust that the inhabitants of the *ejido* had towards the company, due to previous interactions with PEMEX.

Building trust: the company is currently in dialogue with the community to review which types of projects might generate shared benefits. The relationship between the company and the community goes through some of the landowners and *ejido* leaders, taking into account their questions, needs and proposals. It is assumed as a neighborly relationship in which the parties must be mutually respectful. The landowners have changed their initial attitude of annoyance with PEMEX and now trust the GS Oil & Gas company and the Coahuila Energy Cluster.

Management Plan: an *ejido* council has been proposed to participate in the preparation and follow-up of the Management Plan.¹⁶⁵ The *ejido* commissary will be charged with providing follow-up for the community. The Management Plan includes the productive projects that the company will finance for the community: roads and infrastructure projects, scholarships, as well as environmental compensation projects that must be established, with their corresponding timelines and follow-up procedures.

MAIN OUTCOME

The engagement between these three stakeholders is still relatively new, but dialogue and information meetings, scholarships, contributions to the baseball team, work with girls, boys and young people, as well as the construction of the entrance road to the *ejido*, have been part of the effort to build a relationship of trust. These projects and contributions are part of the Social Management Plan (SMP).

The programs and strategies of the SMP reflect the region's sociodemographic, economic and community organization reality, as well as the social commitment that the company will honor for the duration of the project. It should be noted that even though the SMP has yet to be approved by the Secretariat of Energy, there are several actions in the SMP that have already been carried out by the company.



INNOVATION

The Coahuila Energy Cluster recently began incorporating community representatives, companies, civil society organizations and local governments to its Board of Directors in order to resolve the differences between stakeholders, specifically in energy projects in the northern region of Mexico. Having institutionalized the dialogue between different stakeholders is innovative, because up to now there have only been a few spaces that seek to build dialogue at the federal level, along with a few experiences at the local level which have not been institutionalized.



PARTICIPATION, RELEVANCE, SUSTAINABILITY

- Institutionalized participation: the practice integrates mechanisms for sharing and receiving information through meetings between the Coahuila Energy Cluster and the Ejido Buena Vista community. The mechanisms of participation are part of the strategy that the Coahuila Energy Cluster presents to the company for its community engagement.
- Methodological relevance and relevance according to demand: the Coahuila Energy Cluster designs engagement based on the voices of all parties. This organization has standardized ways of establishing relationships with communities and companies in the region. As of this diagnosis, most of the agreements reached for the Management Plan have been proposed by the community.
- Institutional sustainability and sustainability by consensus: a Social Management Plan was created jointly by the company and the community, which is in the process of being approved by SENER and is projected with a five-year commitment to monitoring and evaluation by the community, the company and the Coahuila Energy Cluster.



APPROACHES

Gender Approach: It is important to mention that the leader of the community—the ejido commissary, who is a woman—is representing the community with the company, and the latter recognizes the community's female leadership. Scholarships granted to children who live far away from their schools must reserve a percentage of these for girls, in order to promote their education.

Sustainable Development Approach: the employee that represents the company strives for sustainability in the distribution of benefits. One example is that the actions include repairing a main road with materials that do not damage the environment and are extremely durable.



LESSONS LEARNED

The practice takes place in northern Mexico, where the culture is different from that of the South and Southeast of the country. Conflicts in the North have historically been different—people in this region accept economic investment and have an attitude of dialogue. One of the challenges of this practice is for dialogue to generate practices that allow investments to truly benefit the communities and not be lost on actions that are ineffective or merely simulate dialogue and inclusion. Another challenge is to encourage



the practices to be maintained throughout the project's lifespan and to strengthen the gender perspective, since the gender-focused practices currently implemented have not been the result of planning from a gender perspective, but rather have emerged as an observable need.

Legislation and regulations have been crucial for organizing engagement levels and demands.

VALIDATION

Interviews were conducted with the president of the Coahuila Energy Cluster, as well as the director of the organization and the director of the Committee on Social Impact and Land Use of the same organization; with the company's director of safety, health and environmental protection and two community members.

BIBLIOGRAPHY/LINKS

<http://www.clustercoahuila.org>

2.4.4. Stakeholder analysis

For the purposes of this report, the key stakeholders are characterized either by their ability to promote dialogue and communication between different stakeholders, or by their social legitimacy, the seriousness of their work and their ability to generate broad public opinion.

Company

PEMEX has developed a historical culture in the country, leaving social and environmental liabilities in the communities in which it has operated. Within the framework of the energy reform, PEMEX is now obliged to comply with impact assessments and consultations with affected indigenous populations. This is not an overnight process, because it involves changing an institutional culture and the clientelistic practices that it generated in different communities, problems faced by national and international private companies that began working in Mexico after the energy reform of 2014.

The Mexican Association of Hydrocarbon Companies (AMEXHI) brings together large and small companies, both national and international, and is a key player in the dialogue with governments and communities. Within the framework of the AMEXHI, protocols of ethical operations and commitment to human rights have been established. AMEXHI includes, among other companies: Shell, British Petroleum, Chevron, Exxon Mobil, Statoil.

Government

In the public space, the institutions that stand out are the ones with the capacity to regulate and propose public policies in this field. All of them—SENER, the Ministry of the Environment and Natural Resources (SEMARNAT), National Hydrocarbons Commission (CNH), as well as some of those created through the reform—are capable of generating spaces for dialogue between different stakeholders, and in fact they do participate in multi-stakeholder dialogue spaces.¹⁶⁶ In the case of the federal agencies, the Ministry of Energy (SENER) is one of the most relevant institutions, particularly the General



Directorate of Social Impact and Land Use, which, together with the Directorate of Civil Society Outreach of the Subsecretariat of Electricity, carry out indigenous consultation processes on matters of hydrocarbons and electricity at the national level; and the National Hydrocarbons Commission, which strategically safeguards transparent practices in public tenders for hydrocarbon companies. Both the bids and the contracts for exploration and extraction are online, thus ensuring public access to both the allocation criteria and the funds involved.

Civil society

Three research centers have played fundamental roles. The first is the Latin American School of Social Sciences (FLACSO) in Mexico, which, through a master's degree in environment and energy

and a diploma course in social impact assessment and indigenous consultation, promotes dialogue between business executives, community leaders, academics and civil society leaders. Its goal is to produce specialists on social impact and indigenous consultation issues. Its seriousness and rigor have given it credibility among different stakeholders in Mexico.

The Center for Research and Teaching in Economics (CIDE), through the Prodiálogo program, has created spaces for discussion between communities, academics, graduate students and company executives, in such a way that it has become a key player in this matter. It is also the first center in Mexico to offer an advanced workshop in company-community conflict mediation with international experts. The Instituto Tecnológico de Monterrey, through the EGADE Business School, is building spaces for professional studies in the management of energy companies, particularly in technological knowledge and the new energy legislation.

There are important civil society organizations with work at the national level that facilitate the dialogue processes between different stakeholders and seek to strengthen the capacities of community stakeholders, as well as influencing governmental spaces and policies in order to strengthen areas where it is required. The role of the Mexican Center for Environmental Law (CEMDA) is very significant. On the one hand, it provides strategic litigation in defense of environmental rights, but also has the capacity to build spaces for dialogue between communities and companies. In the same sense, the FUNDAR Center for Research and Analysis, which mainly accompanies processes of resistance but which, based on critical research reports, also generates public opinion and influences public policies and programs. In this same area, the Project PODER organization seeks to influence the business agenda, so that companies respect the human rights of the communities in which they develop projects.

In contrast, Transparencia Mexicana and the Mexican Institute for Competitiveness (IMCO) are considered think tanks. Transparencia Mexicana is part of the EITI initiative and is also part of the PEMEX Citizens' Council. It contributes with technical consultancy for state-run companies and public spaces. Based on technical information, IMCO also contributes to the EITI by generating technical proposals. The Community Cohesion

and Social Innovation organization is recognized for its contribution to strengthening the social fabric in communities affected by development projects. Fundamentally, it has contributed to the creation of shared benefits protocols for development projects. The Civic Collaboration Center, in addition to generating spaces for capacity-building, creates spaces for conflict mediation and transformation.

There are two forums for dialogue. One is the United Nations Forum on Human Rights and Business, which is a global platform for examining and exchanging experiences on the implementation of United Nations principles on business and human rights, which includes the participation of civil society organizations, companies and governmental entities from Mexico.

The other is the Business and Human Rights Working Group, established in 2015 by the Ministry of the Interior, the Ministry of Foreign Affairs and the Ministry of Economy, with the main goal of implementing Strategy 4.4 of the National Human Rights Program, which is used by the Mexican Government to promote a human rights and gender perspective in the private sector by implementing a National Program on Business and Human Rights. It was created as a diverse and participatory space, consisting of representatives from the business sector, state-run productive enterprises, academia, government, experts, international organizations, trade unions, the judiciary, the legislative branch, the National Human Rights Commission and civil society organizations. This space is considered a key player, due to its convergence of stakeholders and its influence on companies and governments. The strength of these spaces lies in the capacity to bring together many stakeholders with different interests and positions, aiming to help companies and communities find common ground in their positions, based on a framework of rights.

2.4.5. Legal framework

Mexico signed ILO Convention 169 on August 3, 1990. The right to prior consultation extends in various modes to any legislative or administrative provision that may affect the rights of indigenous or tribal peoples and communities.

At the national level, in 2011 Mexico passed a constitutional reform that incorporates the international treaties on Human Rights into the Political Constitution of the United Mexican States,¹⁶⁷ and includes the engagement levels of information and consultation in the new legislation and its regulations. Articles 1 and 2 recognize that the Mexican State is multicultural and guarantee that all persons will enjoy the human rights recognized in the Constitution and in the international treaties to which the Mexican State is a party, "as well as the guarantees for their protection, whose exercise may not be restricted or suspended, except in the cases and under the conditions foreseen by this Constitution." The right of indigenous populations to self-determination is also recognized and must be established in the national and local legislation.

Hydrocarbons Law

Article 118 of the Hydrocarbons Law states that the development of the energy sector will be carried out in accordance with principles of sustainability and respect for human rights. To implement this approach, it has three main instruments: a mechanism for the terms and conditions of surface land use; social impact studies and assessments; and prior, free and informed consultations with indigenous peoples and communities.¹⁶⁸

The main goal of the study and social impact assessment (SIA) is to identify and analyze the potential impacts on human rights and social dynamics of the communities located in the impact areas of works and activities related to energy projects, in such a way that appropriate mitigation and social management solutions can be designed. The SIA will authorize energy projects to be developed successfully by ensuring a harmonious and productive relationship between the company, the project and the communities impacted by the project. The legal regulations describe the minimum requirements that an SIA must fulfill, and also indicate that it must publish the corresponding general administrative provisions. The provisions, which will serve as a guide for preparing the SIA, are in the process of receiving comments by the Federal Commission for Regulatory Improvement (COFEMER).

This same law establishes, in Article 119, Chapter 5 ("On the Social Impact"), that, before granting an allocation or publishing a call for bids for an exploration and extraction contract, the Secretariat of Energy will conduct a social impact assessment for the areas subject to allocation or contract, in order to anticipate the presence of vulnerable populations and the need to take measures to safeguard their rights.

In addition, Article 121 states that those interested in developing projects in the hydrocarbon sector must submit a social impact assessment to the Ministry of Energy, which must contain the identification, characterization, prediction and valuation of the social impacts that could rise from the intended activities, as well as the corresponding mitigation measures, in the terms that are specified in the regulations of the corresponding law.

Finally, and with the intention of safeguarding the interests and rights of the communities in which hydrocarbon sector projects are developed, Article 120 establishes that the State must carry out processes of prior, free and informed consultation, in which state-run productive enterprises and their affiliates and subsidiaries may participate, as well as individuals, in accordance with the applicable regulations.

Electrical Industry Law¹⁶⁹

Article 119 establishes that in order to take into account the interests and rights of the communities and indigenous peoples affected by the development of electrical industry projects, the Secretariat shall carry out the necessary consultation processes and any other activities necessary to safeguard them, in coordination with the Ministry of the Interior and the corresponding entities.

- The Energy Regulatory Commission, state-run productive enterprises and their subsidiaries and affiliates, as well as individuals, may participate in these consultation processes.
- There are several projects for a General Law on Consultations, as well as an "Indigenous Consultation Law for the State and Municipalities of San Luis Potosí" at the state level.



2.5. MEXICO

(Mining)

Fabiola S. Sosa-Rodríguez, Universidad Autónoma Metropolitana: fssosa@gmail.com

2.5.1. Summary

Context



Economic: in 2016, the mining industry (metal and non-metal) contributed 2.78%¹⁷⁰ to the GDP,¹⁷¹ compared to 1.03% of the total GDP contributed by the mining industry in 2010. The Fund for the Sustainable Regional Development of Mining States and Municipalities (known as the Mining Fund) was created with 75.5% of the revenues collected by special and extraordinary rights, which in 2016 received 116.5 million dollars, which were transferred to 199 Municipalities in 25 mining states throughout the country:¹⁷² 62.5% of the total was transferred to municipalities where minerals are extracted, and 37.5% to the corresponding federal entity for developing environmental, social and educational infrastructure works. Finally, in 2016, metal mining generated 354,702 total direct jobs in the metal mining industry, equivalent to 0.67% of the total number of employees in Mexico. Of all employees hired in metal mining, 92% were men and 8% were women.¹⁷³

Social: the current perception of mining in Mexico has a range of opposing positions. On the one hand, there are those who reject it because mining activity has not translated into better living conditions for some affected communities, displacing existing economic activities and generating unemployment when mines close, together with growing concerns regarding the environmental impacts and health costs of this activity. This situation has contributed to the appearance of socio-environmental conflicts.¹⁷⁴ The Environmental Justice Atlas has identified 21 cases of socio-environmental conflicts related to mining activity.¹⁷⁵ A hemerographic review revealed that the conflicts registered in the Environmental Justice Atlas have been underestimated; there is no official source that records these conflicts and their characteristics.

On the other hand, there are also opinions in favor of attracting more investments in mining projects, which are considered an economic development strategy. In this sense, mining is considered a strategic sector according to the National Development Plan 2013-2018, whose strategies (Strategy 4.8.2) include promoting investment and competitiveness in the mining sector, improving its funding, value chain, capabilities of small and medium enterprises, in addition to modernizing institutional regulations.¹⁷⁶

Best practices



Comprehensive Closure Plan (2014-2017, Dialogue/Collaboration/Partnership). In its Minera San Xavier project, the Canadian company New Gold began a comprehensive closure plan in a communicative and participatory manner, starting two years in advance of the closure. It was the first participatory closure plan in Mexico, and is considered an innovative practice that highlights the importance of planning the closure of operations in advance, not only from an economic but also from a social and environmental perspective. The plan was created through dialogue roundtables with the community and employees, which were facilitated by Civic Collaboration Center.¹⁷⁷

Stakeholder map



Participatory Resettlement Plan by Torex Gold, Minera Media Luna (2013-2016, Dialogue/Collaboration/Partnerships). Two years before the start of mining activities, the Canadian company Torex Gold initiated a participatory resettlement process for two communities (La Fundición and Real del Limón, which had 102 homes and 500 inhabitants) in order to authorize the start of the gold mining phase by Minera Media Luna. A social and environmental baseline study, as well as an extensive engagement with families, informed this resettlement plan.

Casa Grande: Grupo México (2008-2017, Partnership). Grupo México is the largest producer of metallic minerals in Mexico and is the fourth largest producer of copper in the world. In its areas of operation, this company implements a community development program called Casa Grande. This program conducts participatory diagnoses of the current situation and aspirations of the community. To this end, a Community Committee was set up, composed of volunteer community members who supervise the selected development projects financed by Casa Grande.

Participatory monitoring of water quality (2016-2017, Information/Dialogue/Collaboration). The communities of Nuevo Balsas, Guerrero, where the main economic activity is fishing, filed a complaint against the Media Luna (Torex Gold) mining company as a result of their concerns regarding possible impacts of their operations on the water quality of the rivers where they carry out this activity. In this scenario, the company initiated a process of participatory monitoring of water quality, in collaboration with researchers from the Universidad Autónoma de Guerrero (UAGRO) and community members.

Extractive Industries Transparency Initiative (EITI) (2013-2017, Information/Dialogue). The EITI is an international standard that promotes transparency in the economic flows derived from the exploitation of minerals, oil and gas of member countries. It is designed and supervised by a coalition of governments, companies, civil society organizations (CSOs), investors and international organizations. Mexico worked for over three years to present its candidacy, which was approved by the International Secretariat in 2017.

The mining industry is made up of companies with capital that is mainly or entirely Mexican, as well as foreign companies with mainly Canadian capital. Companies that have international funding meet the requirements that the institutions financing them demand in order to guarantee a favorable business environment;¹⁷⁸ therefore, their practices tend to go above and beyond what is currently required by Mexican regulations. There are companies that do not receive international funding, but voluntarily carry out actions that lead to better social and environmental engagement practices. However, there are also companies that only satisfy the minimum requirements of Mexican regulations, with more traditional views on the actions of the industry.

Government participation is focused on administrative aspects and the promotion of investment in mining as a strategic activity; it is a regulatory entity between companies and communities. At the federal level, various secretariats play a role in the planning, coordination and administration of public policies centered on mining; in addition to intervening in the administration of the Mining Fund, in strengthening transparency in the mining industry and its economic flows, and in the regulation

of working and environmental conditions.¹⁷⁹ State and local governments maintain close relationships with mining companies, since their investments are considered essential to the development of their municipalities and states. Local governments have the greatest interaction with communities, as they are the first entities that receive complaints, learn about conflicts or project development designed to improve the living conditions of the communities.

Universities play an important role in the sector, given their capacity to train human capital and generate knowledge; they have ties to all other sectors, allowing them to influence public opinion and decision-making. Many CSOs are trusted by their communities. Some have the ability to build networks among stakeholders that participate in negotiation or training processes, but few collaborate with companies in the sector to undertake joint plans or projects. One finding of the study is that community organizations participate more actively with mining companies—from positions of both confrontation and collaboration—so that their communities may receive the greatest possible benefits during mining operations and closure.

Legal and regulatory framework



The legislation that regulates mining in Mexico is derived from Article 27 of the Constitution, which establishes that ownership of all subsoil resources belongs to the Nation, defining a regime of private concessions for the exploitation of minerals. The Mining Law was modified in 1992 during the economic liberalization, favoring an increase in foreign investment by facilitating the processes for granting concessions and starting a business. In terms of access to information, the 2002 enactment of the Federal Law on Transparency, Access to Public and Government Information and Protection of Personal Data was a significant step forward, along with the federal government's commitment to transparency in extractive industries and the presentation of Mexico's candidacy to EITI in 2017. Although Mexico signed ILO Convention 169, until now no such consultation has been held, since for the moment mining operations have not been established near indigenous peoples, according to the National Commission for the Development of Indigenous Peoples (CDI). The CDI, at the request of the Subsecretariat of Mining, is the entity that decides which communities are considered indigenous or comparable, and therefore, whether any decisions affecting their territory must be consulted beforehand.¹⁸⁰

2.5.2 Introduction

Mexico is a country with a mining tradition that has a wide range of mineral resources, and thus is a privileged site for foreign and national investment. It is the leading country in silver production and is among the top ten producers of gold, copper, lead, cadmium and zinc. Its mining production has increased significantly over the last decade, registering 1,190 mining projects: 74% are in the exploration phase, 17% are operational, 5% are suspended and 4% are being developed.¹⁸¹ These projects are a part of 25,510 mining concessions that comprise 12% of the national territory.¹⁸²

Due to the changes to the legal framework during the economic liberalization in the early nineties, more favorable conditions were created for foreign investment, making

Mexico a destination of great interest for investment in the mining industry. With respect to the number of companies, prior to the reforms to the Mining Law and the Foreign Investment Law, the country's mining activity was concentrated in three large companies with capital that is mainly or entirely Mexican: Grupo México, Industrias Peñoles and Frisco. Currently, there are a total of 267 companies with foreign capital that operate 927 projects in Mexico.¹⁸³ Foreign investment reached an all-time high of 8,043 million dollars in 2012, with Canadian capitals being the main source of foreign direct investment (FDI), accounting for 65% of total investments received, followed by capital from the United States (17%), China (5%) and Japan (2%).¹⁸⁴

Currently, the scenario of volatility in the value of metals, the lack of sources of funding and the changes in the contributions mining companies are obliged to make have forced the industry to reevaluate its projects in Mexico. This situation adds to the challenge of creating a sustainable business environment, for which it is essential that companies improve their engagement with other key players in the industry, based on criteria of greater transparency and access to information, corporate social responsibility, and a commitment to mitigate social and environmental impacts throughout the duration of the projects. Although the mining industry has a long tradition in Mexico, it is also true that it is necessary to continue working to create conditions that may help this activity become a strategic activity that promotes the economic development of the country and of the communities where this activity is carried out.



2.5.3. Best practices

This section describes the process followed by five of the best practices identified in order to improve the engagement between the mining industry, civil society and communities in Mexico. Fact sheets on some of the other practices identified, but not validated, can be found in Appendix 3.

The research conducted showed that the CSOs that have collaborated with the mining companies in the aforementioned best practices were able to improve the collaboration and the success of these practices, thus ensuring transparency and access to information.

Another key aspect in their success was the inclusion of community members in the project's design and decision-making process, which helped facilitate the creation and appropriation of capacities by the community.

The following section will analyze best practices in the engagement levels of Information, Dialogue, Consultation, Collaboration and Partnership, including:

- 2.5.3.1. *Comprehensive Closure Plan*
- 2.5.3.2. *Participatory Resettlement Plan*
- 2.5.3.3. *"Casa Grande" Community Development Program*
- 2.5.3.4. *Participatory Monitoring of Water Quality*
- 2.5.3.5. *Extractive Industries Transparency Initiative*

2.5.3.1. Comprehensive Closure Plan

ENGAGEMENT LEVEL



DURATION

2014 – 2016

MAIN STAKEHOLDERS

San Xavier (New Gold) company, National College of Technical-Professional Education (Colegio Nacional de Educación Profesional Técnica), Ministry of Labor and Social Security, Work Training Institute (Instituto de Capacitación para el Trabajo). NGO Center for Civic Collaboration and Sustainable Economic Futures, Monterrey Technological Institute (Instituto Tecnológico de Monterrey), Zapatilla and Portezuelo communities (employees, population).

DESCRIPTION

Start of gold mining: in 2007, the Canadian company New Gold began its operations, with gold mining as part of the San Xavier project, in the Municipality of Cerro de Pedro, in San Luis Potosí, Mexico. By mid-2016, it gradually began closing operations.

Preparing for closure of activities: in 2014, the company started communicating and organizing dialogue roundtables to inform employees, contractors and communities about the closure of the mine. It developed participatory plans that considered aspects related to biophysical, economic, labor and cultural remediation.

Stakeholder collaboration: for a participatory process capable of providing feedback for the comprehensive closure plan, New Gold promoted collaboration with a civil society organization. The Civic Collaboration Center (CCC) and New Gold reached agreements on transparency and public access to results. For 10 months, CCC organized workshops and roundtables with communities and employees to develop an initial diagnosis in order to determine the extent to which these communities depended on the economic activity generated by mining. Similarly, CCC created infographics that helped facilitate

the workshops and community development programs. Surveys and workshops were organized for mine employees to identify which capacities they would like to develop for their job reinsertion or to start their own businesses after mine closed.

Entrepreneurship programs and training workshops: based on the results of the participatory process, New Gold developed entrepreneurship programs and training workshops offered by local public and private institutions, which led to new collaborations and partnerships with universities, civil society organizations and government institutions.

Examples of programs: the Colegio Nacional de Educación Profesional Técnica (CONALEP) contributed by training employees in automotive mechanics, plumbing, electricity and computing. The Instituto Tecnológico de Monterrey offered entrepreneurial workshops (“Yo Emprendo”) and “personal savings and finance courses” to lay the foundations for knowledge in the field of business culture. The Canadian organization, Sustainable Economic Futures, supported with the intention of providing better tools and knowledge for communities to develop successful productive projects. New Gold entered into a strategic agreement with the Ministry of Labor and Social Security and the Work Training Institute to prioritize the creation of job opportunities and training for self-employment.

Entrepreneurship program: thanks to these actions, which have improved the self-esteem and confidence of the population of the communities in the impact area of Minera San Xavier, its inhabitants continue to promote an entrepreneurship program for collaborating in the local economy and participating in trade within their community and region.

Environmental closure: another of the closure plans that the company implemented was the participatory environmental closure plan. This plan responded to the communities' concern regarding historical environmental liabilities.¹⁸⁵ Since 2016, Minera San Xavier has been carrying out various tasks of biophysical closure, starting with the topsoil disposal program¹⁸⁶ for revegetation and reforestation of the lands of the former open-pit mine. This plan also includes the remediation and development of the “Paseo Patio Victoria,” an old mine yard that is being environmentally remedied to form a path that allows tourists to visit the center of the Municipality of Cerro de San Pedro, which will become one of the area's main attractions.¹⁸⁷

New Gold Legacy: New Gold was able to add the knowledge of civil society and the communities to projects that can now remain in time as a legacy of this company. Among these undertakings are: the creation and commercialization of high-quality gastronomic products, promoting the cultivation of the *nopal* cactus for sale at the local and state level, and fostering the development of tourism in the Municipality of Cerro de San Pedro, seeking to use the nickname “*Pueblo Mágico*” (“Magic Town”).¹⁸⁸ Another important undertaking was the creation of the “Everyone for Cerro de San Pedro” Foundation (Fundación “Todos por Cerro de San Pedro”), which will operate seed funds so that the community may continue to develop economic alternatives after the closure of the mine.



MAIN IMPACT/OUTCOME

The inhabitants of Cerro de San Pedro, Real del Potosí and the communities of La Zapatilla, Calderón, Portezuelo, Joyita de la Cruz, Monte Caldera and Divisadero continue to promote entrepreneurship programs to collaborate in the local economy and participate in trade in their community and region, both with a silversmith's shop, the opening of restaurants and hotels in the municipality, as well as training as tourist guides to support the transition to tourism activities as an economic alternative for the development of this municipality and its communities.

Investment has been made in infrastructure works for the Cerro de San Pedro communities, such as the repair and construction of roads (i.e., Benito Juárez street, the paving of Hidalgo Street, the community road from La Zapatilla to Portezuelo), electrical networks, sewage and potable water works, road asphalting, classroom construction and equipment, schools and clinics (i.e., Community Health Center in Planta del Carmen), and the repair and restoration of historic buildings and monuments (i.e., the Cerro de San Pedro Ejido House, repairs to the San Pedro Apóstol Church). 393 hectares of the mine's environmental footprint have been reforested.



INNOVATION

This is the first participatory economic closure plan and participatory environmental closure plan carried out in Mexico by a mining company, which incorporates the concerns, interests and proposals of the community for developing the capacities required to ensure the community's stability and economic diversification and improve environmental quality after the closure of the mine. It is also the first time that a mining company in Mexico makes the decision to assume its historical environmental liabilities¹⁸⁹ on the sites where its operations were located before the mine closed. It has carried out one of the most significant environmental recovery works in major urban spaces at the state level.



PARTICIPATION, RELEVANCE, SUSTAINABILITY

- Inclusive participation: the closure plan followed a proprietary methodology that included several stages of systematization, recording the opinions of the families in the surrounding communities, workers, government and civil society organizations. The nature of this plan proved to be binding.
- Relevance by demand: by taking into account the opinions and interests of the workers and communities in the impact area, there was a process of community appropriation of the comprehensive closure plan, which also helped reduce the economic uncertainty resulting from the closure of the mine.
- Financial sustainability: New Gold supported the creation of Fundación “Todos por Cerro de San Pedro,” which includes a “seed fund” set up with company investments, and which will continue to be managed together with the community to continue developing new productive projects in the communities within the impact area..



APPROACHES

Diversity Approach: A special effort was made to restore historic buildings and monuments in the region to attract tourism, but also to maintain community traditions. In addition, the programs and workshops offered in the communities considered the participation of various social groups. The workshops tried to incorporate the different ideologies of the inhabitants through respect, dialogue and understanding.

Gender Approach: the development of new productive projects was promoted by the women of the community, who sell the products they produce at the local and state level (i.e., preserves) and have participated in opening restaurants and hotels in the municipality, in addition to receiving training as tourist guides.



LESSONS LEARNED

The success of the comprehensive closure plan lies in the collaborations and partnerships formed based on capacity-building, transparency and access to information resulting from the workshops and roundtables with all the sectors involved (workers, community members, CSOs, local and state authorities and companies).

Improving engagement between stakeholders requires the commitment of companies to go beyond what is required by current regulations, committing to the economic and environmental development of the places where their operations are located. This requires the company to be open to letting communities help plan the closure of operations, favoring a process of appropriation of the strategies that will be implemented.

The participation of the government in the creation of these economic and environmental closure plans is fundamental, not only in terms of the accompaniment they can provide for the community, but also because this can create synergies that favor the economic and environmental development of the impact areas, through the creation of programs and plans that accompany the operations of mining companies and give assurance to the inhabitants that public services will be adequately provided in their communities after the closure of mining operations.



VALIDATION

The key stakeholders involved were interviewed, including representatives of New Gold/Minera San Xavier (MSX), the Center for Civic Collaboration, and employees from the communities of La Zapatilla, Calderón, Portezuelo, Joyita de la Cruz, Monte Caldera and Divisadero, as well as members of the aforementioned communities that did not work in the mine. The practice was validated and analyzed with the members of the three sectors that attended the workshop on best engagement practices between stakeholders in the mining industry in Mexico, on July 13, 2017.

BIBLIOGRAPHY/LINKS

- New Gold (2017). Operating and Financial Highlights. Second quarter report 2017. New Gold, Canada.
- ____ (2016). *Reporte de Sustentabilidad 2016: Cerro de San Pedro, Minera San Xavier*. New Gold, México.
- Lambert R.J., Moreton C., Krutzelmann H. (2010). Technical report on the Cerro San Pedro Mine, San Luis Potosí, México. Scottwilson, Canada.



2.5.3.2. Participatory Resettlement Plan

ENGAGEMENT LEVEL



DURATION

2013 – 2016



MAIN STAKEHOLDERS

Torex Gold company; Agrarian Prosecutor's Office; Municipality of Cocula.

Population of the *ejidos* La Fundición and Real del Limón; community organizations such as the Ejido Commissary of La Fundición and Real del Limón and their *ejido* assemblies, religious and women's groups, and *ejidatarios* from both communities.



DESCRIPTION

Gold pre-exploitation preparation: in 2013, two years before the start of the Torex Gold operation of Canadian capital in the Municipality of Cocula, Guerrero, there was a rapprochement between the company and two communities, La Fundición and Real del Lemon. These communities would be affected by the operation of the El Limón-Guajes mine; one of the richest open-pit gold deposits in the world with a grade of 2.65 g/t. Once its peak production is reached, an average annual production of 370,000 ounces of gold is estimated.

Participatory resettlement: in order to mitigate the impacts of the mining operations on these communities, the project required the resettlement of two communities with approximately 102 households and 500 inhabitants. The resettlement was requested by the inhabitants of these communities, since El Potrerillo hill was in danger of disintegrating. This process followed Performance Standard 5 for Land Acquisition and Involuntary Resettlement of the International Finance Corporation (IFC), as an example of permanent collaboration between the company and the community.

Dialogue roundtables: the framework of the resettlement plan was developed taking into account the information resulting from a social baseline study. The company and the communities participated systematically in dialogue roundtables to discuss how to select their destination site, the conceptual designs for the new homes and compensation for lost assets.

Transparent compensation: the compensation and benefits phase for displaced persons used a compensation framework. This establishes that land purchases must be transparent and equitable, and therefore must ensure that each person who is part of this process is compensated in the same manner, and must also agree with the respective compensation.

Company-community engagement: in order to maintain a permanent and open dialogue with the community, there were home visits, meetings of *ejidatarios*, community assemblies and regular meetings with community members to address the concerns and requests of each family. It is worth mentioning that several of these meetings were attended by the Agrarian Prosecutor's Office, which is a public entity responsible for defending agrarian rights, the regulation of rural property, and the strengthening of judicial security in rural areas. The houses in the plan were designed together with the community, whose members decided where the schools, municipal buildings, green spaces and churches should be located.

Cultural issues: since most of the inhabitants of the resettled communities profess the Catholic religion, with a significant number also being Jehovah's Witnesses, the parishioners of each of these religions reached agreements on where their churches would be relocated. These negotiations required a constant effort that ultimately succeeded because of the day-to-day engagement between the company and the community.

Development plans: the company was constantly communicating with the families to understand their aspirations and help them prepare family investment plans and develop new economic alternatives.

Social cohesion program: Torex Gold implemented a social cohesion program, because with the resettlement a new community was formed, which has brought about changes, since two neighboring communities are now sharing the same space and must work to integrate and adapt to their new environment.

MAIN IMPACT/OUTCOME

The new settlement has paved streets, public lighting, potable water, a sewer treatment system that discharges to a wetland, and each family lives in a house built with quality, long-lasting materials. These resettlements have offices for municipal and *ejido* authorities, as well as recreational areas such as a basketball court, a playground for children, and public buildings to meet educational needs.

As a result of the resettlement, a five-kilometer access road to the new community was built. The new homes have three bedrooms, a basement, a barn, one bathroom, a laundry room, a kitchen, a terrace and space for a farm, allowing families to develop traditional productive activities.





INNOVATION

From the beginning, this practice aimed to stand out from the mechanisms which are normally present in other mining projects where, because of the resettlement, the community only receives payment for its house, which causes a permanent situation of conflict. The Torex Gold company decided to carry out a participatory resettlement plan—the first of its kind in Mexico—which was considered successful.



PARTICIPATION, RELEVANCE, SUSTAINABILITY

- Regular participation: The company met with community members almost every day in order to address the concerns and requests of each family regarding the materials, design and location of the new property.
- Relevance by need: The practice substantially improved the quality of life of the inhabitants. All families have electricity, water and sewer services, which they lacked prior to resettlement.
- Institutional sustainability: Each of the new owners has a legal deed to their house. In addition, the Municipality of Cocula has formally accepted responsibility for maintaining and operating the community's infrastructure, which guarantees that it will continue to operate efficiently in the long term.



APPROACHES

Diversity Approach: Some community members profess the Catholic religion and others are Jehovah's Witnesses. The parishioners reached an agreement on where their churches will be relocated in the resettlement site. Also, originally only the La Fundición community was going to be resettled, but due to its close relationship with the Real del Limón community, and given that resettlement would affect the social fabric of these communities, Torex Gold agreed to resettle both.



Gender Approach: The new homes built addressed problems related to the time invested by women to guarantee access to water, with women from the aforementioned communities benefiting to a greater extent.



LESSONS LEARNED

Resettlement must go beyond just paying for lands and then building new housing—it must focus on improving the quality of life of the population that is being resettled.

A central component of a successful resettlement is the permanent participation of the community throughout the process, providing it with information and making it a participant in the decision-making process. Therefore, the community must actively participate in determining the design, characteristics, and location of their homes.

Finally, resettlement processes require social cohesion programs capable of helping community members develop a sense of belonging to the new community, as well as facilitating their integration and adaptation to the new environment.



VALIDATION

Interviews were conducted with members of the communities of La Fundición and Real del Limón, the Torex-Gold company, the government of the State of Guerrero and the people involved in the resettlement. The practice was validated and analyzed with members of the three sectors that attended the workshop on best engagement practices between stakeholders in the mining industry in Mexico, at the IDB offices in July 13, 2017.



BIBLIOGRAPHY/LINKS

Proyecto de reubicación de las localidades “La Fundición” y “Real del Limón,” municipio de Cocula, Guerrero. Presented in 2012.

Torex Gold Resources Inc. (2015). Corporate Responsibility Report 2014. Torex Gold Resources Inc., Canada.

Neff D.H., Davidson R., Drielick T.L., Connolly B., Hertel M., Orbock III E.J.C., Susi B., Habbu P., Levy M., Ugorets V., Monaghan J.J. (2015). NI 43-101 Technical Report El Limón Guajes Mine Plan and Media Luna Preliminary Economic Assessment Guerrero State, Mexico. M3-PN140115. September 2015. Tucson, AZ: M3 Engineering & Technology Corporation.

2.5.3.3. “Casa Grande” Community Development Program

ENGAGEMENT LEVEL



Partnership



DURATION

2008 - 2017



MAIN STAKEHOLDERS

Grupo México company. Local governments. Community councils, educational institutions, civil society organizations, and population.



DESCRIPTION

Background: Grupo México is the top producer of metallic minerals in Mexico, in addition to being the fourth largest copper producer in the world and having the largest copper reserves worldwide. It has 15 underground mines and one open-pit mine. The company is present in Mexico, Peru, the United States, Argentina, Chile, Ecuador and Spain.

Community development: Casa Grande is a community development model implemented by Grupo México since 2008 in the regions where it has operations, which include 11 states of the Mexican Republic.¹⁹⁰ This model seeks to promote community involvement and participation, assuming a shared responsibility with the company, in order to increase economic and social development by funding social projects where co-responsibility is assumed by inhabitants, institutions and authorities. These projects are built on the following cornerstones: education, environment, health, safety and productive development, paying special attention to including children and young people among the beneficiaries.

Company-community engagement: this program promotes the involvement and participation of communities in a context of shared responsibility with the company. This aims to strengthen healthy and long-term relationships between Grupo México and the communities.

Community centers: each branch of the Casa Grande program is a community center with various areas, such as libraries, gyms, workshops rooms (i.e., cooking, computers, arts), among other activities.

Participatory diagnosis: to bring the Casa Grande program to a community, participatory diagnoses are first developed with individuals who have leadership skills and are interested in transforming their communities. They reflect on the community's present situation and their vision for the future, as well as on the activities required to achieve their goals.

Community council: the community council is a diverse and transparent citizen participation entity, made up of eight volunteers who are recognized as leaders in their communities. The council also includes one representative from Grupo México or its subsidiaries, and one community development representative. The council must

review, approve and monitor the proper implementation of the community engagement projects, which will be financed by Grupo México. It is also responsible for discussing the projects that the community has prioritized according to its needs and publishing calls for project proposals.

Preparation of community projects: in order for the community to develop its own projects, workshops are organized with qualified personnel who provide them with the tools necessary not only to select an idea for a project, but also to ensure its long-term sustainability and social impact. Project proposals must be submitted in the form of financing requests for the fund created by Grupo México.

Evaluation: the preliminary projects are evaluated by the community council and the results are disseminated in the media. The selected projects are supported only with in-kind resources, providing seed capital to kick-start them.



MAIN IMPACT/OUTCOME

The program has managed to transform an environment of conflict and distrust into a more positive one that promotes dialogue, collaboration and partnerships. Examples of projects approved and financed through Casa Grande include:

Health care – “Path to Life”: this project was proposed by the community of Cananea in Sonora and approved by the community council in 2010, and involves transporting oncological hemodialysis patients in a humanitarian manner from their communities to hospitals where they receive free treatment. The trips are made twice a week, so in five years there are around 700 trips made.

Youth sports promotion – “Choko Gym”: this project was approved in 2014 by the community council of Santa Eulalia, Chihuahua, and consists of a gym that helps young people to use sports to overcome the social problems they face. The gym equipment was used to create a space that has benefited over 900 children and young people who live in street situations and who are exposed to drugs.

New technologies – “Ecological or Patsari stoves:” this project was approved in 2016 in Taxco, Guerrero for elderly people living in extreme poverty and who cook their food with firewood. The goal is to reduce the incidence of respiratory diseases caused by long-term exposure to carbon monoxide. A Patsari stove reduces carbon dioxide emissions by 95% and smoke is avoided inside the home, as well as saving 60% of the consumption of firewood. 1,000 people have benefited from this project, and 250 stoves have been built in 6 communities of Taxco, Guerrero.

Support for culture and training – “Story Path”: approved by the community council of Taxco, Guerrero, in 2013, this project has created a model for teaching literature to children and young people, asking children to write stories for a book that is later published. This project promotes creativity and a love for literature among children, so that they may not only be readers but also writers. It has benefited 50 institutions in the region, leading to four books with publishing runs of 1,000 copies each.



INNOVATION

Communities do not usually have the opportunity to select and monitor projects financed by extractive companies in their benefit. However, in this practice, in the case of the Casa Grande community development program, it was the community itself, along with its leaders, that defined the priorities and needs that are to be addressed by implementing various projects that will receive financing from the fund created by Grupo México. These community leaders are responsible for reviewing, approving and monitoring the proper implementation of the projects proposed by the community, which aim to improve their quality of life and strengthen the social fabric. Thus, the community is empowered by the projects it undertakes, since it participates in the process of selecting them and carrying them out



PARTICIPATION, RELEVANCE, SUSTAINABILITY

- Inclusive participation: the community council is a diverse and transparent citizen participation entity, made up of eight volunteers who are recognized as leaders in their different communities.
- Relevance by demand: this practice came in response to a demand by the population to improve long-term relations between the company and the communities, by addressing the needs identified as priorities by community members. Monitoring the communities served as a tool to strengthen their entrepreneurial capacities in alternative economic activities, while also improving their living conditions in terms of health, education, sports, the environment, and economic development.
- Institutional sustainability: Time and resources were dedicated to offering workshops organized jointly by the company and the communities, with qualified personnel who provide the tools required to ensure the long-term sustainability and social impact of the projects.



APPROACHES

Diversity Approach: the projects aim to improve the quality of life of the population, paying special attention to including children and young people among the beneficiaries.

Gender Approach: women have benefited from this program, since they can submit projects that benefit this vulnerable group: they have access to training workshops that allow them to establish new businesses, as an economic alternative to mining (i.e., bakery, pastry-making, hairdressing), favoring their economic independence and empowerment.



LESSONS LEARNED

The formation of a community council with leaders that are recognized and respected by the community, and the participation of the community in the selection of community projects that address relevant issues in their communities, has been a key element for improving and strengthening the relationship between company and communities with a long-term vision.



VALIDATION

Interviews were conducted with Grupo México, community council, members of the beneficiary community and local authorities. The practice was validated and analyzed with the members of the three sectors that attended the workshop on best engagement practices between stakeholders in the mining industry in Mexico, on July 13, 2017



BIBLIOGRAPHY/LINKS

Grupo México (2017). *Casa Grande. Centro de Desarrollo Comunitario*. Grupo México, México.

Grupo México (2017). *Informe de desarrollo sustentable 2016*. Grupo México, México.

2.5.3.4. Participatory Monitoring of Water Quality

ENGAGEMENT LEVEL



DURATION

2016 – 2017

MAIN STAKEHOLDERS

Media Luna company (subsidiary of Torex Gold). Universidad Autónoma de Guerrero (UAGRO), community members of Nuevo Balsas, Guerrero..

DESCRIPTION

The mine: in 2015, the El Limón-Guajes Mine was installed north of the Balsas River, at the foot of the Media Luna Hill. It is one of the richest open-pit gold deposits in the world, with a grade of 2.65 g/t. This mine, operated by the Canadian company Torex Gold, focuses on the extraction of gold.

Complaint: in 2016, the company received a complaint from the inhabitants of the communities of Nuevo Balsas, Guerrero, who are mainly fishermen. They were concerned that the water from their fishing sites was contaminated with discharge from the mine's tailings and dust generated by the detonations. The inhabitants of these communities argued that these environmental impacts had reduced their fishing stocks.

Impact assessments: this complaint prompted the company to request the collaboration of the Universidad Autónoma de Guerrero (UAGRO), through its Center for Innovation and Technology Transfer (CITT), which conducted a study to analyze the water quality, assessing whether or not there was evidence of contamination resulting from the mine's operations. Researchers from UAGRO signed an agreement with Minera Media Luna that guarantees transparency and community access to the resulting information.

Company-community engagement: the negotiation of agreements between the employees in the community relations unit of the mining company, the municipal authorities of Colula, the community authorities of Nuevo Balsas, and the representatives of the fishing cooperatives, required a dialogue based on assertive and respectful listening, in order to ensure that the concerns and priorities of each stakeholder were heard. It was agreed that the results of the monitoring process would be presented to the community and that its members would freely choose the sites from which water samples would be taken.

Participatory monitoring: the company, the university and the communities reached an agreement on the number of water samples to be analyzed, and a community assembly was convened to decide what sites the samples would be taken from. Prior to the sampling process, UAGRO researchers led several workshops in the community to provide a detailed explanation of the parameters that must be analyzed to assess water quality, how to take measurements, draw samples, and the procedure used to prepare the samples for their transfer to a certified laboratory in Canada and the laboratory of

the Universidad Autónoma de San Luis Potosí. During these workshops, the researchers also answered the community's questions about the equipment and its operation, the processing of samples and the implications of the results obtained. They specified the concentrations of these metals that could be considered a risk to health or economic activities. A group of villagers participated in the sampling process, accompanying researchers to do the work of collecting water samples at the sites selected by the community.

High levels of arsenic: the analysis showed arsenic levels above the allowable limit that were not a result of gold mining activities, but were present naturally. Similarly, the study concluded that there are no heavy metals in the tissue and organs of the fish.

Follow-up: in order to continue with the participatory monitoring process, the company asked if the university could train community members to continue taking water samples, so that they could follow up on the quality of the effluents, paying special attention to the evolution of arsenic concentrations in the water. In addition, Torex Gold proposed to conduct a health survey in the communities and to continue holding multi-sector meetings to address the population's concerns regarding water quality.

MAIN IMPACT/OUTCOME

This best practice changed the company's perception, communication and relationship with the community in a positive way, strengthening a long-term engagement and favoring the development of capacities for monitoring the water quality of its effluents.

The community was trained to take water samples in the sites of interest, which favored an exchange of information with experts and improved their knowledge on the subject and its impact on health. The results of the monitoring process reduced the uncertainty and anxiety of these inhabitants in terms of potential risks to their health or their economic activities. It should be mentioned that, after analyzing the results that were validated, no contamination was found in the effluents, and the price per kilogram of fish sold by the community increased, bringing economic benefits to the population.

INNOVATION

This was one of the first participatory environmental monitoring exercises conducted in Mexico. The collaboration between the company, the community and the university improved the perception, communication the engagement between the company and the community.

PARTICIPATION, RELEVANCE, SUSTAINABILITY

- Inclusive participation: The participation of social groups was encouraged in the environmental monitoring process, explaining the metals that would be analyzed, as well as the implications of certain concentrations of these in the water. Community members participated in the selection of the analyzed sites and the improvement of the monitoring mechanisms.

- Relevance by need: When the company responded assertively to a conflict situation with the community, supporting the implementation of a participatory sampling of water quality, this created the conditions to favor mechanisms of collaboration and partnerships.
- Sustainability by consensus: This partnership between the community, UAGRO and the company demonstrates a long-term engagement, which will allow for the collective planning of new projects of interest to the community, as well as favoring a better business climate in the region and preventing the appearance of potential conflicts.



APPROACHES

Diversity Approach: this participatory monitoring required the organization of workshops with the Ejido Assembly, allowing community members to be included in the planning decisions regarding the sampling, based on the community's forms of organization.

Gender Approach: the workshops had an important number of women participants, who were interested in learning the results of the water quality analysis; they participated actively in these workshops, receiving information on the parameters that were measured, the equipment used and the process for collecting and analyzing the samples.



LESSONS LEARNED

Through dialogue and collaboration, agreements were reached on how to implement the monitoring phase, where to conduct the water sampling, what laboratories to use to analyze the samples obtained, and how to communicate the results.

The fact that the university and the company shared the results of the monitoring phase with the population of Nuevo Balsas favored the transparency of the process and helped create and strengthen relationships of trust, acknowledging the commitment of Torex Gold to avoid environmental impacts and involve the community in the monitoring of water quality.



VALIDATION

Interviews were conducted with representatives of Minera Media Luna, UAGRO researchers in charge of participatory monitoring, state and local authorities, and community members. The practice was validated and analyzed with members of the three sectors that attended the workshop on best engagement practices between stakeholders in the mining industry in Mexico, on July 13, 2017.



BIBLIOGRAPHY/LINKS

UAGRO-Centro de Innovación y Transferencia Tecnológica (2016). *Resultados del proyecto Minera Media Luna y su relación con los factores ambientales: caso del agua en las comunidades aledañas*. Project leaders: Dr. Joel Ramírez and M.Sc. Eduardo Herrera. UAGro, México.

2.5.3.5. Extractive Industries Transparency Initiative (EITI)

ENGAGEMENT LEVEL



DURATION

2013 - 2017



MAIN STAKEHOLDERS

Private sector representatives of the extractive industry. Representatives of a broad group of CSOs. Mexican Government, EITI International Secretariat.



DESCRIPTION

Mexico's commitment to EITI: within the framework of the Open Government Partnership (AGA), Commitment No. 26 was included in Mexico's Action Plan 2013-2015, establishing the country's adherence to the Extractive Industries Transparency Initiative (EITI). One of the first challenges faced by this process was the formation of the National Multi-Stakeholder Group (MSG), which prepared and discussed the documents required to present its candidacy. The MSG is currently working on the definition of the materiality, scope and economic flows that will be included in the first report and subsequent reports.

National Multi-Stakeholder Group: the creation of the MSG on November 22, 2016, was a strategic step for its proper functioning. The inclusion of this group took about two years, since a central requirement was to build and solidify trust, while recognizing the representatives as legitimate stakeholders. The creation of the MSG required each of the three sectors (government, industry and civil society) to choose its representatives.¹⁹¹

EITI Principles: one particular aspect of the Mexican case was that, during MSG's first meeting, the representatives signed the "EITI Principles for Mexico" in order to declare their commitment to collaborating between sectors, respecting the participation of all parties with maximum transparency, and promoting and respecting human rights and social and environmental issues.

Rules of operation: during the second meeting, Mexico's Operating Rules and National Goals were approved. The public presentation of these operating rules involved weekly work meetings for about eight months until all three sectors agreed on their content. During the third meeting, the work plan was approved, thus fulfilling the fifth and last requirement for presenting Mexico's candidacy to the EITI International Council.

Support from external stakeholders: other stakeholders that have accompanied Mexico's candidacy to EITI, including several cooperation agencies¹⁹² which have financed the training and participation of members of civil society at various events relevant to the presentation of the candidacy and the first report.

Relationship of trust: it is worth mentioning that these frequent work meetings, based on a respectful and open dialogue, as well as effective listening to the concerns and priorities of civil society, over the course of two years helped build a relationship of trust that continues getting stronger.



MAIN IMPACT/OUTCOME

The benefits of the standard include:

- Guarantees access to quality information on the economic and socio-environmental flows of extractive industries.
- Strengthens public participation and oversight of extractive industries.
- Builds trust in institutions.
- Reduces conflicts between companies, governments and communities.
- Protects the reputation of companies.



INNOVATION

Mexico was the first country in which the three sectors signed a declaration of principles, and civil society representatives are supported by a group of approximately 40 civil society organizations. Another important innovation is the agreement between the three sectors that make up the National Multi-Stakeholder Group (MSG) to include economic flows related to social and environmental issues in the first report on Mexico.



PARTICIPATION, RELEVANCE, SUSTAINABILITY

- Inclusive participation: in the process of presenting the candidacy and preparing the first report, the active participation of the government, companies and civil society has been essential for developing stronger trust among the stakeholders, as well as improving communication between these sectors.
- Relevance by demand: with this mechanism, the request of the three sectors (government, companies and civil society) to make the economic flows related to extractive industries more transparent is being addressed, together with including information on environmental and social flows. This permitted Mexico to be recognized internationally as an EITI candidate country.
- Institutional sustainability: EITI has guidelines and orientations that encourage countries to join this standard permanently.



APPROACHES

Diversity Approach: through an assertive dialogue, the various sectors involved (government, companies and civil society) have shared their concerns and positions on transparency. In the case of civil society, the organizations involved in this initiative work in very diverse social, cultural and economic contexts, and their opinions transmitted and negotiated by the group of civil society representatives and deputies.



LESSONS LEARNED

There were no spaces in which these three sectors (business, civil society and government) could meet to establish common goals and targets. Therefore, the formation of the MSG has made it possible to strengthen communication and joint work by these three sectors in favor of extractive industry transparency. Promoting transparency is a long-term goal that requires the commitment and effort of all three sectors, so that information made accessible may support decision-making and the governance of mineral resources, thus empowering communities.



VALIDATION

Interviews were conducted with members of the National Multi-Stakeholder Group (MSG) from the government, company and CSO sectors. CSOs whose interest is focused on transparency and access to information were also interviewed, as well as government authorities and international cooperation agencies involved in promoting this initiative. The practice was validated and analyzed with the members of the three sectors that attended the workshop on best engagement practices between stakeholders in the mining industry in Mexico, on July 13, 2017.



BIBLIOGRAPHY/LINKS

- Secretaría de Energía (2016a). *Instalación del grupo multipartícipe nacional para la adhesión de México a EITI*. SENER, México.
_____. (2016b). *El Proceso de Adhesión de México a la EITI, Informe de Actividades, junio*.

2.5.4. Stakeholder analysis

Some of the stakeholders involved in these practices are: (1) mining companies with mostly Mexican and foreign capital, (2) different levels of government, and (3) civil society, including non-governmental organizations, universities and community organizations. It is important to emphasize that community organizations are the ones that have collaborated most significantly with companies to improve their social engagement practices, which can be attributed to their interest in improving their living conditions, promoting alternative activities that favor economic development in their communities, reducing potential environmental impacts, and taking advantage of all the benefits that mining could offer them.

Company

The mining industry is a strategic sector for Mexico. The mining industry includes companies with capital that is mainly or entirely Mexican (i.e., Grupo México, Peñoles, Frisco, Fresnillo plc, Carrizal), as well as foreign companies mainly of Canadian capital (i.e., New Gold, Goldcorp, Torex Gold, Leagold, Agnico Eagle, First Majestic, Pan American Silver). Companies with international funding meet the requirements imposed by the institutions funding them to ensure a favorable business environment;¹⁹³ therefore, they implement various practices aimed at improving their social and environmental engagement. These practices sometimes go beyond the requirements of current Mexican mining regulations, but are international requirements for receiving or maintaining funding. There are other companies that voluntarily carry out actions that favor better practices for social and environmental engagement, which do not receive international funding but do recognize the importance of strengthening the social fabric of their operations' impact areas and improving their collaboration and partnership strategies with community social organizations (CSOs), in order to promote a business environment with greater legal certainty and lower economic, social and environmental risks. Finally, there are also companies that meet the minimum requirements established by Mexican regulations.

State

The government sector's participation in the mining industry focuses on administrative matters related to the design and supervision of regulations. The State collaborates with companies to promote investment and the realization of mining projects as stipulated in the goals of the National Development Plan. The government functions as a regulating entity for the various stakeholders involved. At the federal level, the various secretariats perform their functions in planning, coordinating, managing and implementing national public policies for economic development and the promotion of mining activity. Other secretariats and governmental entities are in charge of protecting, conserving and exploiting natural resources, while monitoring the industry's compliance with environmental regulations.¹⁹⁴ Other entities participate by helping manage the Mining Fund, strengthen the mining industry's transparency and economic flows, and regulate working conditions. In this sense, federal government authorities have a certain degree of influence on the mining industry in Mexico, and they establish close relationships with the companies. At this level of government, relationships with communities and CSOs are limited, since the functions of these entities do not include a requirement to accompany the communities where mining projects are being developed. Both local and state governments usually have close relationships with mining companies, since their investments are considered key to the development of their municipalities and states. However, local governments have the greatest amount of interaction with communities near mining operations. This level of government also interacts with the



business sector, but local governments usually have limited economic, human and technological resources, which hinders their ability to influence and intervene in the industry to promote better social and environmental engagement practices.

Civil society

Universities have relationships with the metal mining industry and are trusted by various stakeholder groups for their ability to build networks, as well as for their contributions to creating knowledge and building capacities, including: federal, state and local authorities; national and foreign mining companies; civil society organizations and community organizations. Many universities¹⁹⁵ throughout the country offer engineering programs in mining and metallurgy and related fields.¹⁹⁶ Graduates of these programs enter the mining industry but maintain close relationships with their alma maters, which has favored collaboration between companies and universities. Universities can influence public opinion and decision-making regarding public policies in the industry, as well as the development and strengthening of the regulatory framework, contributing through the knowledge and skills of their researchers.

Civil society organizations (CSOs)¹⁹⁷ are involved with the mining industry in different ways, depending on their nature (as determined by their mission statement) and their position with respect to mining, which will depend on: (1) environmental impacts, including water, soil and air pollution, biodiversity degradation and environmental compensation; (2) effect on the human, indigenous and territorial rights of the communities in impact areas; (3) effect on labor rights, social security and job security for mining company workers; and (4) attention to complaints and allegations, as well as initiatives for promoting transparency in this extractive industry.

These organizations have the ability to build networks between different stakeholders, participating in training or negotiation processes for conflict resolution. Only a few CSOs collaborate with companies to prepare participatory plans for environmental and economic closures, as well as participatory plans on the destination of the social investments made by companies during their operation in the communities within their impact areas. Normally, the organizations that are trusted by a significant number of communities are those dedicated to the defense of human, indigenous, labor and territorial rights; these CSOs support the communities with legal consultancy and support during litigation and complaints.



Mexico has not yet conducted any indigenous consultations on mining projects, since the projects carried out in agreement with the Mexican government have not been carried out in indigenous or equivalent communities. Mexico is obliged to comply with the provisions regarding consultations, based on Article 169 of the ILO. However, this study revealed that the great majority of communal and ejido lands where mining projects operate are inhabited by populations that are vulnerable due to their high levels of poverty, lack of education, insufficient infrastructure for the provision of basic services, and low economic diversification. Because these conditions of marginalization existed prior to the start of the mining operations by the companies, these communities have a limited ability to participate in an informed manner and to empower themselves, which

interferes with a better governance of their natural resources. In particular, in places where gold mining is carried out, communities must also face—in addition to the aforementioned factors that explain their vulnerability—the proliferation of organized crime and human trafficking, which puts them in situations of even greater risk.

Community organizations maintain positions of both confrontation to prevent mining projects from being initiated in their territories, as well as collaboration with mining companies in order to ensure that their communities receive the greatest possible benefits during their operation and closure.¹⁹⁸ Four types of community organizations were identified: (1) the commissariat of *ejido* and communal property; (2) the *ejido* and communal assemblies; (3) community organizations and collectives; and (4) community cooperatives.

The commissariat of *ejido* and communal property, which consists of a president, a secretary and a treasurer, represents the *ejidatarios* or *comuneros* in the decisions made at the roundtables set up with mining companies. The commissariat is the body responsible for executing and enforcing the agreements reached by the assembly. It is responsible for convening the assembly to discuss proposals by mining companies regarding the purchase or rental of *ejido* and communal lands, as well as other benefits intended for the community.

The *ejido* and communal assemblies include the commissariat and the *ejidatarios* or *comuneros*, who come together to discuss topics of interest to the community. Both the *ejido* and communal commissariat and the assembly may have different positions, either supporting mining because of the economic and labor benefits this activity can bring for the economic development of their communities, or against allowing this activity to be carried out in their territory, due to the negative perception among the inhabitants regarding its potential environmental and social impacts. In some cases, the communities do not have clearly defined positions, since some inhabitants may be in favor of mining companies initiating operations in their territories, and another important number may be against it; in this case, community members are often confronted.

On the other hand, there are also organizations and collectives formed by community members, including *ejidatarios*, *comuneros* or *avecindados*, women's groups, indigenous groups and youth groups that organize themselves to defend their territory, their human



rights and their labor rights. These organizations were identified as having the largest number of projects implemented together with mining companies to improve the living conditions of their communities and their participation in decision-making on mining operations in their territories. Finally, there are community cooperatives established for economic purposes in transport, fishing, agriculture, beekeeping, aquaculture and livestock, among others; depending on which economic activity they pursued, they may or may not be in favor of mining. For example, those cooperatives that can provide services to mining companies and that see an opportunity for economic development will generally be in favor of mining being carried out in their communities, since they can provide cleaning, transportation and food provision services, among others.

2.5.5. Legal framework

The legislation that regulates mining in Mexico comes from Article 27 of the Constitution, which establishes that all subsoil resources are owned and controlled by the Nation, and lays out a regime of specific concessions for the exploitation of minerals. The Constitution sets forth laws, regulations and rules that help regulate the development and implementation of mining exploration and exploitation. Among these laws, the Mining Law is the main legislative instrument that is responsible for authorizing permits, or concessions for the exploration and exploitation activities that must safeguard the protection of the environment.

In order to attract more foreign investments to Mexico, the Mining Law was modified in 1992, during the economic liberalization, and the Foreign Investment Law followed in 1993. This helped create the optimal conditions for facilitating the processes for acquiring concessions and opening companies dedicated to mining activities. With these regulatory improvements, legal certainty was provided for both Mexican and foreign investors.¹⁹⁹ As a result of this process, the Mexican State put the public mining companies up for sale, forming large mining consortia with capital that is mainly or entirely Mexican, with a high degree of vertical and horizontal integration, as well as favoring the investment of foreign capital in the sector, mainly from Canada and the United States.



Information

Other relevant advances in the Mexican regulatory framework applicable to the mining sector are the enactment in 2002 of the Federal Law on Transparency, Access to Public and Government Information and Protection of Personal Data. Supporting the federal government's commitment to transparency, Mexico joined in 2017 as a candidate country for the Extractive Industries Transparency Initiative (EITI) standard, laying the groundwork for reducing the opacity in the economic flows of the mining industry. With this initiative, the government, civil society and companies have joined efforts to promote better governance in the sector.

The regulatory analysis shows that access to information is regulated and important advances have been made to facilitate it. However, these mechanisms only regulate information controlled by the State, but the law does not specify mechanisms that may force companies to provide information in a timely and systematic manner to communities in the impact areas of their operations.



Consultation

Although Mexico signed ILO Convention 169 in 1990, no consultations of this kind have been conducted so far, since according to the National Commission for the Development of Indigenous Peoples (CDI), mining operations are not found in indigenous areas. At the request of the Subsecretariat of Mining, the CDI is the entity that decides which communities are considered as indigenous or equivalent, and therefore, any decision that affects their territory should be consulted previously.²⁰⁰ However, although consultations are not mandatory for mining projects, the population may submit a written request to the Environmental Authority for a public hearing to analyze the project, during the analysis of the relevance of an environmental impact assessment. The foregoing is supported by the General Law of Ecological Balance and Environmental Protection (LEGEEPA) (articles 20 bis, 34, 47, 58, 79, 157, 158 and 159).

There are no other consultation mechanisms where the participation of civil society in mining legislation is considered mandatory. The engagement levels associated with dialogue, collaboration and partnership are not considered in the current legislation, either, since the use of mechanisms for dialogue that facilitate interactions between the government, civil society and companies has not yet been institutionalized. Similarly, there are no mechanisms for promoting collaboration and the creation of partnerships between these stakeholders.

3. CONCLUSIONS AND RECOMMENDATIONS



The national regulatory frameworks, as well as the regulations regarding extractive industry, the environment, taxes and development in the six countries studied, heavily favor establishing standards for access to information and public transparency, which helps provide citizens with relevant information about the company, the project evaluation process, and in some cases the public revenue.

3.1. Conclusions

On the economy, extractive industries and engagement with other stakeholders

- The extractive sector continues to play an important role in terms of its contribution to the Latin American economy, despite the end of the so-called “super cycle” of mining and hydrocarbon commodities. National regulatory frameworks were adapted to encourage the arrival of big investments in this sector, as can be observed in the opening of the hydrocarbon sector in Mexico—which was previously a state monopoly—with the energy reform of 2014. These policies have contributed to the arrival of international corporations that have raised community engagement standards and, as a result of greater tax revenues, and together with civil society, have helped promote multi-stakeholder mechanisms that favor transparency, such as the EITI, which has been operating successfully in some countries of the region.

On regulatory frameworks and engagement levels

- The national regulatory frameworks, as well as the regulations regarding extractive industry, the environment, taxes and development in the six countries studied, heavily favor establishing standards for access to information and public transparency, which helps provide citizens with relevant information about the company, the project evaluation process, and in some cases the public revenue. Although these are not directly related to the extractive industries, the information they provide to the State as part of their obligations is subject to this regulatory framework and can be accessed publicly, without requiring a change in the law, but rather a better application of the law in the sector.
- Similarly, rules that consider citizen participation as a right to participate in the different stages of extractive activities are quite common in the six countries studied, and the public consultation mechanism appears as one of its dimensions.
- The information analyzed for each country shows that there are no specific regulations referring to other engagement levels, such as collaboration or partnerships; the exception is Peru, which instituted a rule in 2010 that establishes a prior commitment by the company towards the communities in the impact area as a precondition for developing extractive activities.
- In general, these are forms of engagement that are based on the corporate policies of the extractive industry. Dialogue is a mechanism that is found, in a broad sense, at all levels of community engagement and is incorporated into segments of the current regulations on participatory and consultation processes.
- Most of the countries in this study have signed ILO Convention 169, with the exception of the Dominican Republic, but only Colombia, Peru and Chile have designed regulations to implement it. In fact, in other countries the process depends on the interpretation of companies and local authorities, with the possibility of questioning the process or taking it to court, thus causing instability and insecurity for the parties.

On practices, engagement levels and coordinating dialogue

- When practices are made up of several engagement levels, it is often the Dialogue level that articulates them. Broadly speaking, dialogue takes place through regular meetings and spaces with broad, diversified and inclusive participation by the various stakeholders, mainly from the impact area of the extractive project. Dialogues can evolve towards the creation of specific work agendas.
- Due to the degree of complexity required for its implementation, engagement at the collaboration and partnership levels usually occurs through a multi-stakeholder dialogue, in its more structured version, which is mainly used as the most appropriate mechanism for clarifying the interests and needs of the parties, as well as to build the necessary trust demanded by these complex processes and to negotiate mutual beneficial agreements.
- Multi-stakeholder engagement through dialogue, when properly organized and managed with a strategic, comprehensive perspective, can help contribute by implementing projects that are connected to local development plans, magnifying stakeholders' voices, influencing operational decisions and engagement plans, improving relationships and obtaining or renewing social licenses.

On the main stakeholders

Civil society

- Civil society organizations, especially NGOs and social movements, assume different roles in the extractive industry: as suppliers or contractors that execute development projects; building bridges and promoting collaborative processes; remaining critical of the how the industry has been operating; promoting discussions; advocating for public policies; guaranteeing the individual and collective rights of communities; or openly opposing extractive activity through resistance actions.
- Universities that enjoy legitimacy are important local resources, because they are trusted by a significant number of stakeholders and have the ability to build networks with key stakeholders with different characteristics, both in terms of producing knowledge and building capacities. They are seen as a specialized and impartial stakeholder for technical matters and for conducting research on the extractive industry; its contributions to the economy and development; water quality studies; education and training; social management and conflict prevention and transformation; among others.
- CSOs also play a role as a third party in engagement processes between communities and companies, either by impartially facilitating dialogue or negotiations between the parties, providing consultancy for these processes, training the company and/or community for adequate and constructive participation, acting as observers, or monitoring the implementation of development projects.

State

- The relationship between the National/Federal Government and the Regional/State/Provincial and Local Governments tends to create tensions that are caused by policies and measures related to the governance of natural resources. In extreme situations, these tensions have eventually led to open opposition and rejection of the extractive industry. In Argentina, for example, some provinces have declared a ban on large-scale mining. It is therefore important that the different levels of government establish coordination mechanisms and inter-governmental dialogue for the concerted discussion and implementation of public policies related to sustainable economic development, and establish the role of extractive industries in the development of the country and its local territories.

Companies

- Improving engagement with other stakeholders requires the commitment of companies and their associations to go beyond the tenets and requirements established by current regulations.
- The teams dedicated to social management and community engagement are essential for field operations, in coordination with the other areas of the companies. This internal coordination is important and necessary. In some cases, companies decide to hire or sign agreements with consultants, commercial or civil society organizations/entities specializing in social management and community engagement in order to promote it. In some cases, considering an external team to support community engagement can facilitate dialogue events, as well as providing an external perspective on the process.
- The main purpose of extractive industry associations is to represent the interests and needs of their affiliated companies. They can also help their members through other strategies such as capacity building, research, publications, databases and communication campaigns related to their activities, among others. They have the potential to be important contributors to sustainable development through projects designed to help companies with their community engagement processes by developing innovative perspectives, such as the best practice of the Social Basins of Argentina, where the Salta Chamber of Mining coordinates the engagement between different mining companies operating in a territory and the surrounding communities.

On the issues related to practices

- Best practices can cover a very broad range of themes, related to the human needs and unfulfilled rights in social environments and to the operational needs of extractive projects. From a basic level of information about the project, all engagement levels allow for the inclusion of multiple issues, such as:
 - » Environmental issues, such as those related to water, air, noise, land use;
 - » Search for jointly agreed solutions with the community that are related to operational needs (health infrastructure, roads, electricity, drinking water, among others);
 - » Product manufacturing;
 - » Education and other basic services;
 - » Issues that concern specific groups such as women, senior citizens, indigenous communities and other groups in vulnerable situations;

- » Local development issues;
- » Establishment of continuous engagement within the framework of sustainable development and social licensing;
- » Strengthening community and local institutions, among others.

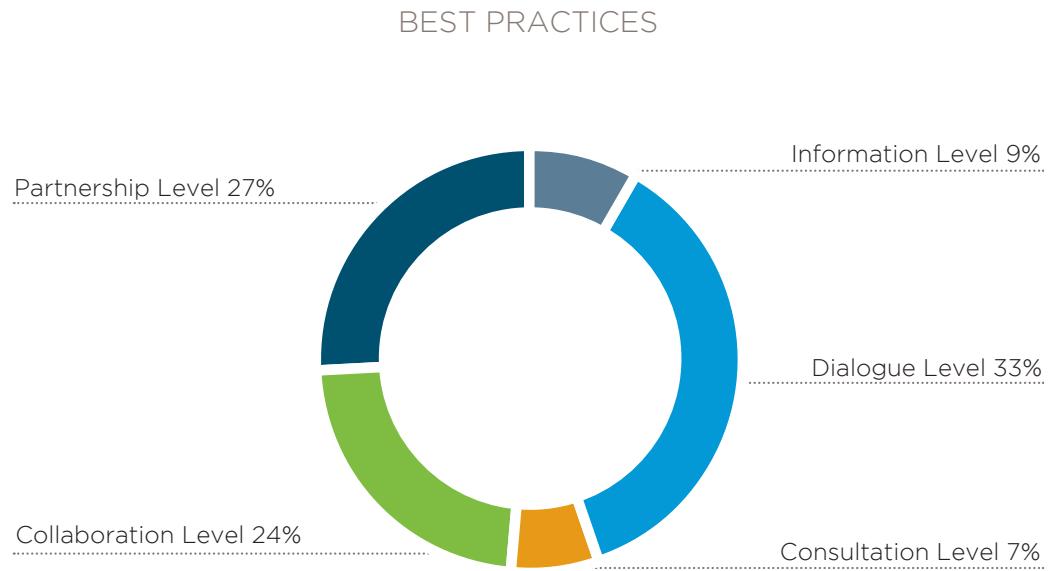
On engagement

- *Contribution of the extractive sector to the national and regional economies:* all stakeholders acknowledge that the sector makes relevant contributions to the national economy. However, in some countries, local communities still feel that the industry has an outstanding debt in terms of strengthening local development.
- *Minimum engagement standards:* the extractive industry, unlike other economic activities, considers the issue of community engagement in the impact area a relevant matter, sometimes even a key aspect of the business, and not as a merely voluntary process. There is an awareness of the potential costs that a context of social risk may impose on the development of an extractive project.
- *What is required and what is voluntary:* engagement processes illustrate that industry and company behaviors are a result of both the standards defined by the State and the internal policies of companies (codes of conduct), as well as industry standards at the national and international level. However, the State is beginning to assume a more active role in defining minimum engagement standards based on recognized best practices, thereby reassuring both companies and communities on the best way to establish harmonious, constructive relationships oriented to sustainable development. In addition, the industry continues to make progress on voluntary policies that benefit the development of the territory in which the operation is located.
- *Civil society organizations:* in the last 5 years, CSOs have played an important role, achieving a certain degree of influence on public policy decisions in terms of proposing, accompanying and ensuring compliance with the regulations that govern extractive industry projects. Different levels (local, regional/provincial and national) of influence have recognized their contributions to achieving goals shared with the industry. Undoubtedly this influence was favored by the massive use of social networks and the increasing digital transformation.
- *Civil society engagement as a continuous process:* the task of building trust is a priority. In addition, those who facilitate and participate in these spaces for creating best engagement practices must be stakeholders with knowledge and experience in this area, capable of promoting exchanges; impartial stakeholders capable of building a permanent and useful engagement while recognizing the differences of each party.
- *Perceptions of extractive industries:* the extractive sector still generates backlash in some sectors. This is usually based on the perception that the growth of extractive activity has not led to better living conditions for some communities that coexist with extractive projects, and that in some cases have seen previously existing economic activities decline (agriculture, local tourism, livestock, among others), thus causing dependence on a finite activity, in addition to the concerns surrounding the environmental and health impacts that this activity could bring.

- *From conflict to negotiated agreement:* a review of some practices studied shows that the relationship between the extractive industry and the communities has changed from a process of conflict and opposition to a transactional negotiation process that compensates communities with social benefits, employment and infrastructure works. This dynamic eventually contributes to local development processes. In many of the experiences studied, during the dialogue processes environmental impacts become a secondary issue and are not sufficiently taken into account, and the issue of social compensation—or rather negotiation—plays an important role.
- *Internal fabric of communities:* often, the complexity of relationships within communities has caused tensions that translate into complaints that are difficult to understand. Companies lack methodologies for dealing with conflicts in a broader, more comprehensive manner, and this has often led to distrust, causing breakdowns in the relationship and even resulting in conflicts within communities.
- *Role of the State:* the historical response by the State has been to maintain a distant position and observe from the outside the engagement processes that occur at different levels between companies and communities. However, in recent years it has become a key player at the consultation level.

On engagement practices

- In the diagnoses of the six countries, this study found 27 best practices at all engagement levels: 5 at the Information level, 18 at the Dialogue level, 4 at the Consultation level, 13 at the Collaboration level and 15 at the Partnership level. It should also be said that most best practices represent two or more levels simultaneously.



- Major progress: The best practices in this study demonstrate that there has been significant progress towards improving the relationships between the industry and the communities, such as the implementation of corporate engagement policies, teams of specialized professionals and financial resources. However, there are still weaknesses in the engagement between civil society and extractive industries. Well-documented experiences have contributed to the creation of new and innovative engagement practices that can be learned, improved and replicated in other projects.
- It is often thought that the extractive sector has a great deal of experience with best practices that are recognized and validated, with positive results for quality of life and stakeholder engagement, and that this work should be oriented to communities, academia and the companies themselves. The companies can count on the Academy and independent consultants to continue the task of systematization, research and dissemination of engagement experiences.
- One conflict observed in most of the best practices studied is community opposition to the project, due to the way the project coexists with its surroundings (environmental, social, cultural) and/or due to the lack of direct benefits and development for the community. Dialogue is most obvious channel for resolving these situations, as an alternative for reaching agreements and negotiating with the community. Dialogue spaces are necessary in order to solve the problems of small rural sectors near large extractive exploitation. For example, a partnership to improve livestock production.
- Spaces for Early Citizen Participation: Decisions made regarding large-scale national projects often do not enjoy effective participation or consensus from local governments and communities within the territories. Without this step, which gives the project a degree of social legitimacy, citizen participation processes (including prior consultation) can become complex, slow and/or confrontational.
- Partnerships between CSOs have started to play a community outreach role, as in the case of the Coahuila Energy Cluster, one of whose roles was to provide information on the implications of the energy reform and the new role of companies in the region. Civil society mediation can help in making the information more reliable and therefore better accepted by the communities.

3.2. Recommendations

For companies

- Have early, timely and long-term plans for engagement with communities that may contribute to economic progress while addressing social and environmental issues in the territories where their projects will be developed.
- Have an area dedicated exclusively to social management and community relations. This study has confirmed that having a capable area and work team has helped companies develop best practices.
- Consider the particular characteristics of the territory and understand that recognizing the rights of different communities is best practice. Including among their due diligence protocols a detailed survey on the dynamics of the territory and the communities present in the impact area is highly recommended, either executed jointly with the community or subsequently validated by it.
- Regular coordination with community leaders from the beginning, involving them in the different engagement levels: Information, Dialogue, Consultation, Collaboration and Partnership.
- Generate actions at each level (Information, Dialogue, Consultation, Collaboration and Partnership) that:
 - » Are systematically reviewed, including deadlines for their review
 - » Are flexible enough to be reformulated
 - » Have clearly established goals, targets and timelines from the beginning
 - » Comply with the law
 - » Aim for an engagement with permanent and systematic accompaniment
- Monitor the actions derived from the environmental and social legislation related to extractive industries, with compliance and continuity of the agreements of the dialogue roundtables with multi-sector and inter-governmental coordination.



- Strengthen business associations and organizations representing companies that can participate in the most diverse spaces for dialogue and compromise to achieve a more fluid engagement.
- Promote training to foster partnerships with projects in the territories and encourage community participation.
- Consider the leading Multilateral Development Banks (MDBs) in Latin America and the Caribbean—with their experience in citizen engagement²⁷¹, their interdisciplinary approach in the region and their comparative experience in civil society issues—as technical allies in the development of engagement plans, as well as national CSOs with territorial experience, in order to strengthen the principles of engagement between companies and communities through their technical knowledge and close ties to the community.
- To the extent that extractive activities are going to cause environmental damage, companies should prioritize environmental compliance within the framework of national legislations, as well as social engagement with timely, accurate and transparent information, promoting dialogue with communities in order to analyze problems and make decisions.

For civil society

- Form an organic structure that provides representative community leaders with legitimacy to share information in a timely manner, interacting with the government, companies and other communities, as the case may be, to create joint initiatives in the context of a systematic and not just circumstantial engagement.
- Clearly identify community leaders and counterparts at the national and local levels in areas impacted by extractive activities, so that an early, constructive coordination may be used to find solutions. Due to the disparity of cultures, rhythms and traditions, it is necessary for the State and companies to adapt engagement spaces to this reality. In addition, to achieve effective results the communities themselves should identify resources that may help implement closer approaches in a timely manner, reviewing international experiences as points of reference that may strengthen their capacities while safeguarding their autonomy.
- Ensure that community leaders include community members in the decisions submitted for consultation, as well as in other spaces of influence, through thematic roundtables that take into account gender disparity, and in order to facilitate capacity-building, as well as the appropriation of knowledge by the community. The work of community leaders to ensure the meaningful participation of the community, as demonstrated by the practices analyzed, has been key to transforming the perception of communities regarding the extractive industry, improving existing relationships and preventing the emergence of conflicts.
- Community leaders should encourage and promote the dissemination of timely information, as well as dialogues with community members and company representatives whose work is relevant to them, for the development of engagement plans and strategies throughout the different phases of extractive activity.

- Community leaders and companies can support accompaniment, education and training processes aimed at strengthening the capacities different community groups (women, young people, minorities) in processes that adopt a comprehensive view of the territory, so that sustainable development may be achieved independently of the company's presence.
- Contact impartial actors (such as universities) in order to solve problems and make decisions regarding internal conflicts within the community or between the community and other stakeholders (governments, companies).

For the State

- Implement regular monitoring activities in order to obtain feedback on the perceptions of both civil society and companies. Experience shows that monitoring is important for involving other stakeholders and sectors, communicating about the practice, providing greater transparency and making necessary adjustments according to local specificities.
- Have methodologies for public consultations that include local authorities, minorities (women's groups, the elderly, young people). It is suggested to build systematic and regular processes at the Information and Dialogue levels, facilitating collaboration with anonymous complaint mechanisms that are accessible for the community.
- Promote early citizen participation, which is crucial for creating engagement spaces that promote opportunities for growth and mitigate potentially negative impacts of extraction operations, to prevent conflicts, to build trust and social legitimacy, as well as to optimize potential value in the regions.
- Regulate the application of ILO Convention 169 with minimum standards for public consultations. Support the work of the agencies in charge of overseeing, inspecting and monitoring environmental studies, maintaining and refining the mechanisms of participation and Prior Consultation (ILO Convention 169). It is essential to strengthen institutions such as the Ombudsman's Office and other institutions that defend society and citizens' rights.
- Strengthen the environmental instruments that allow environmental authorities to monitor compliance with mitigation plans and commitments regarding the closure of extractive projects must be strengthened. Early planning of economic and environmental closures is crucial for limiting environmental and social damage and ultimately improving the perceptions of communities and the general population in the impact area regarding the projects.
- Strengthen transparent mechanisms for managing the funds generated by extractive activity income, supporting new projects which in turn generate new ventures in regions rich in natural resources, in order to ensure alternative sources of job creation that may strengthen local economies by innovating and generating long-term income.
- Train local governments on issues that affect the interests of their territories, supporting the formation of political and technical capacities to support and coordinate territorial planning processes.

For all three stakeholders

- Use new technologies that favor more effective forms of engagement. The maturity of democratic systems in the region, along with the use of social networks and new technologies, is providing an unprecedented opportunity for government officials, company executives and community leaders to use new instruments for rapprochement and information to discuss common territorial interests.
- Governments, companies and communities find it relevant to foster and participate in engagement spaces that promote: timely and reliable informative actions; dialogues that include minorities; public consultations in accordance with sectoral regulations and prior spaces for information and dialogue; collaborations for capacity-building that foster sustainable territorial development; partnerships in participatory monitoring and/or small businesses development activities.
- Developing engagement plans initiated by any of the main stakeholders with clear activities builds trust, and therefore a more active role by the government and large corporations in the promotion of spaces for agreements, where communities participate after previously having received the information and training necessary to present their interests and concerns, represents, as the findings show, a tool for advancing sustainable growth.
- Generating dialogue builds trust, so a more active role by the government and large corporations in the promotion of spaces for agreement, where the rights and duties of citizens, companies and the government are presented, discussed and agreed upon, would be a step forward. These spaces should allow the different voices of civil society to be heard, including critical ones.
- Universities that enjoy legitimacy are important local resources, because they are trusted by a significant number of stakeholders and have the ability to build networks with key stakeholders with different characteristics, both in terms of producing knowledge and building capacities. It is important to use them and call on them more often.
- To the extent that extractive activities are going to cause environmental damage, companies should prioritize environmental compliance within the framework of national legislations, as well as social engagement with timely, accurate information, transparency and dialogue with communities, their leadership and authorities, as a way to make its business and investment feasible and decrease socio-environmental risks.
- Include other existing resources, local CSOs, and especially universities with legitimacy in order to strengthen a sustainable engagement.
- Inform and review the projections on the resources of the extractive industries and the limits for invigorating the economy, recognizing that this activity depends on a series of external variables that do not depend on specific plans. Specifically, subnational spaces must plan their activities by considering resources from other sources and from the extractive sector, in order to avoid causing frustration due to potential variations in the transfers from the national government. In this sense, it is important to complement the data and analyses from extractive industry projections with civil society authorities and leaders, building on the transparency actions currently underway in extractive industries.

Endnotes

1. Most of the extractive projects located in rural areas and the surrounding communities are the main affected stakeholders, with whom the companies seek to engage with initially. Other important stakeholders are small municipalities with a large rural population. Projects near medium-sized or large cities, such as the case of Arequipa, Peru, or Chile, are less frequent, see for example: *Valor Minero, 2017: Los desafíos para el desarrollo futuro de la minería en la zona central, Las Condes; Valor Minero*, http://valorminero.cl/site/docs/2017/desafios_desarrollo_futuro_mineria_zona_central.pdf.
2. Cameron, Peter, & Michael Stanley, 2017: Oil, gas and mining – A sourcebook for understanding the extractive industry, Washington: The World Bank, p. 19.
3. The criteria, as well as details on the methodology used, can be found in Appendix 1.
4. See conceptual methodological framework (Appendix 2). For more information, see IDB, 2018: IDB Group-Civil Society, <https://www.iadb.org/en/civil-society/home>.
5. See Milano, Flavia & Andrea Sanhueza, 2016: Public Consultations with Civil Society: Guidelines for Public and Private Agencies, Washington: IDB, <https://publications.iadb.org/handle/11319/7499?locale-attribute=en>.
6. For the purposes of this investigation, non-renewable resources are oil, gas and metal minerals at any stage of the extraction cycle (prefeasibility, feasibility, exploration, exploitation).
7. The ICMM website is <http://www.icmm.com/en-gb>.
8. The members of the ICCM have committed to complying with 10 principles for contributing to sustainable development, see: ICCM, 2015: Sustainable Development Framework: ICCM Principles, London: ICCM, http://www.icmm.com/website/publications/pdfs/commitments/revised-2015_icmm-principles.pdf.
9. The IOGP website is <http://www.iogp.org>.
10. To this end, IOGP has formed different committees, such as the environment committee, which aims to respond to the demands of different stakeholders, see: IOGP, 2018: Our committees, <https://www.iogp.org/our-committees/>.
11. Wilson, Emma, Sarah Best, Emma Blackmore & Saula Espanova, 2016: Meaningful Community Engagement in the Extractive Industries, London: International Institute for Environment and Development, <http://pubs.iied.org/pdfs/16047IIED.pdf>.
12. On one hand, the Voluntary Principles of Security and Human Rights were launched by the governments of the United States and the United Kingdom, together with companies and some non-governmental organizations, in 2000, see: The Voluntary Principles on Security and Human Rights, December 19, 2000, http://www.voluntaryprinciples.org/wp-content/uploads/2013/03/voluntary_principles_english.pdf. They are the only Human Rights standards designed exclusively for the extractive sector. Currently, 30 companies have adhered to the principles, see: Voluntary Principles, 2018: For companies, <http://www.voluntaryprinciples.org/for-companies/>. Meanwhile, in 2011 the United Nations published the guiding principles on business and human rights, which apply to States and all transnational companies and others, see: Office of the High Commissioner, United Nations, 2011: Guiding Principles on Business and Human Rights – Implementing the United Nations “Protect, Respect and Remedy” Framework, New York and Geneva, UN, http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf.
13. Salmón, Elizabeth (coord.), 2016: *La Progresiva Incorporación de las Empresas en la Lógica de los Derechos Humanos*. Lima: Instituto Democracia y Derechos Humanos de la Pontificia Universidad Católica del Perú (IDHPUCP), pp. 17-18.
14. Various studies confirm the challenges of a greater link between the local economy and the extractive sector in the Latin America countries. See for example: Rudas, Guillermo, 2014: *Notas sobre la minería de carbón a gran escala en Colombia*, in: FES (Friedrich Ebert Stiftung): *La minería de carbón a gran escala en Colombia: impactos económicos, sociales, laborales, ambientales y territoriales*, Análisis 1/2014, pp. 5-22. Albrieu, Ramiro, 2012: *La macroeconomía de los recursos naturales en América Latina*, in: Albrieu, Ramiro; Andrés López, y Guillermo Rozenwurcel (coord.) *Los Recursos Naturales como Palanca del Desarrollo en América Del Sur: ¿Ficción o Realidad?* Montevideo: Red Mercosur de Investigaciones Económicas, pp. 105-147.
15. Ed O. Keefe, director of Synergy Global, in an interview with Sarah Busque, on December 10, 2013, in: Borealis, 2013: *Claves para mejorar las prácticas en las relaciones comunitarias*, <https://www.boreal-is.com/es/blog/mejorar-relaciones-comunitarias/>.
16. Wilson 2016, Op. cit.
17. Ibid.
18. ICCM, 2012: Mining's contribution to sustainable development, InBrief, June 2012). See also: López-Morales, José Satsumi, y otros, 2017: *Estrategias de responsabilidad social en América Latina: un análisis de contenido en la industria extractiva*, in: Ad-Minister (Universidad Eafit), No. 31 julio a diciembre 2017, pp. 115-135.
19. Oxfam Internacional & Social Capital Group (SCP), 2007: Corporate Social Responsibility in the Mining Sector in Peru, <https://www.oxfamamerica.org/publications/corporate-social-responsibility-in-the-mining-sector-in-peru/>
20. It is important to differentiate executive branch of the national government from other public stakeholders such as the judiciary or the legislative branch. The analysis below refers to the executive branch, except when indicated otherwise.
21. See Penfold, Michael y José Luis Curbelo, 2013: *Hacia una nueva agenda en inversión extranjera directa. Tendencias y realidades en América Latina, Serie Políticas Públicas y Transformación Productiva*, N° 10/2013. Corporación Andina de Fomento (CAF).
22. Medina, Leandro, 2010: *Efectos dinámicos de los precios de las materias primas en las posiciones fiscales de América Latina*, CAF Working Papers No. 2010/02.
23. Marczak, Jason & Peter Engelke, 2016: Latin America and the Caribbean 2030: Future Scenarios, Washington: IDB, p. 21. <https://publications.iadb.org/handle/11319/7978>
24. Data from the diagnoses of this study. These figures do not include indirect employment.
25. Monge, Carlos, 2017: *Minería y marco institucionales en la región andina*, Lima: NRG/GIZ, pp. 3-14.
26. Marczak 2016, Op. cit., p. 21.
27. The only country in this study that has not ratified Convention 169 is the Dominican Republic.

28. In Argentina, there is no legal standard that regulates the agreement. In Mexico, the constitutional reform of 2011 incorporated ILO Convention 169 into the Constitution, which is regulated by a protocol of the National Commission for the Development of Indigenous Peoples (CDI), published by decree, see: Castillo Lara, Clara, 2017: *La constitución mexicana y el Convenio 169 de la OIT sobre pueblos indígenas y tribales*, in: Alegatos, No. 97, p. 575.
29. Data extracted from each country's diagnoses that form the main part of this publication.
30. In Chile, there is a Ministry of Mines and a Ministry of Energy.
31. Corporación Nacional de Desarrollo Indígena (CONADI), 2018: <http://www.conadi.gob.cl/>.
32. Data extracted from each country's diagnoses that form the main part of this publication.
33. Salinas Alvarado, Carlos Eduardo, 2011: *La consulta previa como requisito obligatorio dentro de trámites administrativos cuyo contenido pueda afectar en forma directa a comunidades indígenas y tribales en Colombia*, accessed at: <https://revistas.uxternado.edu.co/index.php/derest/article/view/3019/3055>.
34. Wilson, Emma, 2016, Op. cit.
35. Ibid.
36. Data extracted from each country's diagnoses that form the main part of this publication.
37. In fact, "in many Latin American countries, popular consultations on mining have become a conflict between national governments, on the one hand, and local governments and social stakeholders," see: Dietz, Kristina, 2017: *Consultas populares mineras en Colombia: Condiciones de su realización y significados políticos. El caso de La Colosa*, en: *Colombia Internacional* (93), 93-117, p. 96.
38. ECLAC (Economic Commission for Latin America and the Caribbean), 2014: *Pactos Igualdad – Hacia un futuro sostenible*, pp. 294-298.
39. Sanborn, A. Cynthia, y Juan Luis Dammert, 2013: *Extracción de recursos naturales, desarrollo económico e inclusión social: Perú*, Americas Quarterly, p. 26. Perry, Guillermo y Mauricio Olivera, 2009: *El impacto del petróleo y la minería en el desarrollo regional y local en Colombia*, CAF, documentos de trabajo 2009/06.
40. Higher incomes for local governments do not necessarily translate into an improvement in the quality of life. See for example: Paredes Gonzales, Maritza Victoria, 2016: *Los efectos del boom de las industrias extractivas en los indicadores sociales - países andinos*, Natural Resource Governance Institute, Ministerio de Minería, Comisión Chilena de Cobre, 2013: *Minería en Chile: impacto en regiones y desafíos para su desarrollo*; Chile.
41. Data extracted from each country's diagnoses that form the main part of this publication.
42. IIED, and others (International Institute for Environment and Development, Mining, Minerals, and Sustainable Development Project, World Business Council for Sustainable Development), 2002: Breaking New Ground: Mining, Minerals and Sustainable Development, IIED, pp. 165-166.
43. Regarding different training needs, see for example: CEPAL/UNCTAD, 2003: *Guía para la gestión de las autoridades locales de pueblos y distritos mineros de América Latina y el Caribe*, Santiago de Chile, accessed at: <https://www.cepal.org/publicaciones/xml/6/13966/lcr2114e.pdf>.
44. Data extracted from each country's diagnoses that form the main part of this publication.
45. IIED, and others, 2002, Op. cit., p. 204.
46. Astorga, Eduardo, Francisco Carrillo, Mauricio Folchi, Magdalena García, Bernardo Grez, Bernardita McPhee, Claudia Sepúlveda, y Hans Stein, 2017: *Resumen ejecutivo informe final proyecto: evaluación de los conflictos socioambientales de proyectos de gran tamaño con foco en agua y energía para el período 1998 - 2015*, Santiago de Chile: Consejo Nacional de Innovación para el Desarrollo (CNID), pp. 12-13.
47. Watkins, Graham, Sven-Uwe Mueller, Hendrik Meller, María Cecilia Ramírez, Tomás Serebrisky, Andreas Georgoulias, 2017: *Lecciones de cuatro décadas de conflicto en torno a los proyectos de infraestructura en América Latina y el Caribe*, Washington: BID, p.20-1.
48. Davis, Rachel & Daniel Franks, 2014: Costs of Company-Community Conflict in the Extractive Sector, Harvard: Harvard Kennedy School.
49. Ibid., p. 21.
50. Wilson, Alana & Miguel Cervantes, 2013: Survey of Mining Companies 2013: Vancouver: Fraser Institute.
51. Watkins et al 2017, Op. cit., p. 5.
52. Saade, Hazin, 2013: *Desarrollo minero y conflictos socioambientales. Los casos de Colombia, México y el Perú*, Santiago de Chile, CEPAL.
53. Franks et al. 2014, Op. cit., pp. 75-76.
54. Ibid.
55. ECLAC: Argentina: National Economic Profile, http://estadisticas.cepal.org/cepalstat/Perfil_Nacional_Economico.html?pais=ARG&idioma=english.
56. Prepared using the INDEC database: https://www.indec.gob.ar/nivel4_default.asp?id_tema_1=3&id_tema_2=2&id_tema_3=39, según categoría: Minas y Canteras.
57. Law No. 23,548 - Federal Tax Co-Participation. Periodo 2017 (1): <http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/esquemas/ley23548.pdf>.
58. It is worth noting that the hydrocarbon sector has a greater preponderance in the number of registered jobs, with 66.6% of the jobs registered in 2016, compared to 33.4% of employees in the metal mining industry for the same year. Prepared using the database of the Argentine Integrated Pension System (SIPA): http://www.trabajo.gob.ar/left/estadisticas/novedades/novedad_empleo.asp.
59. Jueguen, Francisco, 2017: *El desempleo terminó 2016 en 7,6%, según el Indec*, in: La Nación, 16 de marzo de 2017, <https://www.lanacion.com.ar/1994231-el-desempleo-termino-2016-en-torno-al-76-segun-el-indec>. According to this article, the EAP was 18 million people in 2016.
60. Asamblea de Vecinos Autoconvocados de Esquel por el No a la Mina 2002-2017, www.noalamina.org.
61. Fundación Cambio Democrático, 2017: *Plataforma Argentina de Diálogo para el Uso Sustentable de los Recursos Naturales*, Capital Federal, <http://cambiodemocratico.org/2017/02/07/plataforma-argentina-dialogo-para-uso-sustentable-recursos-naturales/>.

62. The Environmental Justice Atlas is led by Leah Temper and Joan Martinez Alier and coordinated by Daniela Del Bene, from the Institute of Environmental Science and Technology (ICTA) of the Universidad Autónoma de Barcelona. Its purpose is to gather stories of communities fighting for environmental justice around the world. The data is sent from different countries by academics, concerned citizens, informal committees and non-governmental organizations. An editing team verifies the data. It is important to mention that the type and number of conflicts registered depends on the perspective of those sending the data, so it is not an objective data. In this document, the Atlas' data are used when there are no figures that are more reliable in the country, as in the case of Argentina. For more detail on the Atlas methodology, see: Leah Temper, Daniela del Bene and Joan Martinez-Alier. 2015. Mapping the frontiers and front lines of global environmental justice; the EJAtlas. *Journal of Political Ecology* 22: 255-278. The access link to the Environmental Justice Atlas is: <https://ejatlas.org/>.
63. CIPPEC, Fundación Vida Silvestre, y Consejo Empresarial Mendozino, 2015: *Minería responsable para el crecimiento con equidad. El caso de Mendoza*, <https://www.cippec.org/wp-content/uploads/2017/03/1052.pdf>.
64. Chubut (Law 5,001 of 2003), Tucumán (Law 7,879 of 2007), Mendoza (Law 7,722 of 2007), La Pampa (Law 2,349 of 2007), Córdoba (Law 9,526 of 2008), San Luis (Law 634 of 2008), Tierra del Fuego (Law 853 of 2012).
65. Famatina Conflict: since 2004, camps, marches and roadblocks have been held in Famatina, La Rioja Province, to prevent government officials and company representatives from entering the mine. Thus, the population has managed to prevent the projects of companies such as Barrick Gold, Osisko Mining Corporation and Shandong Gold, as well as Midais from Salta, under the slogan "Don't Touch Famatina." Esquel Conflict: in July 2002, the Meridian Gold company officially authorized the purchase of a project located ten kilometers from this city. Different groups of neighbors began to organize. In October 2002 they held an assembly in the Normal School, and in November the Council of Self-Convened Neighbors Saying "No to the Mine" was born. After several marches, the Deliberative Council approved a popular consultation. On March 23, 2003, 81% of Esquel voters rejected the gold and silver mine. Although the consultation was not binding, the results caused the execution of the project to be suspended.
66. Velarde Ponce de León, Claudia, 2018: *Defendiendo a comunidades del avance del fracking en Argentina*, <https://aida-americas.org/es/blog/defendiendo-comunidades-del-avance-del-fracking-en-argentina>.
67. Several other practices identified have not been validated in the framework of this study. These experiences can be found in Appendix 3.
68. The field research concluded in 2017, and therefore the duration of the best practice can only be assured for this year, which does not exclude the possibility that it may still be valid in the future. This observation applies to all best practices.
69. This space is accessible to the community, which has posed some problems within it, for which solutions have been sought (lack of firewood - donations, lack of mining training - mobile classroom, lack of communication - free WiFi for the entire community).
70. Innovation refers to practices that were novel at the time of their validation in the respective country.
71. Each best practice was evaluated according to the dimensions of participation, relevance and sustainability, based on previously designed indicators. For more information, refer to the conceptual and methodological framework, 4.3. (Appendix 2).
72. All best practices included in the diagnosis were analyzed considering the following approaches: participatory approach, regulation of rights and obligations approach; sustainable development approach; diversity approach; gender equality approach; conflict transformation approach. The definitions can be found in the conceptual framework (Appendix 2). If the approaches are not mentioned in the best practice analysis, it means that no elements have been found to indicate their inclusion in the best practice implementation.
73. Boon, Johannes, 2017: "Corporate Social Responsibility, Relationships and the Course of Events in Mineral Exploration – an Exploratory Study," Carleton University, Johannes Boon, Ontario, p. 194.
74. Ibid.
75. Information provided by PAE.
76. Cámara Argentina de Empresarios Mineros: HMS, <http://www.caem.com.ar/hms/>.
77. Just to give an example, the La Rioja Province can be mentioned with its conflict in Famatina and the position of the provincial governor. DyN, 2011, Beder Herrera asked environmentalists to "stop fucking" with mining, Clarín Noticias, 05/31/2011, https://www.clarin.com/medio_ambiente/Beder-Herrera-ambientalistas-joder-mineria_0_Skl-TiWawXx.html.
78. One important organization is the *Fundación Ambiente y Recursos Naturales* (Environment and Natural Resources Foundation, or FARN). FARN has conducted various studies, including one on Lithium mining. Regarding extractive activities, they argue: "The social and environmental effects of this type of activity are devastating: ecological destruction, loss of natural forests, soil deterioration, contamination by agrochemicals, displacement of local communities, no generation of quality employment and even violation of rights, among others. FARN affirms that there are no extractive policies that are friendly to society, nor to the environment." (<https://farn.org.ar/extractivities>).
79. One example is the Council of Self-Convened Neighbors for the "No to the Mine," a neighborhood movement that was formed in the town of Esquel, Chubut Province, and expanded to other locations. According to its website, they are already present in 15 locations throughout the country. It does not have a formal structure with positions and roles. Their actions and their presence as a group opposed to mining are very strong in Argentina. For more information, see: *Asamblea de Vecinos Autoconvocados de Esquel por el No a la Mina 2002-2017*, Op. cit.
80. Universidad Nacional de San Martín, <http://www.unsam.edu.ar>
81. As an example, Universidad de San Martín and Universidad Tres de Febrero trained teachers from the communities belonging to the Bajo La Alumbrera mine impact area for several years.
82. Ministerio de Desarrollo Social Presidencia de la Nación, 2015: *Instituto Nacional de Asuntos Indígenas (INAI), Tierras y registro nacional de comunidades indígenas*, <https://www.desarrollosocial.gob.ar/wp-content/uploads/2015/08/6.-INAI-Tierras-y-registro-nacional-de-comunidades-ind--genas.pdf>.
83. For example, regarding the participation spaces in the Environmental Impact Assessment framework. Some examples are: *Ley N° 123 de Evaluación del Impacto Ambiental de Buenos Aires*, last modification published on 05/18/2012. *Ley de Evaluación de Impacto Ambiental, provincia de Santa Cruz*, published on 08/21/2003. *Ley 10.208. Política Ambiental Provincial* (Córdoba), published on 06/27/2014.
84. Ministerio de Ambiente y Desarrollo Sustentable, 2016: *Informe del estado de ambiente 2016*, Buenos Aires. https://www.argentina.gob.ar/sites/default/files/mayds_informe_estado_ambiente_2016_baja_1_0.pdf.

85. Covo, María Julia, 2013: *Derecho de minería y energía - El principio de congruencia de la ley general del ambiente en el Derecho Minero*, in: Anales de la Facultad de Ciencias Jurídicas y Sociales; año 10, no. 43, pp. 151-160; p. 153.
86. Oil and gas production is marginal in Chile and the author did not find macroeconomic figures that included oil. Oil production is concentrated in ENAP, a national company whose purpose is the exploration, production and commercialization of hydrocarbons and their derivatives. There are 10 companies that produce Natural Gas, and they are have their own business association. ENAP's sustainability report indicates that oil production in Chile, (Magallanes Region) was 987 million barrels for 2016; meanwhile, natural gas production in Chile (Magallanes) was 1 billion standard cubic meters (5,909,500 equivalent barrels). ENAP exports were 0.42 million cubic meters of oil products, equivalent to 3.8% of the total production of its refineries.
87. Consejo Minero, 2018: *Cifras actualizadas de la minería*, <http://dev.consejominero.cl/wp-content/uploads/2018/03/Cifras-actualizadas-de-la-miner%C3%ADA-Da-Marzo-2018.pdf>.
88. Comisión Nacional de Productividad 2016: *Productividad de la Gran Minería el Cobre*, <http://www.comisiondeproductividad.cl/productividad-de-la-gran-mineria-del-cobre/>.
89. Consejo Minero, 2018, Op. cit.
90. Comisión Nacional de Productividad 2016, Op. cit.
91. Accessed at: Sociedad Nacional de Minería, *El nivel de empleo en la minería es el más bajo de los últimos siete años*, <http://www.sonami.cl/site/noticias/el-nivel-de-empleo-en-la-mineria-es-el-mas-bajo-de-los-ultimos-siete-anos/>.
92. Comisión Chilena del Cobre, 2017: *Anuario de Estadísticas del Cobre y otros Minerales 1997-2016*, Santiago de Chile, <https://www.cochilco.cl/Lists/Anuario/Attachments/17/Anuario-%20avance7-10-7-17.pdf>.
93. Comisión Nacional de Productividad 2016, Op. cit.
94. Instituto Nacional de Derechos Humanos, 2015: *Mapa de Conflictos Socioambientales en Chile*, Santiago de Chile, <http://bibliotecadigital.indh.cl/bitstream/handle/123456789/989/libro.pdf?sequence=5>.
95. Comisión Minería y Desarrollo de Chile Consejo Nacional de Innovación y Competitividad, 2014: *Minería. Una Plataforma de futuro para Chile*, http://valorminero.cl/site/docs/2017/mineria-una_plataforma_futuro_para_chile.pdf.
96. Findings of the Extractive Industries Working Table, held on August 18, 2017 in Santiago of Chile for this study.
97. Alianza Valor Minero, Seminario *Valor Minero Inversión y Diálogo para el Desarrollo*, http://valorminero.cl/site/docs/2017/informe_seminario_inversion_dialogo_desarrollo.pdf.
98. *Informe Sistematización Caracterización Socio-Ambiental Proyecto Acuerdo Territorial Para El Desarrollo Localidad De Sierra Gorda*. Agencia de Cambio Climático – Alianza Valor Minero, septiembre 2017.
99. Ibid.
100. There is no information on the amounts of companies' social investment in Sierra Gorda.
101. Alianza Valor Minero is a public-private institution that brings together multiple stakeholders with the aim of creating the conditions for transforming Chilean mining into a platform for virtuous, inclusive and sustainable development, Valor Minero, <http://www.valorminero.cl/valor-minero/>.
102. *Chile Transparente*, Transparencia Caimanes, Santiago de Chile, <http://www.chiletransparente.cl/project/transparencia-caimanes/>.
103. Nueva Unión, 2017: *Corproa elige a Nueva Unión como "Empresa Destacada del Año,"* <http://www.nuevaunion.cl/noticias/2017/corproa-elige-a-nuevaunion-como-empresa-destacada-del-ano>.
104. Ibid.
105. *Política de Pueblos Indígenas Nueva Unión*. Accessed at: Nueva Unión, Sustentabilidad, <http://www.nuevaunion.cl/sustentabilidad>.
106. *Desarrollo Futuro de la minería en la zona Central. Diagnóstico y recomendaciones para la sostenibilidad*. Alianza Valor Minero. Noviembre 2017.
107. Other initiatives between different sectors are: National Council on Innovation for Development, Advisory Council for the National Territorial Planning Policy, Sustainable Exploration Group, Working Group for Agenda 2030, Working Group on Women, Mining and Best Practices of the Ministry of Mining.
108. Alianza Valor Minero, Op. cit.
109. Alianza Valor Minero, Op. cit.
110. Ministerio de Minería, Misión Institucional, <http://www.mineria.gob.cl/mision-institucional/>.
111. Mapa de las organizaciones de la sociedad Civil 2015. Centro de Políticas Públicas Universidad Católica (2016).
112. Villalobos, Fernanda, 2017: *Ambientalistas y rechazo a Dominga: Quienes gobiernan "están tomando las decisiones correctas,"* Santiago de Chile, <http://www.emol.com/noticias/Economia/2017/03/10/848734/Organizaciones-ambientalistas-por-rechazo-a-Dominga.html>.
113. Corporación Nacional de Desarrollo Indígena, Registro de Comunidades y Asociaciones Indígenas, <http://www.conadi.gob.cl/registro-de-comunidades-y-asociaciones-indigenas>.
114. Portal Minero, 2014: *Corte rechaza recursos contra proyecto minero El Morro*, <http://www.portalminero.com/display/NOT/2014/04/29/Corte+rechaza+recursos+contra+proyecto+minero+El+Morro?showComments=true&showCommentArea=true>.
115. OIT (2014) *Estudio de Caso Chile Convenio N° 169 de la OIT y la consulta a los pueblos indígenas en proyectos de inversión*. Matías Abogabir.
116. Delamaza, Gonzalo, 2011: *Espacio público y participación ciudadana en la gestión pública en Chile: límites y posibilidades*. Revista de la Universidad Bolivariana, volumen 10, N° 30, 2011, pp. 45-75.
117. Ministerio de Desarrollo Social, 2013: Decreto Supremo N° 66.
118. OIT (2014) Matías Abogabir. *Estudio de Caso Chile Convenio N° 169 de la OIT y la consulta a los pueblos indígenas en proyectos de inversión*.
119. DANE, 2016: *Atlas Estadístico de Colombia*, Bogotá, <http://sigc.dane.gov.co/atlasestadistico/>.
120. Includes coal, nickel and oil and its derivatives from the country's traditional exports for 2016. Ibid.
121. There is no official information to establish an income distribution at the national or central level.
122. According to the DANE figures, in 2016 the total employed population was 22.8 million. The definition of "employed population" includes people in one of the following situations: 1. Worked at least one hour paid in cash or in-kind during the reference week. 2. Did not work the reference week, but had a job. 3. Unpaid family workers who worked during the reference week for at least one hour.

123. Observatorio de las industrias extractivas en Colombia, 2015: *El sector extractivo en Colombia 2014*, Bogotá: Foro Nacional por Colombia, y otros, http://media.wix.com/ugd/ef61f6_3c07a995db4a4f5b98b151e3a370e1c0.pdf.
124. Environmental Justice Atlas, Op. cit.
125. Fundación Futuro Latinoamericano (FFLA), 2017: *Tendencias de la Conflictividad Socioambiental en América Latina y Propuestas para su Abordaje*, Quito, https://www.ffla.net/publicaciones/doc_details/320-tendencias-de-la-conflictividad-socioambiental-en-am%C3%A9rica-latina-y-propuestas-para-su-abordaje.html.
126. Fundación Foro Nacional por Colombia, 2017: *La agenda de la Sociedad Civil frente a las industrias extractivas en Colombia*, Bogotá: Foro Nacional por Colombia y Natural Resource Governance Institute, <https://resourcegovernance.org/sites/default/files/documents/reporte-colombia.pdf>.
127. Law 1,753 of 2015: National Development Plan 2014-2018 ("PND") classifies the types of mining as: subsistence, small, medium and large mining.
128. Fundación Avina y Gestión Ambiental Estratégica, 2012. *Elementos diagnósticos para una caracterización de la minería en Colombia*. Bogotá, Colombia. Mesa de Diálogo permanente de Minería en Colombia.
129. Law 34 of 1994, which imposes rules on citizen participation mechanisms.
130. Morales, Lorenzo, 2017. *La paz y la protección ambiental en Colombia: Propuestas para un desarrollo rural sostenible*, Bogotá: Centro de Estudios en Periodismo (CEPER) de la Universidad de los Andes, http://static.iris.net.co/sostenibilidad/upload/documents/envt-colombia-esp_web-res_final-for-email.pdf.
131. Oficina del Alto Comisionado para la Paz, 2016: *Acuerdo final para la terminación del conflicto y la construcción de una paz estable y duradera*, Bogotá, <http://www.altocomisionadoparalapaz.gov.co/procesos-y-conversaciones/Documentos%20compartidos/24-11-2016NuevoAcuerdoFinal.pdf>.
132. Morales 2017, Op. cit.
133. Jiménez, Carlos Mario, 2017: *En 6.3 % aumentó producción de carbón en el Cesar*, <http://elpilon.com.co/en-6-3-aumento-produccion-de-carbon-en-el-cesar/>.
134. The Regional Autonomous Corporation of Cesar (Corpocesar) is the authority legally responsible for managing—in the area of its jurisdiction—the environment and renewable natural resources, and striving for the country's sustainable development.
135. Gestión Ambiental Estratégica. *Informe a las Autoridades Ambientales ANLA y Estratégica*, febrero 2014. Bogotá, Colombia. Grupo Prodeco.
136. Quijano, Pedro. *Gestión Ambiental Estratégica. Marco institucional para una gestión minera ambiental y socialmente responsable en Colombia*. Documento de trabajo Mesa de Diálogo Permanente Colombia. 2013, Bogotá Colombia. The link is in the bibliography: *Marco institucional para una gestión minera ambiental y socialmente responsable en Colombia. Documento de trabajo Mesa de Diálogo Permanente Colombia*. 2013. Available at: <https://www.mesadedialogopermanente.org/mesa-de-dialogo-permanente-colombia/productos-de-la-mdp/>
137. Quijano, Pedro. *Gestión Ambiental Estratégica Documentos de Trabajo Mesa de diálogo Permanente de Colombia*, 2013. Bogotá, Colombia. The link is in the bibliography: *Documentos de Trabajo Mesa de diálogo Permanente de Colombia*, 2013. <https://www.mesadedialogopermanente.org/mesa-de-dialogo-permanente-colombia/productos-de-la-mdp/>
138. Ministerio de Minas y Energía: *Relacionamiento Territorial*, <https://www.minminas.gov.co/relacionamiento-territorial>.
139. Resolution 0322 of 2015 adopts the specific manual of functions and powers of the Ministry of the Interior.
140. Law 1444 created the National Environmental Licensing Authority (ANLA) as a technical body with administrative and financial autonomy—without legal status—for the study, approval and issuance of licenses, permits and environmental procedures. ANLA must ensure that the projects, works or activities subject to licensing comply with environmental regulations (Decree 3,573 of 2011).
141. Departamento Nacional de Planeación, 2016: *Evaluación de operaciones de las Corporaciones Autónomas Regionales y de Desarrollo Sostenible, que mida la capacidad con la que cuentan para lograr sus objetivos y proponer acciones de mejora para el fortalecimiento integral de las mismas y el mejoramiento de la gestión ambiental en el país*, Bogotá, https://colaboracion.dnp.gov.co/CDT/Sinergia/Documentos/CAR_Producto_4_Informe_Resultados_v20161128.pdf.
142. Ministerio de Ambiente, 2013: *Decreto 2613 de 2013 por el cual se adopta el Protocolo de Coordinación Interinstitucional para la consulta previa*, http://www.minambiente.gov.co/images/normativa/decretos/2013/dec_2613_2013.pdf.
143. Lloreda Francisco, presidente ACP. Septiembre 2017. III Congreso de la Asociación Colombiana de Productores de Petróleo ACP. Bogotá, Colombia.
144. The source of all 2016 figures is: PEMEX, 2016: *Anuario Estadístico 2016*, México, pp. 5-6 and 15-16. <http://www.pemex.com/ri/Publicaciones/Anuario%20Estadístico%20Archivos/anuario-estadístico-2016.pdf>. The source of the 2010 value is: González, Ixel, 2015: *Petróleo aporta menos al crecimiento del PIB en 2014*, México, <http://www.elfinanciero.com.mx/economía/petroleo-aporta-menos-al-del-pib-en-2014.html>.
145. National statistical data does not display by hydrocarbon industry.
146. Centro Mexicano para la Filantropía, 2017: *Número de organizaciones en cada estado por figura legal*, <http://200.57.117.52/Directorio2/Estadísticas/frmOrganizacionesFiguraLegal.aspx>.
147. In general, the *amparo* is a set of procedural acts or processes that culminate in a judicial resolution or sentence, which constitutes their common final cause, and in a strict sense, it is a right or a power that a person has to demand that any violation of their individual guarantees be repaired in their favor. The Mexican Constitution of 1917 establishes the Federal Judicial Power as a constitutional control body, empowering it to modify acts of authorities or laws that violate individual guarantees, and provides that through the *amparo*, acts or laws of any of the three branches of government can be challenged, thus creating the trial of *amparo* against, also, judicial resolutions. Accessed at: GMORR, 2009: *Juicio de amparo en México*, <https://www.gestiopolis.com/juicio-de-amparo-en-mexico/>.
148. Environmental Justice Atlas, Op. cit.
149. Enciso, Angélica, 2016: *Hay en México 420 conflictos socioambientales*: Investigador, <http://www.jornada.unam.mx/2016/02/10/sociedad/038n1soc>.
150. David Shields, analyst, journalist and energy industry consultant. General Director of the Energy Up For Debate project; and Jorge Arriaga, PhD in Regional Development from the Sorbonne Université in Paris, was a Deputy Manager of the Social Organizations Office at PEMEX and is currently a consultant for the energy industry.

151. "First of all, the ASF (Superior Auditor of the Federation - SC) declares that there are regulatory gaps, since the Guidelines on Donations from PEMEX and Other Agencies do not establish clear lines on the follow-up procedure for the use of resources and goods. This leaves a wide margin for discretion and makes it difficult to control them. Thus, these guidelines do not regulate the deadlines for application and verification of donations, nor the periodicity and deadlines of application reports that must be delivered by the beneficiaries," in: De la Fuente López, Aroa, 2017: *Donativos y Donaciones de PEMEX: Deficiencias e Irregularidades*, México, pp. 2-3, <http://www.fundar.org.mx/mexico/pdf/ASF-Donativosydonaciones.pdf>.
152. Morris, Stephen, 1992: *Corrupción y Política en el México Contemporáneo*, México, pp. 76-79, https://books.google.com.mx/books?id=H1_dodEHuloC&pg=PA72&lpg=PA72&dq=paternalismo+en+mexico+pemex&source=bl&ots=Vrtsu6fucO&sig=_oDNsdtRnbjW16XNi7jQB9VF&hl=es&sa=X&ved=0ahUKEwjTqMKt5_rYAhWQ7VMKhdwICYYQ6AEIZDAJ#v=onepage&q=paternalismo%20en%20mexico%20pemex&f=false.
153. Diario Oficial de la Federación, 2014: Ley de Hidrocarburos, México, http://www.dof.gob.mx/nota_detalle.php?codigo=5355989&fecha=11/08/2014.
154. Interviews with academic experts in energy.
155. Interviews with social stakeholders in the framework of this diagnosis.
156. Secretaría de Energía, 2016: *4º Informe de Labores de la Secretaría de Energía 2015-2016*, México, p. 69, http://transparencia.energia.gob.mx/rendicion_cuentas/archivos/SENER-4olInformeLabores.pdf.
157. As of November 2017, the pipeline had still ceased operations on the Guaymas-El Oro section. Accessed at: Zúñiga, Norma, 2017: *Pide CFE liberar ducto Guaymas-El Oro*, México, <http://www.reforma.com/aplicacioneslibre/articulo/default.aspx?id=1262784&md5=0164b194d21007299490c50495577918&ta=0dfdbac11765226904c16cb9ad1b2efe>.
158. Resolution on the prior, free and informed consultation on the Sonora gas pipeline. Accessed at: Gob.mx, 2015: *Resolutivo de la CPLI a la Tribu Yaqui*, México, https://www.gob.mx/cms/uploads/attachment/file/194673/Resolutivo_de_la_CPLI_a_la_Tribu_Yaqui.pdf.
159. Comments to the diagnosis from the General Director of Social Impact and Surface Land Use of the Secretariat of Energy.
160. Federal courts ordered the three governing bodies to stop the gas pipeline. Accessed at: Escobar, Amalia, 2017: *Tribunal ordena a secretarías frenar obras de gasoducto*, México, <http://www.eluniversal.com.mx/articulo/estados/2017/07/27/tribunal-ordena-secretarias-frenar-obras-de-gasoducto>.
161. The interviews with the different stakeholders in each project and with civil society organization employees allow us to make this statement, which in no way intends to be generalized.
162. That is, the historical clientelistic ways have had to change to ways based on international agreements for carrying out indigenous consultations, for example, where prior information and consultation are principles that must be respected.
163. PEMEX subsidiary company that finances the project.
164. The Social Management Plan is included in the guidelines established by the Secretariat of Energy (SENER) for the social impact assessment contemplated in the Law on Hydrocarbons. Accessed at: Secretaría de Energía, 2016: *Disposiciones administrativas de carácter general sobre la Evaluación de Impacto Social en el sector energético*, www.cofemersimir.gob.mx/expediente/14565/mir/34590/archivo/948300.
165. In the guidelines of the Social Impact Assessment (SIA), one of the requirements is that the company must present its Social Management Plan in the SIA.
166. *Informe de labores de la Secretaría de Energía, Marco Legal y Participación en EITI y otros espacios regionales y bilaterales*. Accessed at: Secretaría de Energía, 2016, Op. cit., p. 5 and p. 160.
167. Cámara de Diputados del H. Congreso de la Unión, 2017: *Constitución Política de los Estados Unidos Mexicanos*, México, http://www.diputados.gob.mx/LeyesBiblio/pdf/l_150917.pdf.
168. Cámara de Diputados del H. Congreso De La Unión, 2016: *Ley de Hidrocarburos*, México, http://www.diputados.gob.mx/LeyesBiblio/pdf/LHidro_151116.pdf
169. This law is resumed in the report, since natural gas is an increasingly common fuel used to generate electrical power. The attributions are clear for the extraction and transportation of gas and for each regulatory instance.
170. Servicio Geológico Mexicano (SGM), 2018: *Anuario Estadístico de la Minería Mexicana 2018*, México, <https://www.gob.mx/sgm>. Instituto Nacional de Estadística y Geografía (INEGI), 2018: *Censos Económicos, Sistema Automatizado de Información Censal (SAIC)*, México, <http://www.beta.inegi.org.mx/app/saic/>.
171. These figures do not include information on the companies providing the services, nor information on artisanal and small-scale mining.
172. Secretaría de Desarrollo Agrario, Territorial y Urbano (SEDATU), 2017: *Fondo para el Desarrollo Regional Sustentable de Estado y Municipios Mineros*, México, <https://www.gob.mx/sedatu>.
173. Instituto Nacional de Estadística y Geografía (INEGI), 2018, Op. cit.
174. Cámara Minera de México (CAMIMEX), 2018: *Informe Anual 2018*, México.
175. Saade Myriam, 2013: *Desarrollo minero y conflictos socioambientales. Los Casos de Colombia, México y el Perú, Santiago de Chile*, https://repository.cepal.org/bitstream/handle/11362/5369/LCL3706_es.pdf;jsessionid=C8F9D8F34833870162349695B7FOFE7F?sequence=1.
176. Environmental Justice Atlas, Op. cit.
177. Gobierno de México, Gobierno de la República, 2013: *Plan Nacional de Desarrollo 2013-2018*, México.
178. Gobierno de México, Gobierno de la República, 2014: *Plan Nacional de Desarrollo 2013-2018*, México.
179. Secretaría de Economía (SE), 2016: *Manual de Inversionistas en el Sector Minero Mexicano*, México. <https://www.gob.mx/se/documentos/manual-del-inversionista-en-el-sector-minero-mexicano?state=published>.
180. Poder Judicial Federal, 2016: *Tesis 2a.XXVIII/2016(10a), número de registro 2011955 Materia Constitucional*, pp. 1211, Gaceta del Semanario Judicial de la Federación, libro 31, junio 2016, Tomo II.
181. Servicio Geológico Mexicano (SGM), 2016: *Anuario Estadístico de la Minería Mexicana 2016*, México, [https://www.gob.mx/sgm](http://www.gob.mx/sgm).

182. Servicio Geológico Mexicano (SGM), 2018, Op. cit.
183. Secretaría de Comercio y Fomento Industrial (SECOFI), 1990: *Anuario Estadístico de la Minería Mexicana*, México, <http://www.contactopyme.gob.mx/mercados/info/secofi.html>.
- Instituto Nacional de Estadística y Geografía (INEGI), 2018, Op. cit.
184. Servicio Geológico Mexicano (SGM), 2016, Op. cit.
185. The environmental liabilities were the results of operation by other companies, including ASARCO, which subsequently sold their concessions to Grupo México. During these companies' operations, Mexico lacked environmental regulation, so the remediation of environmental liabilities was not a requirement for companies.
186. A total of 490,000 m³ of vegetable soil was recovered and saved for restoration actions.
187. This project will cost more than 2 million dollars, since the remediation process calls for the removal and encapsulation of the contaminants that were dumped by other companies. It is important to point out that New Gold, as a strategy to safeguard and comply with the commitments defined as part of its participatory environmental closure plan, has paid a bail to the Federal Treasury for almost 30 million dollars that supports a 100% biophysical and socioeconomic closure. Thus, the *Patio Paseo Victoria* is currently one of the entity's most important urban recovery works, as well as a palpable example of the legacy that New Gold/Minera San Xavier will leave for current and future generations in this municipality.
188. "Pueblos Mágicos" is a program implemented since 2001 by the Mexican Secretariat of Tourism (SECTUR), to promote tourism in the country, in places where its inhabitants and local governments have managed to protect their cultural wealth, being recognized as sites with great historical-cultural attributes. These places promote local crafts, festivities and gastronomy, as well as tourist products based on adventure tourism, hiking or ecotourism.
189. New Gold Minería San Xavier S.A. de C.V Cerro de San Pedro, 2015: *Reporte de Sustentabilidad 2015*, México, http://sl.q4cdn.com/240714812/files/documents_sustainability/Reporte-de-Sustentabilidad-2015-MSX.pdf.
190. This includes Sonora (Nacozari, Esqueda, Guaymas and Cananea); Coahuila (Nueva Rosita); San Luis Potosí (Charcas and San Luis Potosí); Chihuahua (Santa Bárbara and Santa Eulalia); Michoacán (Angangueo); Zacatecas (Sombrerete); Guerrero (Taxco); Guanajuato (León); Oaxaca (Juchitán); Campeche (Ciudad del Carmen), and Baja California Sur (Guerrero Negro).
191. *Industry*: industrial sector representatives include Petróleos Mexicanos (PEMEX), Asociación Mexicana de Empresas de Hidrocarburos (AMEXHI) and Cámara Minera de México (CAMIMEX). These organizations include the main companies in the hydrocarbon sector in Mexico and the mining companies that generate approximately 90% of the country's mining production. *Civil society*: civil society representatives were elected by a group of approximately 40 CSOs that were invited to national and regional workshops and informed of the government's intention to adhere to this standard by a driving group consisting of Transparencia Mexicana, FUNDAR and PODER. A group of representatives and alternates was elected: PODER, Economic Research Institute of UNAM, Alianza para la Sustentabilidad del Noroeste Costero (ALCOSTA), Transparencia Mexicana (TM), Universidad Autónoma Metropolitana (UAM) and the University Development Studies Program (PUED) of UNAM. Currently, ALCOSTA is not part of this group of representatives and alternates. The government formed an Inter-Secretarial Group (IG) consisting of: the Subsecretariat of Revenue, Finance and Public Credit (SHCP), the Secretariat of Economy (SE) (through the Subsecretariat of Mining) and the Subsecretariat of Hydrocarbons (SENER). Today, the IG is responsible for presiding over the Subsecretariat of Mining.
192. USAID, World Bank, Natural Resource Governance Institute, GIZ, Mexican Agency for International Cooperation for Development, British Embassy.
193. Cámara Minera de México (CAMIMEX), 2016: *Informe Anual 2016*, México.
- Servicio Geológico Mexicano (SGM), 2016, Op. cit.
194. Secretaría de Economía (SE), 2016, Op. cit.
195. (1) Universidad Autónoma de Nuevo León (UANL) (Nuevo León), (2) Universidad Veracruzana (Veracruz), (3) Universidad Autónoma de Coahuila (Coahuila), (4) Universidad de Colima (Colima), (5) Universidad de Guanajuato (Guanajuato), (6) Universidad Autónoma del Estado de México (México), (7) Benemérita Universidad de Puebla (Puebla), (8) Universidad de Ciencias y Artes de Chiapas (Chiapas), (9) Universidad de Sonora (Sonora), (9) Universidad Autónoma de Puebla (Puebla), (10) Universidad Estatal de Sonora (Sonora), (11) Universidad Politécnica Juventino Rosas (Guanajuato), (12) Universidad Tecnológica de la Sierra Hidalguense (Hidalgo), (13) Universidad Tecnológica del Estado de Zacatecas (Zacatecas), (14) Instituto Tecnológico de Chihuahua (Chihuahua), (15) Instituto Tecnológico de Morelia (Morelia), y (16) Instituto Tecnológico de Querétaro (Querétaro).
196. Universia México, 2016: *Licenciaturas en Ingeniería en Minas*, <http://www.universia.net.mx/estudios/ugto/licenciatura-ingineria-minas/st/152715>.
197. Asociación Interamericana para la Defensa del Ambiente (AIDA), Transparencia Mexicana (TM), Project on Organizing, Development, Education and Researc (PODER), Fundar-Centro de Análisis e Investigación, la Alianza para la Sustentabilidad del Noroeste Costero (ALCOSA), los Socios México/Centro de Colaboración Cívica (CCC), Instituto Mexicano para la Competitividad (IMCO), Centro Mexicano de Derecho Ambiental (CEMDA), Centro de Derechos Humanos Miguel Agustín Pro Juárez A.C. (Centro Prodh), Centro de Derechos Humanos de la Montaña (CDHM) Tlachinollan, CartoCrítica, Proyecto de Derechos Económicos, Sociales y Culturales, A.C (ProDESC), Amigos del Río San Rodrigo, Oxfam, The Nature Conservancy, Red Mexicana de Afectados por la Minería (REMA), Heinrich Böll Foundation, Fundación Desarrollo Sustentable A.C., el Centro de Investigación y Capacitación Rural (Cedigar) and Centro de Investigación Intercultural para el Desarrollo (CIIDES).
198. Saade Myriam, 2013, Op. cit.
- Temper Leah, del Bene Daniela y Joan Martínez-Alier, 2015, Op. cit.
- Observatorio de Conflictos Mineros de América Latina (OCMAL), 2018, Op. cit.
- Gobierno de México, Gobierno de la República, 2014, Op. cit.
- Cámara Minera de México (CAMIMEX), 2018, Op. cit.
199. Díaz, Luis y Morones Guadalupe, 2001: *Inversión Extranjera; Derecho Mexicano y Derecho Internacional*, Edición 01, México: Themis.
200. Poder Judicial Federal, 2016, Op. cit.
201. Ministerio de Energía y Minas (MEM), 2017: *Anuario Minero 2016*, Lima, <https://es.scribd.com/document/351009672/ANUARIO-MINERO-2016-pdf>.
202. EY, 2018: *Informe Final Sexto Informe Nacional de Transparencia de las Industrias Extractivas (Sexto Estudio de Conciliación Nacional - EITI Perú) Períodos 2015 y 2016. Consultoría para la Comisión Multisectorial Permanente del EITI*, Perú, Lima, http://eitiperu.mnem.gob.pe/documentos/VI_INT_2015_2016%20EITI_%20PERU.pdf.

203. Unfortunately, there are no available figures for the hydrocarbon sector.
204. Ministerio de Energía y Minas, 2017: *Anuario Minero 2016*, Lima, p. 118.
205. Defensoría del Pueblo, 2018: *La Defensoría del Pueblo registró 169 conflictos sociales a diciembre de 2017*, Lima, <https://www.defensoria.gob.pe/portal-noticias.php?n=19531>.
- Defensoría del Pueblo, 2017: *Reporte de Conflictos Sociales N° 166*, Lima, <https://www.defensoria.gob.pe/modules/Downloads/conflictos/2018/Reporte-Mensual-de-Conflictos-Sociales-N-166---Diciembre-2017.pdf>.
206. Lanegra Iván, 2016: ¿Qué está en juego con la elección del Defensor del Pueblo?, Lima, <http://ojopublico.com/294/que-esta-en-juego-con-la-eleccion-del-defensor-del-pueblo>.
207. Confederación de Nacionalidades Amazónicas del Perú (CONAP); Asociación Interétnica de Desarrollo de la Selva Peruana (AIDESEP).
208. Glave Manuel y Kuramoto Juana, 2007: *La minería peruana: Lo que sabemos y lo que aún nos falta por saber, Investigación, políticas y desarrollo en el Perú. Grade, Grupo de Análisis para el Desarrollo*, Lima, pp. 135-181.
209. Baca Epifanio, 2015: *Estudio sobre Marco Normativo Minero en Perú* Lima, <http://propuestaciudadana.org.pe/sites/default/files/publicaciones/archivos/Estudio%20EBaca.pdf>.
210. The Regional Government and Provincial Municipality of Arequipa, 10 district municipalities, the Association of Popular Urbanizations of Arequipa, the Departmental Federation of Workers, COFREN, FREDICON, CONREDE, and the Environmental Management Committee of Uchumayo all participated.
211. UN Women, Women and the environment, <http://beijing20.unwomen.org/en/in-focus/environment>.
212. *Grupo de Diálogo, Minería y Desarrollo Sostenible, Por una Minería con Responsabilidad Social y Ambiental en el Perú Un acuerdo fruto del diálogo y las lecciones aprendidas*, <http://www.grupodedialogo.org.pe/wp-content/uploads/2015/03/Visión-Minería-2021.pdf>.
213. Cooperación, 2017: *Actualidad Minera del Perú*, No. 222, <http://cooperaccion.org.pe/wp-content/uploads/2017/12/AMP-diciembre-2017.pdf>.
214. Defensoría del Pueblo, Adjuntía para la Prevención de los Conflictos y la Gobernabilidad, 2017: *Competencias en la atención de conflictos sociales*, Lima, <https://www.defensoria.gob.pe/conflictos-sociales/home.php?sec=1&pag=6>.
215. Derecho, Ambiente y Recursos Naturales (DAR), 2018: *Poder Ejecutivo presenta Proyecto de Ley que pretende modificar Ley Orgánica de Hidrocarburos favoreciendo al sector privado y en detrimento de los pueblos indígenas y el medio ambiente*, <http://www.dar.org.pe/noticias/poder-ejecutivo-presenta-proyecto-de-ley-que-pretende-modificar-ley-orgánica-de-hidrocarburos-favoreciendo-al-sector-privado-y-en-detrimento-de-los-pueblos-indigenas-y-el-medio-ambiente/>.
- Scurrah Martin y Chaparro Anahí, 2014: *La participación ciudadana y la consulta previa a los pueblos indígenas: Políticas Públicas para un nuevo rol de la minería y los hidrocarburos en el Perú*, Lima, <http://www.redge.org.pe/sites/default/files/La%20participaci%C3%B3n%20ciudadana%20y%20la%20consulta%20previa%20en%20los%20pueblos%20ind%C3%A1genas%20-%20M.%20Scurrah%20y%20A.%20Chaparro.pdf>.
216. ECLAC & OCDE 2016: Environmental Performance Reviews. Peru 2016: Highlights and recommendations, Santiago, <https://www.cepal.org/en/publications/40172-environmental-performance-reviews-peru-2016-highlights-and-recommendations>.
217. EY, 2018, Op. cit.
218. Sociedad Peruana de Derecho Ambiental (SPDA), 2018: *La Participación Ciudadana en la Actividad de Hidrocarburos*, http://www.legislacionambientalspda.org.pe/index.php?option=com_content&view=article&id=506&Itemid=3556.
219. Milano Flavia & Sanhueza Andrea, 2016: Public Consultations with Civil Society: Guidelines for Public and Private Agencies, Washington, <https://publications.iadb.org/handle/11319/7499>.
220. Ministerio de Cultura, 2015: *Derecho a la Consulta Previa Guía Metodológica para la Facilitación de Procesos de Consulta Previa*, Lima, <http://consultaprevia.cultura.gob.pe/wp-content/uploads/2016/07/Guia-Metodologica-para-la-Facilitacion-de-Procesos-de-Consulta-Previa.pdf>.
221. With respect to suppliers for mining, the country does not have registered data.
222. Banco Central de la República Dominicana, *Estadísticas Económicas- Sector Real*, Santo Domingo, https://www.bancentral.gov.do/estadisticas_economicas/real/.
223. Banco Central de la República Dominicana, *Estadísticas Económicas- Sector Externo*, Santo Domingo, https://www.bancentral.gov.do/estadisticas_economicas/externo/.
224. Data collected by the consultant for this diagnosis and supported by the Central Bank of the Dominican Republic, direct surveys to metal companies and the Ministry of Energy and Mines.
225. Falcondo owns Americano Nickel.
226. Law 176-07.
227. Law 200-04.
228. Thomen Ginebra, Cristina, 2012: *Informe País-Trabajo Final Diplomatura Industria Extractiva, Vigilancia y Desarrollo Sostenible, Julio 2012*, Santo Domingo, República Dominicana.
229. Dirección General de Impuestos Internos, 2015: *Ranking de Empresas 2015*, Santo Domingo D.N, <https://www.dgii.gov.do/informacionTributaria/publicaciones/estudios/Documents/Ranking%20de%20Empresas%202015.pdf>.
230. Dirección General de Impuestos Internos, 2016: *Ranking de Empresas 2016*, Santo Domingo D.N, <https://www.dgii.gov.do/informacionTributaria/publicaciones/estudios/Documents/RankingEmpresas2016.pdf>.
231. Except for Falcondo's mining projects, carried out through the Social Responsibility Department of Fundación Falcondo, created in 1989.
232. In 2007, PVDC launched its social responsibility programs.
233. Barrick Pueblo Viejo: *Estudio demuestra la sostenibilidad de los proyectos sociales implementados por Barrick Pueblo Viejo, Santo Domingo D.N*, <http://barrickpuebloviejo.do/noticias/estudio-demuestra-la-sostenibilidad-de-los-proyectos-sociales/2016-10-13/144111.html>.
234. FOMISAR Consejo Provincial para la Administración de los Fondos Mineros, <http://www.fomisar.com/>.
235. Oro Información, 2017: *Las cinco mayores minas de oro del mundo*. <https://www.oroinformacion.com/es/OroInformacion/metales/487/Las-cinco-mayores-minas-de-oro-del-mundo.htm>.
236. Municipal Development Plan of Maimón, flyer published by the Municipality of Maimón; Municipal Development Plan of Cotuí, flyer published by the Municipality of Cotuí; Municipal Development Plan of Fantino, flyer published by the Municipality of Fantino.

237. Municipal Development Plan of Maimón, flyer published by the Municipality of Maimón; Municipal Development Plan of Cotuí, flyer published by the Municipality of Cotuí; Municipal Development Plan of Fantino, flyer published by the Municipality of Fantino.
238. The results in favor were 86.22% in Maimón, 98.66% in Cotuí and 98.78% in Fantino (see development plans published by the municipalities of Maimón, Cotuí and Fantino).
239. These are the citizen participation entities directly related to municipal planning, see: Malagón, Angela, y Rosa Arlene María, 2012: *Guía para la Creación del Consejo Económico y Social Municipal*, Santiago de los Caballeros: Federación Dominicana de Municipios, <http://fedomu.org.do/wp-content/uploads/2016/05/Guia-CES-FEDOMU-final.pdf>.
240. Bonilla, Teófilo, 2013: *Diputados aprobaron renegociación de contrato con Barrick Gold*, <http://elnacional.com.do/diputados-aprobaron-renegociacion-de-contrato-con-barrick-gold/>.
241. Barrick Pueblo Viejo, Responsabilidad Social Corporativa, <http://barrickpuebloviejo.do/responsabilidad-social/responsabilidad-social-corporativa/2016-10-13/122340.html>.
242. El Dinero, 2015: *El lado amable de Barrick Pueblo Viejo-La minera dice que su accionar ha sido positivo en la provincia Sánchez Ramírez*, <https://www.eldinero.com.do/10147/el-lado-amable-de-barrick-pueblo-viejo/>.
243. Al Momento, 2015: *Barrick Pueblo Viejo inicia programa "una Computadora por Niño" en RD*, Santo Domingo, <http://almomento.net/barrick-pueblo-viejo-inicia-programa-una-computadora-por-nino-en-rd/>.
244. El Veedor Digital, 2015: *ENDA y la Barrick extienden proyecto para reforestar Piedra Blanca-Los Haitises*, Santo Domingo, <http://elveedordigital.com/provincias/item/6431-enda-y-la-barrick-extienden-proyecto-para-reforestar-piedra-blanca-los-haitises>.
245. Ivarez, Yulissa, 2017: *La piscicultura, un atractivo ecoturístico de Cotuí*. La actividad, apoyada por la Barrick, impulsa el desarrollo de la provincia Juan Sánchez Ramírez, Cotuí, <https://www.eldinero.com.do/40640/la-piscicultura-un-atractivo-ecoturistico-de-cotui/>.
246. Listín Diario, 2017: *Inician trabajos de electrificación*, Sánchez Ramírez, <https://www.listindiario.com/economia/2017/10/05/485133/inician-trabajos-de-electrificacion>.
247. See: *Buena Práctica: 2.7.3.1. Planes de Desarrollo Municipales*.
248. RD\$ 2,000,000.00, exchange rate of the Central Bank of the Dominican Republic (BCRD) for December 2017.
249. Based on calculations estimated by the incubator due to the increase in employment resulting from mining operations and the estimated population increase calculated by "The World Factbook of the Central Intelligence Agency (CIA) of the United States," at an annual 1.7% rate of population growth. The link to The World Factbook is: <https://www.cia.gov/library/publications/the-world-factbook/>.
250. Matos, Heidi, 2012: *Más de 4 millones de pesos para microempresarios de Sánchez Ramírez y Monseñor Nouel*, Cotuí, <http://eljacaguero.com/mas-de-4-millones-de-pesos-para-microempresarios-de-sanchez-ramirez-y-monseñor-nouel/>.
251. Acento, 2016: *INFOTEP y Fundación Rica entregan Premio Nacional a la Excelencia 2016*, Santo Domingo, <https://acento.com.do/2016/sociales/8391590-infotep-fundacion-rica-entregan-premio-nacional-la-excelencia-2016/>.
252. Barrick Pueblo Viejo, *Inician proyecto de emprendimiento para personas con capacidades motoras especiales*, Sánchez Ramírez, <https://www.barrickpuebloviejo.do/inician-proyecto-de-emprendimiento-para-personas-con-capacidades-motoras/2017-10-20/184050.html>.
253. Severino, Jairon, 2016: *Minería aporta RD\$226,023 millones a economía dominicana desde 2010*. Its average weight in GDP remains at 1.73%, Santo Domingo, <https://www.eldinero.com.do/31719/la-mineria-ha-agregado-rd226023-millones-a-economia-dominicana-desde-2010/>. Conversion to dollars according to the exchange rate of the Central Bank in June 2016.
254. According to the 2010 census. Accessed at: Oficina Nacional de Estadística, 2008: *Monseñor Nouel en Cifras Perfil Sociodemográfico Provincial*, https://www.one.gob.do/Content/pdf_perfiles/Perfil_monsenor_nouel.pdf.
255. Equivalent to RD\$ 335,475,957 at the current rate of the Central Bank of the Dominican Republic at the end of December 2017.
256. Oficina Nacional de Estadística, 2008, Op. cit.
257. Corresponds to RD\$ 54,024,173 according to the Central Bank RD rate as of December 31, 2017.
258. Wikipedia, 2017: *Proyecto Pueblo Viejo*, https://es.wikipedia.org/wiki/Proyecto_Pueblo_Viejo.
259. Barrick Pueblo Viejo, *Nuestra historia*, <http://barrickpuebloviejo.do/informacion-general/nuestra-historia/2016-10-11/163729.html>.
260. The BGC Engineering Inc. company of Canada developed the Closure Plan for Pueblo Viejo Dominicana Corporation (PVDC) for July 31, 2013, Project No: 0011-159 -. Accessed at: BGC Engineering Inc., 2013: *Plan de Cierre para las Áreas de Responsabilidad del Gobierno en Pueblo Viejo: Mejita, Cumba, Hondo, Pendiente Oeste y Desechos Peligrosos Final*, https://www.mem.gob.do/transparencia/images/docs/documentos/Plan_de_Administraci%C3%B3n_Medioambiental_del_Estado_1era_y_2da_Enmienda/Plan-del-Estado-Original.pdf.
261. Diario Libre, 2007: *Contaminación afecta aún entorno de mina*. *Pueblo Nuevo sufre las secuelas de la explotación*, <https://www.diariolibre.com/noticias/contaminacion-afecta-entorno-de-mina-INDL148462>.
262. Cámara Minera Petrolera de la República Dominicana, <http://camiperd.org/category/documentos/guias-mineras/>.
263. El Día, 2013: *Barrick Gold y la historia de un contrato muy complejo*, Santo Domingo, <http://eldia.com.do/barrick-gold-y-la-historia-de-un-contrato-muy-complejo/>.
264. Diario Libre, 2014: *Expertos se oponen a que el Senado declare Loma Miranda como Parque Nacional. Afirman que la decisión sería inconstitucional*, Santo Domingo, <https://www.diariolibre.com/noticias/expertos-se-oponen-a-que-el-senado-declare-loma-miranda-como-parque-nacional-ANDL636701>.
265. Marcha Verde, <https://marchaverde.com/>.
266. Paula, Elexido, 2017: *Marcha Verde: Patrimonio del Pueblo*, <http://hoy.com.do/marcha-verde-patrimonio-del-pueblo/>.
267. Fundación Acción Verde, 2009: *Declaración de La Comisión Ambiental de la UASD sobre la construcción de una Cementera*, <http://www.accionverde.com/declaracion-de-la-comision-ambiental-de-la-uasd-sobre-la-construccion-de-una-cementera/>. *Maimón Punto de Encuentro, Presidente de la Comisión Ambiental de la UASD habla sobre la minería en el país (Vídeo)*, Maimón, <http://maimonpuntodeencuentro.blogspot.com/2015/09/presidente-de-la-comision-ambiental-de.html>.

268. EFE, 2014: *El padre Rogelio Cruz llama a la desobediencia civil por caso Loma Miranda*, Santo Domingo, <https://www.listindiario.com/la-republica/2014/09/04/336184/el-padre-rogelio-cruz-llama-a-la-desobediencia-civil-por-caso-loma-miranda>.
269. Hoy, 2017: *Marcha Verde reclama pago de RD\$3,000 millones a provincia Sánchez Ramírez*, <http://hoy.com.do/marcha-verde-reclama-del-gobierno-pago-de-rd3000-millones-a-provincia-sanchez-ramirez/>.
270. *Participación Ciudadana: ¿Qué es PC?*, https://pciudadana.org/?page_id=4893.
271. See: *Grupo BID-Sociedad Civil Estrategia de Relacionamiento*, 2018
272. Law 134 of 1994, which approved rules on citizen participation mechanisms.
273. Publique lo que pagan, 2018: *Objetivos*, accessed at: <http://www.publishwhatyoupay.org/about/objectives/>.
274. In the Dominican Republic, municipal development plans (2.7.3.1, p. 137), creation of development agency in (2.1.3.3., p. 29), Dialogue Roundtable of Huari in Peru (2.6.3.3., p. 120).
275. Devonshire Initiative, 2017: About us, accessed at <http://devonshireinitiative.org/about-us/>.
276. Devonshire Initiative, s/a: Partnering and Partnerships: lessons learned in the DI, accessed at <http://devonshireinitiative.org/wp-content/uploads/DI-Partnership-Lessons-Learned-FINAL-.pdf>.
277. This is a platform for exchange and learning communities on the issue of biodiversity conservation, supported by GEF, the Convention on Biological Diversity, UN Environment and PNUD, see: NBSAP Forum, 2018: Welcome to the NBSAP Forum, accessed at: <http://nbsapforum.net/>.
278. Goxi is a virtual community about governance in extractive industries, supported by the World Bank and UNDP, see: GOXI, 2018: Guidelines for how to use GOXI, found at: www.goxi.org.
279. GOXI, 2018: GOXI learning series, accessed at <http://goxi.org/page/goxi-learning-series>.
280. Interview with Ricardo Morel, former Vice President of Antamina and former manager of community relations at Yanacocha and Angloamerican.
281. Speech by Raúl Benavides, Vice President of Business at Buenaventura in a meeting of the Direct Dialogue Group, November 2016.

