

HIA & extractive industry: relevance for the CSR agenda

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Introduction

Corporate Social Responsibility (CSR) is a wide term that is utilized in many ways in different markets, industries and settings and with a range of different meanings. The purpose of the paper is to bring evidence on how Health Impact Assessment (HIA) commissioned by extractive industries operating in low and middle income countries can make use of CSR principles to keep communities at the center of “local development” *and* at the same time foster partnership between various stakeholders.

To support our case, we explore the development of the concept of CSR and its relations to the extractive industry, the authors also analyze the relation between extractive industries and the community residing in the same area of operation as well as the different powers and roles played by them. A case study will illustrate how HIA can be used to contribute to community well-being by using CSR principles.

The authors conclude that HIA offers a neutral space for dialogue between communities and other stakeholders and the project proponent. By using the CSR principles HIA can move a step further and take in consideration community needs as well as project impacts and helping the extractive industries to establish equitable partnerships with other relevant stakeholders for jointly supporting community wellbeing.

Extractive industries and CSR principles

Oil, mining and gas companies (also called extractive industries) are often central to the national economy of several countries and closely interlinked with the local communities and authorities. This sector is in a unique position to influence economic growth[1] and given their relative power, questions have raised on how these companies can contribute more in general to the national and regional development.

In several of the Health Impact Assessments (HIAs) carried out by the authors, we have indeed found that, “the project – due to its size and long term presence in the area – is potentially the most important development partner for the community and the local authorities; and cannot be separated from the local existing context[2].”

The whole extractive industry sector has faced increasing challenges in making their activities sustainable and socially responsible[3]. The International Council on Mining and Minerals (ICMM) for example recognizes that one of the challenges for mining investments is to ensure they have a positive impact at community level[4] and are not strictly limited to economic growth. In response to these pressures, several companies have developed and adopted Corporate Social Responsibility (CSR) principles. This marks a slow but profound shift in awareness, showing that the industries are alert of their position also when operating in remote countries: “the role of business has changed[5]”.

The impacts and opportunities the extractive industries could have and generate on environment, society, and health is now more recognized and more visible[6]. The World Summit on Sustainable Development in 2002 put CSR on the international policy agenda and generated growing interest on the link between CSR and development. The

meeting called for a stronger partnership between the private sector and all the development actors.

While the idea that extractive companies have responsibilities towards communities is now commonplace[7]; the role they can play in development and how they can engage with the other development actors is still not clear[8].

Extractive industries and local communities

In most countries there is still an imbalance of power between the extractive industry sector and the local community. While companies have access to decision-making actors and control an important part of the local economy, the communities in which the company operates are often far removed from the centers of political power, as well as economically marginalized[9].

Local communities are among the most important stakeholders of any extractive industry project and they should definitively contribute to shape the outline of the final project. Communities can simply no longer be considered mere recipients of philanthropy, or viewed solely as potentially-impacted communities that need to be assisted. Their vision about what their community and living environment will look like after the project has been built is fundamental for any concept of sustainability.

Another important shift has to take place to ensure that CSR contributes to social justice and development[10] and HIA can be a valuable tool to support the extractive industry sector and other stakeholders in defining a sustainable development plan that keep the community at the center of it.

‘Whose well being counts?’¹ HIA and CSR make community counts

The CSR principles stipulate that stakeholder mapping and involvement is critical for any project. They also state that selection of stakeholders should ideally be done by an independent third party to ensure that the concerns of all participants – not just the one who talks the loudest – are heard. HIA is usually conducted by a third independent party, stakeholder mapping is one of the first steps of the HIA process, and a vast range of stakeholders is normally involved.

HIA provides an interaction point for communities and companies: it is a neutral ground on which companies and communities can engage. Furthermore HIA keeps the community as the central focus of the analysis, since impacts must be assessed in the local context and setting. This makes sure that the unbalance of power between the community and the project proponent is readdressed. Moreover HIA make equality a central point of the analysis, which contributes to the inclusion of the most vulnerable or marginal groups.

HIA defines “health” broadly, and go beyond mere absence of illness to include well-being. This holistic model of health acknowledges that individual and population health status is largely the result of the social, cultural and physical environment in which one lives. The use of determinants of health in HIA is consistent with CSR approach: “CSR is about helping to meet people’s needs[11]”. As such HIA offer a space for the community to articulate its own developmental aspirations and vision of well-being through an open

¹ Robert Chambers (1997) “Whose Reality Counts? Putting the First Last” ITDG publishing

and equal process of constant consultation and dialogue among all project stakeholders. It is important to stress that only a healthy community can:

- realize its developmental aspiration,
- benefit from the positive impacts of a project,
- be resilient to the residual negative ones.

Malnutrition as part of an HIA for an extractive industry project in Africa

The setting:

- Mining project located in Madagascar, partially in urban area and partially in rural area.
- The mining operation will last at least 40 years.
- Ancillary facilities required substantial improvements and partnerships for construction and management were made with Government and World Bank.
- The HIA was conducted during the construction period.
- An ESIA had been performed and several social and environmental programs were already active.

The stakeholder mapping was conducted at the beginning of the process and Figure 1 shows the stakeholder analysis graphic representation.

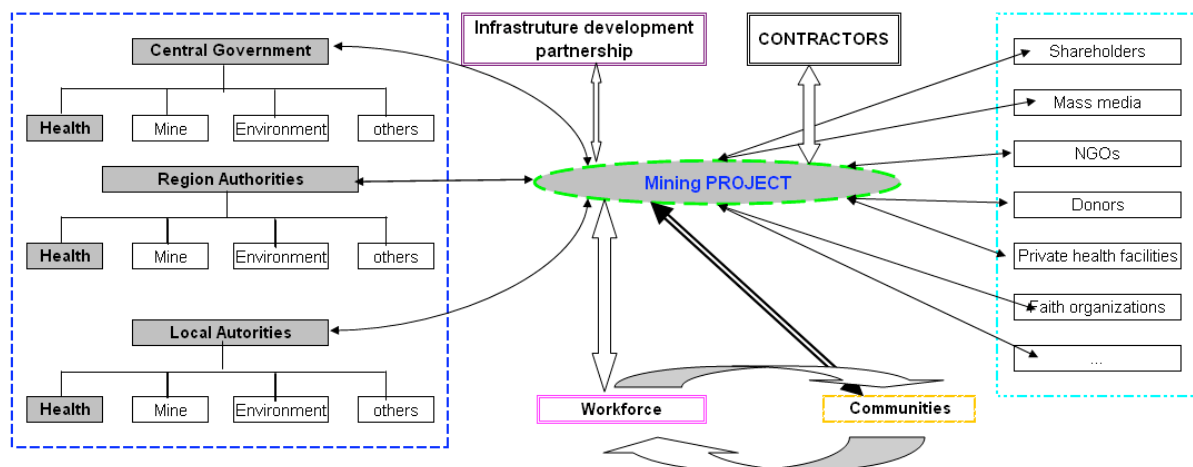


Figure 1: Stakeholders analysis for a mining project

In this example, the stakeholders' relationship with the project as well as among themselves proved to be one of the main challenges within the project because of the high number of interested parties. Based on this initial analysis, a comprehensive HIA was suggested. The HIA involved extensive consultation activities. These yielded qualitative data that was fed into the final HIA report.

In order to capture the wealth of different views and opinions, several types of consultation methods were adopted. These varying methods were necessary because each stakeholder had a different perspective of health, an expectation from the project under assessment, and a different understanding of consultation and partnership. The findings were very useful for proposing recommendations.

Participants were selected on several criteria, including geographical location (urban/rural), type of occupation (farmers/fisherman but also traditional healers/health practitioners), gender and age group. In some instances, village meetings were held involving representatives of all groups. In other instances, smaller focus group discussions were organized. These further divisions allowed for a much richer understanding of the different values of each group as well as their personal challenges. Often the stakeholders consulted were aware of the problems and suggested recommendations. Participatory methods allowed communities to become active agents of change.

Malnutrition, especially in children and women, was a problem already present before the project arrived. Its roots were linked to structural factors. The HIA found that the project could worsen the situation and have potential negative impact on nutritional status. The factors contributing to malnutrition were different for urban and rural populations, and certain groups were much more vulnerable than others. In urban areas, inflation was a main contributor. To address it, the project partnered with a non-governmental organization (NGO) to increase production and improve quality and standards of agricultural products. Local procurement for the mining project canteens positively impacted the local communities. This approach is in line with United Nation Development Program (UNDP) strategy to create value: “Entrepreneurs can serve the poor as clients and customers and can also include the poor as producers, employees and business owners[12],”

On the other hand, the situation for the rural communities residing in or near the remaining forests was different since these groups were, in most cases, dependent on the resources from the forest. Although nobody depended on the forests alone for food, large numbers of people depended on it as a supplementary source of nutrition. Women also collected forest materials to produce baskets, their main source of income. The relationship between the ecosystem and the well-being and health of people is well researched[13] and local communities play an essential safeguarding role. In this case, a recommendation was made to strengthen the forest protection program, which was already well developed. The initiative aimed to further involve the women in this effort, and to support alternative income generation activities.

For certain groups, a long-term strategy like increasing production would have delivered results too late. Single mothers who needed to care for children by themselves without any source of income were hit harder by inflation, and childhood malnutrition became an even more important issue for them. In this case the recommendations were to support kindergarten attendance for their children and to devise micro-finance programs targeting their specific needs.

The recommendations described above targeted the impact of the project. Other measures were also required to address the existing problem of malnutrition. Even within the household, the distribution of food was not equal. As a result, pregnant women often lacked important micronutrients, or they were given less food. These conditions remained intact regardless of inflation or deforestation. Therefore, the HIA report made some recommendations related to the CSR policies and principles of the company. For example: to support a vegetable garden system at health centers or schools, to inform women about the importance of a diversified diet and increase their access; to work closely with the health authorities and local NGOs to strengthen antenatal and post-partum vitamin supplement systems.

Conclusions

The final report of the Commission on Social Determinants of Health[14] describes dramatic differences in health closely linked to degrees of social disadvantage. The Commission issued a call of action to come together and improve the lives of the world's citizens. The only effective way to address the inequalities deeply rooted in the determinants of health is to coordinate actions among different stakeholders and to explicitly target limited resources. Great improvements can be achieved through partnerships and the private sector, extractive industries included, has an important role to play.

The HIA favors an open consultative process among stakeholders to identify negative and positive impacts of a project on a given community, as well as the existing needs that should be satisfied to have healthy communities. The HIA will also propose relevant, effective, and culturally acceptable recommendations. However recommendations need to be implemented. Although extractive companies can financially support initiatives, the companies should not lead the full process of change. Indeed, it would be difficult for them to achieve change on their own. In the case described above, several other participants were involved. The government and local authorities need to establish a framework within which every other contributing body can work and exercise its rights. NGOs and civil society can help communities get organized and empowered. Development agencies should ensure that the CSR framework is helping all stakeholders to gradually become autonomous with regards to the interventions targeted to them.

Community participation and development allows local communities to influence and share control over decisions and resource allocations that affect them. Extractive industries could contribute to community well-being by establishing equitable partnerships with all their stakeholders as presented in Figure 2.

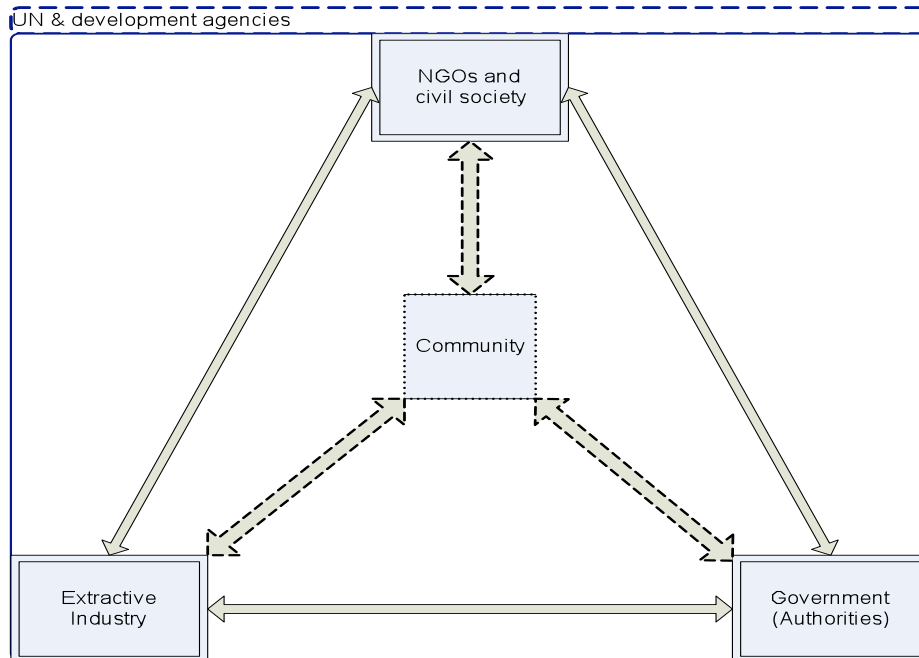


Figure 2: Stakeholders relationship

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