РАЗДЕЛ II. МЕНЕДЖМЕНТ

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Multi stakeholder-based community development and the relevant for sustainable development in resource rich countries

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Abstract

Most of the Mongolian community citizens have a negative understanding about mining, but examples from other resource-rich countries show that it is possible that local communities can get benefits from mining projects. One safeguard can be so called “Community Development Agreement”. According to Article 42.1 of the Minerals Law of Mongolia, "The license holder shall conclude an agreement with the local administrative authority on the development of infrastructure and Increasing employment opportunities." It means that local citizens can develop themselves through Community Development Agreements.

Several countries use community development agreements as a voluntary agreement, partnership agreement, community contracts, etc. The main aim is to minimize the impact of mining, develop local socio-economic benefits and to support community development.

Therefore, I have come up with this study to explore international best practices on how to make multi-stakeholder based community development agreement successful, how it is effective to sustainable development and to find solutions, how they can be effectively implemented in Mongolia.

Community development is not only beneficial for the community citizens it will also bring benefits for Mining Enterprises. Improved social performance generally leads to better financial returns. While the business case for community development will always be specific to the individual company or operation, some common themes are clear. By contributing to local community well-being and development, benefits of the company including reputation and resources increase, helps to resolve disputes, reduces closure costs, liabilities, efficiency and productivity of local support through local workforce and employees.

In other words, community development is a reciprocal process. By supporting communities to develop themselves in a sustainable manner, a mining and metals company is helping its own business to succeed. Mining operations and community development programs should be viewed as a mutually beneficial partnership process to achieve sustainability.

Community development is the process of increasing the strength and effectiveness of communities, improving people's quality of life and enabling people to participate in decision making to achieve greater long-term control over their lives.

Responsible minerals development can potentially bring various positive benefits to a community, particularly access to education, employment, communications, quality health services and new professional skills. A key aspect of responsible minerals development

involves maximizing communities' access to the benefits of mining to improve human and social development.

The mining and metals industry can play a central role in community development by acting as an influence for positive change in areas that may otherwise have little, if any, opportunity for economic and social development.

The Mongolian Minerals Law requires that the aimag governor assess and approve or disapprove projects based upon consultation with the Citizens' Representative Khural (CRK) and the Citizens' Representative Assembly (CRA). The CRK is the directly elected representative body, consisting of 15-45 representatives depending upon the size of the aimag (or capital city), that is elected for four years; the CRA is the Presidium of the CRK, and it is elected by its members, and typically consists of 3-7 members of the CRK. Delegating approval power to a lower jurisdiction may impose higher administrative burdens, but could also lead to a process resembling the Free Prior Informed Consent (FPIC) principles for greater inclusion of indigenous and marginalized groups, and thereby improve the legitimacy of the mining project. But approval by the CRK does not constitute consultation with affected communities or marginalized groups, and FPIC principles are therefore not fulfilled.

The CRK is supposed to meet quarterly at the aimag center, but many CRK cannot be mobilized to reply within the specified 30-day deadline, the CRA is therefore more commonly consulted. The aimag governor is the only mandatory signatory, which implies that consultations are not undertaken in practice. Governors can seemingly make decisions at their discretion without accountability to any other party, which thus represents a vulnerability to corruption in return for approvals.

Figure 1. What are the considerations regarding further development of contracting the community development agreement?

Collected survey results from Umnugovi, Selenge and Bayankhongor aimags which are a mining sector based aimags of Mongolia. Most of the survey participants have agreed on including local citizens' opinions to the community development agreement is a most important, 164 participants supported that idea, 93 participants claimed monitoring and making positive environment to monitor the implementation of the agreement is important, 105 participants claimed providing timely information is important and 18 participants don't know about this topic. This question was able to select multiple choices and open question.

Figure 2. Community development agreement contributions to the SDG8 by education levels

Figure 2 is showing local dwellers opinions regarding if they agree with the community development agreement's strong contribution to building economic growth and creating work places by survey participants education level. Huge part of the survey participants stated community development agreements' contribution to the economic growth and decent workplaces are about average because most of the local mining companies provides temporary/seasonal employment and it is not guaranteed workplace to continue providing them monthly income, but thanks to community development agreements, mining companies offers more work places to local citizens and major mining companies provides proper/decent workplaces, helps citizens to develop their capacity and social status.

Intended to collect survey from all levels of educated people, including not educated/herders etc./ and primary education. Participants gave a relatively similar answer, the community development agreement somewhat contributes to local economic growth and creating decent workplaces, but it is only 46 participants are very satisfied with the community development agreement contribution to the economic growth and the creation of decent workplaces from total 242 participants.

Major mining companies such as Oyu-Tolgoi, Energy Resource and Mongol Alt during their mining operations they has a cooperation with the local community. Moreover last 10 years Mining companies initiated by their own selves to make a community development agreement and implemented the agreement with local community. Mining companies such as MoEnKo LLC and Oyu-Tolgoi LLC are implementing community development agreements with the local communities.

Managing risks is an essential factor of success for mining and metals companies. Many risks are financial or technical in nature but, social and environmental aspects are becoming greater risks to manage. There is a range of interconnected success factors often quoted in the international debate which is conducive to the creation of a 'resource blessing' and directly counters the risk factors outlined above:

- Transparent and effective governance structures and processes, regulating the source sector /environmental and social standards/, preventing corruption and promoting political participation and civil society engagement.
- The existence of long term development vision in which mining is appropriately integrated and –based on that vision –a macroeconomic plan with

coherent investment, fiscal, finance and relevant sector policies that harness resource wealth as a bridge to the development of a more diversified, interconnected economy with greater depth of value added.

- Dialogue and consensus-building mechanisms that ensure the active participation of civil society actors and mining companies in relevant negotiations and planning processes.

Conclusion

In July 1st of 2014 Mongolian State Great Khural has approved the Minerals law, 1st part of 42nd provision has stated about making the community development agreement and approved the sample agreement with it. Since 2014 we became one of few countries in the world which have stated mining companies must conclude a community development agreement. Hence, need to implement this provision by considering community and mining company operations special feature.

Throughout all mining operations, it is necessary to provide real-time and timely information on citizens' participation by the mining industry and completion of the rehabilitation process. Business entities requesting an exploration permit include those who live around exploration area and those living in the vicinity of the exploration area, including changes in their lives, changes in their livelihoods and compensation for damages to their property. Each information will be required, and the regulatory authority should establish and enforce the law on licensing if the agreement has been reached.

During the whole process of mining specifically before licensing, even after all mining and rehabilitation process done the participation of community citizens should be more realistic and effective and should provide timely information. We should establish legal system that provides more practical right to the community citizens: If business entities request an exploration license they must explain to community citizens after mining operation what will start to change in their lives and how they will provide compensation in case of loss of life or damage to their property and after license requesting entity and community citizens reached to the agreement, government should grant the license to the requested entity after polling from community citizens.

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Оценка результатов внедрения lean-технологии в ПАО «Сбербанк»

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В настоящее время во всем мире происходит активное внедрение компаниями новых технологий, которые постепенно вытесняют труд человека. Возможности для применения таких технологий существуют в любой сфере (от разных отраслей промышленности до финансового сектора) и в компаниях любого размера - от крупных