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Corporate social responsibility and political settlements in the mining sector in Ghana, Zambia and Peru

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Abstract

This paper explores and compares the political effects of corporate social responsibility (CSR) in the mining sector in Zambia, Ghana and Peru. The paper adopts a political settlements approach to answer the question: *How do the CSR practices of mining companies affect local and national political settlements?* After setting out the main tenets of the political settlements approach, this is articulated with literature on the politics of natural resource extraction and CSR. The paper then sets the wider context of the international drivers of increased attention to CSR in the extractive sector, before exploring the impact of the CSR practices of mining companies on the political settlement in Ghana, Peru and Zambia at the national and local levels. The final sections offer a comparative discussion of what the findings mean for understanding CSR's role in inclusive development and natural resource governance. The paper argues that recent increased CSR expenditure does not necessarily translate into development for those living near mining companies, particularly in contexts of exclusionary political settlements, of which all case studies exhibited characteristics. There are a great many institutional and contextual limitations placed on the ability of CSR to deliver development for affected communities. Across the case studies, the opportunities that CSR programmes afford tended to aimed at those with the greatest capacity to disrupt operations, rather than those with the greatest need. In concluding, I argue that, despite some obvious limitations, the political settlements approach can generate new insights through its focus on the politics of development, and, in particular, the politics of stability.

Keywords: Mining, corporate social responsibility, political settlements, Zambia, Ghana, Peru

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Introduction

In this working paper I explore and compare the political effects of corporate social responsibility (CSR) in the mining sector in Zambia, Ghana and Peru. To do this, I draw on a stream of literature which uses ideas of 'political settlements'. The political settlements approach has, through a number of high-profile books by well-respected authors, brought ideas of the politics of development in the longue-durée to the forefront of contemporary development thinking (Fukuyama 2011). These books, each with their own lexicon and specificities of argument, all share 'one common proposition: that politics and institutions are the crucial determinants of developmental outcomes' (Laws 2012: 20). The idea that development is a fundamentally political process has been long established and comes as little surprise to those that study the relationship between development and the extractive industry (Graulau 2008).

In this paper I use ideas from this recent literature to examine the role of CSR in the extractive industry in promoting inclusive development in Ghana, Peru and Zambia. I ask the question: *How do the CSR practices of mining companies affect local and national political settlements?* This requires an exploration of how CSR initiatives affect the discursive framing of political settlements in the extractive sector; how CSR initiatives might support local political settlements and thus, in turn, help the stability of national political settlements; and whether CSR initiatives support, rather than undermine, political settlements at the local and national level. In drawing on the political settlements literature to answer these questions, I argue that, despite some obvious limitations, it can generate new insights through its focus on the politics of development and, in particular, the politics of stability. In what follows, I begin by setting out the main tenets of the political settlements approach and then articulate this with the politics of natural resource extraction and the literature on CSR. I then set the wider context of the international drivers of CSR in the extractive sector, and explore the impact of the CSR practices of mining companies on the political settlement in Ghana, Peru and Zambia at the national and local levels, before a comparative discussion of what this means for inclusive development, and some concluding remarks.[1]

The literature

Political settlements approach

The political settlements approach argues that macroeconomic performance can be predicted by examining macro-political and macro-institutional performance. This

[1] This research forms part of a larger project examining the changing politics of natural resource extraction over time in the Effective States and Inclusive Development Research Centre at The University of Manchester. It forms one of six strands of research in the project, the other five focusing on the changing political settlements over time in Bolivia, Ghana, Peru and Zambia and the role of tax within the political settlement – all with the aim of exploring the impact of these on the potentials for extraction to contribute to inclusive development.

represents an attempt to move beyond previous institutionalist approaches, for which the root of (almost exclusively, economic) development performance lay in the institutional forms of poorer countries (Poteete 2009; North et al. 2007). Institutions, through their impact on transaction costs and the security of property rights, were understood to explain the differential experience of developing countries (Khan 2010; North 1990). The political settlements approach represents in many ways an extension of this argument, which seeks to account for many of the criticisms levelled against institutional approaches. Given different political processes and incentives, the same institutional forms will produce very different economic and developmental outcomes (Khan 2010; North et al. 2007). By providing institutional analyses 'a political anchor' in intra-elite bargaining, the political settlements approach thus attempts to explain these varying outcomes through an integrated understanding of both politics and power and institutional forms (Poteete 2009: 556). In this section, I elaborate on the definition of political settlements put forward by Mushtaq Khan: 'a political settlement is a combination of power and institutions that is mutually compatible and also sustainable in terms of economic and political viability' (Khan 2010: 4). Beyond an understanding that political settlements are political, this definition points us to key concepts that structure the rest of this review: settlement, compatible and sustainable.

Political settlements, as the term suggests, 'settle'. Here, one of their key aspects is that they have solved 'the problem of violence'. North et al.'s move to develop a framework for understanding the role of institutions and politics in development centres on this key problem of 'providing powerful individuals with an incentive to be peaceful' (North et al. 2007: 3). For North and his colleagues, the world can be roughly divided into three types of social order – hunter/gatherer societies, limited access orders and open access orders (North et al. 2007). Limited access orders are characterised by limitations being placed on economic and political freedom while open access orders are characterised by open economic and political competition. Limited access orders are seen as the 'natural state' of societies, where elites distribute benefits between themselves in ways which secure their continued supremacy and disincentivise the outbreak of violence (North et al. 2013: 30). The costs of violence to elite groups outweighs the potential benefits and thus a 'settlement' is achieved, as all limited access orders 'share the basic principle of manipulating the economy to produce rents stability and prevent violence' (North et al. 2007: 9). Open access orders achieve the same result through free economic and political competition, large formal economies that produce large rents, and impersonal institutions that distribute these rents along lines which have been agreed. Political settlements are thus relatively stable expressions of the distribution of power and rents within a society in which large-scale widespread conflict is not prevalent.

Key to this stability is the compatibility between the distribution of power and the institutional structure of benefit or rent distribution as, 'if powerful groups are not getting an acceptable distribution of benefits from an institutional structure they will strive to change it' (Khan 2010: 4). In most developing countries, the formal productive sector is too small to provide enough rents that match the broader distribution of power (Khan 2010). This means that rents are distributed through informal institutions that 'structurally operate on a different scale in all developing countries' (Khan 2010: 5). Widespread patron–client relationships come to characterise the political settlement in many developing countries as 'the logic of the limited access order takes any institutional form or mechanism and bends it to the purpose of rent-creation to sustain the existing dominant coalition' (North et al. 2007: 29). Informal institutions arise to distribute rents and benefits in line with the balance of political interests and power. If the institutional structure does not distribute rents in accordance with the wider distribution of power, conflict can emerge. Khan sees the role of power in these conflicts in terms of what he calls 'holding power', that is 'the capability of an individual or group to engage and survive in conflicts' understood as the individual or group's ability to impose costs on others and to absorb costs (Khan 2010: 5). If excluded groups have sufficient holding power, they can, through their ability to contest, obstruct and oppose rules, undermine the enforceability of institutions. Thus a certain level of compatibility between distribution of power and institutional structure and rent distribution is required to sustain a political settlement. This compatibility is both horizontal and vertical in nature – it must reflect the balance of intra-elite competition, but also enable the vertical distribution of rents to sustain patron–client relationships (Laws 2012).

For political settlements to be sustainable, these institutions 'have to achieve the minimum levels of economic performance and political stability that are required for the reproduction of particular societies' (Khan 2010: 4). Thus political settlements cannot be entirely dysfunctional, though they have often been seen as such to outside observers. They do, in important ways, work. Superficially 'dysfunctional' institutions persist because they play an important role in maintaining the political settlement. They enable political stability, reduce violence and sustain elite dominance. The problem here is twofold. First, this very sustainability can obstruct moves towards more equitable or progressive social orders. Interventions are either likely to be co-opted as transplanted institutional forms from developed countries, or resisted if it looks likethey may undermine the settlement that has reduced violence in the society (North et al. 2007). Second, the very sustainability or resilience of the settlement and its frequently informal nature makes policy prescription and intervention challenging.

The political settlements approach is open to a range of criticisms. Firstly, given that much of the analysis seeks to explain the developmental performance of countries over decades and centuries, it is frequently very abstract and its tendency to describe settlement, stability, balance and sustainability over decades produces an analysis which often reads as rather static, despite pleas to always describe political settlements as dynamic (Khan 2010). Second, this abstract nature makes policy prescription difficult, and confident assessment of current political settlements problematic (Hickey 2013). Given that much of the action in a political settlement occurs 'off stage', the challenges for analysis and intervention are substantial. Third, none of the analyses of political settlements offer significant engagement with the role of ideas in politics. This, combined with a wider rational-actor bias, produces a 'thin' and slightly anaemic analysis of politics. As Hickey (2013: 18) argues, 'to posit a politics without ideas or vision is to offer a reductionist account not only of what drives elites but also of their use of discourse within their strategies of rule and institution-building' Fourth, political settlements are almost exclusively examined as national phenomena. While some analyses point to the role of international processes in creating initial conditions or sustaining elite power in developing countries, the role of international political economy is marginal (North et al. 2007). This is particularly problematic for an analysis of resource-rich counties where international linkages are central.

Political settlements and extraction

Mining, by its very nature, produces a scalar and spatial politics, which can disturb political settlements. A profoundly spatial and disruptive form of production, mining has historically created environmental, social and economic waves in areas of production, with important political consequences. Four facets of this are worth mentioning here: distribution of 'externalities'; rent distribution; transnational linkages; and changing class dynamics.

Communities living adjacent to or relocated by mining operations bear the most costs and frequently see the fewest benefits from extractive enterprises, which accrue nationally and internationally (Campbell 2009; Hilson 2012). This, when combined with mining's need for exclusive access to land, produces a specifically scalar politics of contest around mining activity, where local communities contest the imposition of these 'externalities' and national-level elites resist these contestations (Bebbington 2013).

Different models for rent distribution abound, but tension invariably exists between models of centralised v. regionalised distribution of rents (i.e. should rents be distributed to those who suffer most disruption from mining activity? Or should rents be distributed according to levels of regional development or national policy priorities?). These tensions in national–subnational political settlements around the institutional governance of mining and the distribution of rents have historically produced a large amount of instability in resource-rich countries (Bebbington 2013: 17).

Mining operates in a dynamic international context, only tangentially concerned with maintaining the stability of national political settlements. The commodity markets for which multinational mining companies produce are international, meaning that production levels and commodity prices – and thus rent flows – are primarily beholden to international markets. Ideationally, mines are internationally oriented. Frequently headquartered outside centres of production, serving international shareholders and competing for investment on international capital markets, mining companies' frameworks for understanding and representing their activities and impacts are only partly derived from countries of operation. Put another way, what international mining companies understand mining to be and for, and what national elites understand mining to be and for, can differ widely. This discursive conflict over the extractive sector is often high profile in producing countries, as ideas of resource nationalism, equity and economic efficiency clash.

Finally, the economic development that mining produces, with multiple opportunities for rent capture in areas that are distant from centres of power, gives much scope for new groups to emerge with significant holding power (Bebbington 2013). These dynamic changes in capitalist class formation have been fundamental in shaping political settlements in many resource-rich countries.

Political settlements and corporate social responsibility

A key mechanism mining companies use to navigate the complicated political waters in which they operate are their CSR programmes. In the last decade, CSR has come to the forefront of discussions of regulating the extractive sector, with programmes increasing in size and scope (Dashwood 2012). Having come under heavy criticism in the 1980s, mining became a pariah industry, emblematic of environmental destruction, pollution and rampant capitalism imposing negative environmental effects on poor countries to sustain wealthy lifestyles in the West (Bridge 2004; Moody 2007). Part of the industry response to this sustained criticism and the rising sustainable development agenda post-Rio 1992 was to try and rethink and rebrand the industry in terms of 'sustainable mining' (Dashwood 2012). A central element of this is the CSR practices of mining companies. The financial flows associated with CSR programmes of mining companies can be substantial, and in many of the peripheral areas in which they operate are the largest flows of development assistance. CSR programmes, while of smaller economic scale than official rent flows from extraction, have political significance. There are two main ways in which this occurs and influences the political settlement. First, CSR plays a discursive role in national debates on natural resource governance. Second, CSR initiatives pay a role in shaping and stabilising political settlements at the local level, which may have national implications.

Across the developing world, debates around natural resource governance have intensified in the last two decades. This has been in no small part related to a boom in the extractive industries on the back of a prolonged spell of high commodity prices, which has led to renewed scrutiny of taxation and rent flows from extraction (Humphreys 2015). National debates around natural resource governance frequently focus on three key issues – size and flows of rents, the environmental impacts of extraction, and extent of companies' wider responsibility to society. CSR can provide a key element in mining companies' response to state efforts to secure greater rents from their activities. By pointing out that they are contributing to national and local development beyond their legal obligations, mining companies use their CSR activities to deflect criticism. Here, two conceptions of the role of mining in development are in conflict, that of mining as an exercise in efficient accumulation and that of mining as a producer of rents and jobs to drive wider development. CSR, then, can be an important part of the battleground in which political settlements in resource-rich developing countries are forged with important consequences for policy and governance. The debates about the role of companies in promoting wider and local development are international as much as national. Discussion of CSR in the extractive sector is dominated by 'global' organisations, standards and networks based in North America and Western Europe, such as the International Finance Corporation (IFC), International Council on Mining and Metals and OECD (Dashwood 2012). These institutions then disseminate 'best practices' in CSR, which are adopted by mining companies and applied around the world. When these 'global' practices and demands reach national and local settings of extraction in the developing world, they encounter an entirely new set of agendas and conceptions of development which can lead to conflict. This can be conflict between elites and mining companies about the responsibilities of companies and the levels of rents distributed at either local or national levels.

At the local level, the picture of the links between mining, CSR and development in the literature is discouraging. The contrast between the anecdotal and rhetorical claims of CSR programmes and their unclear development impacts draws frequent scorn, with studies often decrying CSR as essentially 'greenwash' or even 'legitimizing plunder' (Claasen and Roloff 2011; Jenkins and Yakovleva 2006; Kuyek 2006; Slack 2012; Watts 2005). The development impacts of CSR programmes are frequently contested and their extent seen as insufficient by local communities. On the part of mining companies, there are telling silences, with public reporting avoiding systematic measurement of the economic and social impacts of their operations on local communities. Reporting on CSR tends to measure outputs rather than outcomes, focusing instead on anecdotal reports. Much of the literature criticises CSR as just a public relations exercise. However, as I shall argue in what follows, CSR programmes can have an important impact on local political settlements. As institutions which can be quickly produced in response to the holding power of particular groups, CSR initiatives frequently offer an important vector for gaining support from local elites. The distribution of benefits from CSR need not be immoral of course – these informal institutions are simply one mode in which the rents of extraction can help 'glue' a political settlement together (North et al. 2007: 8). In binding a political settlement together, CSR initiatives often aim at reproducing the enclave character of extraction in developing countries, undermining the potentials for mining to contribute to inclusive development (Ferguson 2006; North et al. 2007).

The role of CSR in development and political settlements is an under-researched area. In the critical social sciences, CSR has long been criticised as a primarily ideological tool used to legitimate fundamentally unjust relations and practices in the extractive sector (Sagebien and Whellams 2010). In business studies, on the other hand, the focus has been on exploring the 'business case' for social action or, perhaps more boldly, encouraging businesses to think about their wider role in society and how they can 'create shared value' through both their business and social activity (Kramer and Porter 2007). The role of CSR in mining and development more generally is an under-researched area. Current research on CSR and mining only 'scratch[es] the surface' (Hilson 2012: 136), never mind that which explores CSR as an explicitly political activity. More widely, there are very few comparative empirical studies that examine the development impacts of mining company CSR programmes in the developing world. This paper, then, analyses the relationship between political settlements and corporate social responsibility, asking the question: *How do the CSR practices of mining companies affect local and national political settlements?*

To answer this question, I explore the impact of CSR practices in the mining sector at the local and national levels of three case study countries: Ghana, Peru and Zambia. The research described in this paper was conducted primarily in 2014 and also draws on previous work in 2011 and 2012. The research consisted of country visits to Zambia, Ghana and Peru of around one month each. A similar approach was taken to each case study country. In each country, time was spent interviewing national actors in the capital – from industry bodies, mining companies, government and regulatory agencies and civil society. Then two mines were chosen in each country for further research. This choice was dependent on who was willing to grant access, but, broadly speaking, a 'good' and a 'bad' case were chosen for site visits – a company or operation that had a reputation for difficult community relations and one which had a better reputation.[2] In all cases, both mines were operated by international companies headquartered overseas. Company anonymity was granted as a condition of extensive access. In addition to this, interviews were conducted with companies, consultancies, industry bodies and finance institutions in USA, UK and Canada, to understand the global drivers and pressures on mining companies and corporate-level perspectives on these.[3]

In the following sections, I explore the CSR practices of six mining companies in these countries against the backdrop of the wider politics of natural resource extraction. The aim here is to bring the literature on political settlements into dialogue with the practice of mining companies in developing countries. This requires a wider definition of CSR, discussed below. The country case study sections follow a similar structure. They begin with a brief background and overview of the political settlement in the natural resource sector (see the respective country papers for a more detailed analyses), before exploring the impact of CSR on the national and then local political settlements. Following these cases, a synthesis analysis is drawn out before concluding. Before this, however, I spend a little time setting out what CSR means in the following analysis and then give a brief overview of the international drivers of CSR which have led to important, and relatively recent, changes in mining company practice, not always reflected in the current literature.

[2] The selection also included one ICMM member and one non-ICMM member in each country. The ICMM membership was used as a proxy for adoption of and engagement with international standards, which largely held true across the research. It often meant that one mine visited was from a larger, more experienced company than the other.

[3] The 2014 element was funded by a British Academy Postdoctoral Fellowship and the Effective States and Inclusive Development Research Centre and Hallsworth fund at The University of Manchester.

Defining CSR

Corporate social responsibility is tricky to define. The most common definitions is that it is the activities of a company that go beyond compliance:

> CSR can be understood as the obligations companies have towards their stakeholders in the areas of human rights, labour and the environment. Obeying the law constitutes the baseline of responsible corporate behaviour, with CSR referring to voluntary obligations that go beyond regulatory compliance (Dashwood 2007: 134)

While the simplicity of Dashwood's definition is appealing, it is limited. For one, using legal compliance as a basis makes cross-country comparison all but impossible. In one jurisdiction a company's activities would be labelled 'compliance', while in a different jurisdiction, the exact same activities would be labelled 'CSR' and in a third, quasi-obligatory 'mitigation'. Alternative approaches include efforts to list all the areas that social responsibility should take into account, such as the ISO 26000 standard on social responsibility.[4] Many other definitions and discussions of CSR are more accurately described as a description of how the authors would like CSR to be, rather than how it is actually practised.[5] If the interest isunderstanding the drivers and effects of corporate behaviour in multiple countries, these definitions are of limited use.

Of greater interest than labelling of whether specific activities are in line with local regulations or not, or indeed prescribing the areas CSR must take into account, is an examination of three things:

1. The voluntary and non-voluntary actions undertaken by mining companies to mitigate their environmental or social impacts or improve the social or environmental wellbeing of the areas in which they operate. This would include the areas commonly referred to as community investment, CSR programmes, mitigation and compliance programmes.
2. The extent and manner in which companies engage local, national and international stakeholders, e.g. what might be more widely termed corporate–community relations and shareholder or stakeholder relations.
3. The changing expectations society has of mining companies and the steps companies take to either live up to or shape these expectations. This would include the public relations activities of mining companies and the 'economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time' (Carroll 1979: 500).

[4] Which specifies actions and policies for the areas of organisational governance, human rights, labour practices, fair operating practices, environment, consumer issues and community involvement and development (ISO 2010)

[5] For example, the authors of the recent 'shared value' approach are clearly describing a world they wish to see, a way they wish companies to behave, rather than critiquing the activities of companies (Kramer and Porter 2007).

This is clearly of wider scope than is usually deployed in discussion of CSR. It is, however, important that we do not examine CSR on either its own or mining company terms. Instead I would argue that we should see and use CSR as a way of exploring the 'contact zone' between a company and the wider environmental and social context on which it operates.[6] The aim here is to develop a relational definition of CSR which enables an analysis of the political actions and consequences of mining company behaviour. The aim is not to exaggerate the impact of CSR on politics; rather, this study sees CSR as a window into the political engagement and 'beyond production' activities of the extractive industry. It is with this understanding of CSR that this analysis proceeds.

International drivers of CSR

In the last few decades, the mining industry had embraced international voluntary initiatives around social and environmental performance with a gusto that has surprised many industry insiders.[7] Here I present a brief overview of the drivers of this, which are laid out more fully elsewhere (Frederiksen n.d.).

The *first* is the changing regimes of accountability facing the mining industry. Disclosure requirements and transparency expectations are increasing. Mining companies feel under increasing scrutiny as the processes of globalisation have increased flows of information between sites of production and sites of consumption, and a series of policy initiatives, such as the Extractive Industry Transparency Initiative, are changing expectations of transparency in the industry. Further, mining companies are increasingly exposed to civil prosecution in countries in which they are headquartered for actions conducted by subsidiaries overseas. Companies in Peru and Zambia have been and are being pursued in UK courts for behaviour carried out by employees of subsidiary companies (Vidal 2015; Collyns 2011; Hasselback 2014; Business and Human Rights Resource Centre 2014).

The *second*, and most important, is the growth of CSR as a risk management strategy. Here, CSR is seen as a way for mining companies to manage a range of risks to operations and production. With a successful CSR strategy, the understanding goes, mining companies can avoid increased regulation, operational disruptions and negative reputational attacks. This driver is crucial, as it is of increasing interest to investors, and thus effective CSR strategies become central to the long-term survival of mining companies and cut to the core of the business. A good reputation is an asset of the company and is important in key areas of competition for mining companies – access to resources (mining companies rely on access to new sources of supply to survive) and to capital. Effective CSR programmes help manage the reputational risks inherent in mining operations.

[6] This is, of course, a simplification, as the boundary between where companies end and communities begin is constructed and permeable (Amoore 2000).
[7] A confidential World Economic Forum survey in 2009 listed 35 different initiatives of voluntary principles of relevance to the mines and metals sector, though my own research points to the dominance of a small handful, with the International Finance Corporation Performance Standards the most prominent.

Operational disruption brings with it heavy financial costs for mining companies. Research published by Franks et al. put the cost at 'roughly US$20 million per week of delayed production' for a large-scale mining operation (Franks et al. 2014: 7576). The incentives to invest in CSR programmes to minimise operational disruption are great.

Third, CSR is used to manage the complexity of extractive operations (Utting and Marques 2010). Be they social, political or regulatory, CSR programmes offer a primarily engineer-led industry a relatively straightforward way to manage the complexity of the social and political impacts of mining operations.

Finally, a range of CSR activities are driven by a moral sense of wanting 'to do right by' local communities and changing wider norms around sustainable development (Dashwood 2012). A perhaps human response to the poverty and deprivation which surround the intense wealth creation of many mine sites around the world, this moral impulse is often overplayed by mining company communications departments and ignored by critics of mining.

Collectively, these drivers have produced a great deal of activity within the mining industry. New teams have been put in place, new positions and senior vice presidents created, other teams have been restructured and a great deal of resources have been poured into surveying, adopting and implementing various international standards (Dashwood 2012; Kemp 2009). The question then remains of its impact in countries of operation. In the next sections, I explore the impact of CSR practices in Zambia, Ghana and Peru on national and local political settlements.

Zambia

Large-scale copper mining started in Zambia in the late 1920s and has been dominant in the country ever since. Successive efforts towards economic diversification have stumbled and the Zambian government remains dependent on mining revenues for over 25 percent of its revenue, with copper providing 80 percent of export earnings and 86 percent of foreign direct investment (FDI) (ICMM 2014). The mode, method and results of the late 1990s privatisation of the nationalised copper mining company, Zambia Consolidated Copper Mines (ZCCM), has been a recurring sore point with many Zambians: a privatisation forced by international organisations as part of a debt forgiveness programme and plagued by corruption (Lungu 2009). In order to attract investment at a time of low copper prices, the mines were sold to companies under secretive development agreements (DAs), which included extensive tax holidays. As Zambians did not get a fair price for the mines when they were sold, and the companies paid little tax in the first 10 years of their operation, despite substantial increases in global metals prices, the revelations of these holidays in 2007 caused a political storm (Fraser and Lungu 2007). Since then, the debate has raged around how to get a fair slice of tax revenues from the mining companies. In 2008, President Levy Mwanawasa announced a new mining law, which unilaterally abolished the Das, imposing a new tax and regulation regime.

While successive presidents have had different approaches to the mining sector, each has placed these expectations on it – pay more taxes and behave more like ZCCM in terms of local investment. An expectation that the mining companies argue is in contrast to sustainable extraction and fair return on the substantial investments made. Since 2000, the focus of mining has shifted from the Copperbelt, with the largest and most profitable mines increasingly being located the North-Western Province – an area with little previous experience of mining and recently booming.

CSR and the national political settlement

Resource nationalism holds powerful sway in Zambia, drawing on nostalgia for the ‘good old days’ of ZCCM when the company’s resources dominated the economy and were invested in a range of national development projects. Countering this are the international-owned private mining corporations, who, in the main, offer a standard neoliberal template – taxation discourages investment, companies should be given the fewest restraints, etc. The notable exception from this is the Chinese-owned enterprises, which remain largely silent in national debates. As Lee argues, these companies operate largely on a different logic of securing maximum and consistent mineral supply, rather than short- to medium-term profits (Lee 2014). The public discussions of rents distribution are predominantly about what amount of the profits yielded from extraction should accrue to the national state, rather than how they should be distributed within elite groups. It is a debate over who and what mining is for, what role it should play in international development, and what development it should support.

The debate on mining revenues and taxation is, in part, one of transparency (Africa Progress Panel 2013). The original impetus for this comes from a global initiative around transparency spearheaded by the EITI. Zambia became an EITI-compliant country in 2012 (Zambia EITI Secretariat 2015). Investigations by the government in 2014 uncovered evidence of the use of transfer pricing to funnel profits out of Zambia untaxed (Interviews 2, 9). At the very least, the structure of a number of companies is eyebrow-raising, with a number of companies operating a dual corporate structure, whereby the mineral extraction and mineral processing are conducted by two ostensibly different companies on the same site, with the ore 'sold' by one to the other for processing (Africa Progress Panel 2013; Malambo 2014). The EITI’s synoptic conception of transparency thus takes the wrong target, focusing on rent transfer to governments at the end of the production process, rather than important flows during the production process.

Social responsibility

Directly, CSR features very little in the national debate on natural resource governance in Zambia. Times when the local practices of mining companies have boiled onto the national debate are few and have attracted swift action from national government. For example, in 2012, the government shut down a Mopani site on the Copperbelt for a month when acid mists from the plant were being said to affect nearby populations (Reuters 2012). The North-Western Province, however, remains politically isolated and local groups have so far been unable to form national coalitions to constrain mining company behaviour. The national government is, in the main, dismissive of mining companies' CSR programmes, seeing them primarily as a means for lowering national tax payments (Interviews 2, 9, 36). As CSR spending can be written off against tax contributions as an operational expense, any money spent on local CSR programmes represents a reduced tax contribution to the central state. The lack of transparency of this spending is a particular focus, with critics arguing that the expenditures claimed are out of proportion to the level of activity on the ground; as one respondent put it; if a company spends millions of dollars in a community you should be able to 'touch it' (Interview 36). Here then, CSR spending at the national level is seen as a vehicle for fraud of both moral and financial kinds. The most recent mining law contains provision for the subnational division of rents which remain unimplemented. Instead, this occurs informally and extra-legally. By directing funds to support local political settlements and reducing national tax contributions, mining companies could potentially undermine their position in debates with elites at the national level. As such, mining companies, within the scope that they have to decide where and how to allocate their funds, are implicitly mediating between local and national coalitions and their demands for development.

The mining industry seeks to use its CSR activities to sway national debate and push back against what they see as expanded conceptions of their responsibilities and generate political capital (Interview 2). Large adverts in national newspapers regularly proclaim the good deeds being carried out by mining companies, with First Quantum highlighting how they are the country's largest taxpayer. In response to a speech by the then first lady, Mopani opened two cervical cancer screening clinics and named them after her. The mining industry has repeatedly argued that it makes a substantial contribution to development. In 2014, the Zambia Chamber of Mines and ICMM published a 148-page report on 'Enhancing mining's contribution to development', which pointed to the multiple ways in which the mining industry already supports the Zambian economy – such as, in 2012, employing over 56,000 directly, with four companies spending \$2.7 billion on procurement within Zambia and \$70 million on social investment (ICMM 2014). All have failed to shift the long-running perception of mining simply not paying its way. The national debate on mining has almost entirely focused on taxation and rents; environmental and social impacts remain a sideshow.

CSR and the local political settlement

CSR activity in Zambia is considerable. The ICMM argue that spending is much higher than the industry norm: 'social investment contributions in the Copperbelt are large, representing between 10 and 16 per cent of pre-tax profits', with spending between \$2 million (Barrick Gold) and \$30 million (Mopani) per year (ICMM 2014: 9). My own research revealed remarkable levels of activity, the scale of which has not made much impact on the national debate. From adult literacy to agricultural productivity, mining companies run large programmes with large numbers of staff across the Copperbelt and North-Western Province. This spending falls into three main types of programme: infrastructure; livelihoods; and education. Infrastructure provision is a core competency of mining companies. Most prominently this includes road building, one of the most frequent community requests of mining companies. A number of major roads on the Copperbelt are maintained by mining companies, with some large construction projects undertaken by mining companies – including KCM reconstructing 7.5km of road near Chingola, and Mopani paving the Kitwe ring road (Glencore 2015; KCM n.d.). Beyond this, companies highlight large-scale WASH projects, HIV and malaria prevention and treatment programmes as well as clinic and school building in and around affected communities (Glencore 2015; ICMM 2014; KCM n.d.). This infrastructural upgrading is highly uneven. Both case study companies built school buildings in areas surrounding operations, run private schools (which are among the most sought after in the country) and engage in vocational training for adults. Livelihoods programmes almost always focus on rural livelihoods and on helping beneficiaries move into higher value areas, such as poultry, fisheries or bee keeping, or more 'modern' and intensive farming methods. The obstacles for most Zambians to engage in these areas are often capital and skills, with CSR programmes seeking to provide both.

Despite this, almost across the board mining companies are seen as shirking their social responsibilities by those that live closest to their operations (Interviews 1, 9, 15, 21, 25, 33). Invariably, the benchmark against which mining companies are being measured is ZCCM. The new entrants, frequently mid-tier or junior mining companies without widespread experience or an (initially) particularly generous approach to local investment, stand in stark contrast to the cradle-to-grave paternalistic engagement of ZCCM (Ferguson 1999). Both case-study mining companies professed good relationships with the local communities. Speaking with local community members and representatives directly, however, uncovered significant dissatisfaction and long-standing grievances. Though clearly to be seen as part of the wider struggle over the extent of company responsibilities, all communities complained of insufficient action and support from the mining companies (Interviews 15, 21, 22, 25, 33). Here, companies are struggling against the expectations set by ZCCM in the 1950s, which became part of the national mythos. One community described how, when investments were announced, local politicians toured the area, telling communities that their problems were now over (Interview 22). Anything short of provision of entire new fully serviced company towns has the potential to disappoint. As one leader put it, 'we host these big mines, but there is nothing we can point to, to say this… has benefited us' (Interview 22) while another talked of a lack of respect and complained of 'being treated like squatters' (Interview 25). Trust in the mining companies was very low (Fraser and Lungu 2007; Fraser 2011; Van Alstine and Afionis 2013). In the rest of this section, I explore two key CSR areas and their impact on the local political settlement: jobs and local contracting and livelihood programmes.

Key resource flows around mining are jobs and local buying. Here, the sensitivity and policy of commercial contracting and human resource departments can have important impacts on the local economy and political settlement. In both case companies, and more widely, both of these are treated as partly a CSR issue, due to their potential to create both local tensions and benefits (Interview 12). Local business elites can do well from the mines and their local purchasing policies. In interviews these were often the most enthusiastic local supporters of mines and some described dramatically increased prosperity from trading with the mines (Interview 25). The wider impact of local employment, however, is much more uneven. The Copperbelt has an established pool of local talent from nearly a century of large-scale mining, meaning that those employed by mining companies are likely to be local hires. In the North-Western Province, however, many of the skilled jobs are taken by people from the Copperbelt, limiting the possibility for local employment and stimulating migration, which is very unpopular with local residents. Residents interviewed complained that the 'people working in mines are from elsewhere' and of the pressure placed on services such as boreholes and schools (Interview 18). Resentment is compounded by the sense that these immigrants are getting jobs with the mines, while locals are not. Despite local frustration, migration has the capacity to benefit local leaders who control access to land. Members of one community complained about how the headman sold plots of land to migrants to build houses on, despite local opposition, taking advantage of rising land prices (Interview 18). Around Lumwana, as Negi (2010) has observed, colonial patterns of using traditional leaders to recruit labour have been resurrected. Here then, traditional leaders are benefiting from the changes afoot and using them to shore up their personal wealth and power.

Alternative livelihoods programmes have a mixed impact with local communities. The success of livelihood programmes is seen as important for mining companies in reducing pressure on them for jobs that they do not feel they can provide. A frequent issue reported was that of elite capture, with communities rarely feeling a sense of ownership over the projects done with them; they are 'spectators' to their own development in the words of one (Van Alstine and Afionis 2013). Having designed programmes with limited consultation with rural leaders, the resultant programmes are seen to serve the needs of the elites, rather than the wider populace. In one example, 50 percent of poultry projects were deemed failures as the chickens involved went missing or were stolen (Interview 12). In one memorable interview, the local village sub-chief expressed mystification as to why the project had not worked as we sat in his compound surrounded by hundreds of chickens (Interview 29). The leader's explanation for this was that the chickens had been being stolen and that he took them into his compound and shared the rest out (to friends and members of his family) in order to protect them. Whatever the truth, this shows the ways in which rural development projects by mining companies can easily be redirected by local leaders to their own ends – by both directly capturing resources and indirectly extending their influence over populations by controlling who else has access to these flows.

Ghana

Ghana has a long history of gold mining. Concentrated in the Western and Ashanti regions, gold dominates mineral extraction and exports (Ghana Chamber of Mines

2014a). After nationalising its mining industry following independence, Ghana was subsequently forced to privatise it as part of wider structural reforms (Akabzaa 2009). While the mines were privatised in the mid-1980s, the social and environmental consequences of this policy change were felt after a large expansion of mining began in the 1990s, with output increasing four-fold between 1990 and 2002 (Akabzaa et al. 2007; Hilson 2004). This new form of extraction relied upon a shift from underground to surface mining, greatly increasing the footprint of the industry; by 2010 around 12 percent of land was under mining concessions (Hilson 2011b). In 2014, the formal mining sector accounted for 34 percent of the country’s foreign exchange earnings, contributed 14 percent of government revenue and employed around 17,000 people (Ghana Chamber of Mines 2015). Despite its great import to the country, gold mining is fading from the national debate, as it has recently been eclipsed by the discovery of substantial oil and gas reserves in Ghana. The policy debate around the extractive industry has re-centred on the arrival of these strategic commodities as the first oilfields came online in 2010 and quadrupled the revenues from the extractive industry the following year and continue to grow (EITI 2013).

CSR and the national political settlement

The rapid rise in the scale of the gold mining industry and its contributions to the country shifted the political settlement around natural resource extraction, producing on-going contestation of revenue flows and mining company behaviour in Ghana (Akabzaa 2009). As mining has grown, its local impacts have attracted national attention and discussion (Akabzaa et al. 2007). Prior to this expansion, CSR and mine–community relations did not feature substantially in discussions of the mining industry. Times have changed. In 2013 the largest international mining companies (members of the Chamber of Mines) ‘voluntarily’ invested US$12 million in a variety of social projects across the country’s mining areas (Ghana Chamber of Mines 2014b). Seeking to present itself as an attractive destination for FDI, and having granted a high degree of autonomy to the minister of mines to negotiate investment deals, Ghana awarded tax holidays and discounts for the country’s two largest gold producers, limiting their contributions to the Ghanaian treasury (Prichard and Bentum 2009). This came into stark relief when the rise in international gold prices in the early 2000s did not lead to a corresponding rise in tax receipts. Under encouragement from international donors the taxation regime was renegotiated in 2006, with a new minerals law which was watered down following concerted lobbying by the minerals industry led by the Chamber of Mines. With benefits consistently accruing to a limited local elite, rather than the wider populace, public opinion has turned against the mining industry (Akabzaa 2009). The subnational division of rents has been a site of struggle. Reflecting the strength of traditional leaders through their control over access to land and influence over rural voting patterns, subnational revenue distribution reserves 4.5 percent of mineral royalties for ‘Stool lands’ (Stool being a term that refers the institution of chieftaincy in Ghana), for which there is no form of accounting or conditions on spending (Tsuma 2010). There have been ongoing concerns about the development impact of how this revenue is spent (ICMM 2007; Abdulai 2015). Further, evidence shows most of the 5.5 percent of mineral royalties reserved for district authorities where mining takes place is spent on ordinary expenditure, rather than on developmental investment, and in some cases is embezzled (Ashiadey 2014; BOAS and Associates 2014).

The ongoing struggles around the local impacts of mining have seen the increased institutionalisation of activities to regulate these impacts in the governance of the extractive sector in Ghana. A key turning point was the debate around the regulation of the mining industry in the mid-2000s in the run-up to the adoption of a new mining law which saw some high-profile mine community conflicts focusing national and international attention on the impacts of the growing mineral industry in Ghana (Berry 2011; Akabzaa et al. 2007). For mining companies, this has been partly felt as increased scrutiny of their plans at the permitting stage. Respondents reported increased conditions being applied, amendments requested and difficulty getting mining licences approved (Interviews 49, 93). Consistently, respondents reported rising expectations of social performance by mining companies translating into regulatory pressure. This takes a number of forms: the permitting process with the Environmental Protection Agency (EPA); an annual auditing system (AKOBAN); and national guidelines on CSR. The use of conditions on the approval of mining licences is growing, with stricter implementation of procedures relating to community consultation. It is now standard for repeated community meetings to be part of the permitting process, with community concerns expected to be incorporated into Environmental Impact Statements (EIS) (Interview 93). While the rejection rate is still low, the permitting process can now take a number of years, as mines struggle to find ways to address community concerns raised and keep costs down. Mining companies interviewed felt themselves subject to greater pressure to manage the potential social impacts of new operations or changes before these produce community tensions, frequently by offering increased amounts of community investment before the project starts (Interviews 54, 71). The EPA's annual AKOBAN audits include visits to each large mining operation, with community impacts forming an important feature of the audit and social issues dominating. The Minerals Commission has also increased its engagement with local communities since these tensions, following a baseline study on social conflicts conducted in 2009 and producing a set of CSR guidelines for the mining industry. However, these standards have had a mixed reception in the industry and are criticised by civil society representatives as being subject to poor monitoring and evaluation, and remain perhaps the most toothless soft regulatory power in Ghana, reflecting the Minerals Commission's role as both promoter and regulator of the industry (Interviews 50, 51).[8]

The Multi Stakeholder Group (MSG) which oversees EITI implementation in Ghana (comprised of actors from government, civil society and mining companies) has become an important national forum for discussing issues of mining governance. In Ghana, the EITI has expanded its remit beyond taxation and transparency – its recommendations and debates carry over into CSR. The MSG has run stakeholder

[8] Though there is a new CSR policy, its consequences are unclear at this moment.

meetings across the country involving community members in discussion of the spending of mineral revenues – issues that go well beyond revenue collection and distribution – and the EITI head has pointed to the creation of the national CSR guidelines as one of the successes of the MSG (Ashiadey 2014).

CSR and the local political settlement

The local political settlement around mining in Ghana was, in the two cases examined, shaped through contestation. The arrival of large-scale surface mining did not get a warm welcome in many mining areas of Ghana. Part of this reception is due to informal artisanal and small-scale miners (ASM, known locally as Galamsey) being a central player in many local political settlements in mining regions in Ghana. Galamsey is perhaps the best studied aspect of mining in Ghana, providing direct employment for up to 1 million people and being a key feature of the local political economy of mining in many areas (Hilson 2011a; Hilson 2009). Galamsey miners constitute a strong oppositional coalition at the local level surrounding large-scale mining in Ghana. For international mining companies, these operations, readily visible and conducted openly despite their legal status, are dryly referred to as ‘the competition’ (Interview 83). For local community members, international mining companies constitute a threat to their livelihoods, removing, in the eyes of some, their rightful resources and expatriating it. Community investment programmes and their alternative livelihoods projects can thus be received with scorn. As one community member pointedly asked, referring to stark inequality in the wealth that can be accrued from farming a local delicacy and mining gold: ‘Why don’t they farm grass cutters and leave the gold to us?’. With strong patron–client ties to local political, traditional and security force leaders, galamsey plays an important role in local resistance to international mineral extraction and features in the national debate around natural resource extraction.

Perhaps the most striking aspect of CSR in Ghana is the widespread use of community agreements and foundations to structure mine–community relations and engagement. Starting in the early 2000s, successively, each large mining company has adopted a similar model of CSR (Interviews 82, 106). This has two fundamental aspects: an agreement signed between companies, local government and community (traditional) leaders and a community investment foundation funded by the mines. In many cases, this is in direct response to community unrest, with an external facilitator drafted in by the mining company to lead a process of negotiation over key elements of mine–community relations and to produce a ‘contract’ signed by the parties. [9] In a related move, most companies have adopted community foundations as their preferred community investment channel (Interviews 50, 82, 106). Funding for foundations is tied to the productivity and profitability of the mine, for example Newmont contributes 1$ per oz. extracted and 1 percent of pre-tax

[9] These elements usually consist of the local environment (understood as a stable social and political environment for the mines operations and community functioning), jobs (in terms of how and when local people can get jobs, training, how positions are advertised) and community development (of which foundations form a key part).

profits, while Goldfields contributes 2 percent of pre-tax profits. These foundations are then governed by members of the community and district authorities, with some mining company supervision. These two strategies form the core of the community engagement and investment strategies of major mining companies in Ghana. They have fast become the norm for CSR in the country, with the same model being adopted in the oil and gas sector (Anon 2015).

These agreements and foundations establish new institutions which codify and work to stabilise a local political settlement around sites of extraction. The promise of new resources in deprived areas produces charged negotiations over how this money is to be apportioned. The holding power of specific traditional leaders is important here, as benefits are, in part, distributed according to the holding power of different actors. The benefits accruing from these negotiations and agreements are not only the development projects or infrastructure, but also, importantly, the wages of those who work on implementing the projects. They can thus become an important avenue for cash flows from the mine to local communities and for building pro-mining coalitions (Interviews 64, 82, 91). The political settlements generated by these institutions can be undermined by company behaviour. In both the cases examined, companies had been taken to task for not following the agreed criteria for employing local people. In one case, this had only been resolved after the external facilitator threatened to write to the company's international board about the situation (Interview 82). In these cases, conflict over flows of resources from production have been in part decided through the new fora instigated by the mining companies. In some ways, foundations represent a progressive form of CSR – democratic, participatory and community needs focused. In both cases examined, they fundamentally transformed the local political settlement. But the risks inherent in them demonstrate the perils of the conditions under which CSR practices take place. The production of a new governance forum changed the role and work of previous fora (such as the local district and the Stool) becoming a new focus of pressure and debate. While arguably more participatory than previous top-down paternal models of CSR, these new approaches also create vehicles for elite capture; the contracting surrounding approved projects frequently showed evidence of this (Lawson and Bentil 2013). Despite these potentially progressive forms then, CSR remains a way of distributing rents to local elites with significant holding power or control over access to important resources such as land, rather than exclusively a vehicle for development.

The foundation model holds numerous advantages for mining companies. Firstly, it de-centres the mining company from debates on how locally accrued revenues should be spent and shifts responsibility for community development away from the company (Interview 82). Visibly placing decision-making power in the hands of the local community sends a strong signal of community-led development and empowerment and enables mines to step back from the quasi-statal role they are often expected to assume. It can act as a firewall against community pressures, setting a clear limit of company responsibility. As revenues only accrue to the foundation when production runs smoothly and profitably, it incentivises the support of the local community for the successful running of the mine and disincentivises the obstruction of operations. Through the use of foundations, then, mining companies are able to secure a number of important benefits in generating a stable operating environment and advantageous local political settlement. By setting a range of conditions under which finances can be spent, and directly or indirectly controlling the administration of the secretariat, the mining company hopes to ensure that the funds are spent in ways which visibly support the local community and thus reduce the pressure on it to deliver local development. Community foundations are also perceived warmly in the wider national debate, with respondents across the political spectrum commending the efforts as a more interactive, less reactive model of community engagement – clearly serving an effective legitimation purpose (Interviews 49, 105). In the case study companies, these fora had successfully refocused the local political settlement, though they may not de-centre the mining company as it desires, they do seem to reduce the level of conflict directly targeting mining companies, which may explain their widespread adoption.

Peru

Peru has a long history of extraction. Like Zambia and Ghana, early colonial presence was focused on developing extractive institutions which suppressed local dissent and exported raw materials to metropolitan markets at minimal cost (Thorp 2012). Since the early 20th century, a series of mineral booms have supported the development of a governance framework which remains highly centralised, clientelistic and lacks transparency.

Mining booms in the 20th century have focused on the Sierra and have tended to continue historic patterns of coastal dominance over, lack of investment and institutional development in, and underdevelopment of, the highlands (Thorp 2012). The most recent boom began with the economic restructuring and liberalising regime of Fujimori in the 1990s and has produced a massive expansion of mining across the country into areas that previously had little experience of large-scale mineral extraction (Bury and Bebbington 2013; Thorp 2012). Since 1990, 89 percent of mining land has been claimed (Bury and Bebbington 2013). Mineral and hydrocarbon extraction has come to play a central role in the economy; between 2005 and 2009, mining accounted for 64 percent of exports and 22 percent of fiscal revenue (Thorp 2012). Much of this expansion has been driven by large mines (some of the largest in the world) located in remote areas of the high Andes (over 4000m), though their size produces significant local populations (Thorp 2012). By 1999, 55 percent of Peru's peasant communities were in areas influenced by mining (Thorp 2012). This rapid expansion has produced a marked backlash and conflict across the country, with a steady escalation of state involvement. This has included an increased monitoring of social conflicts, with the Human Rights Ombudsman devoting no small part of its energy to managing extraction-related conflicts. Uniquely, in Peru it is possible to say exactly how many conflicts there are in any particular year, as the Ombudsman reports on these and classifies them. In 2013, 217 conflicts were registered nationally, of which 90 were related to mining. There is a regulatory tussle and confusion over mining at the national level, with multiple agencies tasked with regulating the environmental and social impacts of mining and further activities legally under regional agencies (Interviews 126, 127, 185). These institutional conflicts of interests within regulatory structure and a wider political fragmentation have meant that the governance of natural resource extraction in Peru has been ill-fitted to deal with these tensions. Mine–community relations are a national issue, with several of these struggles becoming globally renowned examples of the conflicts extraction can cause (e.g. Yanacocha). Violence and extractive industry conflict are a part of, and a challenge to, the national political settlement in Peru.

CSR and the national political settlement

Institutionalisation of CSR

More than any other case study country, CSR and CSR-type spending and activities have become part of the national political settlement surrounding natural resource extraction in Peru. This takes a number of forms which blur the lines between government policy and action and private company policy and action. As conflicts surrounding extraction have become a national issue in Peru, a key mechanism for responding to these has been to increase rent flows to areas of production. Three of these mechanisms are worth mentioning here: the *Canon Minero*, the *Programa Minero de Solidaridad del Pueblo* (the PMSP) and *Obras por Impuestos*. The *Canon* is the main mechanism for the subnational redistribution of mineral rents. From 1992, 20 percent of taxes on profits and royalties and were directed back to the regional and district government in areas of production (Arellano-Yanguas 2011). In 2002, this was increased to 50 percent of the taxes collected, which produced substantial new revenue flows for inexperienced and weakened bureaucracies (Thorp 2012). The consequences of this have been poorly chosen investments (with respondents pointing to status projects, such as absurdly large sports venues in remote areas), wastage of money, corruption and, in a number of areas, conflict (Interviews 126, 136). This radical increase in subnational rent flows was in part a response to the increase in conflict in mining areas and pressure from mining companies believing that if their taxes were diverted back to areas of production, they would be under less pressure to meet local development needs (Interview 127). Mine companies across the board reported that the *Canon* had only a marginal impact on the pressure they receive from local communities to increase their CSR spending (Interviews 121, 122, 125, 131, 137). The new rents themselves have produced conflicts, with many in mining areas focused on how they are distributed, rather than the practices of mining companies themselves (Arellano-Yanguas 2011). The second key mechanism, the PMSP, was a voluntary fund set up and paid into by the mines between 2006 and 2011 in lieu of the imposition of a windfall tax on profits. The fund was controlled by the mines, with its resources to be spent on priorities agreed with the national government, such as education, infrastructure and health. Though voluntary, the funds committed were substantial, at one point equalling 6 percent of total national tax revenue. Here, then, the boundary between voluntary community investment and tax revenue is blurred. Most often this funding was distributed by new organisations set up and controlled by the mines – in the case study companies these were staffed by relocating the mine CSR team to the new organisation. Finally, most recently, a new scheme of *Obras por Impuestos* ('work for taxes'), allows regional and local governments to commission mining companies to carry out public works in lieu of future *Canon* taxes. The priorities for this are set by government agencies and effectively allow local governments to borrow future *Canon* revenues (capped at three times the previous year's *Canon* amount) to fund current projects. One of the key advantages of the latter two schemes for mining companies is that they allow them to prominently link the activities to their own brand, and allow the mine to visibly demonstrate the 'good' it is doing. While *Obras* is less discretionary than the PMSP, it shares the same important legitimation role. Together, these produce a national political settlement which is stitched together by discretionary and non-discretionary rent flows from mining, where much of the struggle around mining at the national level is not only about the local environmental and social effects of mining operations, but also who benefits from these flows.

National mechanisms for local conflicts

This national expansion of extraction has produced a great deal of institutional and regulatory strain. As mining has proliferated, so have the institutions with which to manage its effects. Some of these are the result of external pressure, such as the Ministry of the Environment being formed in 2008, while others are an attempt to embed mechanisms for resolving local tensions and conflicts within national institutions. It has been widely noted that the main ministry for regulating the extractive industries in Peru, the Ministry of Energy and Mines, has been burdened with a dual purpose of both promoting and regulating the mining industry, with a 'conflict of interest built into [its] very core' (Bebbington et al. 2007: 5). More recently it has established a social management bureau tasked with dealing with the community relations issues surrounding extraction and its responsibilities for monitoring environmental impact statements handed over to the institutionally weak Ministry of the Environment (Barrera-Hernàndez 2009). There are regulatory tussles over mining in Peru, with, as one civil servant diplomatically put it, a lack of 'unity of ideas between different ministries' (Interview 126). Beyond the Ministry of the Environment and the Ministry of Energy and Mines, the Ministry of Agriculture and the Prime Minister's Office both have sectors whose remit covers mine–community relations, not to mention the division of responsibilities between regional and national levels or, importantly, the public ombudsman. Since 2004 the ombudsman has come to take an increased role in extractive conflicts and now conducts regular monitoring of them and intervening to facilitate negotiations when they become violent through its 38 regional offices (Triscritti 2013). With the great level of regulatory complexity at the national level, at the local level 'dialogue tables' (or 'development tables') are set up to facilitate mediation of conflicts, with companies, communities and a range of government agencies at national and local levels represented. These became adopted as a national policy for remediating conflicts in 2012 following the conflict at the La Conga mine, which became a national scandal and a crisis for the government (Triscritti 2013). Peru, then, has the most conflictual national political settlement surrounding mining of the three cases and in response is trying rapidly to increase the regulatory instruments with which it can manage these. The CSR practices of mining companies are very much a national issue.

CSR and the local political settlement

The local political settlement around CSR in Peru in many ways bears little resemblance to that in Ghana and Zambia. The national to local revenue flows surrounding natural resource extraction in Peru produce a very different political settlement, one much less predictable and less under the control of mining companies. The *Canon* has had dramatic effects on producing areas, frequently not positive. The constraints on spending this money mean that much of it remains unspent: in 2008, only four of 20 municipalities receiving canon money spent 70 percent of their budget, the rest spent less than half (Thorp 2012). Spending is frequently focused on infrastructure, meaning many small towns dotted across the Peruvian Andes have sparkling town squares or large churches, sports facilities or bullrings. In a number of enterprising districts, the money is distributed by putting the local electorate on the municipal payroll. In the wealthiest areas, this is the entire electorate; in others, people are employed to work on a rota basis on infrastructure projects. The flow of money into institutions unprepared for such flows has produced many antisocial effects. Opportunities for local economic development can be undermined, as labour costs for small business are punishingly high and farmers have less incentive to work their fields (Interview 158). The fluctuation of this money year on year, coupled with poor planning, produces more political tensions (Interview 150). The absence of stable local leaders within a fragmented national political structure exacerbates the tendency for clientelist politics. In some areas where rents are distributed through the municipal payroll, the key electoral issue is not competing visions of development, but who can offer the highest wage for the most people. The *Canon*, then, reinforces clientelist tendencies and can lead to extreme clientelist politics, with different groups violently competing for access to rents. In the words of one respondent in a crisis-ridden area, the *Canon* 'has created violence' (Interview 153). While the actions of many mining companies in the recent past fit this patrimonial ideal of development closely, the scope for the direct CSR activities of mining companies to impact the local political settlement in such areas is minimal.

This abundant wealth in districts in which the mine is located produces a great deal of resentment and tension in nearby areas which still feel the impact of the mine, but which are legally entitled to a much smaller share of the *Canon* (Arellano-Yanguas 2011). The mines then seek to make up some of this difference through their own discretionary spending. In the words of one CSR officer, their focus is on areas of social conflict where mine rents are 'not well distributed' (Interview 163). In recent memory, this was relatively straightforward, as, through the PMSP, the mines had large amounts of discretionary funds to respond to requests from local communities. This capacity ended with the PMSP in 2011 (although some funds have yet to be spent). Following this, 2012 was, a difficult year' for one CSR manager, as they saw their company's tax bill triple while the discretionary funding with which they could appease local political tensions created by uneven *Canon* distribution dramatically reduced (Interview 137). The new tack has thus been, having positioned themselves as arbiters of local development schemes for five years, to reaffirm the centrality of the state as the main development actor. The discourse is widespread. Repeatedly, CSR managers took issue with the terms of my research. 'We no longer believe in CSR,' they would argue, 'what we're interested in is *social responsibility*' (Interviews 120, 137, 168); a joint responsibility for development without the company at the centre. This new discourse positions mines as catalysers of development, linking local groups with national programmes and departments that can help them. Mining companies in this role commission feasibility studies and lobby for government funding for specific projects, funding far fewer directly than previously. Amongst local communities, this newfound belief in the centrality of the state is met with derision (Interviews 138, 150. The mines have, in some ways, painted themselves into a corner. Having requested an increased share of *Canon* for districts affected by mining and having taken the opportunity to retain control over the PMSP rather than succumb to higher taxes, they have helped create the expectation amongst rural populations, who do not closely follow national debates on taxation, that they could provide for many of their development needs. The ultimate outcome is the same as the other case study countries – local communities believe the mine is not doing enough.

Looming in the background is the threat of violence. Local leaders in Peru frequently saw their role as fighting for their population, rather than as partners for mining companies.[10] 'My job is to make sure [mining company] delivers on its promises,' one leader argued, before threatening, 'we're calm here, but at any time we can make a radical claim' (Interview 138). Violence has become such a frequent tool for communities that mining companies are keen to find ways of working which do not, in their words, 'reward communities for being difficult' (Interview 125). Further, there is the widespread perception that the state frequently 'strategically absents' itself from local governance surrounding extractive industries, forcing local communities and mining companies to engage each other directly, often through the mechanisms of CSR (Szablowski 2007). When these engagements turn violent, only then do they seem to get attention from national governments. Violence, and the threat of it, has become a key feature structuring institutional engagement with local mining governance in Peru; it is part of the political settlement.

This all risks painting the claims of local communities as somehow entirely positioned in order to extract rents from mining companies, rather than seeking redress for legitimate grievances. This is frequently the perception of mining company employees, who see the use of international discourses of indigeneity or environmental protection as negotiating ploys (Interview 133). Much research on mining conflicts in Peru points to a range of behaviours by mining companies which actively and directly detriment local livelihoods, especially around access to communal land and water (a key issue in areas of low rainfall, which is much of the

[10] Although, as one reviewer reminded me, these same leaders are frequently co-opted by the companies.

Andes area); these are legitimate grievances (Perla 2012; Bury and Bebbington 2013; Bebbington and Williams 2008; Triscritti 2013). What is of interest here, is how these claims and strategies become part of the political settlement in mining areas in Peru.

Political settlements and corporate social responsibility

Initially, what emerges from the cases is a picture of diversity, a series of country-level ‘models’ of what constitutes appropriate CSR in the mining sector, all producing specific coalitions and developmental effects. Speaking broadly, in Zambia, the political settlement around mining is strongly shaped by memories of ZCCM – at the national level for its contribution to government coffers, and at the local level for its comprehensive service and infrastructure provision. Mining companies attempt to use their control over CSR flows to manage the political pressures they are under, to mixed effect. At the local level, in rural areas, traditional leaders manage to extract substantial perks from the presence of mining companies by positioning themselves as the voice of the community. In Ghana, CSR has become institutionalised in extractive industry governance. With the MSG consistently encouraging mining companies to adopt and improve their CSR and the use of permitting and AKOBEN audits by the Environmental Protection Agency to improve social performance, the core concerns of CSR have become a central feature of national political settlement in Ghana. At the local level, mining companies have used foundations and community agreements to remake local political settlements with their affected communities. In Peru, the political settlement is constructed from a fragmented polity and widespread violent conflict around extraction. In response to the large footprint of the industry, a range of institutions have arisen to manage the conflicts created. Having once been in a central position to ‘deliver development’ to local communities with a high level of flexible spending, mining companies find themselves in a bind, unable to meet expectations that their own actions have helped elevate.

The cases also show similarities. Historically, all have colonial experiences of extractive institutions interested in labour and minerals and, more recently, follow a policy trajectory over the last 30 years of privatisation, successful stimulation of FDI and a rapid growth in extractive industry. All cases also show evidence of increased flows of resources to CSR programmes in the last five years, substantiating the wider claim by international respondents that CSR is changing. In some cases, these changes are notable. In all countries, what counts as CSR and appropriate CSR shows both overlap and divergence: Many activities which would be billed as ‘compliance’ in Ghana would be seen as ‘remediation’ in Peru and ‘CSR’ in Zambia. Mining companies repeatedly affirmed the centrality of international standards in guiding their CSR approach and practice and the problems they see themselves as grappling with show great similarity. I would argue that divergence between the three cases stems from different political and regulatory contexts and historical geographical patterns of extraction and extractive industry behaviour outside of simple policy changes. Importantly, how these different histories are animated in contemporary debates – how memories are mobilised and gain political traction –

shapes engagement with contemporary forms of extraction and the political settlements that result. There are, it is also worth noting, politically and historically greater overlaps between the two African cases than the Latin American one.

The term 'settlement' is deceptive. The arrival of a mining company in an area is a profoundly politically disruptive process.[11] The arisal of CSR programmes is, in no small part, a response to this disruption. In sidelining and undermining certain livelihoods and groups, the arrival of a mining company can produce motivated opposition. As the research was conducted in a range of areas with different histories of extraction (from having been a relatively recent arrival, to having been operating for nearly a century), generalisation is difficult. However, in most cases respondents described how mining changed prior political settlements. By introducing migration, and economically empowering some groups while disempowering others, social change is wrought. In the Zambian and Ghanaian cases, traditional leaders who controlled access to the land were major beneficiaries – able to command rent flows and positioned by mining companies as important intermediaries with local populations – their role in the political settlement was enhanced. Local governments in these contexts found themselves increasingly peripheral to the political settlement (despite the best intentions of mining companies in some cases) or struggling to respond and catch up with the changes being introduced. CSR spending and practices then helped bind new these political settlements together. In the Peruvian cases, some local governments saw significant enhancements to their power as large rent flows came their way, which were then distributed. This did not always lead to 'settlement', but instead saw a great deal of contest, which CSR programmes had varying levels of success in stabilising. In all three countries, local business elites frequently saw their star in ascendance. Those with access to credit and resources were most able to capitalise on the arrival of mining and the new business opportunities it brought, and some respondents described significant enrichment. In many locations, there was overlap between political or traditional leaders and business elites, which further helped CSR spending glue the political settlement.

In the rest of this section, I explore the links that can be made between the cases examined and reflect on what lessons we can draw on the role of CSR in political settlements. In particular, I am interested in what the cases discussed hereto means for the governance of natural resource extraction and inclusive development.

Governance

The CSR practices of mining companies directly impact the governance of extraction in each of the cases explored. At the national level, this is mixed. For Zambia, this impact appears to be negligible, despite company attempts to bring their CSR practices into the national debate on resource governance. The real impact of mining companies on the political settlement is behind closed doors, and public 'being seen to be doing good' factors little in a national debate focused almost exclusively on tax

[11] The national consequences for the political settlement of the arrival of large-scale mining is discussed in the associated country papers.

revenues to the government. As much as anything, CSR factors into national political settlements, in so far as mining companies decide to reduce rents to the national state to support programmes focused in their area's operation, effectively creating an extra-legal mechanism for subnational rent distribution. In Ghana, the local practices of mining companies entered the national debate forcefully in the 2000s producing an institutional response which placed mining companies under considerable regulatory pressure. Much like Peru, widespread community hostility to mining company presence means that the message to large mining companies is effectively, as one respondent put it, 'you refuse to do CSR at your own peril' (Interview 51). It is the capacity and histories of those struggling against the imposition of the extractive industry to make coalitions that reach to the national scale which seem to determine the extent to which local CSR practices form part of the national political settlement in the case study countries. Or, alternately, it is the success or failure of CSR practices at the local level to manage or contain conflict which shapes whether or not CSR becomes a national issue.

At the local level, the impacts on natural resource governance and political settlements can be much more profound. As new flows of resources are introduced and new forms of decision making set up to govern them, how these articulate with existing coalitions and democratic structures becomes central to the new political settlements that emerge. Mining companies wield considerable power through whom they choose and choose not to share these resources with. Government oversight of flows of community investment is minimal. In all the cases, local government was weak, with government capacity dropping off precipitously with distance from the capital. In those areas where the mining company engages with local democratic institutions and their activities, the mining company has the possibility of supporting them, though often in ways which do not bolster their democratic accountability – choosing itself which projects to fund and which not to fund from a list of local priorities. In those areas where the local government is all but absent in local communities' lives, CSR practices have the potential to only reinforce disconnection from the state and further deepen existing democratic deficits. CSR frequently fills a governance gap, where weak state institutions fail to provide for the needs of rural communities. Mining companies then take a proxy state role as local communities direct their demands for basic service provision to the resource-rich mining company, rather than the cash-starved and unresponsive local government, and in some cases are encouraged to do so by local authorities.[12]

According a quasi-statal role to mining companies offers the possibility to tap greater resource flows than through local governments, but it comes with important negative consequences for democracy. The priorities of mining companies may be different to those of elected officials and CSR is often a short-term solution – the priorities, staff and funding for CSR within mining companies all change frequently. The presence of mining companies in areas, even if they choose to follow local development priorities

[12] Though Bebbington notes that this discourse is perpetuated by mines as rather self-serving (Bebbington 2010).

with their investments and coordinate with local actors, can still produce 'lopsided development', in the words of one respondent (Interview 104). In these cases, local authorities spend a disproportionate amount of time managing resources flows in mining areas to the detriment of other areas. Mining company-initiated community consultation fora also become new governance mechanisms for managing the local tensions of mineral extraction. In many of the conflicts above, the state took a side-line, 'strategically absenting' itself (Szablowski 2007). The widespread use of foundations in Ghana is perhaps the clearest example of this, as they, explicitly, produce new governance fora for managing local development and the impacts of the extractive industry. Given their links to existing power structures (district assembly, Stool) and flows of resources, foundations naturally produce important governance for a, with the potential to crowd out other governance fora and become a new site for local contestation. CSR practices can, by 'gluing' coalitions together through resource flows, work to produce and stabilise new political settlements at the local level, frequently along lines set by the mining companies.

Inclusion

These new coalitions and institutions have important consequences for possibilities for inclusive development. In each of the cases, evidence of exclusions, despite geographical proximity to mining operations and indications of being directly impacted by them, were abundant. Some elements of local communities were happy with mining companies, but the majority felt themselves marginalised. If and when communities are consulted on CSR and local development programmes, they are often given a menu of interventions and asked to choose. CSR programmes, through their size and framings, frequently work to narrow the terms of the debate on development (Bebbington 2010). More of an issue than the narrowed debate is who is consulted and how. Criticisms of mining companies' definitions of 'community' are longstanding (Kapelus 2002). The nuance of definitions of community varied between companies, but the chosen targets of consultation and support regularly comprised mainly of local elites (Mayes et al. 2014). The programmes were often in no small part rent flows aimed at those with significant holding power (e.g. groups and individuals that could inflict costs on the mining company), such as local leaders, who are in turn enabled to wield greater patrimonial power over their subjects by deciding who is and is not included in the projects and opportunities that the mining company provides. These benefits appear to be highly gendered – a key perk, wages for labour on the mine or a CSR project, is usually reserved for men, and compensation awarded to households is often given to the men rather than the women.[13] Opposing or seeking redress from mining companies presents considerable disincentives: the removal of scarce resource flows and opportunities for both personal and collective advancement. Community political engagement with the mining company, then, straddled a contradiction – the desire to redress grievances and extract resources and support from the mining company, but a keen awareness that going 'too far' and being 'unreasonable' could produce a complete cessation of support. They thus often

[13] Although some mines do run specific female-empowerment type programmes, their scope is usually limited.

proceed gingerly in their struggles with the mining companies. This is a bargaining characterised by dramatic power asymmetries.

The interactions between CSR and the institutions of traditional leadership in Ghana and Zambia were particularly striking. One clear consequence of the increased presence of mining companies in rural areas in both Zambia and Ghana is the empowerment of traditional leaders as custodians of the land. The chiefs' control over access to land and their historical role as suppressors of dissent saw them secure a range of benefits from mining in their areas – both formal and informal. Mines maintained budget lines to support local festivals which are given to chiefs, who can also be supported for communication costs, transportation and other perks. To the extent that local and traditional leaders play a positive progressive role in their localities, they can be facilitators of inclusive development. As those 'consulted' on behalf of local communities, they are, in the cases I saw, inclined to direct resources in ways which further the advancement of themselves and those closest to them. The powers that a mineral extractive boom provides to traditional leaders enables the patterns of patrimonial power that have characterised African political life since at least the colonial period, energising a new territoriality of fiefdoms surrounding mines.

The forms of inclusion that CSR programmes enable, then, are interesting. They remain highly selective, perhaps as a response to the barrage of claims that wealthy mines in poor countries are subject to, and an accumulation model that is predicated on some forms of exclusion. The sense of a lack of participation is striking, particularly in Zambia and Peru, though this is better in Ghana, where many recognise the legitimacy of community foundations. In all these cases, however, the flows of resources packaged as 'development programmes' by mining companies were subject to high levels of elite capture. These rents gave mining companies important capacities to support pro-mining coalitions and undermine anti-mining ones, shaping local political settlements (Bebbington 2010).

CSR, political settlements and enclave extraction

I would argue that this pattern of inclusion and development is the result of the interaction of two processes – elite bargaining and coalitions within exclusionary political settlements, on the one hand; and CSR practices driven by risk management, on the other. In each of the cases, mining companies were seeking to achieve very similar ends: delimit their social responsibilities; ensure operational stability (or minimise business risks); and minimise the rents they pay (and get the most possible benefit from the rents that they do pay). An overriding organisational imperative for mining companies is risk management – in the words of one CSR officer, 'we are being paid to avoid crises' (Interview 137). This, combined with exclusionary political settlements, can produce patterns of CSR behaviour which do not support wider development. Mines tend to focus the funds they have to invest on the stakeholders most likely to affect the mine and not those least likely to affect the mine. Projects and resources are frequently targeted at local elites (sometimes with the understanding that they will pass these benefits on to their communities), missing other groups, such as women and children. These behaviours can also support or entrench patterns of clientalist politics. Inclusionary CSR in conditions of exclusive political settlements is difficult and few mines challenge this, partly, it seems, because it can suit organisational objectives and partly as they understandably see it as not their role or responsibility to do so. Despite the exception of the Ghanaian model of foundations, the mining companies studied showed a preference for discretionary dispensary budgets – giving the mining companies greater power to reward (or perhaps punish) certain groups.

These tendencies can all serve to reproduce the enclave nature of natural resource extraction in each of the case study countries. North et al. (2007: 40) argue that limited access orders in and of themselves do this around rents from international business, and these rents are central to propping up political settlements in developing countries:

> Participation in the enclave of the global economy, with access to international capital and secure property rights, gives third world elites opportunities to prosper without having to alter their domestic Limited Access Order institutions that produce security and that sustain their rents. By allowing additional streams of rents without threatening the domestic order, enclaves allow elites greater rents and thus greater incentives to maintain the current system.

I would argue that the organisational imperatives of mining companies can exacerbate these tendencies and produce CSR spending patterns that often, despite the best wishes of their immediate practitioners, are primarily strategies to reduce risk and rents.[14] The case study companies all demonstrated a short-term approach of CSR – despite projected decades-long presences in areas, plans rarely extended more than a few years, long-term projects were the minority and company decision-making horizons are frequently quite short, which all produced varying and unreliable support for CSR budgets. This approach undermines the ability of CSR spending to support wider development, as mines often adopted an ad hoc reactive policy of using CSR to oil wheels and fight fires. Collectively, these constitute a series of internal and external limitations to the ability of CSR to deliver wider inclusive development. The coalitions which are glued together by CSR flows are rarely those that deliver wider development for communities living near mine sites or in countries reliant on natural resource extraction revenues. The internal and external drivers of CSR often work to preclude the possibility of CSR programmes producing inclusive development.

[14] It is notable that, even in companies which had adopted a progressive managerial vision of CSR, those tasked with implementing these policies felt a stronger pressure to 'avoid crises' than 'create shared value' with local communities.

Conclusion

This paper has asked the question: *how do the CSR practices of mining companies affect local and national political settlements?* This is an important question, as the rise of CSR in the mining industry in the last few years has produced increased development-related spending in each of the case companies. In some cases, this increase was dramatic, with large expenditures which made mining companies the largest development presence in the area. This increased expenditure does not necessarily translate into development for those living near mining companies. A pattern emerged across the three case study countries of local elites being primary beneficiaries of mining company CSR projects. This is partly because mining companies attempted to use rent flows to create and shore up coalitions that support and legitimate their activities, and discourage or suppress groups that wished to disrupt their activities. Within exclusionary political settlements (or LAOs) this can see few benefits and possibilities for development reaching wider populations. At the national level, the CSR practices of mining companies appeared to have limited impact; their main effect being when communities are able to form coalitions that reach beyond the local settings in which community conflicts occur. Both Peru and Ghana saw increased regulatory pressure on mining companies to improve and manage the social impacts of their activities following community conflicts that became national issues. Zambia had much less pressure and was the least regulated of the three.

Within the context of exclusionary political settlements, the practices of mining companies can reduce the potential for change. CSR spending was, in many cases, aimed at maintaining the status quo. Seeking to reduce risk to investments and produce operational stability in a context of considerable economic and environmental upheaval, CSR practices can work to support clientalist political settlements. There are a great many institutional and contextual limitations placed on the ability of CSR to deliver development for affected communities. Almost universally, the opportunities that CSR programmes afford are aimed at those with the greatest capacity to disrupt operations, rather than those with the greatest need. The CSR programmes of mining companies often produce new forms of inclusion and exclusion – including those with holding power and excluding others with less holding power or claims to make. Mining company CSR in the cases studied is frequently characterised by its exclusive, rather than inclusive, development.

While the political settlements literature does not paint an optimistic picture for development policy, it offers a potentially rich seam for research in the extractive sector. Its focus on elite bargaining, holding power and the politics of stability points to key features of CSR practice. In theorising and problematising this politics of stability, the political settlements literature throws light on key dynamics animating CSR discourse and practice. It helps us to understand why CSR projects take the shape they do and why their effects rarely reach wider populations. A focus on coalitions, informal institutions and the role of rent flows in stabilising these gives insight into the conditions and capacity for CSR activities to deliver the development they implicitly and explicitly promise. However, the literature also has remarkably little to say about key elements of the dynamics discussed in this paper – for example, on the existence of local political settlements which have different coalitions and actors to national ones. The literature can be unclear on the distinction between political and private sector elites, and often pays little attention to the different behaviours of different private sector elites (particularly the drivers of firm behaviours) and, though it has more to say on links to international dynamics and pressures, these are underdeveloped. The importance of the ways in which histories and memories are articulated, the ideas that animate political debates of natural resource governance in each of the case study countries, needs greater recognition within this literature. In sum, the literature offers interesting ways forward into researching the politics and governance of natural resource extraction, if some of its more obvious omissions are constructively engaged.

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