

Building an Inclusive Mining Sector

A Survey of Mining Communities



The lure of Afghanistan's mineral wealth has attracted speculation for centuries. In today's context of political transition and military handover, it is tempting to view Afghanistan's natural resources as a panacea for slow economic growth. The government hopes to attract foreign investors and mining companies, build resource corridors, stimulate internal trade and boost local employment. People who live in mining areas hope to find jobs and expect improved access to electricity, schools, roads and medical facilities. Expectations, from government to grass root are high. However, a lack of basic infrastructure, an unfavourable legislative climate and insecurity deter many potential investors, and it will be many years before Afghanistan can begin to reap the benefits of its natural resources. This delay is beginning to take its toll on local communities – many of whom live in poor, isolated areas.

Most people expected their lives to improve when their local mine began extraction, but the lack of perceptible benefits leaves many people feeling bitter and frustrated. Within this context, it is critical that Government and mining companies build a socially inclusive mining sector in order to ensure community 'buy-in' and a secure operating environment.

What is social inclusion?

- The process of improving the terms for individuals and groups to take part in society;
- The process of improving the ability, opportunity, and dignity of people, disadvantaged on the basis on their identity to take part in society.

World Bank (2013): Inclusion Matters: The Foundation for Shared Prosperity.

Research objectives

The World Bank commissioned Samuel Hall to conduct a community perception survey to answer the following questions:

1. *What do people think about mining operations in Afghanistan?*
2. *What is considered fair with regards to sharing mining revenues?*
3. *What benefits do people expect from mining operations?*

Methodology

A quantitative survey of 1200 household heads was conducted in the mining provinces of Jawzjan, Bamyán, Takhar, Baghlan, and a control group in Kabul. Qualitative focus groups, in-depth case studies, key informant interview and field observations were also conducted.

What do communities expect from mining operations?

Familiarity with mining operations is low. 52% of people who live in mining provinces have either never heard of their local mine, or do not know anything about it. Nevertheless, everyone expects to benefit from mining operations in some form or another. People have extremely high expectations of the mining sector – so much so, that any concerns they may have are often outweighed by the expected benefits that mining could bring. In particular, people expect jobs and infrastructure development.

In spite of these high expectations, very few people living in mining areas say that their lives have improved since mining operations began.

A widening gap

The lack of perceptible positive impacts from mining operations creates a gap between expected and actual benefits. Only 7% of people who live in villages near to the mine site say that their lives have improved. This 'expectation gap' presents a risk to policy makers and undermines efforts to develop effective relationships between local communities and mining contractors. The gap is felt more keenly among people who live near to the mine and who belong to the lowest wealth quintiles. People who live in villages near to the mine site are often more frustrated by the lack of benefits than people who live further away in neighbouring villages or district and provincial capitals.

Who should benefit from mining operations?

Allocating mineral revenue elicits mixed views. A plurality (40%) of respondents think that all provinces in Afghanistan should benefit equally from mining operations. However, significant proportions of respondents in Bamyan (42%) Takhar (42%), and Baghlan (27%) think that mining revenues should be spent more in mining provinces than elsewhere.

How should government and mining companies respond?

1. **Manage local community expectations early on.** People expect a windfall of benefits from mining operations as soon as a contract is signed. Early community engagement, even before a contract is signed, would help to set realistic expectations among local communities.
2. **Ensure that mechanisms are in place to allow communities to respond to emerging concerns once the operation has started.** Grievance Addressal Committees (GAC) have been created for the copper mining operations at Aynak, but in order for this mechanism to be effective, local residents must be aware that a GRC exists, and have trust in their local delegates.
3. **Provide residents with appropriate and credible information about local operations.** Mining projects are already underway, but levels of consultation vary from one location to another, and most people are currently misinformed.

For the summary and full-length report, visit our website: samuelhall.org



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