ACCESSING LAND FOR EXTRACTIVE INDUSTRIES: SOCIALLY AND ENVIRONMENTALLY SUSTAINABLE APPROACHES

SUMMARY

Latin American countries and corporations are learning that they need to better regulate how land is accessed and used for extractive activities. How have Latin American countries sought to achieve a balance between extractive industry activities and sustainable land use? This Guide considers this question by presenting and analysing different policy responses related to land use and extractive industries in Latin America today. It considers some of Latin America’s key policies, such as environmental regulations, gaining social licence for land access, and land use planning, among others.

INTRODUCTION

Why should land be used for extractive projects? This basic question is not often addressed in the context of extractive project development. The easy answer is that there is no other productive land use option available that can match the short-run profitability of extractive activities. Oil, gas and large-scale mining projects are by far more profitable short-term uses of land than any agriculture or conservation venture. Accordingly, the Latin American mining industry, for example, has achieved remarkable growth in the last decade, thanks to a combination of high mineral prices, geographic expansion and obtaining access to formerly non-surveyed land (see Figure 1). To exploit this short-term profitability, most resource-rich developing countries around the world eagerly seek to facilitate access to land for extractive projects.

At the same time, however, extractive industry development has caused significant environmental and social impacts, particularly when accessing land in indigenous territories or fragile ecosystems (see Text Box 1). Involuntary economic and physical displacement has disturbed local peoples’ livelihoods and ways of life.

The challenge, therefore, is how to increase revenues by facilitating access to land for extractive projects, while at the same time doing so in a responsible manner that avoids negative social and environmental impacts to the land and its inhabitants. Accordingly, Latin American countries and corporations are in many cases trying to better regulate extractive activities. National land use planning systems, transparent policies and protocols for accessing land, environmental protection policies and creative proposals for alternative forms of development, such as Ecuador’s Yasuní-ITT initiative, are some of the strategies Latin America can share with other resource-rich countries.

1To learn more about this case, read the ELLA Brief: Ecuador’s Yasuní-ITT: Rethinking the Conservation vs. Extraction Dilemma.
TEXT BOX 1  THE CERREJÓN MINE: A STORY OF INDIGENOUS DISPLACEMENTS

There are countless examples from Latin America of what can go wrong when trying to access land for extractive activities. The Cerrejón mine is located in the La Guajira region of Colombia, on part of the Wayúu indigenous community’s territory. Project access in this indigenous territory, however, has not been adequately regulated. Wayúu people have been displaced from their land due to mine expansion and the construction of ports and railways, without a fair consultation process. The Wayúu complain that the compensation they have received for their lands is far less than what it is actually worth. Overall, the Wayúu people’s way of life has been seriously disturbed, and further attempts to access indigenous lands for extractive purposes in La Guajira have been contested.
TEXT BOX 2 COMPETING TERRITORIAL INTERESTS IN ECUADOR

In southeast Ecuador, and across the border in Peru, a number of large-scale copper and gold mining projects run by Canadian companies are being pushed forward. These projects would take place in the Cordillera del Condor (Condor mountain range) that forms part of El Condor Binational Park, which was strategically established at the end of the brief Cenepa War between Ecuador and Peru in 1995. The area is also the ancestral territory of the Shuar indigenous people, who have fought against oil extraction in their territory for decades. Additionally, the Cordillera del Condor forms part of a Tropical Andes biodiversity ‘hotspot’, which encompasses the entire Andes mountain chain from Colombia to Chile.

The Ecuadorian map below shows the location of oil blocks, power plant projects and mining concessions. This visual depiction shows just how many oil blocks and mining concession sites lie in main water networks, mangroves and natural forests, areas that are crucial for maintaining livelihoods and preserving the environment. This helps illustrate how extractive territorial expansion could create conflict with other possible territorial uses. This expansion, then, needs to be regulated in order to avoid future land access and use conflicts.


Environmental Provisions: Environmental Regulation and ‘No-Go’ Areas

In the last few decades, Latin American governments have learned that they have to regulate extractive industries’ land use in order to avoid, or at the very least mitigate, environmental disruption. For example, governments in the region typically require Environmental Impact Assessments (EIAs) for all extractive projects. These EIAs must identify and assess possible environmental impacts, as well as contain a mitigation plan. In most countries EIAs need to be presented to local communities and approved by the state for projects to proceed. Most countries have also incorporated Environmental Quality Standards (EQS) and Maximum Permissible Limits (MPL) for land, air and water contamination - into their environmental policies and regulations. Bolivia, Ecuador and Peru have created mechanisms for monitoring impacts to air, water and land that result from extractive activities. Many extractive firms, and even some organisations representing entire sectors, have agreed to establish their own principles for environmental protection. One example is the International Council on Mining and Metals (ICMM), which brings together 21 mining and metals companies that commit to certain standards and agree to measure their performance against 10 sustainable development principles. Similarly, the International

2 Environmental Quality Standards and Maximum Permissible Limits use measures of the concentration of contaminants in the air, water or soil to set standards and limits to ensure those contaminants do not reach a level that poses a risk to the health of local people or the environment.
Finance Corporation (IFC), the private sector of the World Bank Group, has developed eight policies called the Performance Standards on Social and Environmental Sustainability, which include specific elements related to land use and access.

Finally, as in other regions, both governments and corporations have acknowledged that there are lands that cannot be used for extractive purposes without causing irreparable environmental damage, zones of exclusion or ‘no-go’ areas. In several Latin American countries, governments have generated protected area systems that create, classify and manage reserved and protected areas, giving them an enhanced degree of protection. Countries such as Colombia and Ecuador have excluded mining from several reserved areas, including National Parks, Regional Parks, Protective Forest Reserve Areas and some Ramsar wetlands (protected under the Ramsar Convention).4 In the case of Colombia, the government has also excluded extractive activities from some environmentally important marsh lands (moors).5 Peru’s National Parks, Sanctuaries and Historical Sanctuaries are off-limits to extractive activities,6 while in Chile, mining exploration and exploitation is prohibited in National Parks and Monuments.7

Finally, the Latin America region is also home to one particularly innovative strategy for conserving sensitive areas. The government of Ecuador, in order to deal with conflicting interests over how to manage a high-biodiversity national park that is also home to substantial oil reserves, came up with an interesting proposal: it agreed to not drill for oil in exchange for international financial support for environmentally-friendly development initiatives, offsetting the profits it would have earned. To learn more about the case, read the ELLA Brief: Ecuador’s Yasuní–ITT: Rethinking the Conservation vs. Extraction Dilemma.

Gaining Social Licence

In Latin America, mineral-rich lands are often in the hands of rural farmers and peasant or indigenous communities that depend on the territory for their livelihoods. Since extractive projects would limit the possibilities for future land use by local communities, obtaining permission to use the land for new extractive projects is crucial. Latin America has undergone a clear policy shift, moving away from expropriation and towards obtaining social licence, meaning permission from the local owners or community to access the land.

In Latin America, governments, private companies and civil society groups have used five main strategies to improve the way land is accessed for extractive projects:

1. Establish clear property rights as a way to facilitate fair land negotiations
2. Engage in community consultations
3. Purchase land or otherwise offer financial compensation
4. Create compensation rules for social or environmental impacts
5. Return the land back to communities upon termination of activities

To learn more about how Latin American countries have used these five strategies, read the ELLA Brief: From Expropriation to Social Licence: Accessing Land for Extractive Industries.

State, Corporate and Civil Society Institutional Improvements

Public Sector

Developing policies and tools to regulate land access has required certain institutional improvements. The creation of

---

**TEXT BOX 3  PROPERTY AND TERRITORIAL RIGHTS TO FACILITATE LAND NEGOTIATIONS**

In Peru, a legal rural cadastre (Special Project for Land Titling and Rural Cadastre) was specially created to recognise property rights in rural areas, which protect individual, peasant farmer and native community lands. The cadastre facilitates land transactions and legal reclamation between individual and collective lands and extractive companies.

In Bolivia, changes to the Constitution recognised indigenous forms of land ownership and recognised indigenous territorial rights. Indigenous communities have used these changes to the legal framework to better negotiate access to their lands.


---

5 Instituto de Investigación Alexandre Von Humboldt. 2011. Con o sin Código de Minas los Páramos Siguen Excluidos de la Actividad Minera (With or Without Mining Code the Moors will be Always Excluded from the Mining Activity). Instituto de Investigación Alexandre Von Humboldt, Bogotá.
6 Ley de Áreas Naturales Protegidas, Peru (Peru’s Law of National Protected Areas)
7 Chilean Mining Code: State Ownership and Mineral Rights. See in particular article 17.
Environmental Ministries or Offices in Peru and Bolivia, for example, has fostered the formation and enforcement of environmental laws and regulations. Likewise, establishing national Ombudsman offices throughout the region has promoted greater transparency concerning conflicts, agreements and transactions. Finally, the decentralisation process has helped with the implementation of land use planning systems, as is the case in Colombia.

TEXT BOX 4   GAPS IN THE LEGAL FRAMEWORK: LAND CONCENTRATION AND ‘PAPER MINERS’ IN CHILE

According to Laura Novoa, a Chilean lawyer and expert on legal issues related to mining, Chile’s Constitution and the Mining Code both have a number of gaps and ineffective enforcement mechanisms which lead to the concentration, abuse and misuse of land at the hands of a few people and large enterprises:

• To prevent corruption, the law mandates that the bodies responsible for granting permits are judicial rather than administrative. But this means that the permit processing is carried out quickly, without including key procedures such as a declaration of the type of activities that would take place in the area.

• Omitting the presentation of the type of activities carried out in the concession generates a misuse of land, since companies from other industries acquire concessions to prevent other potential applicants from accessing the land.

• To prevent a concentration of land into only a few hands, concessions are granted for a period of two years with the possibility of renewal for another two years for half of the surface area of the initial project. However, companies and individuals have been able to get around the law. They let the initial lease expire, but then immediately file for a new concession for the same number of hectares in the same area, either in their own name, or in the name of someone applying on their behalf.

• The law does not stipulate that the concessions must necessarily be used, so many companies and individuals (mostly lawyers) engage in speculation, acquiring concessions and then looking for potential buyers willing to pay them to obtain for the concession rights. Novoa calls these speculators ‘paper miners’.

Public institutions still need to improve their performance, however, in order to assure coherent regulations and enforcement. Environmental and social laws and regulations regarding land access for extractive projects still have many gaps, including weak enforcement mechanisms (see Text Box 4 for an example).

Private Sector

At the same time, the global extractive industry community has improved their environmental and social standards by assuming the responsibility for developing their own Corporate Social Responsibility Principles (CSRP). For example, large mining corporations such as Rio Tinto or Xstrata have developed their own land access procedures based on international standards and multilateral guidance. Moreover, these corporate principles and standards are open to the public (see Text Box 5), helping promote disclosure of information and more transparent land access processes. In Latin America, NGOs and civil society groups have grabbed on to these principles, learning how to use them in order to hold corporations accountable. Nowadays, more local populations are aware of corporate principles and get involved to push for compliance.

However, as with the public sector, the private sector in Latin America still has a lot of room for improvement. First of all, there is great diversity among extractive companies, which range anywhere from responsible to criminal, in terms of environmental and social protection. There is still a gap between stated CSRPs and actual corporate performance at extractive sites. Even in projects managed by respectable corporations, some companies do not comply with their own corporate principles.

Civil Society

Finally, civil society groups have made great strides in demanding better laws and regulations, working against government ineptitude and pro-extraction bias, and fighting corporate violations of laws and land access agreements. For example, in Argentina, the Law for the Protection of the Environment, Glaciers and Periglacial Environment (Ley 26.239 Medio Ambiente - Régimen de Presupuestos Mínimos para la Preservación de los Glaciares y del Ambiente Periglacial) prohibits exploration and exploitation activities on glaciers. Barrick Gold, however, is seeking to initiate its Veladero mining project in the Andes Mountains, since the San Juan Province Federal Court granted precautionary measures that exempt the project from the law’s requirements in the province. In March 2012, in an attempt to halt the project and suspend the Federal
TEXT BOX 5  CORPORATE STANDARDS FOR LAND USE AND ACCESS AMONG CORPORATIONS WORKING IN LATIN AMERICA

Regarding land use and access, a number of extractive industry firms have developed operational standards to address the environmental and social impacts of their work. These operational standards include:

**Planning, Resources, Objectives and Targets**

Address sustainable development opportunities, reduce impacts of existing and new projects from exploration or plant construction through to closure, and enhance active engagement with local and indigenous communities. These commitments are continuously monitored during the planning, design, operational and closure phases of all operations. This includes a closure plan.

**Communication and Engagement**

Equitable and culturally appropriate processes shall be in place to engage stakeholders with respect to their concerns and expectations. Communication and consultation with governments, authorities and relevant organisations are also important to improve public policies focusing on sustainable development practices.

**Biodiversity and Land Management**

In the context of extractive activities, environmental management programmes shall be implemented, reviewed and remedial actions taken, if required, in relation to land use management practices. Appropriate education and awareness of biodiversity and land management shall be provided to relevant personnel. However, mining companies, which generally require access to more land than oil or gas firms, are more aware of competition for land-based resources. They try to create land use stewardship standards to develop management plans, programmes and procedures to ensure sustainable land uses.

Source: Xstrata Health Safety Environment Community Management Standards, BHP Billiton Health Safety Environment Community Management Standards, Rio Tinto, Shell, Chevron

Court’s precautionary measure, the Argentinean Environment and Natural Resources Foundation (Fundación Ambiente y Recursos Naturales), Greenpeace Argentina, the Argentinean Association of Environmental Lawyers (Asociación Argentina de Abogados Ambientalistas), and the organisation Dialogue for the Environment (Diálogo por el Ambiente) initiated a law suit, bringing the Province of San Juan and Barrick Gold before the National Supreme Court of Justice. 8

However, local groups are still fragmented and poorly articulated. At times, civil society groups have been unable to come together to create a cohesive political platform or unified plan for alternatives. For example, in the case of the Ipati Aquio gas project in Bolivia, TOTAL E&P was able to reach an agreement for exploitation with local indigenous people. The agreement, however, was denounced within months by the Consejo de Capitanes Guaraníes de Chuquisaca – (CCCH), which accused local indigenous authorities who had signed the agreement of corruption. 9

In general, civil society groups and local community members need to be proactive in developing alternatives to current extractive development or at least current institutional or technical modes of extraction, in order to effectively exercise their power as crucial stakeholders in extractive project discussions. For example, in the case of the Mesa de Diálogo organised by the Australian BHP mining company representatives, NGOs and local communities affected by the Tintaya Mining Project in Espinar, Peru, were able to put forward a ‘general agreement’ that included several local demands. The fact that they formed a unified front with other civil society groups and local actors, and had the support of the Australian Ombudsman office, was instrumental. 10

---

8 El Ariqueño. 03 March 2012.) Piden el Cese Inmediato de Mina Veladero de Barrick en Argentina (Demand for an Immediate Halt to the Barrick Veladero Mine in Argentina).
11 Decoster, J et al. 2004. Gobernanza Ambiental y Territorial en Comunidades Afectadas por la Explotación Minera: La Experiencia de las Comunidades Campesinas de la Provincia de Espinar-Perú (Environmental and Territorial Management in Communities Affected by Mining Exploitation. The Experience of Rural Communities in the Province of Espinar – Peru). Asociación KURAKA.
There are three important intertwined processes that have enabled the improvement of Latin America’s land planning and land access systems and policies.

First, states have consolidated and expanded their ability to govern throughout their territory. Latin American countries have improved their institutional, planning and regulatory capacity at the national and regional level by creating offices responsible for environmental and social affairs, such as a Ministry of Environment in Bolivia and Peru, and Ombudsman offices in Argentina and Colombia. Moreover countries have improved their land regulation through developing cadastre systems and organising titling records. In addition, state agencies have improved their technological capacity in order to get more and more reliable information. Finally, states have gained more legitimacy by enhancing their participatory procedures and state safeguards for vulnerable and indigenous people.

Second, the proliferation of grassroots organisations, NGOs and a variety of civil society groups, as part of a general democratisation process, has been fundamental. These groups have promoted the recognition of cultural rights and indigenous territories. Likewise, social activists and advocacy groups have influenced the media and campaigned to raise public awareness about rural and indigenous communities’ concerns regarding their land and territorial rights in the context of extractive developments. In this environment, local communities have found a way to rightfully accept or deny access to their land or territories.

Third, large extractive corporations in Latin America – both public and private – have gradually improved their social performance by adopting international Social Corporate Responsibility Principles. Since large companies are under more public and state scrutiny, they have been compelled to be more transparent in terms of land acquisition, leasing and agreements. Likewise, an empowered civil society pushed states to replace land expropriation for a more democratic social licensing paradigm.

Countries can benefit by closely regulating land access and use for extractive projects to avoid the social conflicts and environmental destruction that unregulated competition over resources has produced in the Latin American context. Even corporate self-regulation needs to be structured within a general state regulatory framework.

Land planning is a powerful tool for regulating land access and use. Since unplanned extractive expansion has produced unexpected negative results in environmental and social terms, most Latin American countries have now developed procedures and mechanisms for land planning. Their experience, however, shows how emphasis should be placed on participatory implementation and enforcement mechanisms, as these still need to be more fully developed. Adopting environmental provisions such as EQS and MPL by both public and private sectors has enhanced environmental regulations. Latin American states have demonstrated a political interest in improving their environmental standards, which has proven to be key to their adoption and effective use.

State creation of reserved areas and private acknowledgment of no-go areas for extraction can be regarded as a step forward in environmental regulation. In Latin America, this has taken place not only on paper, but in practice, and is helping to avoid environmental destruction in fragile areas.

An empowered civil society can help to develop both environmental and social regulations related to land. Latin America’s CSOs have made strong progress in this regard, and their experience demonstrates how civil society can be key in pushing for better policies.

**Knowledge Partners**

This is a sample of some of the key organisations working on Extractive Industries and Land Use. For information about additional organisations working on these issues, read the ELLA Spotlight on Organisations: Extractive Industries and Land Use.

AGTER provides a list of recent publications on land, water and natural resource governance. It also operates as a network of experts from civil society aimed at generating debate and providing alternative solutions to issues related to natural resource and land access.

Among its thematic areas, the International Land Coalition addresses issues related to land and extractive activities. Its portal on Latin America contains an extensive collection of research.
LEARN MORE FROM THE ELLA BRIEFS

These ELLA Briefs focus in on some of the most important extractive industries and land use issues in Latin America.

From Expropriation to Social Licence: Accessing Land for Extractive Industries

Latin American countries have found some interesting strategies for creating agreements between individuals, communities and private companies about extractive industry land access.

Land Use Planning for Extractive Industries

Land use rules and regulations should be planned in order to clearly define access and property rights and to promote the sustainable use of natural resources.

Improving Environmental Management of Extractives through Environmental Impact Assessments

Environmental concerns about land use and extractive industries have not always existed. Latin American countries have been developing Environmental Management Systems since Rio 92. The region has interesting lessons to share, though still some work to do.

Ecuador’s Yasuní-ITT: Rethinking the Conservation vs. Extraction Dilemma

Ecuador has made an innovative promise: not to drill for oil in the Yasuní National Park in exchange for international financial support for environmentally-friendly development projects, offsetting the income it forgoes. Is this a model for the future – and will it work?