



5 Focus on transparency to help align perceptions and actions

In the South Gobi, the companies had to overcome ongoing community concern that mining companies were using up too much of the region's limited water resources. Companies across the globe face a similar problem: public concerns about their impact on water. Regardless of whether the mining industry itself feels responsible for changes in the water system, negative public perception alone can trigger community protests or regulatory action against a company.

These differences in perception can be compounded by a lack of transparency, overly technical communications on water challenges, and just plain lack of communication. So, companies should engage with stakeholders who feel they are impacted by the mine's water use or effluent, along with groups

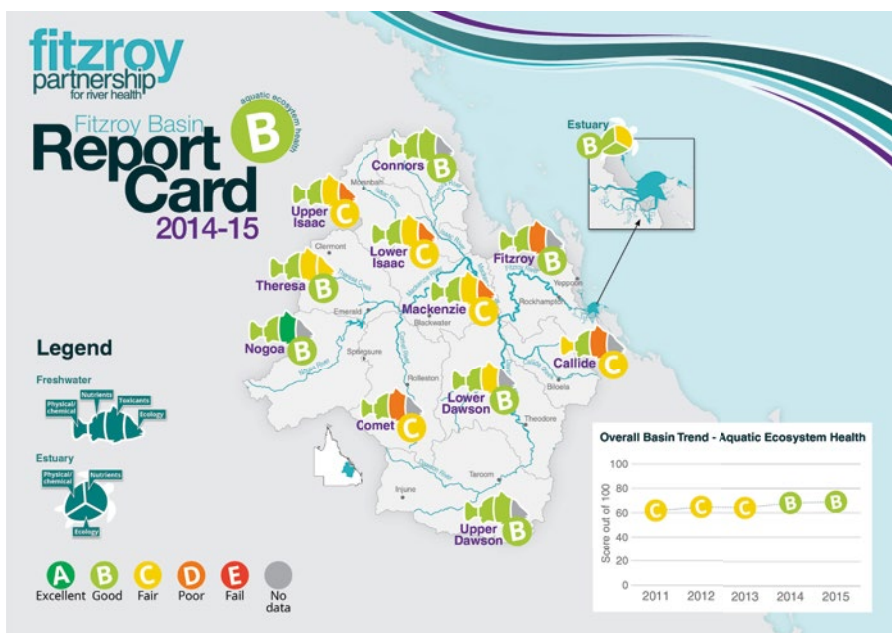
that represent their interests, such as governments and civil society organizations. It is important to communicate using methods and language that is tailored to resonate with particular stakeholders, especially communities. When harnessed collaboratively, social media can also help facilitate the exchange of accurate accessible information about the catchment and positive outcomes in a credible and more complete way.

In the South Gobi, for instance, mining companies are working together to develop communication material describing key metrics about the amount of water that is collectively used by the mining sector in a way that is accessible to communities. According to Terra Energy's Peter Smith, these initiatives mean "the messaging from the mining industry is more consistent, which is important. It also means that we're probably more transparent as a collective body than we would be on our own."

Another way to increase transparency is through involving other stakeholders, such as local communities in water monitoring. Companies in the South Gobi are doing this, as are AREVA and Cameco in the Athabasca Basin, Canada with their Community Environment Monitoring Program (see box 3.4).

The Fitzroy Basin's report card offers another example of an accessible online tool that is improving data transparency of mining companies within the region, using maps and images to make it easy for a non-technical audience to understand.

"the messaging from the mining industry is more consistent, which is important. It also means that we're probably more transparent as a collective body than we would be on our own."





6 Share information for better water allocation decisions

It is impossible to accurately assess the impact of an individual user, including a mining company, without gathering information from all users on how their activities are affecting surface and groundwater systems. By combining all of this information, and anticipating future needs everyone gains a fuller understanding of the overall risk to the catchment. Parties can also consider ways to optimize the natural water cycle across all users. This contributes to effective allocation

and governance of water resources. To address the lack of big picture understanding, the companies in the South Gobi are working together to share their water use and monitoring data with external stakeholders. Similar information sharing took place among mining companies active in Australia's Fitzroy Basin. Here, pollution incidents disproportionately raised the profile of mining water discharges in the public eye. A long-term partnership forged among all the water users has resulted in the creation of a credible and transparent picture of cumulative impacts.



“Too often decisions and understanding are informed on incorrect perceptions of the catchment and its function.”

Box 3.5

Multi-Industry Fitzroy Partnership: competitors and critics unite for river health

Company partners: Peabody Energy, BHP Billiton, Mitsubishi Alliance, Anglo American, Rio Tinto, Glencore	
Driver:	Lack of understanding of cumulative impacts
Collaborative solution:	Coordinated and shared water monitoring and reporting

In 2008, the mining industry in Australia’s Fitzroy region became the focus of concerns over water quality after a mine pit filled with floodwaters. This resulted in higher than normal discharges back into the local waterways. Although the Fitzroy Basin had been under pressure from various kinds of human activity for many years, the eyes of the community and regulators were focused on the mining industry.

A perception problem

Communities were targeting the mining industry with their water quality concerns. The mining sector’s social license to operate was at an all-time low. It was essential for any solution to include participation from sectors that were potentially contributing to water quality issues as well as those who believed they had been impacted, such as representatives from the agricultural industry and local

community. This inclusive approach would assist with credibility.

A collective solution delivers a more complete understanding

With the involvement of more than 20 organizations, all with competing interests and differing opinions on other topics, agreeing on a way forward was significantly more time-intensive than a company-led response. With the support of the Fitzroy Basin Association as an independent mediator, the group ultimately found a key point of consensus to unite the group: a more complete picture on river health was needed.

The response also needed to be collaborative, the group determined. As the Fitzroy Partnership was formed, each partner committed to a collectively designed, consistent, and accessible reporting system.

“Our view was that catchment communities, policy makers and regulators should be informed by a science-based understanding of the catchment and the various water contributions that occur within that catchment,” explained Rio Tinto’s Stuart Richie. “Too often decisions and understanding are informed

on incorrect perceptions of the catchment and its function.”

The importance of maintaining vigilance after the crisis has passed

Social pressure following the flood events elevated the importance of collaborative reporting and data sharing for companies. Today, the memory of the 2008 flooding incidents is fading and social and regulatory pressures have declined. Global coal and gas prices have dropped. And companies have downsized. Yet, coal and gas output from the basin is expanding and industrial and population pressures on water and pollution continue to increase.

According to Nathan Johnston, head of the Fitzroy Partnership for River Health, there were warning signs of the dangers of longer-term cumulative impacts long before the 2008 floods. Continued investment by companies in the partnership today will ensure that cumulative impacts are better understood, in turn empowering industry to mitigate future environmental risks. “It also will serve to prevent undue pressure on the industry should an incident arise in future,” he said.



7 Use collaboration as a tool throughout the mine life cycle

As companies see changes in staff—through business cycles and through their own project cycles—they should not lose sight of long-term risks even in the absence of public scrutiny. In the Fitzroy Basin, companies learned from past mistakes: if they had responded to long running pressures on water quality before pollution incidents brought them into the spotlight, they might have prevented the social and regulatory pressure the industry faced during a crisis. Remembering this lesson is a key reason the companies continue to engage. The Fitzroy Partnership framework ensures this collaboration continues regardless of staff changes and economic downturns.

Companies in the South Gobi have also realized the value of collaborating

across different stages in the mine life cycle. The industry roundtables have provided a central meeting point for companies spanning the phases of exploration, construction, and operations, to share experiences and know-how. Engaging early has proven a smart strategy for some exploration companies. They see it as an opportunity to anticipate future water challenges. According to Erdenebileg Pagva, from Erdene Resources, “It is really helpful for us to learn about other mining companies such as coal and other minerals which are located in South Gobi, how they manage water, how they deal with some issues, so when our mining operations start we would know where we should focus more.” The frequency of the roundtables has also helped to ensure ongoing commitments to high water management standards despite staff and contractor changes. For example, participatory water monitoring and efficiency programs have now become

standard practice within the South Gobi, creating economies of scale and reputational benefits for all companies as they engage with governments and communities.

“It is really helpful for us to learn about other mining companies such as coal and other minerals which are located in South Gobi, how they manage water, how they deal with some issues, so when our mining operations start we would know where we should focus more.”

8 Don't be afraid to seek help: partnerships are challenging

Engaging with stakeholders is not a cure-all for site water problems. It cannot and should not replace best-practice mine site water management, and it is not to be taken lightly. Real and effective partnerships are challenging.

Coming to a common vision is critical to the success of the partnership. But this can be both difficult and time consuming. The interests, objectives, roles, and exit strategies of each party must be clear and agreed from the beginning. The needs of all of actors have to be reconciled. Timelines will be different, too. Mines are constrained by production and life of mine timelines, while government decisions

may be driven by political cycles. Looking ahead, partners must agree how shared infrastructure such as the water treatment plants developed by Cerro Verde in Peru and by Anglo American and South32 in eMalahleni in South Africa will be maintained and run long after the mine comes to a close.

Today, the South Gobi program in Mongolia is struggling a bit to maintain company involvement, funding, and institutional support, since the initial business risks have receded.

One company executive acknowledged the difficulties in sustaining program momentum. It feels “like pushing water uphill. You have to keep pushing because the minute you stop it will come down,” said Mark Newby from the Oyu Tolgoi mine. “A program like this will need that continuous

motivation from the involved parties to keep the momentum going. I'd hate to see it stall. But I do say that's probably the greatest risk going forward—that we lose momentum we've already achieved.”

A third-party broker can play a critical role in aligning interests and opinions of those participating in a partnership to uphold ownership and accountability. IFC has played this role in the South Gobi since the program's outset, however the team is currently seeking a local-level secretariat to convene ongoing collective efforts and ensure program sustainability into the long term. The Fitzroy Basin Association also has played this honest broker role, enabling more than 20 stakeholders with differing views to agree to a shared objective of establishing “a more complete picture of river health.”