

**Lack of Dialogue and Poor Governance  
Resulting in Local Resistance – Policy Brief**

**MINING IN THE CHATKAL VALLEY**



# Mining in the Chatkal Valley – Lack of Dialogue and Poor Governance Resulting in Local Resistance – Policy brief

© 2012 University of Eastern Finland



This publication may be reproduced in whole or in part in any form for educational or non-profit purposes without special permission from the copyright holders, provided acknowledgement of the source is made. The copyright holders would appreciate receiving a copy of any material that uses this publication as a source.

No use of this publication may be made for resale or for any commercial purpose whatsoever without prior permission in written form from the copyright holders. The use of information from this publication concerning proprietary products for advertising is not permitted.

**Disclaimers:** The views expressed in this document are those of the authors and do not necessarily reflect views of the partner organizations and governments.

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever concerning the legal status of any country, territory, city or area or of its authorities, or concerning delimitation of its frontiers or boundaries. We regret any errors or omissions that may unwittingly have been made.

**Acknowledgement:** The Ministry for Foreign Affairs of Finland and its Wider European Initiative has provided support through the University of Eastern Finland for the process of developing this toolkit for prevention and mediation of mining conflicts, and the associated analysis of environmental security in the mining sector in Central Asia.

**Lead authors:** H. Tiainen, R. Sairinen

**Contributors:** V. Novikov, K. Isabaev, G. Soronkulov, N. Mendibaev, K. Ibraev

**Layout:** M. Libert

ISBN 978-952-61-0937-4 (print)

ISBN 978-952-61-0938-1 (PDF)

This briefing note was prepared by the University of Eastern Finland (Joensuu, FINLAND) with assistance and advice from: Zoï Environment Network, Kyrgyz Mining Association, Osh Aarhus Environmental Information Centre, Chatkal Development Foundation, Osh Technological University, and a number of mining companies and local administrations in Kyrgyzstan.



## **Contents**

### **4 POLICY BRIEF: MINING IN THE CHATKAL VALLEY – LACK OF DIALOGUE AND POOR GOVERNANCE RESULTING IN LOCAL RESISTANCE**

**Mining in the Chatkal Valley**

**Social Impacts of Mining in the Chatkal Valley**

**The Legal Framework for Mining**

**The Complexity of Company-community Relationships**

**Shortcomings in Communication**

**Proposals for Further Development**

# POLICY BRIEF: MINING IN THE CHATKAL VALLEY – LACK OF DIALOGUE AND POOR GOVERNANCE RESULTING IN LOCAL RESISTANCE

During the last decade, to boost the national economy, Kyrgyzstan has strived to develop its mining industry through efforts to attract foreign investors. However, at the same time, Kyrgyzstan has had an increasing number of conflicts between mining companies and local communities. Study of the Chatkal Valley<sup>1</sup> case suggests that the local resistance now leading to severe conflicts may have been encouraged by poor governance of the mining industry and lack of cooperation between stakeholders, also contributing are the industry's and some levels of government's lack of acknowledgement of social impacts and community interests. We argue that adequate assessment and management of the social impacts of mining are vital to the sustainable development of both the industry and the society in which it operates.

## Mining in the Chatkal Valley

The Chatkal Valley is a remote, scarcely populated region, located in western Kyrgyzstan. For the past decade this valley with its notable

mineral resources has attracted the mining industry, and created hopes for a brighter socio-economic situation, since this region has been suffering from unemployment. Recently, however, further mining development has been hampered by a growing local resistance. This situation in the Chatkal Valley is similar to the emerging local mining conflicts in other Kyrgyzstani regions. The extent and growth of these occurrences of local opposition to the mining industry has called for deeper examination of their underlying reasons.

The Chatkal Valley is rich in biodiversity as well as minerals resources. Economically speaking the region is poor; the most important local economies are agriculture and cattle raising, with opportunities for employment and education being few. Better opportunities are commonly sought through migration to Russia or the national capital, Bishkek.

Contemporary mining activities in the Chatkal Valley include both alluvial gold extraction along the rivers and the development of major deposits. Certain areas of the region have long traditions of mining, while in others the mining industry has only recently begun

---

1. The research team conducted field work in the Chatkal Valley in June 2011. The data collected includes 16 semi-structured, thematic interviews with artisanal miners, representatives of the local administration, workers from industrial mining companies, mining professionals, and members of local communities. In addition, a survey of 100 respondents was conducted in the region in August 2011, with field notes from and consultations with this second survey's research team also utilized to complement this data.

to develop. The perceptions of mining by the region's local populations and authorities are mixed and depend on the location and the historical background of the regional area, as well as on the past and current environmental practices of mining companies in the area. Conceptions also differ of the individual mining companies operating in the region; in some areas people are open to working with foreign companies, whereas in other areas the local population would strongly prefer development by only state-owned companies. Altogether, the empirical studies conducted in the region suggest that in general the local populations and authorities of the Chatkal Valley are seeking economic diversification rather than entrusting the regional economic development solely to the mining industry.

## **Social Impacts of Mining in the Chatkal Valley**

Social impacts consist of a multifaceted group of matters that influence the everyday lives of people; changes in health, security, economics, and culture all fall under the umbrella concept of social impacts (IAIA 2003). Mining is a particularly extreme industry that often has manifold social impacts on the local area where it operates. Consideration of the social consequences of mining is especially vital in rural areas, since the social dynamics of small communities and their possible dependence on a single resource for their livelihood can make them more prone to these impacts than larger communities.

The expansion of mining activities in the Chatkal Valley was presumed to improve the socio-economic situation of the region, but the impacts of mining have not been solely as expected by the local community. The contributions of the mining industry to the economic development of the local area have not been

substantial with the industry not stimulating other sectors in the region as hoped. The growth of the industry clearly has a positive impact on local employment, as most emerging employment opportunities in the region are created in mining. Compared to agriculture and cattle raising, where changes in weather and demand play a major role, mining provides a reasonable and rather stable income, even in winter months when most agricultural activities cease.

Because locally there rarely are sufficient professionally skilled workers available to meet the needs of the companies, they also recruit from outside the area. At times, this creates tension between the companies and locals. Further, since companies are recruiting mainly with short term contracts, the long-term impacts on employment remain uncertain. The extent of benefits provided to workers varies from company to company, with some social security benefits being rather poor; for example, entitlement to sick leave is not certain. A major problem is the employment situation for local women; this is not improved by mining, since women are traditionally not directly involved in it.

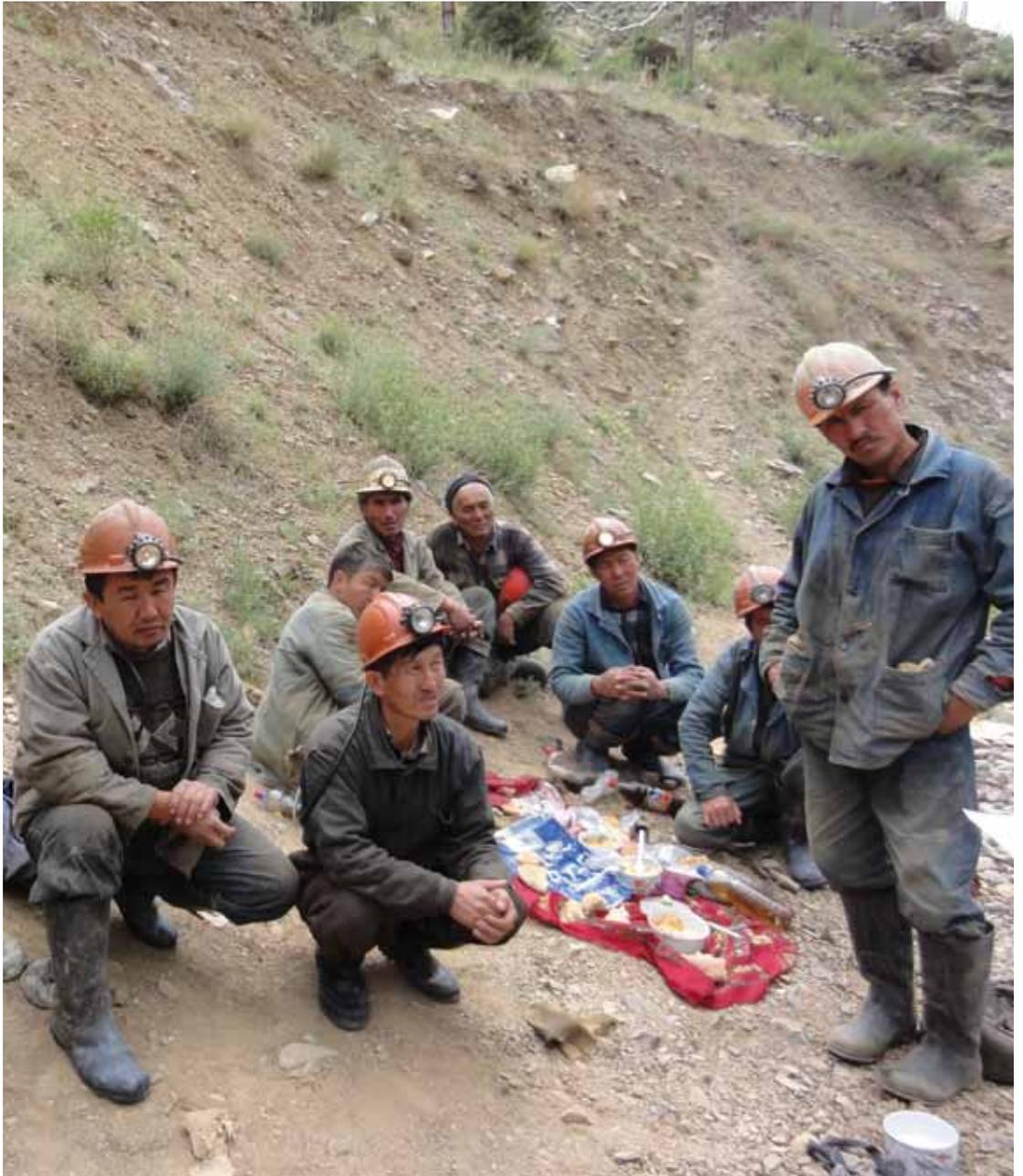
The environmental impacts of mining are contested issues in the region. Local populations consider publicly provided information on the state of the environment unsound. Water pollution is perhaps the most central concern. Mining frequently affects the clarity and colour of water resources, which locals believe to be a consequence of the use of toxic chemicals. Although there is no proof of any water contamination to rivers, yet, there are a number of rumours of pollution. These tales affect the willingness of locals to use the visibly altered water for everyday purposes. Besides these noted effects on water, the main environmental impacts of mining concern air-pollution (especially dust), tailings management, and inadequate or unrealized land reclamation.



*An artisanal gold miner at work, Jany-Bazar. Photo: K. Isabaev*



*Former area of intense artisanal gold mining. Photo: K. Isabaev*



*Miners at Tereksay. Photo: K. Isabaev*



*Mechanized placer gold mining. Photo: K. Isabaev*

Mining also poses an impending risk to the large number of nomads in the region. If the industry continues to develop and grow at its presence rate, it is possible that pastures will be affected bringing about conflict with nomads. Also since there is a general regional preference for economic diversification rather than concentrating solely on mining, then plans to reinforce the economy through organic agriculture and tourism can also be hampered by intense mining activities.

The mining industry can play an essential role as an employer in the Chatkal Valley, but local populations increasingly perceive its economic and environmental impacts negatively. Companies exploiting local resources are presumed, even demanded, to provide compensation to the local communities. Most mining companies have responded to these requests, by taking part in projects, such as road construction and renovations of schools. These social contributions are directed at improving the infrastructure of the region, while also helping the companies achieve social acceptance. Despite any achievements through community development, companies are still increasingly incapable of maintaining their social license, such that they recently have begun to question the limits of their responsibility. Some of the misunderstandings are rooted in the older generation of locals thinking of the mining operations during the Soviet period, during which mining was purely a state activity that included extensive social contributions to local communities. Today, in a more capitalist economy, the mining is done mostly by private or semi-private companies, who are now the rich and powerfully placed actors with the capacities to fund services the state is unable to provide, but not with a history of doing so. The past socialist experience provides a view that feeds the local populations with continuously growing demands and expectations towards the companies.

## The Complexity of Company-community Relationships

The relationship between mining companies and local communities in general is problematic, to say the least, and the Chatkal Valley case is no exception. Shortcomings in communication play a significant role in the situation, in which instead of mutual understanding mining companies and local communities are proceeding toward open conflict. For mining companies, the setting is particularly difficult since the image of a single company is not dependent only on the actions taken by that company, but also to some degree on those taken by others operating in the region.

The general problem at the local level is a lack of interaction and dialogue between companies and local communities; this has a negative impact on the social atmosphere of the region. Many areas of the Valley have experienced the withdrawal of operations by some companies, this together with the shortcomings in communication to local populations concerning company operations, have fostered a distrust of the companies, as well as demonstrating these companies' obliviousness to the local communities. Now, companies are aware of the importance of interaction with the local community, with many of them having a specialist responsible for communicating with the public. However, from the local perspective there is not enough information available. At present, companies are informing the local populations mainly through public meetings, but these occasional gatherings are not enough to ensure a sufficient level of information is provided. Also, at a certain point in a faltering or nearly faltering relationship, the locals are not always responsive to the information available, and may resort to direct action to protest.

Overall, if the local community considers that the company has been neglecting them, then finding common ground is very difficult.

## Shortcomings in Communication

The analysis of the Chatkal Valley case indicates that many of the social impacts of mining and the issues around them are related to shortcomings in communication between the local communities and the mining companies, as well as unrealistic expectations on the companies by the locals. Nevertheless, the reasons for conflict should not be oversimplified, thus, this deepening conflict should also be contemplated from the view of the wider Kyrgyzstani societal situation.

Until recently in Kyrgyzstan, policy measures to ensure that the benefits from mining are equally distributed regionally and the nationally, as well as to promote the rights of the local communities, have been tangential. Overall, it appears that the industry's actors are only just beginning to acknowledge the importance of managing the social dimension of mining. Since locals perceive the government as currently being incapable of providing them with adequate social services and infrastructure, they are targeting their pleas for these services at the mining companies. This is based on past experience with Soviet era state-owned mining operations that as a part of the state, administered and provided similar services that are now lacking.

Recently, the local authorities of the Chatkal region have taken a more active role in local mining issues. At the local level, in the decision-making processes for mining, there is a push toward decentralization of power to local institutions and communities. However, this change, whereby local authorities have now become more closely involved in local mining

politics is not a result of administrative changes, but is due to gradual, grass roots level work conducted by the local authorities. These authorities are bringing pressure to bear on the companies for them to register locally and are also providing the companies with information about the locally available mining professionals. Registration of mining companies is considered both a financial and transparency issue, since it provides tax payments and social funds for the local district, and improves transparency by giving the authorities more information about company activities. Moreover, local registration has become an increasingly important issue for companies to obtain the social acceptance of the local populations.

## Proposals for Further Development

The Chatkal Valley case reveals that while the mining industry may have positive impacts on employment and infrastructure, there are also negative impacts on the environment and the social atmosphere of the region. The increasing tension at the local level demonstrates that it is essential to resolve the industry's social issues to enable its stable and prosperous development.

For the mining industry to increase its positive impacts on local economies, it needs to be better connected with them. At present, the industry is easily perceived as socially-negligent, but mainly responsible for the economic development of the Valley. The establishment of business relations with local agricultural concerns could integrate the industry more tightly into its surrounding society. This could improve not only the image of the mining companies, but also the possibilities for the local communities after mine closures have occurred, thus promoting social sustainability by making the communities less dependent on

the companies. Supporting the traditional local economies also would potentially increase the employment opportunities for women in the region.

On the whole, stabilizing the situation at the local level requires that cooperation between all stakeholders be promoted. Mining companies need to play more proactive roles; they should build relationships with local populations throughout and beyond the operational periods of their mines. Access to information needs to be improved, while assuring it is provided both in adequate quality and quantity. Because, as company representatives have stated, it is easier to find a common path with locals who have had experience with the industry in their area, then it is essential to increasing the local populations' knowledge of the basic workings of the industry. Companies need to strive for dialogue and true cooperation with the local community. Yet, successful communication is not only the responsibility of the companies. The local populations need to see the possible benefits of working together with the companies so that they express their opinions through constructive criticism rather than road blocks and other forms of direct action. The central government and local authorities also must coordinate their efforts so as to establish closer relations with respect to mining politics.

## UNDERLYING REASONS FOR THE EMERGENCE OF MINING CONFLICTS IN THE CHATKAL VALLEY:

- poor economic situation
- weak state that is unable to provide extensive social services
- poor participatory rights
- unrealistic local expectations towards the industry
- struggle by local authorities and communities for a more power in decision-making processes
- inadequate laws combined with weak governance and enforcement
- poor environmental monitoring that allows rumours to develop about environmental conditions
- communication problems between local communities and mining companies.

## REFERENCES

IAIA 2003. Social impact assessment. International principles. Special Publications Series. No. 2. Available in <<http://www.iaia.org/publicdocuments/special-publications/SP2.pdf>> Downloaded 26.10.2011



*Chatkal River. Photo: K. Isabaev*

