Maintaining Mutual Benefits between Investor and Local Community: Mechanisms to Reopen Lega Dambi Gold Mining, Ethiopia

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Abstract
Mining, specifically, large-scale gold mining has become one of the primary economic activities that play a pivotal role in the socio-economic development of one country. But there is no consensus among scholars whether gold mining companies maintain mutual benefits with local communities. The main objective of this research is to scrutinize the mechanism to be employed in reopening Lega Dambi large-scale gold mining by maintaining mutual benefits between the company and the local community. The researcher employed a qualitative method and a case study research design. Focus group discussions and semi-structured interviews were used to collect data from the local community, elders, religious leaders, Abbaa Gadaas, Guji Zone, and Odo Shakiso Woreda investment office, land management office, social and labor affair, mineral, and energy office administrators, and Odo Shakiso Woreda health station and Adola hospital. Secondary sources and regulatory frameworks such as FDRE Constitution and Mining Operations Proclamation No. 678/2010 were used to triangulate with primary data. The finding shows that Lega Dambi’s large-scale gold mining company failed to maintain mutual benefits between itself and the local community. Basic tenets such as national and regional corporate social responsibility, community development agreement, impact and benefit agreements, social and labor plan, and social license were not implemented properly to balance the mutual benefit between the company and the local community. The researcher concluded that Lega Dambi large-scale gold mining company disregarded the role of the local community during commencement time albeit it had a strong relationship with the central government. Consequently, the company was terminated because of a bad relationship it had with the local community. It is recommended that national and regional corporate social responsibility that shows the company’s specific joint administration of the central and Oromia region governments should be designed and implemented fully. It is also recommended that discussions should be held with local communities and arrived at a consensus concerning the reopening of the company.

Keywords: Gold Mining, Investors, Lega Dambi, Local Community, Mutual Benefit

Introduction
Mining plays a significant role in the economy and has been central to the economic and social development strategies (Ministry of Mines and Energy, 2009; Mining Journal, 2011; World Gold Council, 2015; World Bank, 2016; Hailemariam et al., 2017; Nguyen et al., 2018). It provides inputs for other industrial sectors that are vital for sustaining the population wellbeing

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and the functioning of global economies (Mancini & Sala, 2018). It can also create job opportunities, raise economic development, afford social services, and can generate taxes and royalties (Ministry of Mines and Energy, 2009; Hailemariam et al., 2017; Nguyen et al., 2018).

On the other hand, mining increases social and economic inequality among the community (Addison et al., 2017). The continuous existence of large-scale mines in indigenous communities is threatened without the cooperation and support of local people (Adonteng-Kissi & Adonteng-Kissi, 2017), and it brings little improvements to the local community’s welfare (Punam et al., 2017). Thus, the health of the local community is affected (Nguyen et al., 2018). In addition, the most concerning aspects in the mining sector are land use-related and environmental impacts that affect the livelihood of the local community (Kitula, 2006; Meisanti et al., 2012; Mancini & Sala, 2018).

Due to a shift from farmers to miners, there were rising local conflicts between the peasants and gold mining firms (Meisanti et al., 2012). Albeit many communities are benefited from responsible gold mining, there are disputes and even conflicts between mining companies and other stakeholders (World Gold Council, 2015), and hence, communities feel that the companies do not live up to their responsibility to support local development (Garvin et al., 2009). Surface mining leads to the dispossession of local people from their farming land because of which the households are usually unable to feed themselves well, or send children to school, or care for their health and welfare needs (Tenkorang & Osei-Kufuor, 2013).

To maintain mutual benefits between the local community and the company, issues like socio-economic baselines, and defining local community investment data have to be improved (World Gold Council, 2015). Mining companies have responded by developing global corporate social responsibility (CSR) strategies as part of their larger global business strategies in which a prominent place is given to their relationship with local communities (Kapelus, 2002). Although partnerships among companies, government, and civil society are introduced as a potentially effective and efficient strategy for CSR, mining companies fail to have the prior consent and authentic participation of the local community (Hamann, 2003). Consequently, they are not deemed to share benefits (Nguyen et al., 2018). Recently, mining companies operating in developing countries have become under pressure because of the challenges they are facing from opponents (Kapelus, 2002).
Abdisa, O., *Maintaining Mutual Benefits between Investor and Local Community …*

Mining relates to land use and territorial aspects are the major concern in African countries (Mancini & Sala, 2018). Additionally, albeit large-scale gold mining is contributing to countries’ growth and domestic product (GDP) and export revenue, its impact on socio-economics and employments of the local community is low in Africa (World Gold Council, 2015). In the same vein, the compensation package of the major large-scale mining company is not enough to alleviate the poverty of local farmers, which causes food shortage and poor living conditions of local farmers (Adonteng-Kissi, 2017). Hence, gold companies are challenged by the high expectations of communities because of the lack of engagement of local, regional, and national governments and coupled with a history of mistrust (Garvin et al., 2009).

Ethiopia has the ambition to raise the contribution of the mining sector to GDP from 1.5% to 10% by 2025 (Ministry of Mines and Energy, 2009; World Bank, 2016) with the vision to establish a diverse, and environmentally sound private sector to enhance the socio-economic development (Ministry of Mines and Energy, 2009). During the Derg regime (socialist Ethiopia from 1974-1991), only government institutions had the right to explore and develop the country’s mineral wealth, so privatization was impossible (Ministry of Mines and Energy, 2009; Hagos et al., 2016). Since the fall of the Derg regime in 1991, private participation in mineral prospecting, exploration, and development activities has been encouraged in Ethiopia (Ministry of Mines and Energy, 2009; Mining Journal, 2011; Hagos et al., 2016). For this reason, different proclamations such as Mining Proclamation No. 52/1993, Mining Regulations No. 182/1994, and Mining Income Tax Proclamations No. 53/1993 were promulgated to raise private participation in mining (Mining Journal, 2011).

So far, a developed large scale gold mine in the country is the Lega Dambi gold mine with an estimated reserve of 82 tons of gold, located in the southern greenstone belt region, being operated by a private company, MIDROC Gold Mine PLC’s, with an average annual production of 3.6 tons of gold (Ministry of Mines and Energy, 2009). In Ethiopia, to reduce the impacts of gold mining, the Environment and Community Development Directorate were established in 2007 with the mandates to ensure environmental and social impact assessments; occupational, health, and safety standards; and community development (World Bank, 2014).

Contrary to the above facts, how mining is experienced by the residents in mining communities has received relatively little attention (Nguyen et al., 2018). Further, Lega Dambi’s large-scale
gold mining has terminated due to the bad relationship between the company and the local community albeit the place reaches in gold deposits (Abdisa, 2020). Specifically, the company caused a miscarriage in pregnant women and animals, reduction quality of livelihood of landholders and artisans, eviction of landholders from their lands without any compensation, reduction of the current income of the landholders, the death of the local community and their animals (Abdisa, 2020, p.1). As a result, this research is designed to scrutinize the mechanism to be employed in reopening Lega Dambi large-scale gold mining by sustaining mutual benefits between the investor and the local community.

The researcher attempted to answer the following questions:

1. What mechanisms should be employed to maintain mutual benefits between Lega Dambi large-scale gold mining company and the local community?

2. How can Lega Dambi large-scale gold mining be reopened to commence gold mine by avoiding conflicts with the local community?

The conceptual framework of this research is summarized as follows.

Figure1: Conceptual framework of the study (Own construction, 2020)

Definition of Acronyms

SIA=Social Impact Assessment  IBA=Impacts and Benefits Agreement
MLD=Mining Legal Framework  IDS=Inclusiveness of Different Stakeholders
CDA=Community Development Agreement  SLP=Social and Labor Plan
NRCSR=National and Regional Corporate Social Responsibility  SLO=Social License to Operate
Research Methodology

To conduct this research, qualitative research was employed. In qualitative research, the researcher is central as he/she collects and analyzes primary data. In addition, the data are mediated through the researcher or the “Human instrument” (Key, 1997). Moreover, the techniques of focus group interviews, projective, and depth interviews are used (Kothari, 2004). The interest of the researcher lies in the process as well as the insight to be gained through illustrations. More importantly, the researcher plays a key role in constructing and interpreting different concepts, theories, and principles out of the detailed discussion, interviews, and observations (Creswell, 2003). Similarly, a qualitative case study research design was used because it is suitable to collect in-depth data about a single company, Lega Dambi gold mining.

In the frame of qualitative research, the researcher collected, organized, and analyzed data. Data were gathered through semi-structured interviews and focus group discussions from the local community, local elders, religious leaders, and Abbaa Gadaas on how to reopen the company. Also, semi-structured interviews were employed to collect data from Guji Zone, and Odo Shakiso Woreda investment, land management, social and labor affairs, mineral, and energy offices administrators, and Odo Shakiso Woreda health station and Adola hospital to elicit local views on how the company will regain the former position and to begin gold commencement by maintaining mutual benefits between the company and the local community.

The study population is categorized into clusters due to the heterogeneity of the participants. Accordingly, the population was clustered into three. Cluster one consists of the local communities, who live surrounding the company. The participants of this cluster were selected from four Kebeles surrounding Lega Dambi large-scale gold mining company. The four Kebeles were purposively selected because they surrounded the company so that “They are directly affected by the company” (Abdisa, 2020). Those Kebeles are Dhiibba Battee (Diba Bate), Reejjii (Reji), Sawwaanaa (Sawana), and Diidola (Didola). For the focus group discussion, eight participants were selected from each Kebele through purposive sample techniques. Thirty-two participants participated in four focus group discussions altogether. Additionally, two participants were purposively selected from each Kebele for interview; there are a total of eight participants. In brief, the total sample size of this cluster consists of forty participants.
Cluster two is composed of government officials who work at Odo Shakiso Woreda and Guji Zone. In this cluster, twelve participants were selected for the interview. These were selected purposively because their jobs are directly related to the research problem. They were from i) Odo Shakiso Woreda and Guji Zone investment, ii) land management, iii) mining and energy, and iv) labor and social affairs offices, where each office has delegated one participant. Furthermore, four participants were selected from Odo Shakiso Woreda health station and Adola hospital respectively.

Cluster three encompasses local elders, Abbaa Gadaas, and religious leaders. In this cluster, the researcher has taken participants for focus group discussions and interviews. For interviews, two Abbaa Gadaas, two local elders, and two religious leaders were selected. Besides, four Abbaa Gadaas, three local elders, and three religious leaders were selected for focus group discussions because their decision-making roles are high in the community. Hence, the total sample size of this cluster constitutes sixteen participants. Generally, the samples in all clusters are sixty eight participants. To select participants under each cluster, a purposive sampling technique was employed because it enables the researcher to obtain specific data, and helps him to glean information from various groups.

In the same vein, document review is another data gathering tool. In this regard, the researcher accessed some documents such as books, reports, journals, articles, the Federal Democratic Republic of Ethiopia (FDRE) Constitution, and the Mining Operation Proclamation concerning the research topic. To conduct focus group discussions and semi-structured interviews, Afaan Oromoo was used to get sufficient information. Furthermore, an attempt was made to ensure gender representation during focus group discussions and semi-structured interviews. Finally, the collected data was analyzed through the content and thematic data analysis method. Translation into the English language was made first to convert the data, which were collected in Afaan Oromoo. Next, coding was made to organize different topics according to the respective title. Then, the coded data were categorized and discussed under each theme.
Table 1: Summary of Data Collection Method, Participants, Sample Size, and Focused Areas  
(Own Summary, 2020)

<table>
<thead>
<tr>
<th>Respondents</th>
<th>SS*</th>
<th>Activities</th>
<th>Employed Tools</th>
<th>Focused Areas</th>
</tr>
</thead>
</table>
| Local community | 32  
8 | Discussion  
Interview | Focus Group Discussion  
Semi-structured Interview | Reopening the company  
Mining legal framework  
The company impacts  
CDA  
IBA  
SLP  
SLO |
| Guji Zone & Odo Shakiso Woreda  
investment office administrators,  
Land management office administrators,  
Mineral & energy office administrators,  
Labor and social affairs office administrators,  
Odo Shakiso Woreda  
Health station and Adola hospital representatives | 12 | Interview | Semi-structured Interview | Company reopening  
Mining legal framework  
CSR  
CDA  
IBA  
SLP  
SLO  
The company impact on local community and animals |
| Local elders  
Abbaa Gadaas  
Religious leaders | 10  
6 | Discussion  
Interview | Focus Group Discussion  
Semi-structured Interview | Company reopening  
Mining legal framework  
Actors inclusiveness  
CSR  
CDA  
SLP  
SLO |
| Total | 68 | | | |

Key: SS= Sample Size

Results and Discussion

Maintenance of Mutual Benefits between the Investor and the Local Communities

Lega Dambi gold mining company had begun gold commencement as a state company during Emperor Haile Selassie I. According to interviews with Odo Shakiso Woreda and Guji Zone land management and investment administrators, the company was owned by the state until it was
privatized in 1997/8. Besides, the interview result with Odo Shakiso Woreda's investment office administrator showed that the FDRE government privatized the company to the Mohammed International Development and Research Organization Company (MIDROC) Gold Mining Private Limited Company (PLC) following the privatization policy which was promulgated in 1992. Likewise, the administrators of Guji Zone investment, and mining and energy offices informed:

*When it was privatized, the tenure of the agreement was 20 years with a possibility for the second time. Accordingly, the first round of agreement ended in 2018. The Ministry of Mining and Energy attempted to extend the license which was estimated to last in 2038. Unfortunately, the local community opposed the agreement and forced it to terminate because the local community was blaming the socioeconomic damage which was caused by the company (Interview, 2020).*

Recently, MIDROC Gold Mining PLC, which used to produce about 4500 kg gold annually in Lega Dambi, was terminated due to the rough relationship between the company and the local community (Abdisa, 2020). Moreover, according to an interview with local elders, religious leaders, and Abbaa Gadaas, the immediate cause for the termination of the company was the renewal of its license for the 2nd time. However, the company released toxic substances to the environment, especially, to the Mormoraa River that was responsible for the death of many people and cattle of the local community - more than 600 cattle, 12 goats, and three donkeys died (Abdisa, 2020). Here, there are two overriding interests - the company’s interest (profit maximization) and the local community’s interest (survival, welfare, and clean environment). This needs the attention to establish mutual benefits between the investor and the local community before the reopening of the company. To sustain mutual benefits between MIDROC Gold Mining PLC and the local community, the researcher tried to address the following basic elements to be fulfilled and implemented practically for the reopening of the company for safe production. Those tenets are conducting social impact assessment, mining legal framework, national and regional corporate social responsibility, inclusiveness of different stakeholders, community development agreement, cost and benefits agreement, social and labor plan, and social license to operate.
Social Impact Assessment

Social impact assessment can be defined by different scholars from different points of view. Wilson (2017) defines it as the process of identifying and managing the social impacts of industrial projects that can be applied to policies, plans, and programs. Vanclay (2003) explains that social impact assessment includes the processes of analyzing, monitoring, and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions for the primary purpose of a more sustainable and equitable biophysical and human environment. The central theme of Vanclay and Wilson is the same as they focus on the mechanism of maintaining mutual benefits between industries on one hand, and human beings and the environment on the other. “In Lega Dambi gold mining company, assessment of social impact is not visible,” Shakiso Woreda social and labor administrator argued. The administrator also explained that the local communities complained about the death of their animals, skin problems of local communities, and miscarriage of pregnant women because of using the polluted water near the company. Interview with the Guji zone social and labor affairs administrator showed that the company was unwilling to assess the social impacts when Shakiso woreda and Guji zone social and labor affairs requested the company to do so on the complaint of the community.

Similarly, Inter-American Development Bank (2018) stipulates that social impact assessment is a process that includes specific milestones, deliverables, and products such as reports and plans i.e., resettlement plans and socio-cultural analysis, at appropriate times during the project cycle. Theoretically, every company conducts a social impact assessment. But most of the companies do not practically address the social impact assessment as per the generated report. Interview with the investment office of Odo Shakiso Woreda administrator exhibited that the company was protected by the Federal army, and thus it was so difficult to enter and assess whether it practically implements social impact assessment. This shows that the company would not have terminated if it had implemented the social assessment and included the resettlement plan of the local community by identifying socio-cultural analysis. Social impact assessment is used to predict and mitigate negative impacts and identify opportunities to enhance benefits for local communities and broader society (Wilson, 2017), but this is not contextualized, conceptualized,
and implemented in Lega Dambi gold because of the inexperience and unwillingness of the company to do so.

Social impact assessment has the potential to be an effective means of involving affected communities in developing community goals, identifying issues affecting local sustainability, and engaging groups within the communities to work with the company in addressing and monitoring these issues (Esteves, 2008). It also enables to assess and manage project-related risks and benefits, strengthens local understanding and support for the project, provides information and continued stakeholder engagement to enable adaptive, responsive, and cost-effective project management and provides the basis and means to evaluate social outcomes and impacts of a project (Inter-American Development Bank, 2018). Before the reopening of Lega Dambi gold mining company, whether it is opened by MIDROC gold mining PLC or by other new investors or by the government itself, local communities and other stakeholders first need to discuss and evaluate the social outcomes and impacts of a project. Social impact assessment has many principles that ensure mutual benefits between the community and investors. For this research, the Inter-American Development Bank (2018) principles of social impact assessment were employed. Accordingly, two principles are demonstrated: what social impact assessment should do (nine principles), and what social impact assessment should not do (one principle).

1. What social impact assessment should do?
   - Promote equal opportunity, inclusion, and sustainability in a project setting;
   - Promote local benefits, community development, and capacity;
   - Promote empowerment and social capital;
   - Be a proactive and integral part of project planning and implementation, interconnected with economic, physical, environmental, and other issues;
   - Address both risks and opportunities;
   - Be rigorous in its use of data, which may include quantitative as well as qualitative data;
   - Be widely applicable in different contexts and settings;
   - Build on local knowledge and participatory processes, and reflect diversity in culture and values; and
2. What social impact assessment should not do?

- The social impact assessment should not apply coercion or undue force.

In Lega Dambi large-scale gold mining company, the possibility of designing and implementing social impact assessment is low. The above principles were not implemented by the company, and thus it was forced to terminate by the local community. “If the company designed and implemented social impact assessment properly, the company would not be terminated,” as outlined by Odo Shakiso Woreda mining and energy administrator. The involvement of different government actors such as the Ministry of Mines, Petroleum and Natural Gas, Ministry of Finance and Economic Development, Ministry of National Defense Force, Addis Ababa University (evaluation of the environmental and health impacts after the protests), Occupational Safety and Health Administration, Oromia Regional State, Oromia Environmental Protection and Forestry Bureau, Oromia Environmental Protection and Forestry Bureau (Environmental Justice Atlas, 2018) do not save the company from termination because local communities opposed the company many times in big rallies. All focus group discussants from the local community have argued that “The Company had to give equal chance for us in terms of job opportunities and provision of social services. Contrarily, it did not benefit the local community. For this reason, the community forced it to terminate.”

Therefore, to maintain mutual benefits between Lega Dambi gold mining company and the local communities, the researcher adopted the Integrative social investment decision process of Esteves (2008) because it plays a significant role to reopen the company by readdressing the societal needs. The detail is explained in Figure 2 below. The decision has different phases. Those are problem structuring, social development needs analysis, preference evaluation-I, alternatives generation, preference evaluation-II, project planning and implementation, and review phases.
In the absence of an integrative social investment decision process and social impact assessment in Lega Dambi gold mining, the company would affect the life of the local community through a decline in the quality of livelihood of landholders and artisans, and the decline of current income of the landholders. Absence and/or lowness of getting job opportunities of local labor and community in the company, and absence of transparency in the company on labor recruitment and wage payment violated the rights of local laborers to get a job (Abdisa, 2020, p.16). Hence, social impact assessment needs to be reassessed and should be fully implemented before the reopening of the company. Lega Dambi gold mining company needs to respect and promote the
human rights of the local community, transparency and accountability, and the rule of law to maintain mutual benefits between its company and the local community.

**Mining Legal Framework**

To maintain the mutual benefits between the local community and the investor, the researcher adopted the Canadian mining legal frameworks - mining activities are governed by the laws of the regional state or territory in which the mine is physically located. The reason for adopting the Canadian mining legal framework is that both countries follow federal state structures and hence, power is decentralized into local sub-units. In Ethiopia, the Federal Ministry of Mining and Energy (MoME) has the sole power of giving license of large scales gold mining albeit the FDRE constitution article 40(3) which states that “The right to ownership of rural and urban land as well as of all-natural resources is exclusively vested in the State and the peoples of Ethiopia.” Lega Dambi gold mining, which is one of the natural resources, is located in the Oromia region, Guji Zone, Odo Shakiso Woreda. Contrary to this, according to Mining Operations Proclamation No. 678/2010, the license of large scales gold mining is given solely by the FDRE Ministry of Mining and Energy. Hence, the accountability of the company, MIDROC Gold Mining PLC, was direct to the Federal government. Here, there is a legal inconsistency between the FDRE constitution and Mining Operations Proclamation No. 678/2010 on ownership and rights of managing the company. Odo Shakiso Woreda’s investment office administrator suggested that “Mining Operations Proclamation No. 678/2010 contradicts with the constitution so that it is invalid. Besides, Lega Dambi gold mining company undermined the voices of the local community and lastly, people coerced it to terminate.”

The researcher argues that Lega Dambi gold mining needs concurrent administrations of the federal and Oromia region. The region needs to maintain mutual benefits between the company and the local community. This can be done by giving and renewing a license, monitoring each activity, following up the practical implementation of rules and regulation, principles and agreements (such as social impact assessment, community development agreement, social and labor plan, social license to operate, and CSR implementations), solving disagreement if there, and collecting taxes and royalties. On the other hand, the federal government needs to follow the overall activities of the company, supervise the region, collect taxes and royalties, solve
disagreements if the region is unable to solve them, and take necessary measures if the region corrupts.

By the same token, local community focus group discussants blamed that:

*Despite the mining sites found in the Oromia region, it has no relation with the region and to us. We have reported about the problem of the company to the region via our representatives. But they did not bring any change for us since the company was regulated by the law of MoME, which is far away from us. Its license was also given by the federal government. Thus, it undermined our voice and affected our livelihoods and cattle. Lastly, we are obliged to terminate the company.*

Generally, to avoid such ambiguity and to maintain consistency of the community development program, Oromia regional state should have the power to control and to give a license on Lega Dambi gold mining as it was already stated in the FDRE constitution article 40(3). The FDRE constitution needs to be consistent with Mining Operations Proclamation No. 678/2010 to avoid the confusion of legal ambiguity.

**National and Regional Corporate Social Responsibility**

Ethiopia needs to design a national and regional corporate social responsibility policy. So far, there is separate corporate social responsibility at federal and regional levels, but there is no national and regional corporate social responsibility policy as a single document. To solve the legal contradiction between the constitution and FDRE Mining Operations Proclamation No. 678/2010 - even though the power to control mining areas is given for Oromia regional state where the gold is operated constitutionally - there needs to be a joint national and regional CSR. Accordingly, mineral resource development in Ethiopia is a shared responsibility between the federal and Oromia regional state governments. This confirms the FDRE constitution article 98(3) which declares that “The federal government and state shall jointly levy and collect taxes on incomes derived from large scale mining… and royalties on such operations”. By contrast, the interview result with Odo Shakiso Woreda and Guji Zone investment, and land management administrators showed that the federal government practically had absolute and monopolized power on Lega Dambi gold mining company. They also stated that the issues were dragged on and could not be solved yet even though they presented complain to the region and federal
Abdisa, O., Maintaining Mutual Benefits between Investor and Local Community …

governments. On the other hand, the Oromia region, where gold mining is founded, neither levies, collects taxes and royalties nor controls the company.

Similarly, Odo Shakiso Woreda and Guji Zone mineral and energy offices administrators suggested:

_To avoid such ambivalence - albeit the federal government is responsible for developing the country’s mineral policy and regulations to guide mineral development - it is the power of the Oromia region to ensure resource ownership and management, land-use decision-making, royalty design and collection, laws, and regulation on resource exploration and development, and operational matters according to the FDRE constitution._

This can avoid the rough relationship between the local community and MIDROC Gold Mining PLC because the region is near to the local community if it acts responsibly so that the region can communicate with the community and then the company can return to its operation. Apart from that, the Oromia region and the federal government are responsible for implementing the joint legal framework - national and regional corporate social responsibility policy.

Vintró & Comajuncosa (2010) present that Corporate Social Responsibility plays a significant role in the mining industry to maintain and ensure environmental health, the safety of workers and the local community, and sustain economic development. They set three CSR criteria. These are sustainability, ethics, and human resources as summarized below. The researcher argues that these criteria need to be implemented by Lega Dambi gold mining company to maintain mutual benefits between its company and the local community.

Table 2: Types of Corporate Social Responsibility Criteria (Vintró & Comajuncosa, 2010)

<table>
<thead>
<tr>
<th>Sustainability</th>
<th>Ethics</th>
<th>Human resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rational exploitation of natural resources,</td>
<td>Promotion of local community economy and</td>
<td>Secure working methods,</td>
</tr>
<tr>
<td>Clean extraction technologies,</td>
<td>social work,</td>
<td>Training capability development,</td>
</tr>
<tr>
<td>Mine closure and recovery program</td>
<td>Fair fund administration, and</td>
<td>Employee-manager relations, and</td>
</tr>
<tr>
<td>Emergency management, and</td>
<td>Job security and dignity.</td>
<td>Respect for local people.</td>
</tr>
<tr>
<td>Quality of production.</td>
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</table>
Besides, Jenkins & Obara (2008) observe that CSR is a manifestation of a move toward greater sustainability in the mining industry. What is more, the principle of accountability in CSR provides an important conceptual linkage between the current risk paradigm, and the notion of self-regulation (Kemp et al., 2012). Also, the result from the interview which was held with government officials revealed that clear and implementable NRCSR can maintain mutual benefit between the investor and the local community. From this, the researcher inferred that, after doing this, Lega Dambi gold mining company can reopen and continue its commencement since it plays a pivotal role at the national level through generating foreign exchanges.

**Inclusiveness of Different Stakeholders**

The reopening of Lega Dambi gold mining is realized when all stakeholders including local communities are involved in decision making. This facilitates effective communication. Esteves (2008, p.45) summarizes:

*Effective decision-making is based on knowledge of both actual and perceived areas of need. This requires a rigorous assessment of impacts and the socio-demographic environment regularly. A proactive, open, and equitable approach towards addressing impacts and social issues will reinforce the community’s willingness to be involved in setting objectives for mutual benefit. Also, an ongoing program, to a greater extent than a never-to-be-repeated social impact assessment project, is more likely to have a systemic impact, through advising all parts of the business that potentially benefit through social investment, such as human resource, procurement, employee development, and community relations.*

According to the interview result with administrators of mining and energy of Odo Shakiso Woreda and Guji zone, regarding Lega Dambi gold mining, the decision was made unilaterally only by the federal government; the license was given only by FDRE Ministry of Mining and Energy without conducting good communication with regional, zonal and woreda where the gold mining is operated; and different stakeholders, who are explained under Figure 3 below, were not involved to make convincing and all-inclusive decisions. The administrators further argued that such unilateral decision-making gave confidence to the company in disregarding the local community since it was kept by the federal police and national soldiers. However, this created a rough relationship between the local community and the company.
On the other hand, local elders, religious leaders, and Abbaa Gadaas argued:

We wanted to take part and make decisions concerning Lega Dambi gold mining company. We, as local elders, religious leaders, and Abbaa Gadaas of this area, tried to contact the local governors who are found at woreda and zonal levels to mediate the difference between the company and the local community, but they undermined us. We suspected that some of the administrators who used to work at woreda and zonal even Oromia regional levels tried to conceal the truth since they had a relation with the company. Moreover, albeit we attempted to communicate with the manager of the company in 2018, he disregarded us. Then, the local community forced the company to terminate. Now, we wish to discuss with the governments, the company owner, and the local community how to restart the company by maintaining mutual benefits between the company and the local community.

From this, the researcher summarized that the manager of the company and local governors hesitated with the local elders, religious leaders, and Abbaa Gadaas to be incorporated into the mainstream of decision-making to maintain mutual benefits between the company and the local community. Besides, local elders, religious leaders, and Abbaa Gadaas blamed government officials for the failure of communications albeit the local governors externalize the issues. Hence, mutual benefits could not be maintained. As a result, the local community forced the company to stop its work nevertheless; the place is rich in gold deposits.

Generally, local community, and elders, religious leaders and Abbaa Gadaas focus group discussions and interviews, and government office administrators interview results revealed that to reopen the company and to begin the commencement, different actors such as scholars, civil society, local elders, Abbaa Gadaas, youth, investors, representatives of government, landholders and the local community, policymakers and activists need to come together, make a wise decision and arrive at a particular conclusion.
Community Development Agreement

Many countries like Burkina Faso, Guinea, Sierra Leone, Papua New Guinea, Mongolia, Australia, Senegal, and Kenya are launching a community-gold mining company development agreement as part of the legal framework to address issues like unequal bargaining relationships between communities and developers, equity in the distribution of benefits generated by community development agreements, and the enforceability and implementation of agreements via negotiation, implementation, monitoring, reporting, funding and grievance procedures details (Ciaran, 2013).

Interview with the local communities of all kebeles revealed that due to the absence of community development agreements between Lega Dambi gold mining company and the local community, they could not negotiate the difference between the company and the local community to address the grievances of the local community. Additionally, “We could not monitor the company as the local administrator since it is directly controlled by the federal government. Thus, we could not bargain the relationship between the company and the local community” as indicated in an interview with Odo Shakiso Woreda investment administrator.

Furthermore, interview result with the Guji Zone mining and energy administrator exhibited that even though Environment and Community Development Directorate was established in 2007 at...
the federal level to follow up and control the environmental damage caused by the miners, and to ensure safety standard of the local community, the role of implementing community development agreements between Lega Dambi gold mining company and the local community is low.

Odo Shakiso Woreda mining and energy administrator remarked:

*The community development agreements can maintain mutual benefit between the MIDROC gold mining company and the local community via direct involvement of communities in the fair negotiations. They also formalize the outcome in a written document that binds both parties and includes the agreement provisions which address broader development objectives that can maintain mutual benefits between the company and the local community. Nevertheless, a community development agreement was not developed and implemented in MIDROC Lega Dambi gold mining to sustain mutual benefits between the company and the local community. Finally, to reopen the operation of the company since the place is rich in gold deposits, a community development agreement needs to be designed and fully implemented.*

By the same token, interview results from the Guji zone investment office administrator showed that there is a requirement for at least large-scale mines like MIDROC to contribute to a fund that is intended to support the local development initiatives in mining-affected communities currently. Besides, the local communities contribute to the project selection process to apply and implement community development agreements. And in Ethiopia, the current process of a community development agreement is not clear on how projects are selected, procurement is undertaken, oversight is managed to ensure that the projects are implemented in a timely and efficient manner, and most importantly, how well these projects meet community needs (World Bank, 2016).

Generally, the finding revealed that to reopen Lega Dambi gold mining company (either by government or MIDROC gold mining PLC or another investor), it needs a consensus with the local community on job creation, operation restart-up, and growth, safe and affordable housing, community facilities like schools, water, and community wealth creation.
Impact and Benefit Agreements

Impact and benefits agreement (IBA), which is called mutual benefit agreement, and/or participatory and benefits agreement (Munning, 2018), plays a pivotal role to reopen the Lega Dambi gold mining company via maintaining mutual benefit between the company and the local community. The IBAs model is originated in Northern Canada, and nowadays, it is widely used across the world *i.e.*, Australia and South America. According to the interviews with administrators of Guji Zone and Odo Shakiso Woreda mining and energy, and investment offices, IBAs include local content issues such as quotas for local community participation in contracting opportunities and employment. The administrators also presented that it incorporates the goals, objectives, and mitigation strategies contained in the Environmental and Social Impact Assessment and Management Plan.

Local elder, religious leader, and *Abbaa Gadaa* focus group discussants witnessed that there is no IBA in Lega Dambi gold mining which allows the local community to make a decision both on their costs and benefits to consolidating consensus between the company and the local community. Administrators of investment offices of Guji Zone and Odo Shakiso Woreda shared the views of local elders, religious leaders, and *Abbaa Gadaas* by stating that the local communities could not get immediate and long-term development needs since the company did not have an IBA strategy which is practically visible. Besides, Rodon *et al.* (2018) argue that many indigenous communities face immediate and long-term development needs. Likewise, local community focus group discussants claimed that “If the company had had IBA and implemented it, we would have not obliged to resist the company and forced it to terminate”. Siebenmorgen & Bradshow (2011) recommend the three phases of IBA: Initial consultation and negotiation, implementation, and follow-up, which are summarized in Figure 4 below.

In a nutshell, the finding confirms the claim made by Rodon *et al.* (2018) that the local communities are unable to get immediate and long-term development needs since the company did not fully and practically implement the impact and benefit agreement strategy.
Social and Labor Plan

The social and labor plan (SPL) was developed in South Africa to achieve social objectives through mining legislation. Odo Shakiso investment, and mining and energy office administrators suggested that SPL maintains mutual benefits between Lega Dambi gold mining company and local community by advancing the social and economic welfare of the community, contributing to the transformation of the mining industry, and ensuring the production rights of the company.

Local community focus group discussants argued that:

*The Company is unwilling to hire the local community. Though the Company is found in Oromia regional state, Guji Zone, Odo Shakiso Woreda, the notices for labor recruitment were not posted in the area where the factory is situated. The notices were posted in Addis Ababa, the capital city of the country, which is far away more than 470kms from the company. The reason behind this is to exclude local laborers from the competition. Further, although Afaan Oromoo is widely spoken in Odo Shakiso Woreda and is the working language of the Oromia region, the notices were posted only in Amharic. This made local laborers out of*
competitions since they could not write and read Amharic nevertheless they had knowledge and experiences in gold mining.

In Ethiopia, the Ministry of Labor and Social Affairs (MoLSA) was established to settle industrial peace, maintain employee health and safety at the workplace, improve working conditions and environment, promote efficient and equitable employment services, and maintain developmental and social welfare of the citizens. Additionally, “the labors and social affairs have been established at Oromia regional, Zonal, and Woreda levels although all of them are dysfunctional”, as informed by Guji Zone mining and energy office administrator. Odo Shakiso Woreda Labor and social affairs administrator accepted the claim raised by the Guji Zone administrator. The administrator posited that they tried to interfere to solve the disagreement between local laborers and the company, but they failed because the company was unwilling to accept the interference of the labor and social affairs. Guji Zone labor and social affairs also stated that Oromia labor and social affairs ordered them to resettle the issues raised by local laborers as soon as they accepted the compliance from local laborers, but the delegates were not allowed to investigate the case since the power of the company was superior to their power because it was protected by national armies.

To sum up, the finding of this research showed that in Lega Dambi gold mining company, there is no detailed skills development plan that outlines how the mine operation intends to offer employees opportunities to be functionally literate and numerate, learner ships, skills program, portable skills and any other training of local community. Abdisa (2020) outlines that the level of transparency is low in Lega Dambi large-scale gold mining company on labor recruitment and wage payment. This upset local laborers and it was responsible for the local community protest in the company which caused the termination of the company by now. The researcher argued that the company should have a clear SLP before its reopening to readdress the grievance of local laborers and to maintain mutual benefits between the local community and the company.

Social License to Operate

The social license to operate (SLO) can maintain the mutual benefit between the local community and the company. SLO is the process through which mining companies engage with communities to acquire free prior and informed consent, negotiate voluntary resettlements, and address the local community’s rights. Organizations need to sustain with long time horizons,
high exposure to global markets, and a wide range of interested stakeholders (Melanie et al., 2014). The SLO is an informal social contract that aims to bridge the gap among the views of the most important stakeholders involved in mining activities (Komnitsas, 2020). Local elders, religious leaders, and Abbaa Gadaas suggested that to restore Lega Dambi gold mining, it is the role of the company to contact the local community directly, discuss, convince, and get their consent. The local community focus group discusses explained that “Lega Dambi gold mining company was unwilling to contact them. Albeit the local community tried to contact them, they failed since it was surrounded and protected by the military and federal police.” Hence, the finding revealed that the national military force and federal police were distancing the gap between the company and the local community. Despite this, building trust with local communities was crucial for mining companies to obtain and maintain a social license to operate (Moffat & Zhang, 2014).

In the same vein, local community interviewees claimed that many cattle, goats, and donkeys of the local community died due to the release of hazardous chemicals from the company to surrounded rivers and streams. Besides, the Woreda health stations and Adola hospital reported that about 159 women were forced to unexpected miscarriage because of the released chemicals. The Woreda investment administrator stated that 600 cattle, 12 goats, and three donkeys died from 200 households due to the released chemicals from the company.

The Woreda mining and energy administrator suggested that the company had to protect the rights of the local community and compensate those who were the victims. Also, the means of compensation could be in written form to get the willingness from the local community. An interview and a focus group discussion showed that some of the local communities brought their case into court since the company was unwilling to pay compensation for the victims and the death of their animals. Hence, the relationship between the local community and the company became complicated. To reverse this bad relation and reopen it, the company needs to re-examine, design, and promote long-term socio-economic development, particularly, with promoting the well-being and needs of local communities.

Adonteng-Kissi & Adonteng-Kissi (2017) posit that large-scale mines have attempted to secure SLO and ensure sustainable development by reconciling business interests with local needs and aspirations. Besides, Nguyen et al. (2018) argue that transparency of operations and direct
consultation with local people needs to be enhanced overall, and the benefit of mining in a particular location should be independently reviewed before operations commence. Likewise, the finding of this research exhibited that the local community needs to be consulted by the company and neutral body like civil societies before the reopening of the company, and transparency of operation needs to be practically sustained. Generally, concerning Lega Dambi gold mining company, there is no clearly launched and incorporated social and labor plan, impact and benefit agreement, community development agreement, social license to operate, and regional corporate social responsibility that could maintain mutual benefit between the local community and the company.

Conclusion and Recommendations

Albeit Ethiopia is rich in mining potentials, the country could not fully use the minerals for the development of the country. Disallowing private investors to participate in mining operations for a long time in the country made things more difficult although privatization policy was lately launched in 1992. The only large-scale gold mining which is operated by the private investor so far in the country is MIDROC Lega Dambi Gold Mining PLC. Although the company has produced around 4500kgs gold annually, it has been terminated by local communities since the relationship between the company and the local communities became harsh. The findings of this research showed that the company is far away from the local community in practices albeit the site of production is in the community. The federal government controlled in monopoly so that the Oromia region and local governments could not interfere and mediate the difference between the local communities and the company. Further, the company has gotten full confidence because the federal government guaranteed it by deploying national force and federal police; nevertheless, the federal government could not save the company from termination in the end.

By the same token, the company could not maintain mutual benefits between itself and the local community. Absence of basic tenets of healthy mining like clear national and regional corporate social responsibility, inclusiveness of different stakeholders, community development agreement, impact and benefit agreements, social and labor plan, and social license to operate contributed to the termination of the company. Finally, the researcher recommended that there should be a wide discussion among many stakeholders like the local community of Odo Shakiso Woreda, activists, civil society, policymakers, and Odo Shakiso Woreda, Guji Zone, Oromia
region, and the federal government officials, MIDROC Lega Dambi gold mining PLC, Abbaa Gadaas, and local elders to maintain mutual benefits between the local community and the company, and to arrive at a consensus for the reopening of the company. It is also recommended that national and regional corporate social responsibility that shows the company’s specific joint administration of the Central and Oromia regional governments should be designed and fully implemented before reopening.

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