2. From Anticipation to Practice: Social and Economic Management of a Nickel Plant’s Establishment in New Caledonia’s North Province

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Introduction

New Caledonia has gone through major changes over the last 40 years. From an economic point of view, four different periods can be identified (Couharde et al. 2016):

• the ‘strictly assisted economy’ system from 1975 to 1989, characterised by excess savings in relation to investment and an outflow of savings abroad;
• a strong ‘rebalancing process’ from 1989 to 2005, with gross savings being redirected towards funding projects in New Caledonia;
• an ‘industrialisation process’ from 2005 to 2013, with foreign direct investment inflows financing the national economy; and
• since 2013, the shaky start of a ‘mining and metallurgical economy’.
This pathway to development remains structured around management of the dependency on mining and government revenues, though different options are still open. Depending on the ideological stance, this development trajectory either guarantees that the country and its mineral reserves remain within the realm of the French Republic, or else it can act as a lever for economic, and eventually political, emancipation.

Development choices cannot be separated from political debates. The rise of the independence movement in the 1970s, the polarisation of the political arena between loyalist and pro-independence camps, the violent upheavals of the 1980s, known as les événements (‘the events’), the return to civil peace with the Matignon-Oudinot Agreements of 1988, and, finally, the period of ‘negotiated decolonisation’ following the Nouméa Agreement of 1998—all these marked turning points in structural policy for this former French colony. Since 1988, the country has been divided into three provinces that have significant powers. Federalism resulted in the implementation of different economic projects and policies in the pro-independence North Province and Islands Province and in the loyalist South Province.

Ultimately these phases in the political process did not profoundly alter the logic of dependency contained in the economic model, which has proven to be compatible with political emancipation, but structural changes are now under way that could eventually challenge the foundations of this model of dependency. One of these changes—which was initiated by the pro-independence movement in the 1990s—was implemented in the mid-2000s, and should be consolidated in the next decade, is local-level harnessing of mineral revenues as a way to progressively supplant French government transfers.

This chapter proposes to assess the nature of these changes from the perspective of a pro-independence local authority, North Province, focusing on the Koniambo nickel processing plant in which the province is the majority shareholder (Figure 2.1). Having clarified the origins,

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1. The dependency is self-sustaining, in particular through high salary levels supported by indexation in the administration, which drive consumption prices and justify the permanence of the payments (Freyss 1995). Moreover, it has enabled sustained growth since the late 1980s.

2. Today, after 25 years of a stronger economic autonomy, such a strategy is increasingly taken up by all of the key political and technical actors.

3. As mentioned in Chapter 1, people in New Caledonia do not refer to this entity as a ‘provincial government’, although it shares many characteristics with what are legally recognised as provincial governments in Papua New Guinea.
trajectory and challenges of this project, we examine the way in which different actors ensured the economic and social management of the plant’s construction phase in 2010, and compare their practical experience of the project with the expectations, hopes and fears expressed by the same actors five years earlier. We focus on the topics of employment, the structure of the local economic fabric, and the relationship between economic development and social cohesion. At the end of the chapter, we update the key indicators to give a glimpse into the current state of the province’s development strategy since the smelter became operational in 2013. However, we mainly aim to understand the very specific period of the preparation and management of the plant’s construction, as a strategic phase in the wider unfolding of a national ‘nickel doctrine’ based on the public appropriation of New Caledonia’s natural resources to achieve the goal of decolonisation.

Figure 2.1 North Province, New Caledonia.
Source: CartoGIS, The Australian National University (based on information from Direction des Infrastructures, de la Topographie et des Transports Terrestres, North Province, and Direction des Systèmes d’Information/Service Information et Méthodes, Thierry Rousseau).

This analytical perspective is necessarily partial, since it concerns only North Province, and does not cover all of the national-level changes underway. It can only consider the initial dynamics of a long-term metal production cycle and development process. It does not tackle the height of the construction phase in 2012 and 2013, when there was a massive influx of foreign workers (Blaise et al. 2016: 137; also Chapter 3, this volume).
However, the chapter does enable the contextualisation of questions about the management of mineral revenues by stressing the specificity of previous expectations, which are important to an understanding of prevailing realities and local political stakes. It also enables us to restore the public authorities to the centre of debates about the management strategies applied to mining projects, despite the fact that state actors are often presented as secondary actors, whose role is confined to facilitating or regulating the dialogue between 'companies' and 'communities'.

The Usine du Nord Project and its Ambitions

From the second half of the 1990s, New Caledonian development policies were structured around the enabling of instruments for economic independence, and eventually its political counterpart. The specialisation in mining and metal production was maintained (Néaoutyine 2006), but so was the collection of administrative rent through French Government payments—at least temporarily. Like the political consensus that accompanied it, the latter was perceived by some as evidence of a solid tie with France, and by others as a form of repayment of the colonial debt (Sourisseau et al. 2010). Division of the proceeds from the exploitation of mineral resources was one of the key elements in the negotiation of civil peace. In addition to the purchase in 1990 of the Société Minière du Sud Pacifique (SMSP) by the holding company, Société de Financement et d'Investissement de la Province Nord (SOFINOR), which is owned and controlled by North Province, a préalable minier ('mining prerequisite') to the Nouméa Agreement guaranteed that the pro-independence movement would have some control over metal production (Grochain and Poithily 2011; David and Sourisseau 2016).

This issue is important. While the assisted economy model meant that the service sector was still the main contributor to New Caledonia’s wealth, the country has actually been dependent on its mineral resources and their strategic nature since it was colonised. Depending on global market conditions, the contribution made by nickel mining and processing to the country’s gross domestic product (GDP) has varied from 3 per cent (at the historical low of 1998) to 18 per cent (in 2007, an exceptional year for the

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4 It is interesting to note that the concepts of 'companies' and 'communities' are rarely clarified; these terms refer to heterogeneous entities that merit better definition as a result of local case studies (see Chapter 1, this volume).
sector). The nickel and non-market sectors combined account for 50 per cent of the growth in added value between 1998 and 2007 (CEROM 2008). Moreover, in the aftermath of the political agreements, thanks to the industrial revolution initiated with the planned operation of three new large-scale smelters, each processing over 50,000 tons of nickel a year, and the expansion in the capacity of the existing Doniambo plant, it was thought possible that nickel’s share of GDP would increase to more than 25 per cent (GoNC 2009). Hence, the already significant knock-on effects of the sector were set to become even more extensive. In this context, controlling the income from mining and metal processing was at the heart of the debate surrounding the country’s future legal and political status. At stake was the nature of its future development: exogenous or endogenous; part of France or more or less autonomous.

In fact, the development of new nickel smelters had long since come to symbolise this choice. The construction of the processing plant in South Province would appear to have been relatively conventional, with a clear division between the private sector entity responsible for the operation—in this case, the Brazilian company Vale⁵—and the local authorities, who were involved mainly through monitoring the operator’s compliance with government regulations and imposing taxes to harness a portion of the value produced,⁶ while making allowance for compensation or fees to be paid to local communities. Since the plant was launched in the mid-2000s, the logic has shifted towards compensation of the resident clans and the management of environmental concerns.⁷ In response to the difficulties encountered at the beginning of the project, another public stakeholder emerged in the form of local Kanak associations known as ‘local groups with special rights’, groupements de droit particulier local (GDPLs), which collectively purchased a stake in the project’s subcontracting businesses (Bouard et al. 2016). However, this move was confined to one local community (Yaté), which had less than 2,000 inhabitants, and ultimately became a sort of enclave (see Chapter 6, this volume).

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⁵ Vale had got involved in the Goro project through its purchase of the Canadian company INCO.
⁶ Only 5 per cent of the equity in the Usine du Sud (Southern Plant) is held by the state, through the Société de Participation Minière du Sud Calédonien, which was established in 2005. This entity is owned by all three provinces but, in accordance with the logic of ‘rebalancing’, the distribution of dividends favours the North and Islands provinces.
⁷ A sustainable development pact was concluded between Vale’s subsidiary Goronickel and the customary authorities of Yaté.
While the administration of South Province certainly intervened in such processes, it did so as a facilitator in a process of negotiation focused on the company–community relationship.

Construction of the Usine du Nord (Northern Plant), which was based on the Bercy Agreement, was more clearly rooted in the political bifurcation of the 1980s, and had the task of lending concrete expression to the spatial and economic rebalancing at the root of the political consensus. In 1998, SMSP formed an alliance with the Canadian company Falconbridge to launch the feasibility studies before Falconbridge was bought by the Anglo-Swiss company Xstrata (now Glencore) in 2006. Xstrata officially confirmed its commitment to the project in October 2007, on much the same conditions as those negotiated with Falconbridge. Under this arrangement, confirmed by Glencore, SMSP holds 51 per cent of the capital in the joint venture, Koniambo Nickel SAS (KNS), which was established to implement the project.

The project includes a pyro-metallurgical plant, a power station, a deep water port, an automatic conveyor and various other structures. Costing a total of almost US$5 billion, its construction (like that of the Southern Plant) constituted a major project in global terms. Its completion in 2013 required the employment of a large workforce, which peaked at over 6,000 employees. Around 1,000 jobs are involved in the operation of the plant, which is expected to last for at least 30 years. According to estimates from 2004, the plant was expected to generate 1,700 indirect jobs and attract some 8,000 people to the municipalities near the plant—Voh, Koné and Pouembout (VKP) (North Province 2004; Syndex 2005). At the level of the province and its 45,000 inhabitants, the project embodies the hope of unprecedented economic and social momentum, and therefore justifies the creation of new public infrastructure.

The balanced social management of the expected impacts of the Koniambo project would appear, therefore, to be a prerequisite for its success. The public control of the project aims to boost leadership of the economic development of North Province by the Kanak people and, in some respects, to demonstrate the country’s ability to manage its independence.

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8 As a result of various acquisitions and mergers, the New Caledonian nickel landscape is now characterised by the presence of three foreign multinationals—Glencore (Switzerland), Vale (Brazil) and Eramet (France), the latter being the majority shareholder of Société Le Nickel.

9 A société par actions simplifiée (SAS) is a ‘simplified’ company in which the shares are typically held by a number of other companies or associations.
From Anticipation to Practice: Questions and Methods

The Usine du Nord project is a high-stakes project from both an economic and political perspective. The possible pitfalls and risks of failure were known to be significant, even at the early stage. Numerous questions existed before the start of the project—and still exist—regarding the public policies and the social and economic structures likely to make the mine and the smelter not merely an economic enterprise, but a real lever for emancipation, rebalancing and the common destiny of the province.

Hence, the question arises as to whether public action was able to respond to the challenges posed by the planning and launch of the project’s construction site in the period from 2005 to 2010. How have the issues identified in 2005 been confirmed, invalidated or reformulated in 2010 in light of the experience gained? Which generic lessons can we draw from the management of the beginning of construction in terms of local capacities for intervening or being involved in the process? And which methods or methodological approaches are best suited to answering these questions?

Our hypothesis is that the majority of the fears clearly voiced in 2005 were not realised and that, overall, expectations were satisfied both in 2010 and since then, at least in the VKP area near the plant and at the political centre of the province. We hope to show that, whatever the end of the story may be in future decades, this situation was not only the result of favourable circumstances and sustained economic development throughout the entire country during the period in question, but that it was also the outcome of innovations and adaptations—both individual and collective, public and private—made by the local actors.

10 ‘Dutch disease’ refers to the negative consequences arising from large increases in a country’s income. Primarily associated with a natural resource discovery, it can result from an increase in foreign aid or a substantial increase in natural resource prices—anything that changes the structure of the national economy in favour of one export-specific sector. The consequences are a stronger national currency and lower international competitiveness in other parts of the economy.
Our analysis is based mainly on two studies conducted by the Institut Agronomique Néo-Calédonien (IAC) in 2005 and 2010.\textsuperscript{11} The first, which was based on investigations carried out in late 2005 and involved almost 250 people throughout North Province, clarifies the nature of the expectations, fears and concerns anticipated by locally elected representatives, economic operators, customary chiefs, representatives of local non-profit and cultural organisations and provincial public servants (Sourisseau et al. 2006). The second is one of the studies produced within the framework of the centre set up by the IAC to monitor the economic and social dynamics of the Koniambo project. It is based on approximately 100 interviews conducted with businessmen from the VKP area who were awarded subcontracts for construction of the plant, and on the analysis of some of the forms of public shareholding set up for the project (Grochain and Poithily 2011). The practices observed in this second study are compared with the forecasts produced in 2005. The comparison is underpinned by the detailed and comprehensive statistical series produced by the Institut de la Statistique et des Études Économiques, the Institut pour le Développement des Compétences en Nouvelle-Calédonie and the provincial Direction des Systèmes d’Information.\textsuperscript{12} This evidence has been combined with data from an assessment by the IAC of the financial support distributed by the provincial authorities under their development code, and data from an evaluation produced by the provincial engineering office (Emergences) on the development of customary lands in the directly affected municipalities of Koné and Pouembout (North Province 2008).

Our analysis is focused on three topics that emerged as particularly important in the early stages of the negotiation process and for the actors interviewed in 2005, and which are well documented by the studies conducted in 2010. The three topics are:

1. employment, particularly youth employment;
2. the structuring of a local economic fabric through harnessing a portion of the income from mining and metal production, particularly in light of concerns about competition between local companies and companies from South Province or from overseas; and

\textsuperscript{11} These two studies offer the opportunity for a comparison, but also explain the period chosen for this purpose, even if it would have been relevant to have surveys completed at the very end of the construction phase in 2013.

\textsuperscript{12} The same sources are used for the update at the end of the chapter.
It should be noted that our analysis is limited in two respects. First, we propose to recount merely a small part of this experience. The story has already started, so it is not a question of returning to the genesis of the project and the conflicts that emerged from the ‘mining prerequisite’ of 1998, which have already been extensively documented (Bencivengo 1999; Grochain 2010; Le Meur and Mennesson 2011; David and Sourisseau 2016). And the story is far from over: the period covered by this chapter is primarily the period between 2005, when an irrevocable commitment was made to building the project, and the start of the actual construction phase in 2010. The second limitation is the choice of three particular issues as the focal points for providing answers to a more general set of questions about the development process. In other words, we aim to illuminate a general topic through the adoption of admittedly partial approaches.

The Analytical Context

From an analytical point of view, based on the stated ambitions of the project, an investigation of its impacts on provincial development involves questioning the role of the provincial authorities—considered as a branch of the state—in the management of mining and metal production activities. At the same time, the province acts as a sort of guarantor in the management of the social impacts of a sectoral development project as part of a broader development program, beyond the traditional models of confrontation or negotiation between a company and local communities, whether or not the latter have the support of public authorities or external associations.

In focusing on the public authority, we are attempting to complement the analytical framework developed by Geert van Vliet (1998) to understand mining project cycles and the strategies of their operators (see Figure 2.2). In this framework, the inception of a mining (or petroleum) project is characterised by a strong tendency on the part of the developers to compensate local communities because they are at the beginning of the process and must provide some reassurance, particularly as they have a significant economic stake in the project being accepted. At this juncture, the local people themselves have poor negotiation capacities and
are generally reassured by the compensation on offer. Once the project has started, the companies will have replaced the original negotiating team with new managers who are subject to the new demands of construction and operation, with a rapid decline in their disposition to negotiate. Meanwhile, local people gain both experience and expertise, and can better identify the impacts of the project, so their ability to negotiate grows rapidly, often with support from non-governmental organisations. This creates a risky situation, but the windows of opportunity remain open, and the negotiations significantly shape the subsequent stages in the project cycle. At the end of the cycle, especially if a company is not planning to extend its activities in the area, it is much less willing to negotiate because the workforce involved is dedicated to the closure of the operation. By contrast, the negotiating capacity of the local population is at its highest level because the negative impacts of the operation are now well known. This phase of the project cycle has the highest level of risk and conflict.

Figure 2.2 The politics of the large-scale mining project cycle.

Numerous amendments and qualifications can be added to this model in terms of the slope of the curves and the time scales. Having noted that the model is silent on the role of the state and its ability to modify the curves through proactive policies, it is possible to make four additional comments here.

First, the willingness of companies to pay communities at the beginning of the cycle is somewhat questionable. This applies in particular to Chinese companies operating in Africa, or in Papua New Guinea, and surely in
many other places, but it could also be the result of new corporate strategies that do not adhere to international standards, but instead involve specific adaptations to particular national contexts.

Second, very severe conflicts are occasionally observed at the beginning of the project cycle, not necessarily between the company and the local communities, but within the communities themselves (see Filer 2006). The question of benefit distribution can generate such tensions if the country or territory does not have a sufficiently clear normative framework, or the framework is not generally agreed upon, or there is limited ability and willingness to implement it. In our case study, we suggest that this type of tension was prevented by the fact that a normative framework was already in place at the start of development process.

Third, the recent rise of discourses of citizen control, and the adjustment of corporate social and environmental responsibility standards, has increased the willingness of companies to pay compensation at the beginning of the production phase,13 or even towards the end of the project cycle.14 This tendency has been reinforced by the provision of multilateral assistance for the management of environmental impacts in particular.

Finally, the model does not consider the cumulative experience of populations and companies with a long historical experience of mining operations in a particular area, as is the case in New Caledonia. In our case study, we suggest that, from the outset, the negotiating ability of the local people was greater than is indicated in Figure 2.2. Despite the level of control exercised by the former developer Falconbridge,15 the project’s ‘clearing’ or approval period from 2000 to 2006 was also a decisive period for the structuring of development policies and public policy in general (Sourisseau et al. 2010; Bouard 2011). This would have enabled the provision of a normative framework that effectively modified the conditions of the dialogue with the company. We support this hypothesis regarding the inflection of the curve with the representation of the province as a shareholder in the project. Beyond the financial aspects, we

13 The previously mentioned Grand Sud Pact relating to the Goro project is an illustration of this phenomenon in New Caledonia.
14 A particularly explicit Caledonian example is an agreement reached in Thio in 1996 (Le Meur and Mennesson 2011; see also Chapter 5, this volume).
15 Criticism was expressed to the effect that the voice of SMSP was not sufficiently heard at the information and negotiation meetings (Sourisseau et al. 2006).
establish that the experience acquired through SMSP from 1990, and its concrete participation in the financial and technical investment in the plant, influenced the form of local representation in the project.

The amended conceptual framework hence moves to formalise the lessons learned from the transition from expectation to practice in terms of the management of a project’s effects at the beginning of a new industrial cycle.

From Expectation to Practice, 2005–10

The points of view expressed in 2005 bear witness to a quasi-unanimous commitment to the Koniambo project on the part of the local actors. The Usine du Nord was deemed indispensable in giving meaning to the economic rebalancing of the territory and, more broadly, to the general thrust of the political agreements of 1988 and 1998. It also emerges that development of the plant could not, and should not, be considered in isolation; it must be connected with broader sectoral policies and with territorial dynamics as a whole. However, commitment was coupled with enormous focus, which was often expressed as vigilance in relation to the potential negative effects of economic development. Hence the actors appeared to be concerned but also clear: they felt that they were both the potential beneficiaries of the positive impacts of the future plant but were also exposed to its inevitable negative impacts, especially those related to a risky ‘submission’ to the laws of global markets. They also stressed that ‘progress from word to deed’ only strengthened the need for vigilance, and that the risk of distrust must not be discounted. In 2005, a common basis existed for the representation of the issues and challenges associated with the Usine du Nord. However, as emerges from a more detailed examination, there were different—and sometimes even contradictory—expectations and fears expressed by different actors.

Disruptions took place around the plant site in 2010, but to a lesser extent than had been expected. The provincial demographic balance was jeopardised by the attractiveness of the site. The loss of 1,500 inhabitants from the east coast highlighted the risk of the emergence of an east–west imbalance in the course of north–south ‘rebalancing’. At the same time, construction of the plant was delayed, and the population of the VKP area ‘only’ grew by 2,000 inhabitants (GoNC 2010)—far fewer than the 5,000
predicted by the development plans in 2004.\textsuperscript{16} This was a more gradual demographic transition than the ‘tsunami’ referred to by several of our informants in 2005.

Overall, it appears that the progress promised in terms of access to health care and education in 2005 was confirmed and reinforced, and the standard of living of local households continued to increase (CEROM 2011). This trend has since been confirmed by the 2014 population census (GoNC 2015).

With the exception of 2008, a year characterised by a general slowdown in New Caledonia, the number of job seekers throughout North Province declined after 2002 and, in 2010, the outlook in this regard was reassuring (GoNC 2011). Assessment of the effects of the provincial Code of Development (CODEV) showed that provincial action had been sustained and diversified, and had yielded convincing results, even from the point of view of people in receipt of government aid. For instance, in 2010, more than two-thirds of the 1,100 projects funded since 2003 were still active; for each 1,000 francs of government subsidy, another 1,500 francs were added through the activity being subsidised, and 56 per cent of the CODEV beneficiaries declared in 2010 that their daily life was better thanks to the project funding (Gaillard et al. 2011). Although this assessment confirms that economic activity followed demographic trends, and that the west had benefited more from the development process, this imbalance was not always perceived negatively, and the returns from the acquired skills and transfers to the community in the east were beginning to take effect.\textsuperscript{17} The reorganisation of the Department of Economic Development and the Environment in 2010 was indicative of the additional resources provided for environmental management and the increased specialisation of administrative services within the province. In line with the hopes expressed by interviewees in 2005, the elected representatives and their advisers also insisted on the need to continue their strategy of linking structural projects, with strong government participation, to development of the local area. The interviewees felt empowered by an encouraging assessment of 20 years of decentralisation.

\textsuperscript{16} This prediction did not include the foreign construction workers, 5,000 of whom were present in 2011–12, but who mostly stayed inside the construction site. The target of 5,000 local inhabitants was actually achieved in 2014 (GoNC 2015).

\textsuperscript{17} The expansion of development services within the provincial administration has continued since then (North Province 2015).
or ‘provincialisation’ and the credibility thus acquired by the provincial authorities, and were generally positive about the progress of the Koniambo project.

However, the public unanimity in favour of the plant appeared less convincing in 2009, particularly because of the visible impact of site clearance on the landscape and the inconvenience caused to some of the local people. Its usefulness in terms of provincial development and its necessity in terms of the north–south rebalancing process were not in question, but vigilance was being maintained and even heightened.

**The Local Employment Issue**

**What the Local Actors were Saying in 2005**

In 2005, the locally elected representatives from the VKP area were generally confident about the positive impacts the plant would have for their communities. In their concern ‘to be ready on time’, however, they deplored the timidity of private initiatives: ‘The paradox is that we have high expectations and, at the same time, face a real waiting game’. Outside the VKP area, the elected representatives were hoping for ‘some direct employment’, but were not counting on it too much because they thought the logic of ‘local employment’ would work to their disadvantage. Instead they believed that they would have a role to play in the supply of food (agricultural produce and fish), and in the areas of leisure, weekend tourism and services.

In particular, the elected representatives highlighted the risk of ‘disappointment among young people’ due to the limited number of direct and indirect jobs that would actually be created, the lack of qualifications that could make many young people ‘difficult to employ’, and the very narrow conception of ‘local’ employment. Some mayors, who were generally optimistic in other respects, did not rule out the possibility of such frustrations leading to the formation of ‘social movements’.

The risk of an increase in territorial imbalances between the east and west coasts was recognised, particularly by elected representatives from the east coast. They thought the risks were both economic and demographic, with a decrease in the value of grants received by the communities in decline, and some feared that marginalisation would lead to social destabilisation: ‘The young people from the east coast are restless and they feel forgotten’.
The elected representatives from the VKP area were more optimistic and believed that ‘it is a mistake to think that the east coast will not benefit from the effects of the plant’.

For the customary authorities, the creation of jobs, particularly for young people, was almost always associated with strong fears: ‘There will be fewer jobs than the young people are expecting’. They also feared the resulting frustration, and insisted on the need for both training and a provincial focus: ‘The mine is not only for Voh, but for the North Province’.

The representatives of economic organisations were also worried by the narrow conception of ‘local’ employment: ‘The politicians invented specific local characteristics and now they no longer know how to manage them’; ‘Before the “events” the people were very available, now each one thinks about his tribe, his community, his organisation’. The risk of disappointment on the part of the young people was repeatedly evoked.

Ultimately, the question regarding the jobs that were supposed to be created by the project was sensitive, and a potential source of ‘slippage’. All of the local actors pointed out that special efforts had to be made in terms of providing training for the labour force so that the Koniambo project and other development activities would promote the social advancement of disadvantaged people. Accordingly, a greater recognition of other sources of potential employment appeared to be necessary. In addition to the industrial project, interviewees felt that provincial economic development should be based on the other projects supported by SOFINOR (in aquaculture, fishing or tourism), on the structuring of a private sector market, and on the social economy sector, which had been considered for a long time to be the main supplier of self-employment and a form of protection against job insecurity.

What the Research Said in 2010

The employment statistics produced by the Institut pour le Développement des Compétences en Nouvelle-Calédonie showed that the fears expressed in 2005 had only partly materialised. The figures for job offers (Figure 2.3) show the dynamism of the provincial labour market. In 2010, 60 per cent of job offers related to the construction site in the municipality of Voh, but, over the preceding three years, there were more than 1,200 job offers each year relating to work outside the plant site. When compared with the number of applications, this prompted the conclusion that there was a situation of near full employment.
Seventy-seven per cent of the New Caledonian employees working on the Koniambo project itself were natives of North Province; 45 per cent of the local employees were natives of the VKP area, 6 per cent were from other parts of the west coast and 21 per cent were from the east coast. Moreover, 77 per cent of the local employees were Kanaks. Concerns previously expressed about the employment of young people on the Koniambo project had been assuaged, since they constituted a substantial
majority of the project’s employees: 70 per cent were under thirty-six years of age, and 45 per cent of these were under thirty-one. On the other hand, the position of female employees on the Koniambo project, as in the mining and metal production sector more generally, remained fairly marginal. They accounted for less than 30 per cent of the project’s employees, at a time when women accounted for 37 per cent of the total formal workforce in New Caledonia. Hence, the employee profile most commonly found at the Vavouto construction site was that of a young, male, Kanak worker who was a native of North Province (Grochain 2010).

With regard to the position of young people in the North Province job market as a whole, we found that the number of applicants under twenty-six years of age fell from 597 in 2005 to 487 in 2009, but rose again to 582 in 2010. In the end, the proportion of applicants in this age group remained at 31.5 per cent and, like the other age groups, they seem to have benefited from the development of the mining project. Here again, women accounted for nearly two thirds of the unemployment rate. Their representation among the job applicants increased from 58 to 62 per cent, and they benefited least from the new developments. The proportion of permanent contracts among the job offers rose from 5 to 12 per cent between 2005 and 2010, but it peaked at 28 per cent in 2008, before the peak of applications for work on the construction site. Likewise, the share of full-time job offers increased from 77 to 93 per cent between 2005 and 2010. It may therefore be concluded that a trend for longer-term contracts already existed, and this invalidated some of the fears expressed in 2005. However, employment was still very unevenly distributed, with more than 85 per cent of the total job offers being made in the VKP area.

The population census figures indicate that the employment rate among people over fourteen years of age rose from 49 to 53 per cent in North Province as a whole, and from 57 to 67 per cent in the VKP area, between 2004 and 2009. Women in particular benefited from this trend, as their rate of employment rose from 35 to 45 per cent, but men from the VKP area still ended up with the highest rate of employment (78 per cent).

A closer look at the employment of people originating from different tribes enables further clarification of the figures (North Province 2008). Direct surveys of all households from the tribes of Koné and Pouembout show that the number of wage-earners among the working population increased by 178 per cent in 12 years: in 1996, 361 out of 1,180 working people were wage-earners, the others being self-employed in the domestic
Large-Scale Mines and Local-Level Politics

In 2008, there were 1,005 wage-earners out of a total working population of 1,867, which represents 1.7 salaried employees per dwelling. Among the salaried employees in 2007, almost three-quarters had permanent jobs, which guarantees a certain financial stability for the families in the tribes. In 2008, the tribes that benefited most from the slight improvement were those close to Koné: Noelly, Baco, Tiaoué and Koniambo accounted for two thirds of the salaried employees. We also noted considerable variability in the representation of the different tribes in different economic sectors, but an overall balance between the four major sectors that accounted for 75 per cent of the jobs: administration, food and agriculture, ‘other services’, and ‘other trades or industries’. So the mine and construction of the smelter did not (yet) constitute the dominant sector in the process of job creation.

Within this already positive situation, local businessmen in the subcontracting sector developed strategies to create jobs for their families and social networks. In the businesses themselves, associations of family members were common, and the head of the family typically became the managing director. The company’s dividends were generally evenly distributed, but family members without shares in the company could also be expected to contribute to its operation (Grochain and Poithily 2011). The companies were recruiting first and foremost from their family circles, but if the family could not meet the requirements, they looked for trustworthy people in their wider circle of acquaintances. With regard to access to jobs created directly by the construction project, these family and social networks were also mobilised to pass on information and thus facilitate the process of local recruitment.18

Finally, efforts to support local companies operating outside the mining sector were being sustained at the provincial level. From 2004 to 2010, implementation of the CODEV program alone created almost 750 jobs, the vast majority of which were intended for local workers, and half of which would be (low-paid) forms of self-employment (Gaillard et al. 2011).

In the period following the preparation and start of the project construction phase, the logics of proximity and provincial assistance enabled the local population to seize the job opportunities offered by the ‘mechanical’

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18 This type of information was also distributed through more formal channels by bodies like the Bureau des Entreprises du Nord, SAS Vavouto, and others.
growth in economic activity. With the exception of concerns about an increase in the intraprovincial east–west imbalance, and the relatively poor integration of women into the labour market, the fears expressed in 2005 had generally not been realised by 2010.

The Business Development Issue

What the Local Actors were Saying in 2005

All the economic operators encountered in 2005 were in favour of any big project that could generate more business activity. A considerable number of them were of the view that ‘the mine lights the fuse’. Specifically, the most experienced and well-resourced economic operators thought that ‘the long-term prospects are good’, even though ‘there are a lot of short-term uncertainties’ concerning the activities that would actually be promoted by the new local economy and the ability of local companies to respond to the new opportunities. The small companies and traders appeared to be more worried and uncertain because of previous announcements that turned out to be false.

The question of access to landed property was of concern for a number of economic operators who took a positive view of the development of new activity zones, especially on customary land, but were worried about possible delays in establishing new activities, and were undeniably suspicious of the prospects of actually investing in customary land.

However, it was the threat of competition from the businesses of South Province that generated most concern, particularly in the construction phase: ‘We must not allow the markets related to the plant to get away from us’. Three explanations were presented: (1) the tendering system was deemed to be disadvantageous to the companies from the north; (2) the elected representatives were perceived as only wanting to deal with ‘reliable contractors’; and (3) there was thought to be a lack of relevant skills in some prospective areas of work. The creation of groups of companies for specific tenders was mentioned as a (partial) response to these challenges.

The existing support mechanisms for investment on a significant scale, such as the Institut Calédonien de Participation or the grant of tax exemptions, were considered ‘effective and uncomplicated’ by those who could benefit from them, even if they had limited knowledge of
their operation. CODEV was subject to differing opinions, but was also generally considered to be an ‘asset’ that ‘could be improved on’. A large number of economic operators in the VKP area expected to receive information and support from the Cellule Koniambo, an entity established by the provincial authorities to support the development of businesses related to the Koniambo project. Nevertheless, the provincial economic development and employment situation prompted calls for the strengthening of socio-economic initiatives, which were considered ‘very significant in number but still not very well coordinated’. The view was that more should be done to encourage the diversification of business activities so that individuals could really exercise more choice in this field.

Informants agreed that it was necessary to promote the establishment and maintenance of links between the various mechanisms and institutions so as to improve their impacts and benefits. People expressed particular preference for the facilitation and promotion of small business activities, the provision of a personalised advisory service for businesses, a local process for facilitating the emergence and intensive support of individual and collective initiatives, and the establishment of some collective services such as a sorting centre.

What the Research Said in 2010

Between 1995 and 2010, the number of companies in North Province increased by more than 4,100. Nearly two-thirds of these companies were operating in the service sector, while 28 per cent were in the construction sector and 8 per cent in the manufacturing sector. The figures for business start-ups are more significant. In 2010, more than 600 businesses were created in North Province, compared with fewer than 300 in 1995 and 340 in 2005. Taking into account the disappearance of some enterprises, there was a net increase of 120 businesses in the constructions sector and 375 in the service sector over the whole period (Figure 2.4).

The emergence of the VKP urban centre largely explains the increase in the number of start-ups after 2005, and especially in 2010. Thirty-eight per cent of the businesses were created within the VKP area, and over 40 per cent of these start-ups were in the construction sector. On the east coast, the proportion of business start-ups decreased slightly between 1995 and 2008 (from 35 to 30 per cent), and towards the end of the period in question, more than 70 per cent of these start-ups were in the tertiary (service) sector. Moreover, it was possible to observe an increase
in the proportion of start-ups in the tertiary sector in all parts of the province after 1995, except in the municipalities bordering the new plant site. Similarly, the manufacturing sector accounted for nearly 10 per cent of the business start-ups on the west coast, compared with only 5 per cent on the east coast.

![Net annual average of semi-annual business start-ups, 1995–2010.](image)

**Figure 2.4 Net annual average of semi-annual business start-ups, 1995–2010.**

Note: Numbers are negative for some sectors in some years because the number of new businesses created was smaller than the number of existing businesses that closed.

Source: Institut de la Statistique et des Études Économiques, Direction des Systèmes d’Information/Service Information et Méthodes.

Overall, the trends in business creation and development followed those observed in the labour market. Since the early 2000s, it has been possible to observe the initial effects of provincialisation, followed by a noteworthy acceleration with the commencement of work at the Vavouto construction site. In 2010, almost 450 new businesses were established with their headquarters in the VKP area.

In the subcontracting sector, the total value of locally issued on-site orders and contracts from 1998 to 2009 was XPF58 billion, of which XPF38 billion was concentrated in the period from mid-2005 to mid-2009 (Grochain and Poithily 2011). Close to 90 businesses were created
over this latter period with the help of the Cellule Koniambo. Seventy per cent of these businesses were headquartered in North Province and operating on the Vavouto site, and provincial policy measures enabled locally owned businesses to capture 60 per cent of the XPF38 billion spent locally through on-site contracts and orders between mid-2005 and mid-2009. Public works accounted for 57 per cent of the value of these spin-offs (22 per cent in earthworks and 35 per cent in construction), followed by transport (23 per cent), marine activities (8 per cent), environmental management (4 per cent) and miscellaneous government contracts (8 per cent). Finally, it should be noted that the new entrepreneurs, both Caledonian and Kanak, often came from modest social backgrounds. These figures indicate that competition from the south did not seriously disadvantage the entrepreneurs of the north, but that was mainly because of provincial policy measures taken to counter that risk.

A few examples will serve to illustrate this point. Although some local businesses were already involved when work first commenced at the Vavouto site, major contracts—especially for earthworks—were awarded to businesses from outside the area. In keeping with the fears previously expressed by local economic operators, businesses in the VKP area were not well structured, were poorly prepared to meet the demand, and thus had trouble asserting themselves against the outsiders. They tried to stress the need for local employment and the political values of ‘rebalancing’ and ‘common destiny’ at the expense of market relationships that favoured large companies with prior experience of working with Hatch Technip, which was the joint venture company selected by Falconbridge (in 2006) to oversee the whole construction process. In 2008, the Bureau des Entreprises du Nord (BEN) was established by local entrepreneurs to push for greater local participation, especially in relation to the earthworks contract awarded to the multinational company Vinci. From the outset, BEN united northern business organisations with partnerships, known as sociétés civile de participation (SCPs), which represented the local Kanak clans. However, the federal structure of this organisation did not meet the requirements of KNS, and that is why SAS Vavouto was established in late 2008. This new corporate entity was able to raise finance on its own account and take responsibility for issuing subcontracts on behalf of KNS, often by dividing them between local companies that were members

19 See Poithily (2010) for more detailed description and analysis of these case studies.
20 This major contract included design, procurement and project management services.
of BEN while underwriting their capacity to meet the contractual requirements. In return, SAS Vavouto received a commission calculated as a percentage of the value of each contract and redistributed the dividends to its shareholders, which were the main clans of the VKP area grouped into SCP partnerships. Although the new company did not secure all of the contracts that it wanted, it did secure enough—including some of the earthworks contracts—to make a significant contribution to the growth in spin-offs for local businesses.

The provincial authorities supported the establishment of another joint venture, the Société Webuihoone Maritime SAS (SOWEMAR), in which a subsidiary of SMSP owns 49 per cent of the shares, while the rest are divided between two clan-based companies from the VKP area. SOWEMAR secured a contract to operate the tugboats that tow the bigger ships entering the port of Vavouto, and this enabled the participating clans to create a long-term and potentially profitable activity in the area. It was not expected that local residents would so quickly capture a share of the market in activities aside from those that have conventionally been assigned to them, like caretaking, cleaning and ‘site enhancement’.

The French Government also played an important role through the provision of tax relief. Unlike provincial tax exemptions associated with new projects, which have been criticised by developers for being too small and by contractors for being too slow, national tax relief on vehicle prices facilitated the creation of new businesses in the area.

In light of these examples, it would seem that a variety of local entrepreneurs got more than they had previously hoped to get from the economic development triggered by the project. The strategies adopted, in particular the collective dynamics generated around public shareholdings and embedding of contractual decisions in local social networks, generally proved effective. However, it must be stressed that most of the businesses created were very small in size (80 per cent had no salaried employees), and that provincial economic activity was still highly dependent on the public or semi-public sector as the leading supplier of salaried jobs and provider of financial support for the vast majority of private initiatives. This situation, which the provincial political executive hoped would be a temporary one, demonstrates the inexperience and financial frailty of a network of businesses, the majority of which had only recently been established.
The Social Cohesion Issue

What the Local Actors were Saying in 2005

In 2005, there was a general belief that big projects would accelerate and amplify the changes in local communities, which had already been weakened by the rapid changes taking place, because they would aggravate social inequalities. The role of the customary chiefs in economic development, the institutionalisation of the relationships between the political office holders and customary chiefs, and the need to ensure ‘historical continuity’ were at the centre of the questions being raised. The need to respect the rights of the clans was highlighted by some customary chiefs, but warnings against opportunistic conduct were also being expressed. The customary chiefs in the tribes closest to the proposed project expressed the greatest fears about the social changes to come: ‘People are going to earn money but let’s be careful to use the money for our well-being and not to our disadvantage’. The customary authorities were preoccupied with preserving a way of life even though ‘life is going to change’, particularly as many of them stated that they did not ‘know what is really going to happen’.

On a slightly different note, the people’s elected representatives were aware that the project would accelerate changes in the local society and thought it was essential ‘to prepare to control them’. The influx of people and the growth of economic activities and revenues were considered as positive drivers of a ‘co-mingling’ between villages and tribes as long as they were controlled. Hence, the ‘preservation of a tribal space’ that was not excluded from development, but could benefit from it through the adoption of new practices appropriate for customary land, appeared to some of the mayors to be an important way of exercising such control. For a small minority of the mayors, outside the VKP area, the risk of ‘bad development’ was one that could not be ignored, and they thought it was necessary to remain vigilant against ‘the wrong kind of development’ that results in a poor distribution of the wealth that is generated.

More broadly, questions remained about the choice of a ‘dehumanised’ form of economic development, ‘favouring individualism’. These identity-based issues reflected the fears of a ‘loss of peaceful life in the north’ and the risks of growing social ruptures. This sentiment was accompanied, however, by clarity in relation to the differences between European and
Kanak conceptions of development, and the need for corresponding differences in strategy and policy. Finally, there was concern about one demographic aspect of the construction process: ‘Many foreign workers will come; they will be single and that can cause many problems’.

What the Research Said in 2010

There are no statistics that provide objective information about the link between development and social cohesion. To assess the differences between expectations and practical experience, we relied on three main sources:

- the CODEV evaluation carried out by the IAC, specifically its assessment of the project’s impact on the social integration of households;
- a study of the customary life of the Koné and Pouembout tribes (North Province 2008); and
- a more general study of the solidarity networks in local communities (Grochain and Poithily 2011).

The CODEV evaluation was concerned with the distribution of XPF3.4 billion in support of 3,362 economic projects in North Province. The program was also intended to respect and develop the local Kanak culture, and was therefore not exclusively focused on the production of marketable goods, but was also meant to contribute to an improvement in the social life of the beneficiaries. A noticeable improvement in relationships with the local population was found to have been achieved. Having received assistance, individual CODEV beneficiaries felt that their activities were being recognised and, as a result, they were better integrated into professional networks. For their part, the groups and associations supported by the program were found to enjoy a better social environment as a result of 57 per cent of the projects. For these two types of CODEV beneficiaries, the projects appeared to play an important role in the acquisition of a certain socio-professional recognition. Moreover, 54 per cent of the projects were found to have improved social relationships within tribes, while 46 per cent had this effect within villages. At the same time, however, problems involving jealousy appeared in 28 per cent of the projects that had some social impact (and may have played some role in the 9 per cent that were simply aborted). Overall, less than one-third of
the projects were perceived by the beneficiaries as having had a significant impact on their social environment, and many of them were assessed more in terms of how they improved individual living conditions. On the other hand, the beneficiaries perceived a decline in the negative impact of projects on the social environment, which suggests the emergence of a basic trend towards a greater social acceptance of market integration.

The study of the Koné and Pouembout tribes emphasised the rarity of wealth creation in late 2008, and thus corroborated the fears of a growing imbalance in the distribution of benefits from the new project (North Province 2008). The assets of the tribes were found to reside in the social economy, which was often organised around women and the conduct of very small-scale productive activities. The consultancy report was based on an inventory of 48 businesses originating from within the two tribes, which had a combined population of 3,000 residents. Ninety-two per cent of these were fragile micro-businesses that generated 130 jobs between them and focused on activities (such as transport) that were related to the proximity of the plant site. At the same time, the study noted a trend towards a reduction in food-producing activities with the emergence of wage-earning opportunities, the small proportion (only 15 per cent) of micro-businesses that were producing food on customary land, and the disappearance of several livestock farms. The analysis confirmed the risk of social and customary deconstruction and an exodus of villagers to the urban centres. To this scenario was added local people’s pessimism regarding the possible impacts of economic development on social relationships, such as the emptying of Kanak villages during the week, the substitution of wage employment for mutual aid, the rise of individualism, a decline in traditional authority, uncertain entrepreneurial capacities, the disappearance of vernacular languages, scholastic failure, family problems, and competition or conflict generated by the flow of regular cash incomes. Nevertheless, the report concluded with a note of optimism in relation to ‘the measured and not very alarmist formulation of the problems’ and the ‘current revitalisation of the councils of clan chiefs who share and act in the context of the customary area’ (North Province 2008: 130).

In their analysis of the strategies of the local subcontracting companies, Grochain and Poithily (2011) also reported on new forms of valuation of customary life and relationships. On one hand, these strategies enabled the placement of customary life, as reconstituted on the basis of inter-generational relationships and the social changes already under way, at
2. From Anticipation to Practice

the core of entrepreneurial practices; on the other hand, they also resulted in new forms of conflict. It was easier to secure contracts because of the developer’s acknowledgment of local people’s customary connections to the land, but this in itself was far from being sufficient as a basis for the development of a business strategy. Ideally, the business operators should become entrepreneurs while retaining certain fundamental customary elements in their working arrangements and, as previously mentioned, the GDPLs were understood to be bodies that could bridge the gap between the customary and capitalist organisation of work.

The formation of the SCPs, which brought together the clans of the VKP area, was a further illustration of this point. This type of partnership or association, which had already been tested in the context of the Goro project in South Province, was meant to be a way of enabling the customary authorities to be recognised and represented within the project. What was also involved here was an acceptance of the decision by the provincial authorities and KNS not to pay royalties to the customary authorities, but instead to initiate a kind of apprenticeship in business development. The GDPL, the basic organisational unit governed according to customary law, was modified so that it could participate in the SCP, an economic structure managed in accordance with common law that could then invest in other companies. With the support of KNS and the provincial authorities, and following around 100 meetings, the intention was to assemble the various clans in a customary form of capitalism that would offer the best solution for them. In the end, one SCP united the GDPLs (and hence the clans) from the coastal zone with their allies from the plains, another united the GDPLs from the Koniambo Massif, and a third united the GDPLs of the tribes of Baco and Poindah bordering the massif. The SCPs functioned as screening devices that took responsibility for economic issues on behalf of the customary authorities they represented, for example by investing in businesses, or collecting and redistributing the dividends arising from their investments. As we have seen, there was also an overarching structure, SAS Vavouto, which grouped the SCPs with other shareholders for the purpose of facilitating relationships with KNS, and hence formed a second ‘screen’ between the project and the customary authorities.
Thus the principle at work here did not involve the multiplication of bilateral relationships between an industrial enterprise and a set of isolated local clans, which might have been the standard practice in the logic of an enclave development, but was scarcely feasible within the local context and territorial ambition of this particular project. The intention was to recognise customary claims through innovative financial instruments, which meant a rethinking of the political relationships within and between the clans. Within this alternative form of organisation, customary relationships continued to facilitate access to markets. Based on their preferential position, particularly in relation to access to information, through their GDPLs and SCPs, the clans actually established a system for exchanging contracts and jobs that was partly free from the logic of economic effectiveness and partly bound to a customary base (Poithily 2010). At the same time, this relational structuring enabled the project’s developers to deal with one entity, Vavouto SAS, which was consistent with its management principle of not spreading contracts too thinly between the service providers.

The system that was put in place appeared to operate well enough, and enabled the shielding of local businesses from excessive competition and the linking of customary authorities from the VKP area by contributing to their reorganisation. However, it did not prevent conflicts, which remained frequent even if controlled in their intensity, nor territorial imbalances, which could ultimately become extremely risky. Furthermore, its endurance was not guaranteed because of the weakness of many of the resulting businesses.
With respect to indirect impacts, the integration of the Kanak people into an economic development program for customary land remained a source of ambivalence because of the combination of some successful projects with some internal conflicts. Without turning very violent, the latter have had the effect of ‘judicialising’ the customary world through the recognition of the clan as a legal entity and the capacity of clan leaders toinstigate legal proceedings.

The Situation in 2016

The empirical study documented in this chapter was completed in 2010, so it is now instructive to consider what has transpired since then. So far as local employment is concerned, the figures show the expected decline in the availability of jobs following the end of the project’s construction phase, but a relatively stable number of job offers in the operational phase, at a level three times higher than it was before 2005 (Figure 2.6). This is a sign of dynamism in the labour market, largely driven by the efforts to ‘rebalance’ the supply of infrastructure in North Province, supported by an overall ‘densification’ of the provincial service sector. The demand for formal employment in North Province has stabilised at around 1,500 job applications per annum in recent years, comparable to the trend in New Caledonia as a whole (GoNC 2016).

The Koniambo smelter employed 999 workers at the end of 2015 (KNS 2016). However, it is worth noting that the local labour market was destabilised in 2016, firstly because of technical problems with the furnaces in 2015, and then because of a fall in the nickel price in 2016. This instability demonstrated the extent to which the local economy was sensitive to the functioning of the smelter. Expatriate positions were the first to be cut, which led to a 15 per cent drop in real estate prices and had a negative impact on economic activity at large. A new wave of redundancies affecting local workers was avoided thanks to the trade union pressure, the reassertion of Glencore’s commitments in North Province and slightly better prospects for metal prices.

21 Nickel prices have been highly unstable on the London Metal Exchange over the last ten years. They fell from US$55,000/tonne in 2007 to US$10,000/tonne in 2009, rose to US$25,000 in 2010, dropped again to US$11,000 by the end of 2016, but are now rising again.
In the matter of business development, there was an understandable peak during the height of the construction phase, and one that was not confined to business activity within the construction sector itself, and business creation outside the construction sector has retained its dynamism in the operational phase (see Figure 2.7). The total value of contracts
relating to the construction and operation of the smelter amounted to XPF367 billion by the end of 2015, and businesses based in North Province captured 49 per cent of this value (KNS 2016). The volume of subcontracting activities has understandably decreased, and enterprises have had to close or else reorient their activities, which generated some awkward situations for individual entrepreneurs. However, the departure of enterprises from South Province that were temporarily based in North Province has limited the impact of the post-construction ‘demobilisation’ on the truly local businesses.

Figure 2.7 Net annual average of semi-annual business start-ups, 1995–2016.

Note: Numbers are negative for some sectors in some years because the number of new businesses created was smaller than the number of existing businesses that closed.

Source: Institut de la Statistique et des Études Économiques, Direction des Systèmes d'Information/Service Information et Méthodes.

It is hard to say whether local entrepreneurs have learned to operate more sustainably as a result of measures implemented before the start of the construction phase. Although the provincial dynamics no longer depend on the direct and indirect impacts of the construction process itself, they are still strongly supported (and subsidised) by the provincial authorities. The Nord Avenir Group was split off from the province’s holding company, SOFINOR, as the holder of assets outside the mining
and metallurgical sector, in order to promote economic diversification, and now holds shares in more than 80 firms in both North and South provinces. However, it is still dependent on public funding, which could be seen as a sign of frailty.

With respect to the question of social cohesion, the structures designed to bridge the gap between customary and capitalist forms of organisation are still in place (Apithy et al. 2016), but the dynamics at work do not provide clear answers to the concerns formulated in 2005 about the nature and ‘quality’ of the development triggered by the project. It appears that adjustments are being made on a day-to-day basis, but have still been dictated by the rhythms of the nickel economy, even after the smelter started operating in 2014. The slowdown in the rate of economic growth (IEOM 2016) has not had much effect on the local communities so far, and recent studies suggest that individual members of local tribes have been able to adjust to economic fluctuations through short- or longer-term occupational or geographical mobility (Pestana et al. 2016). These capacities have been enhanced by the level of infrastructural development achieved in the last three decades. However, there is still much uncertainty about the medium- and long-term social impacts that will be experienced through the remainder of the mining project cycle and hence about the opportunities offered by the new industrial regime.

Conclusion

The evidence presented in this chapter partially validates the hypotheses contained in the model of negotiations through the mining project cycle (Figure 2.2), but it also seems necessary to add some new elements into the framework in light of the relatively short period of time that elapsed between the decision to build the smelter and the completion of the construction phase.

First, it seems essential to incorporate the presence of the province, both as the face of the state and as a key actor involved in supporting the project and managing its impacts. Our observations show that its action weighs on the normative framework at the start of the project, with the dual effect of maintaining the company’s willingness to pay at a high level and noticeably increasing the negotiating capacity of the local communities. Moreover, far from concentrating its political actions on the one industrial project, the province has broadened of the concept of redistribution and
limited social tensions through the implementation of CODEV, through the operation of financial entities like SOFINOR and Nord Avenir, and through the other levers at its disposal, which remain both numerous and well resourced. To understand the effects of the project on a small territory, it would seem essential to shift the focus of the analysis to the capacity of the state (or in this case the province) to connect other dimensions of development to the production of minerals or metals.

Second, it seems that the political dimensions of the project brought about a combination of provincial action with the developer’s engineering efforts and with knowledge of the likely impacts of the project on local populations. These conditions contributed to the control of conflict at the beginning of the project cycle. Not only were the rules already generally in place, but the support of the local authorities, occasionally backed up by the developers, created conditions favourable to the emergence of organisational innovations and mechanisms for redistribution of the benefits. The high level of prior awareness of the risks, as demonstrated by the clarity of the anxieties expressed in 2005, is also indicative of a learning process that altered the shape of the curve representing the negotiating capacity of the local actors.

The model cannot, however, account for the different levels of conflict that are likely to extend through the local communities. While the project’s construction phase ran quite smoothly, minor conflicts have occurred during the operational phase, which highlight the fact that active power relations are at play, and which could lead to more acute tensions in future. It would appear to be necessary to approach the project cycle in its entirety while being attentive to the discreet changes that emerge in the initial phase and whose effects might only become apparent in a subsequent phase of the cycle.

As we have seen, the weakness of the local economic fabric also presents a major risk. Its disintegration could quickly undermine the durability of the redistribution mechanisms, the assumption of responsibility and the lessons learned through the public shareholding institutions, and the subsequent ability to contain social conflicts.

Generally speaking, due to the far-reaching economic development that has been in train through the construction and operational phases of the project, it is difficult to assess the sources of future tension that may be related to the radical social dynamics at work. We have seen that innovations
and proactive policies do not necessarily provide convincing answers or reduce the level of uncertainty about the profound nature of the changes taking place. What may be involved here, again, are the hardly discernible seeds of conflicts to come.

Ultimately, our analysis argues in favour of the ongoing monitoring of changes triggered by the production of minerals and metals throughout the mining project cycle. More comprehensive monitoring would eventually enable the formulation of more detailed recommendations that could in turn enable better anticipation and prevention of conflicts and improvement in the management of social impacts. It would also make sense to develop the analytical framework applied here by improving the integration of the state’s capacity for action, focusing on the connections between industrial and broader local development, and taking the heterogeneous nature of local communities into account.

References


2. From Anticipation to Practice


