

ISSUE BRIEF :

Community Ownership

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Essential Questions

How can communities meaningfully benefit from mineral development? What does community economic participation look like? Who should decide if and when mineral development occurs? How should external stakeholders, such as investors or governments, approach community engagement and rights-holders in a proper manner? How should external stakeholders ensure community needs aren't over-ruled by external priorities? To what extent should communities be responsible for the risks associated with mineral development?

Key Findings

- Projects should be co-developed and co-managed with and alongside of communities from the outset of the project.
- Companies should train local residents, contribute funds to, and assist in the construction of secondary services—such as hauling, construction, power plants—so communities own and operate less volatile aspects of the mining supply chain.
- Communities should maintain jurisdiction over access to roads and other forms of infrastructure, not only for financial benefit but to protect the environment and subsistence practices.
- Community liability should be limited if projects fail. Though this potentially makes it more difficult for the government to guarantee loans, communities otherwise bear most of the environmental risk without significant financial benefit.

Policy Recommendations

- Federal governments should consider mandating that projects on or near Indigenous lands provide additional forms of financial benefit to communities. Such requirements could include royalty schemes and investment into secondary services related to mining.

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- Local workers need to be a main source of employees on projects. As a way to incentivize employing local workers, the government could assume from projects varying degrees of financial investment according to the amount or percentage of local workers employed.

Focus Group Synopsis

Three main themes arose during the Community Ownership focus group: the need for companies and projects to earn social license; the need for communities to gain meaningful financial gain from projects, and how it is crucial for the Indigenous workforce to benefit from the skills and employment from projects.

Mining impacts environmental and subsistence practices when located near rural communities. It is therefore imperative that projects collaborate with local enterprises and workers to base the development at the community level. Corporate policies should refocus to safeguard the environment and respect Indigenous rights, especially for the need for responsible mining practices and transparent reporting to improve the image of mining. To achieve this, federal and investor entities should build community relations and conduct meaningful Tribal consultation at the outset of projects and while also generating youth involvement and education through activities like field trips, career fairs, and sponsorship of local events.

Communities do not have the funding nor risk tolerance needed to invest directly in mines. Companies can supplement this by funding projects and providing additional forms of financial benefit. A few examples discussed include: redistributing a percentage of corporate project profits back into community development; implementing royalty schemes, which provide more stable and reliable revenue streams, and; sharing baseline data with communities. Without these financial benefits, communities may seek financing from non-domestic sources if those foreign actors can provide financing (or energy, transportation, or infrastructure, for that matter) that domestic sources cannot or will not.

This brief draws from discussions at a July 2023 conference on Arctic mineral development, hosted by the Wilson Center, University of Alaska, the U.S. Department of Energy's Arctic Energy Office, and RAND Corporation. These findings are from the Community Ownership focus group, as well as related points discussed during five other focus groups focused on Financing, Infrastructure, Workforce Development, Supply Chains, and Regulatory Frameworks.

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