Social Licence Comes to Greenland’s Mining Sector: Will Communities be Empowered?

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ABSTRACT. The social licence to operate is a concept that has been applied to the mining sector internationally for the past two decades. In 2017, it was raised by a number of actors as a way to reduce controversy over mining projects in Greenland. In this paper, we analyse why the concept of social licence appeared, and the legitimacy problems that it was intended to resolve despite numerous changes to Greenland’s mining approval processes. We argue that the concept was introduced primarily as a way of seeking to enhance the voices and agency of local communities in resource governance. We further ask whether, on the basis of Canadian experience where social licence has been used for much longer in natural resource governance discourse, introducing the concept into Greenland will likely lead to an empowerment of communities. We argue that the Canadian experience in this regard shows that the outcome is complex, that community empowerment can take different forms or may not occur at all. Such complexity is also likely in Greenland.

Key words: social licence to operate; natural resource governance; Greenland; mining; community empowerment

INTRODUCTION

Since achieving self-government in 2009, the Government of Greenland has sought to promote mining. New governance legislation has been introduced and revised multiple times. However, this has not quelled criticism of the approval process, and some projects remain contested, most notably the Kvanefjeld rare earth minerals project, which includes the mining of uranium. In 2017, a concept hitherto absent from the policy discussion, the social licence to operate, burst onto the scene. First, the term was included in an application by a company for approval of a titanium mine in the north of the country, then it was advanced by a former Prime Minister at the Greenland Business Association’s biannual conference, and lastly, it was the subject of a two-day conference held in the capital Nuuk, which was attended by academics, government officials, and companies.

While the concept of the social licence to operate has been common currency in mining and other resource sectors for two decades, its use in Greenland represents a new departure. As a small country of 56,000 people, Greenland has long been open to flows of capital, trade, and ideas most obviously from Denmark but also from other Arctic countries. The mining sector has been particularly open to international trade and capital flows; now the idea of the social licence to operate has arrived as well.

This paper examines why the concept of social licence appeared and the problems it was intended to resolve.

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These problems were primarily ones that can be grouped under the heading of insufficient community involvement and voice. Social licence has been advanced as a tool to address this problem since, as Bice and Moffat (2014:258) argue, “at its best … an SLO [social licence to operate] may empower project-affected community members to define and enforce their expectations for a proponents’ behaviour and activities.” However, theory also suggests that community empowerment may not always be the outcome. Furthermore, community empowerment from utilizing social licence may take different forms, including the mobilization of opposition to projects. We analyse whether, on the basis of Canadian experience, introducing the concept into Greenland will likely empower communities in the sense of enabling them to influence other actors’ behaviour and, if so, how. We argue that introducing the social licence to operate produces complex effects with the outcome far from certain.

We draw upon primary and secondary sources. Primary sources are 13 interviews undertaken in 2017 in Greenland with business, government, labour, and non-governmental organization (NGO) representatives and dozens of interviews conducted in British Columbia over the period 2013–18 with government, Indigenous, and NGO representatives. All interviews were semi-structured and conducted in English, with the exception of one interview in Greenland conducted through an interpreter.

MINING IN GREENLAND: CONTEXT AND GOVERNANCE PROCESS

Interest in mining has a long history in Greenland dating back at least two centuries (see Sinding, 1992; Nuttall, 2012) with “organized mineral exploitation” beginning in 1854 (Nuttall, 2013:371). The recent history of mining in Greenland is shaped by the long global commodities boom of the 2003–14 period when the prices of commodities on world markets increased substantially as a result, among other things, of rising demand from China. This commodities boom led to a shift towards extractive activities in many parts of the world, including the Arctic. In Greenland, this shift was associated with proposals for an iron ore mining project, for several rare earth projects, for a (medium-sized) ruby mine, and for a titanium project among others, based on the fact that, “Greenland has proven underground reserves of vast potential” (Committee for Greenlandic Mineral Resources to the Benefit of Society, 2014:11). The outcome, according to Nuttall (2015:105–107), “appears to be an inevitable transition to an industrial nation based on the extraction of minerals and hydrocarbons” as Greenland became re-imagined as a “resource frontier.”

This global commodities boom coincided with Greenland’s push for autonomy from Denmark. Greenland ceased to be a colony in 1953 when it became a county of Denmark and was granted home rule in 1979 (Bertelsen et al., 2015:16). In 2009, a new system of self-government was established. One of the economic consequences of self-government was that the block grant from Denmark was frozen in real terms at 2009 levels, leaving the new Greenland government with the task of funding “steadily increasing social welfare costs as the population ages over the next two decades” (Boersma and Foley, 2014:VI). Mining was seen as an answer to obtaining this funding; as one of its first acts, the new self-government declared that subsurface rights fell under its jurisdiction, marking another stage in the long-standing controversy on the division on these rights between the Danish and Greenlandic governments (see Boersma and Foley, 2014). The promise of increased mineral wealth was temporally tied to the new form of government; indeed, as Bjørst (2016:36) noted “mining was staged as the fast track to economic independence.”

The initial years after self-government were ones in which mining and oil and gas production were expanding rapidly; the associated problems of managing such expansion were the key issue (Hansen et al., 2016). The end of the global commodities boom and the changing political economy in Greenland itself, including frequent changes to legislation and the adoption of a new royalty regime, have slowed investment in the sector. While Johnstone and Hansen (2020) still see mining activity as significant, others are now analyzing how to explain the “lack of progress in developing a mineral resources industry” in Greenland (Taarup-Esbensen, 2019:1362). The questions of how best to govern a mining industry and how to establish its public legitimacy remain, however, regardless of any changes in the pace of exploration and activity. The 2021 election of Inuit Ataqatigiit might spell the end of the controversial Kvanefjeld rare earth minerals project (at least for the foreseeable future) but does not necessarily mean that other mining projects will not advance.

The process for approving and obtaining public input into mining activities is governed by the Mineral Resources Act of 2009 and its subsequent amendments in 2012, 2014, 2015, 2016, 2018, and 2019. In 2009, the government set up the Bureau of Minerals and Petroleum to handle all aspects of mineral and oil and gas development. The potential for conflict of interest between approving and regulating projects led to the subsequent separation of the two functions between the Minerals Licence and Safety Authority and the Environmental Agency for the Mineral Resources Area, which are housed in separate ministries (see Bertelsen et al., 2015). Some of the amendments following this reorganization are quite extensive, covering issues such as the jurisdictions of the relevant ministries responsible for reviews and approvals (2012), provisions for small-scale mining (2012, 2016), tax reporting (2016), and the inclusion of wind energy (2018). The 2014 amendments in particular were aimed at addressing deficiencies in the public consultation process and giving greater recognition to local concerns and opportunities for local participation (see also Tiainen, 2016). The discussion below is based
on the Mineral Resources Act as amended up to 2020 (Government of Greenland, 2020) and focusses on those parts most relevant to public consultation and legitimacy.

Part 15 of the Act stipulates that all large-scale mineral projects must undergo an environmental impact assessment (EIA), which must be approved by the government before a licence can be issued. Part 16 stipulates the same for a social sustainability assessment (SSA) and social sustainability agreement. Section 77.2 further stipulates that “the SSA report must appropriately demonstrate, describe and assess the direct and indirect impacts of the activity on social conditions as well as the interaction between the conditions, mutual impact between the conditions and cumulative effects of impacts on the conditions.” The Act was amended in 2012 to include the provision that a social sustainability agreement, which addresses any specified social impacts and issues, must be approved by the Greenland government. Such agreements must include information on issues such as the employment of labour from Greenland, contracts for suppliers from Greenland, mineral processing requirements in Greenland (Section 18.1-3) and the “education or training of Greenlandic manpower” (Section 78a.2).

Part 18a, added to the Act in 2014, provides details of the public consultation processes that must occur around the EIA and SSAs. This part stipulates that the project proponent must prepare a project description available for the public for pre-consultation for 35 days. Based upon the pre-consultation, the EIA and SSA are then produced by the proponent. Once submitted, the government then releases the EIA and SSA for public consultation for a period of eight weeks. It is further stipulated that public consultation meetings will be convened by the government with a minimum of 14 days’ notice (Section 87d.1) and that such consultations must take place “in towns and villages particularly affected by the activities” (Section 87.c). It is further stipulated that consultation meetings will be conducted by a government-appointed moderator, that time for “general dialogue” and for “stakeholders to read out their statements on the project” must be allowed, and that minutes of the meeting will be taken and published (Section 87d.2-5).

Amendments to the Act introduced in 2014 also set up a fund to support “affected citizens, local communities and relevant organizations in Greenland … to initiate assessments and seek advice to identify any special problems in relation to specific mineral resources in Greenland as well as to hold meetings about the social and environmental impact of the project” (Section 95a.1). Application to the fund could be made once a project description had been released for pre-consultation.

The social sustainability agreements (also known as impact benefit agreements [IBA]) are negotiated between three parties: the Government of Greenland, the municipality in whose jurisdiction the project resides, and the proponent company. The agreements are public documents. The intent is to provide local benefits so that a project’s potential benefits are not all captured by higher levels of government but are also shared with and experienced by local communities. As such, they stress education, training, and employment as well as including other benefits. These are viewed as key objectives given the generally low level of formal educational qualifications and high rates of unemployment among communities in Greenland.

As an example, consider the IBA signed in 2015 by the Government of Greenland, the Municipality of Qeqqata Kommunia, and Canadian-owned Hudson Resources Inc. concerning the operation of the Qaqortorsuaq/White Mountain anorthosite project (Qeqqata Kommunia et al., 2015). This IBA includes general non-negotiable principles and objectives as well as project specific targets. Included are measures to facilitate the use of Greenlandic labour and suppliers in the operation of the mine. These include commitments by the Government of Greenland and the municipality to provide education and training programs and for the company to provide career information sessions, apprenticeships, internal training programs, a recruitment and retention plan for Greenlandic workers, and cooperation with educational institutions (see Qeqqata Kommunia et al., 2015: Article 10.2.2). In addition, specified sums must be paid by the company to support education. The amount is adjustable depending on the percentage of the workforce employed being Greenlandic; if it falls below 75%, the education fund must be increased and can be decreased if the percentage rises above 85% (Articles 10.3.5 and 10.3.6). The company also commits to the “participation of women on an equal basis” (Article 10.4.1).

In terms of the actual employment numbers, the project was expected to require 20 workers during the construction phase and 61 full-time workers during the mine’s 20-year operation phase. The IBA stipulates a target of 50% Greenlandic workforce during construction and the first two years of operation and 80% Greenlandic workforce during the operational phase from year 3 onwards (Qeqqata Kommunia et al., 2015: Appendix 3). This target is regarded as being part of a “dynamic working document” (Qeqqata Kommunia et al., 2015:4) and, as such, is renegotiated between the parties annually based on an evaluation performed by the three parties to the Agreement.

The IBA also mandates the company to “respect and promote Greenlandic society and culture” through making Greenlandic food available to workers, providing cross-cultural training to all employees, giving consideration to work schedules, and providing employment counselling upon mine decommission (Qeqqata Kommunia et al., 2015: Article 13.2). Specified funds are made available to support local cultural and sports initiatives and activities to benefit local citizens (Article 13.3). Finally, the Government of Greenland stipulates that it will use external health experts to conduct health studies (Article 14.1.2).

The approval processes, as set out by the Mineral Resources Act (especially as amended in 2014), and the local benefits, as set out in IBAs, appear to be thorough and transparent, although they are not without criticism. Tiainen (2016:286–287), for example, argues that the
MINING IN GREENLAND: CRITIQUES AND PUBLIC OPPOSITION

The mining approval process outlined above has been criticized by a number of organizations, and opposition to projects has spilled on to the streets of the capital, Nuuk, especially in the case of the “No to Uranium” campaign against the Kvanefjeld rare earth minerals project (Nuttall, 2013, 2015). The Kvanefjeld project has been controversial since Greenland, in line with Denmark, had a zero-tolerance policy on uranium. This policy, however, was overturned by a vote in the Greenlandic parliament in 2013 by 15–14 (with two abstentions) (see Bjørst [2016] for debates surrounding the project).

Underlying these public displays of opposition, however, are broadly felt concerns raised by a range of actors about the approval process for projects. Findings drawn primarily from our interviews conducted in 2017 broadly confirm those provided by Wilson (2016) based on interviews conducted over the period 2012–15 and in 2013–14 by Hansen et al. (2016). Given that new requirements regarding pre-consultation and consultation were added to the Minerals Resources Act in 2014 (see Part 18a) and on funding to assist individuals and groups to support assessments (see Part 19), the evidence presented here is important because it indicates that concerns reported by the earlier studies continue to be raised despite the amendments.

Two major concerns were raised repeatedly in our interviews. The first concerned the lack of participation and public engagement and the second, the lack of independent assessment. Both concerns can be seen as forming an overarching theme, namely, that communities are disadvantaged in relation to government and company actors in the approval process and need to be empowered.

The concern over lack of participation and public engagement was expressed by NGO and industry interviewees. For example, the Director of the Greenland Business Association, Brian Pedersen stated “the system and the process are too closed. It has to be much more transparent” and ICC Greenland President and Executive Council Vice Chair, Hjalmar Dahl, indicated that the ICC wants greater input and “we feel that more involvement should be developed” (pers. interviews). Pedersen further argued that it is in the interest of specific proponents of projects to have greater transparency around the approval process because “it backfires afterwards if people suddenly realize that they were not quite aware of what was going to happen and in what way” (pers. interview).

Multiple actors raised the issue that information presented at hearings is in English, which many people do not understand; that while documents in English are translated into Greenlandic, the translations are often poor. President of Transparency International Greenland (in 2017), Anita Hoffer, stated “normally we find that the materials are very hard to understand. It might only be in English. If it isn’t in Danish or Greenlandic, its translation normally is not very good. It’s very hard for non-professionals to understand and that is something we will criticize” (pers. interview). Similarly, Hjalmar Dahl from the ICC stated “we have to translate everything and it takes time and sometimes depending on who’s translating, sometimes in the reports there are differences in the English, Danish, and Greenlandic versions” (pers. interview). A government official acknowledged these limitations (pers. interview).

The public consultations were also widely seen as problematic. Project Coordinator for World Wildlife Fund Greenland, Kaare Winther Hansen, stated: “All the meetings are public and there’s some information on the home page of the government. There’s a website where you can see some of the materials. And then you can as a private person or whatever, you can write your own answer to this public hearing. But sometimes important documents are missing and it’s so complex and a thousand pages in scientific English” (pers. interview). As former Premier Kleist, who served from 2009 to 2013, pointed out, calling everyone to a meeting in the community hall for a presentation in English that nobody understands and sending out a 500-page document in English do not fulfill the principles of conducting a hearing (pers. interview). Kleist is currently a member of the ICC and a consultant to an Australian mining company and thus, his experience spans the government, business, and the NGO spectrum. Participation and engagement are also limited because the method of providing information via the internet is restrictive in a context where internet connectivity is limited and expensive and the general level of education is low.

The Greenland Business Association and NGOs agree that a more open and transparent process for approving mineral projects is needed. Pedersen of the Greenland Business Association indicated that the association has signed joint letters to the government a few times with NGOs. He recognized that NGOs lack the resources
to participate in the process and indicated that he “would prefer that we ensure that the NGOs have the right competencies and resources to join the process” (pers. interview). On the NGO side, the President of Transparency International, Anita Hoffer, stated “on the mining projects, the NGOs and the other organizations, the business organizations, are very much on the same lines” (pers. interview).

The similarities in the position of business and NGOs with respect to the lack of public participation in the mineral approval process, the importance of increasing participation, and mechanisms for doing so are striking and provide an unusual example of business and civil society organizations both supporting a common agenda of greater public involvement. Both groups have also prepared reports to address these concerns. With reference to a report written in 2012 on consultation processes associated with large-scale projects in Greenland (Bjørn Aaen, 2012), Pedersen notes “I think it’s a super document because it reflects on the very basic considerations and how to involve people the proper way” (pers. interview). The report by the Greenland NGO Coalition for Better Citizen Involvement (2014), produced by six leading Greenland NGOs, describes the meaning of good citizen involvement and provides a set of recommendations to improve citizen involvement. The reports complement each other and share many of the same concerns and advocated solutions.

Some of the interviewees did speak to improvements in the approval process as a result of the 2014 Amendments such as including the pre-hearing period, extending the time period for public review of proposals from six to eight weeks, and the provision of some funding for NGOs to participate. However, these changes were still deemed insufficient by interviewees from both the business and NGO sectors for facilitating adequate participation; in addition, it was remarked that some politicians inhibit people from speaking out.

The second major concern identified in the interviews was the lack of independent assessment by government. Representatives of both business and NGOs raised concern that the government lacks the capacity to undertake independent assessment of mineral projects. But it was not simply a lack of capacity that was the problem; it was also the perceived close connections between government and proponents. For example, it was argued that the public hearing process is flawed because politicians and civil servants participate in the hearings rather than receiving and assessing the credibility of the information provided by the companies. Having the politicians at the hearings makes them seem like proponents of the project rather than as neutral decision makers and regulators. Anita Hoffer, from Transparency International, for example, stated “we don’t think politicians should be in that kind of hearing, but they do; they participate and they tell about their political view of the projects. It could be the Minister, it could also be other kinds of politicians” (pers. interview). Former Premier Kleist stated that having politicians attend the hearings on specific mineral projects is “a mixture of confidences” and “it looks like it is an election campaign and the politicians want to be in the front row and stating their statements … I think it’s confusing for the average inhabitant to see those who should be having the last word on an application being involved so closely with the companies” (pers. interview).

There was also concern that the EIA reports lack reliability and legitimacy because they exclude important information, inadequately assess some of the negative impacts, or fail to consider alternatives. Some of the failings arise because they are not a requirement of the EIA such as documenting cumulative impacts or negative impacts on communities outside of Greenland in the case of uranium, but others are thought to arise because companies are perceived to be able to get away with incomplete reports. Multiple examples of inadequate analyses were provided such as problems associated with addressing tailings, failure to disclose fluoride and sulphur emissions, and impacts of mining on local food sources and hence health.

Given the limitations of the approval process for mineral projects and the widespread interest in greater participation in decision making, especially by local communities, the social licence to operate has been advanced as a solution. For example, Sejersen (2016:180) suggests that the “social licence to operate (SLO) should be used as a leverage to explore and discuss future avenues for the good life and to create ideas for how to approach societal transformations.” Other academics have also applied the concept of the social licence to operate to the energy sector in Greenland, stressing its ability to increase the legitimacy of decision making (Smits et al., 2016, 2017).

The idea that introducing the concept of the social licence to operate could provide a way to advance the governance of the mineral industry has now moved beyond the sphere of academic studies and has entered into Greenlandic policy discourse. As noted in the Introduction, the first indication of this came in February 2017 with the use of the term in the social impact assessment report submitted by the company Niras Greenland in support of its Pituffik Titanium project. In the section entitled “Stakeholder Engagement” it is stated that “a key component in the ‘social licence’ of the project is the engagement of stakeholders, including public consultations” (Niras Greenland, 2017:34). This phrase was included in the text apparently upon the advice of the Government of Greenland, which encouraged the company to signal its commitment to an open review process in this way (pers. interview).

A second appearance of the term came in a presentation by former Premier Kleist to the Greenland Business Association’s biannual conference in May 2017 and in the accompanying workshop. He identified four issues facing modern mining companies in Greenland in 2017. These were, in the order listed: social licence, corporate social responsibility (CSR), environment, and transparency.

Shortly afterwards, a two-day international conference was held in Nuuk in August on the theme of the “Social Licence to Operate in the Arctic regarding exploration,
mining and processing.” The meeting was attended by Greenland government officials (from the Mineral Licence and Safety Authority, the Environmental Agency for Mineral Resource Activities, and the Ministry of Industry, Labour, Trade and Energy), by municipal government officials, by company representatives, NGO members, and researchers. Organized as part of the scientific ArcHub group and facilitated by a Greenlandic representative with the Geological Survey of Denmark and Greenland (GEUS), the conference consisted mainly of presentations by academics (including one by the authors of this paper).

The question that arises is whether this new interest in and promotion of the concept of the social licence to operate in the Greenlandic context will provide solutions to the deficiencies in mining governance. There appears to be a broad consensus across civil society organisations that communities and the public at large are not sufficiently engaged and empowered in the current processes. This consensus has led to the assessment that the current governance system lacks legitimacy as a result, a problem for both supporters and opponents of mining projects.

SOCIAL LICENCE TO OPERATE: THEORETICAL ISSUES

The fact that the concept of social licence appeared in Greenland is not surprising given that it does offer a way of shifting the focus of discussion away from just government and business by including community perspectives, especially those communities most affected by a project.

The concept of the social licence to operate is generally considered to have originated in the mining sector in the mid-1990s (Moffat and Zhang, 2014). Its introduction was designed as way for corporations to reduce local opposition and to channel conflict into corporate engagement mechanisms capable of managing conflict and reducing business risk. These goals are clear from Canadian mining executive Jim Cooney, typically credited with coining the term, who, reflecting on the social licence to operate, stated that “[m]ining companies could not ignore the concerns of those communities and their supporters without risking local conflicts erupting with potential financial and reputational damage. Consequently, on a separate track of political risk management, mining companies needed to engage with local communities that were directly affected, as well with their institutional supporters around the world, to seek their approval for the establishment of a mine in their vicinity” (Cooney, 2017:2–3). Similarly, Black (2013:31) stated that “[t]he business case for managing your social licence is all about managing risk. Managing risk (and its corollary, managing reputation) is the most common reason that companies begin to think about how to protect their social licence” and it is a way to address project and company legitimacy (see also Prno and Slocombe, 2012.) These statements resonate with the comments of Pedersen, of the Greenland Business Association, who noted that the absence of initial public participation can imperil projects subsequently.

The case for engaging local communities has been widely accepted by mining companies, and seeking to obtain and maintain a social licence has become an industry-wide practice, not least because, both in 2019 and 2020, losing social licence was ranked as the top business risk for companies in the mining and metals sector by Ernst & Young Global Limited, a global management consulting company (Mitchell et al., 2020). There has been considerable analysis of the forms that social licence might take. For example, Thomson and Boutilier (2011) present a hierarchy of social licence from acceptance, to approval and co-ownership; a company must obtain a community’s agreement that the project is legitimate for it to proceed, and then may acquire higher levels of social licence if the community perceives the company to be credible and then trustworthy.

Social licence can therefore be viewed as an industry-led initiative designed to decrease business risk by gaining local community support, in varying degrees, for a project. This initiative is deemed particularly necessary where there has been “the erosion of public trust in government structures and processes, and the legitimacy of environmental regulation” (Van Putten et al., 2018:24), a situation which our interviews indicate has occurred at least to some extent in Greenland. Social licence is generally viewed as intangible (Nelsen and Scoble, 2006), despite efforts to measure and model social licence. In contrast to the legal licence, no written certificate is issued, although companies may seek written support from key stakeholders in the form of motions of support from local governments and industry groups at various levels. If the project proceeds, then companies may also seek to renew the written support from various groups given that the social licence is typically viewed as non-permanent since the impacts on the local community can change over the life cycle of the project. That is, the granting of a social licence by a community is a typically a matter of interpretation rather than a formal legal document and is something that needs to be continually renewed as it is more of a “living licence” capable of being withdrawn and regained than a time-specific legal document.

Companies use various CSR strategies of community investment and engagement to obtain and maintain a social licence. More specifically, Thomson and Boutilier (2011) argued that legitimacy, credibility, and trust are the key factors or transition criteria associated with achieving higher levels of social licence. The importance of trust in obtaining a social licence is explicitly recognized by companies and industry associations. The Mining Association of Canada, for example, refers to building trust through CSR strategies to obtain a social licence: the “Canadian mining industry knows that there is a right way and a wrong way to operate. Doing it right builds trust among communities and decision-makers, and reduces key business risks —both critical elements to a company’s
bottom line” (MAC, 2021). It further indicates that “sound CR practices can help a mining company maintain its privilege to operate” (MAC, 2021).

The empirical literature offers support for these factors in relation to social licence. For example, de-Miguel-Molina et al. (2019) argue, based on an analysis of letters from CEOs of 32 mining firms, that company discourse attempts to obtain social licence through the promotion of their legitimacy and credibility, and creating trust with stakeholders. Moffat and Zhang (2014), in a longitudinal study of mining companies in Australia, found that procedural fairness and high-quality engagement as well as minimizing negative operational impacts were important for gaining trust and a social licence. Prno (2013), based on qualitative data from four mines in four different countries, points to the importance of CSR strategies of engagement and benefits, as well as sustainability. Other studies have identified concrete actions to contribute to quality engagement and relationship building. These include micro-contracts with stakeholders (Wilburn and Wilburn, 2011), community agreements (Keenan et al., 2016), impact benefit agreements (O’Faircheallaigh, 2010, 2015), as well as mechanisms for meaningful dialogue (Vanclay and Hanna, 2019).

This theoretical perspective therefore views social licence as something that local communities are empowered to give, renew, retract, or deny. As such, it is incumbent on mining companies to engage with local communities to obtain their trust and to legitimize mining activities. This need, therefore, gives power to local communities and places obligations on industry. However, as Gunster and Neubauer (2019) argue, much more attention has been paid to how communities give and renew social licence than retract or deny it. Much of the industry-focussed discourse is therefore concentrated on what corporations must do to obtain social licence, with community empowerment interpreted as the ability of the community to extract benefits from the company in return for agreeing to a project. This is, however, only one perspective on the relationship between social licence and community empowerment.

A second, sceptical perspective questions the extent to which such benefits and empowerment can be realized. This perspective results from corporate-community negotiations being viewed as reproducing existing power imbalances rather than confronting them. Definitions differ as to who is to be included in a definition of a community and what constitutes local (particularly pertinent in a country such as Greenland with sparsely populated areas). Whatever definition is used, the greater power and resources of the company compared to the community means that the community, especially the more marginalized population, is unable to participate or to participate on equal terms. For example, the company typically provides the information about the project and has more resources to research and present the findings, and the community does not have the resources to research all of the perceived negative impacts. Further, where groups have different worldviews and values than the company, they are more likely to be marginalized and not have their voices heard (Moffat et al., 2016).

In contexts where the private sector is dominant relative to the government and civil society sectors or the mining sector is a key contributor to the economy, then social licence may more easily be obtained (Boutilier, 2021). As Brueckner et al. (2014:316) argue that in the context of Western Australia, where the state government is focused on resource-extraction development, there is greater potential for “self-serving corporate social responsibility” and “narrow construction of SLO by government.” The second perspective, therefore, sees social licence as a mechanism to reinforce corporate power and an example of corporate spin rather than enabling community empowerment.

A third perspective provides an altogether different situation when communities appropriate and use the concept of social licence—and specifically its absence—to deny corporations the support they desire to proceed with projects. That is, social licence empowers communities and citizens “to reject (rather than simply negotiate) particular forms of development” (Gunster and Neubauer, 2019:711).

There are numerous examples of concepts that might empower marginalized communities being used or mainstreamed in ways that take away much of their radical intent. In the context of extractive industries, Kirsch (2014:3) has argued that corporations “co-opt the discourse of their critics by promoting themselves as responsible, sustainable, and transparent.” In the case of the social licence to operate, however, we have a relatively rare counter example of a term designed by industry but being co-opted by its critics. In Canada, community activists and NGOs have adopted the language of social licence to assert that projects have not obtained it. As Mather and Fanning (2019:499) argue, “there is strong evidence to suggest that environmental justice groups and local communities affected by resource development have wrestled control of social licence from industry … In other words, social licence is being mobilised by wider social justice networks and local communities contesting resource extraction.” The effect has been, according to Gunster and Neubauer (2019:708), that “from a largely banal, industry-sponsored talking point to a dangerous idea that threatens economic prosperity and good governance, social licence has undergone a remarkable transformation in Canadian public discourse.” It has led, perhaps unexpectedly, to a “radical reframing by environmental groups, local communities and (to a lesser extent) First Nations” (Gunster and Neubauer, 2019:723) of social licence to push for greater democracy and local control.

This is precisely what has happened in some instances in Canada; communities and NGOs have used social licence as a way to empower themselves to deny resource projects—the opposite outcome of its original intent (see below). Indeed, this development has meant that the original advocates of social licence—industry—have increasingly abandoned the concept, and their supporters have even
attacked it. Newman (2014:5), for example, suggests that business leaders should avoid the term social licence and instead “may wish to think about different and more neutral terminology, such as terminology related to building public trust or building community relationships.”

In theory, therefore, the relationship between social licence and community empowerment is contested and complex. The industry-focussed analyses suggest that communities are empowered as a result of corporations requiring their support for projects in order to minimize conflict and reduce business risk. Critics argue that such empowerment may be limited in practice as existing power asymmetries are reproduced. More recent community-focused analyses again point to social licence facilitating community empowerment but this time to oppose and reject mining (and resource) projects.

ILLUSTRATIONS FROM CANADA AND IMPLICATIONS FOR GREENLAND

A comparison between Greenland and Canada is appropriate for a number of reasons: Canadian companies have been involved in the Greenlandic mineral sector with True North Gems—Greenland’s only operating mine at present, producing rubies—being previously under Canadian ownership; Canadian company SNC Lavalin did the engineering work and Canadian consultants were involved in the assessments for the Isuksasia iron ore project; and Canadian oil companies were engaged in exploration work in Greenland (see Nuttall, 2015). When the municipality of Sermersooq wanted expertise on negotiating processes with large mining companies it hired a Canadian legal expert (pers. interview). At a broad level, therefore, Greenland and Canada have been engaged in economic and technical exchanges. Canada’s longer experience with both major mining projects and the use of social licence can also highlight important issues for the Greenlandic context.

As an entry point into the Canadian experience and use of social licence, it is first instructive to review the political economy factors that led to the concept entering into Canadian (and global) corporate and policy discourse. Its timing in the late 1990s was the result of key changes over the previous decade and a half in the form of the global ideological policy shift to neoliberalism that affected Canada as elsewhere (see McBride, 2005). As part of this shift, there was a global movement towards the deregulation of mining activities, including the liberalization of foreign direct investment regimes designed to promote resource exports. Moffat et al. (2016:479) document that in the 1990s there was “new or modified mining policies and legislation in over 75 countries to promote foreign investment.” These policies generally led to the empowerment of mining corporations and a reduced role for the state in regulation; Canadian mining companies operated in this neoliberal deregulated environment both domestically (Fast, 2014) and especially throughout the Americas (see Petras and Veltmeyer, 2014). The global wave of deregulation under the impetus of the neoliberal agenda therefore “led the state to transfer many of its regulatory responsibilities to corporations and markets” (Kirsch, 2014:1). A contextual factor in leading mining corporations to seek their own forms of licence was therefore the general retreat of the regulatory role of the state under neoliberalism.

The social licence to operate therefore arose in the context of the state’s regulatory role being scaled back under the influence of neoliberalism and the consequent rise of non-state forms of governance. This changed context both promoted and shaped the contours of the social licence to operate in Canada. And out of this context, contradictory trends for community empowerment have emerged. They arise from the attempts by corporations on the one hand and communities and civil society organizations on the other to fill the regulatory space vacated by the state.

Corporate Actions: Buying Social Licence?

If the premise is accepted that companies need to provide additional benefits or assurances to local communities beyond their statutory requirements in order to gain local community acceptance (or more), then this typically involves various CSR activities. Consider, for example, the recent decision by LNG Canada to build a liquefied natural gas plant, which at $40 billion is Canada’s largest-ever private sector investment project, in the small community of Kitimat in northwest British Columbia. In many ways, the relative sizes of the project and the host community resemble those that might occur with mineral development in Greenland. CSR activities that the company has undertaken to gain community support have included contributions to the Kitimat Community Foundation, sponsoring community events such as access to swimming pools, river cleanup, subsidizing children’s summer camps, science camps, summer BBQs, an ice-skating show, signage for the Fire Department, buying a bus with seat belts, funding an alumni hockey game, and sponsoring golf competitions. None of these financial commitments are legally required but have been undertaken in an effort by the company to secure a social licence.

These types of CSR activities, commonly found in the extractive industry, can be interpreted in a number of ways. It may be argued that these benefits indicate that communities have been able to negotiate more from project proponents than they are legally required to provide and hence provide an example of community empowerment. However, despite the fact that the literature states that social licence is something that is earned by a company rather than being bought, such CSR activities can also be viewed as a corporate strategy to “buy” social licence. Given the power asymmetries between multinational corporations and local communities, a point highlighted by social licence sceptics above, the fact that resource proponents provide some local benefits to communities,
arguably some of which should be the responsibility of the state anyway, does not represent genuine community empowerment but rather the opportunity for corporations to buy community acceptance.

The question arises as to what type of CSR activities should be seen as legitimate tools for companies to use in seeking a social licence. CSR has been supported in Greenland and CSR Greenland was established by the Greenland Business Association to ensure that business contributed to the wider social development goals of Greenland (Wilson, 2016). However, when it comes to companies engaging in the type of CSR activities pursued by LNG Canada, there are reservations in the Greenland community. Business Association CEO Pedersen, when asked about the types of CSR activities found in Canada, responded: “I think [companies] expect that to be included in the IBAs … And they have to be careful because it’s not smelling if they do it that way … the IBAs are a much more accepted way to do that” (pers. interview). Former Premier Kleist, one of the main political actors promoting the idea of a social licence, makes much the same point. For him, the IBAs form “a big part of the local community’s understanding of the social licence” but should be focussed on benefits that might be expected to flow directly from the project because “if you’re moving too far away from what the mining project could be related with, to me then it becomes a bit suspicious” (pers. interview).

The IBAs, as legal documents, are therefore preferred as the mechanism for local communities to obtain benefits from a project. CSR activities, such as those commonly found in Canadian companies seeking to obtain a social licence, would in the Greenland context come with a “smell” or “suspicion” just as they do for some critics in Canada. But once a social licence is deemed necessary, then the issues of how companies should obtain it and what CSR practices are legitimate are inevitably raised. Social licence in the Canadian context refers to corporate activities that go beyond legal requirements; Greenland already has publicly negotiated IBAs, and it is not clear if introducing Canadian-style CSR activities to obtain social licence is likely to empower communities or encourage corporations to test the limits of the acceptable.

Contesting Social Licence: Community Control?

It is not a forgone conclusion, however, that the non-state governance space opened up by social licence will be filled by corporations. Various examples can be provided of this in practice in Canada. One case is provided by a series of 10 local community meetings held across northwest British Columbia in 2013 in the face of a number of large-scale resource projects, most notably the proposed Enbridge Northern Gateway oil pipeline. The meetings, organized by the then federal Member of Parliament Nathan Cullen representing the riding, were called to ask communities to determine their views on what constituted social licence. The purpose of the meetings, as explained by Cullen, was to “empower local voices or offer them alliances between themselves and between them and me, inform government, and inform industry” (pers. interview); the intent was not to be “inherent[ly] pro-development or anti-development” but about “building a tool” to enable communities to decide for themselves which projects, and under what conditions, they would accept (pers. interview). This example used social licence to provide an avenue to initiate local community discussions on what was billed as regional “renewal” and on possible futures. It has also been used with more radical intent, with the proclaimed absence of social licence designed to rally support against the pipeline and to reassert local control in the region. Bowles and Veltmeyer (2016: 256), after interviewing local community opponents along the pipeline route, concluded that “the emerging demand from civil society that projects have ‘social licence’ represents a new regional dynamic and assertiveness” (see also Gunster and Neubauer, 2019).

In Canada, social licence has therefore escaped from its industry roots to become a useful and often powerful rhetorical tool for community groups challenging resource projects. But the longer-term goal is not just to oppose particular projects but also to pressure for legislative changes that redraw the balance of power between communities and corporations. There is some evidence that this trend is present in Greenland too. The leader of the Greenlandic NGO Avataq, Mikkel Myrup, indicates that local and individual critics of projects have used the term social licence as a form of critique and protest in Greenland just as they have in Canada (pers. interview). Young (2020) also notes that NGOs have presented different views than government on the conceptualization of the environment. Nevertheless, it remains the case that NGOs in Greenland are fairly new, as Young (2020) notes, and hence their organizational capacity to challenge corporations and the state is relatively limited.

Parenthetically, it should be noted that in Canada social licence is not the only concept that has been used to challenge corporations and the state to leverage greater community control. While some Indigenous communities and their allies have used social licence to advocate for greater local voice and control, they have also used the language of free, prior, and informed consent (FPIC) for the same purpose. Some Indigenous leaders and communities, in fact, prefer this language. As one First Nation’s Chief in British Columbia explained: “It’s so convenient for them [corporations and government] to use the term [social licence], like they can run things in their own terminology and then they have their own meaning of it. … But ours is free, prior and informed consent” (pers. interview). A resource manager with another First Nation, when asked about the use of social licence in Indigenous communities, replied: “I’d say it’s used by some more than others although … we’ve kind of moved beyond that to the term ‘consent’ being the term that we prefer to use” (pers. interview). In the Canadian context, this leaves many questions of interpretation and implementation (see, e.g.,
analogous to a legal licence but based on community
licence certainly gives some credence to this view as it
its advocates hope. The theoretical literature on social
the concept will lead to empowering communities as
we have analysed the reasons for this and asked whether
appeared in 2017 from a number of sources. In this paper,
the social licence to operate to address these deficiencies
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process, a disadvantage that has not been erased by the
government and corporate actors in the project assessment
in general are disadvantaged in various ways relative to
organizations to challenge mining projects and interests
and used by the mining industry.

Within this context, the idea of adopting the concept of
the social licence to operate to address these deficiencies
appeared in 2017 from a number of sources. In this paper,
we have analysed the reasons for this and asked whether
the concept will lead to empowering communities as
its advocates hope. The theoretical literature on social
licence certainly gives some credence to this view as it
highlights the ways in which the idea of a social licence—
analogous to a legal licence but based on community
acceptance—can serve as way of encouraging or more
strongly requiring corporations to ensure that they engage
with local communities and provide them with sufficient
benefits so that community approval is forthcoming, and
the corporation's investment risks are therefore reduced.
Some parts of the literature suggest, however, that power
asymmetries and institutional structures mean that social
licence is still capable of being a mechanism for corporate
dominance rather than genuine community engagement.
Other parts of the literature see community empowerment in
a quite different way—as social licence (or rather its absence)
being a language that can be used to oppose resource projects
and strengthen local democracy and control.

As a way of teasing out the implications for Greenland
in more detail, we then drew on illustrations of how the
application of the social licence to operate has impacted
community empowerment in Canada, a country with
much greater experience of mining activity and where
the concept of social licence has been longer central to
debate. Here, a number of observations can be made.
Social licence occurred at the same time as the global
paradigmatic shift to neoliberalism. As a result, the state
rolled back its regulatory role, opening the space for the
entry of non-state governance mechanisms in the resource
sector (and elsewhere), thereby providing the opportunity
for corporations to engage directly with communities in
seeking “win-win” solutions to secure local community
support. The outcome, in practice, however, has been
complex with contradictory trends evident. On the one
hand, the prevailing power asymmetries, especially within
the context of a neoliberal state that has reduced social
support, means that large multinational corporations
have been able to use their deep pockets to advance CSR
activities that can be argued to be more akin to buying
than earning a social licence. The regulatory space vacated
by the state has instead been filled by corporations with
communities left behind. It is perhaps not surprising to find,
therefore, that social licence was initially strongly advanced
and used by the mining industry.

Over time, however, social licence has escaped from
corporate control and has increasingly been used as a
rhetorical device by local communities and civil society
organizations to challenge mining projects and interests
and has proved to be useful in mobilizing opposition. In
this way, social licence has empowered communities and
provided them with a pressure point on corporations to adapt
or cancel their plans and on governments to take regulatory
action by denying permits or changing legislation.

The Canadian experience has several implications for
Greenland. The first is that it demonstrates that whether or
not social licence does empower communities depends on
who has the power to interpret to it and how they do so.
When the state moves back from its regulatory role to open
the space for non-state actors to seek accommodations
intended to lead to greater community acceptance, then this
offers opportunities to both corporations and communities.
In the Greenland case, though, the type of CSR activities
commonly found in Canada are frowned upon, viewed even by those who support the application of social licence as problematic. The political economy of Greenland is different than that found in Canada in the sense that neoliberal state “rollback” has been much less evident, and so the space for corporate action is correspondingly reduced even though corporations are undoubtedly positioned to act as a result of their financial resources. However, compared to the multinationals they face, civil society and communities are relatively weak actors and have limited capacity to use social licence as a lever to mount their own campaigns for greater local control. As in Canada, the application of social licence is therefore subject to complex and contradictory processes. In Canada, social licence has moved from corporate dominance to a concept contested by both communities and corporations (and even abandoned by the latter). In Greenland, the concept is still in its infancy within the institutional context of limited neoliberalism and limited community power. Which actors have the ability to define social licence and with what effect are therefore uncertain. The second implication is that, as in Canada, the introduction of social licence diverts attention away from and in some ways lets off the hook state regulatory authorities, which should be seeking to improve the public’s faith in the regulatory process. Frequent changes in the Minerals Resources Act have not yet had this effect in Greenland where a significant gap remains between the legislation as set out on paper—with multiple consultation periods and transparently negotiated IBAs—and its implementation in practice where community participation is hampered and government-corporate relations are perceived as too close. Perhaps, though, Greenland has not yet travelled too far down the neoliberal governance path, and the regulatory arena still remains a good place to start for providing communities with greater power in making the decisions on mining projects that may have such large effects on them.

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