

Koniambo Nickel Mine

Impacts and Opportunities, for the Kanak communities and Post-Mining Strategies

August 15-20, 2023

New Caledonia



Knowledge Network on Mining Encounters
and Indigenous Sustainable Livelihoods



LPéAb
Société Makivik
Makivik Corporation

This report documents the activities of the MinErAL network from August 15 to 20, 2023. During this period, network members and partners, including Thierry Rodon and Sabrina Bourgeois from Laval University, and Jean-Marc Séguin from Makivvik, visited several Kanak communities in New Caledonia's Northern Province. These communities are directly involved in the nickel mining development, particularly the Koniambo Nickel SAS project located close to Voh.



Photo credit: Thierry Rodon

One objective of this visit was to gain an understanding of the relationships between the different Kanak communities and Glencore, the operator for the Koniambo Nickel project. Many meetings were held during this visit, all with the intent of achieving these objectives. Additionally, the purpose was to get an overview of the organizational structure of the companies and organizations associated with the project. Specifically, the focus was on employment opportunities, contract and subcontracts, as well as the distribution of royalties. The purpose of the visit was to highlight the strategies of Kanak business owners, the mining operator's support measures, and the societal impacts of subcontracting at the Koniambo project. In conclusion, the MinErAL network members' visit aimed to grasp the role of the Koniambo project not only in the local and regional economic growth but also in the political development of the Kanak people.

We would like to express our thanks to Jean-Louis Thydjepache for the organization of the meetings and to all the community's members and SAS' members, who generously shared their mining experiences with us.

Overview of the MinErAL network:

The Knowledge Network on Mining Encounters and Indigenous Sustainable Livelihood is an international research project focusing on extractive industries and their implications on indigenous livelihoods. Directed by Thierry Rodon from Laval University, the project collaborates with researchers and partners from Canada, Australia, New Caledonia, and Fennoscandia. The network serves as a platform for Indigenous organizations, researchers, and local and regional governments to exchange information and produce new knowledge as a source for informed decision-making. The network involves 22 researchers and partners with research teams in RAMR2D responsible mining and sustainable development for tropical regions, Groupe de trabajo sobre pueblos indigenes y proyectos extractivos del CLASCO for Latin America, and The Arctic governance triangle: government, Indigenous peoples and industry in change (TriArc) for Fennoscandia. MinErAL unites professionals from various fields including political science, geography, economics, law, anthropology, demography, and mining engineering.

Overview of Makivvik:

Makivvik, which means "the place to soar" in Inuktitut, is tasked with safeguarding the rights, interests, and financial compensation resulting from the 1975 James Bay and Northern Quebec Agreement (JBNQA), Canada's initial comprehensive land claims settlement, as well as the Nunavik Inuit Land Claims Agreement, which took effect in 2008. Makivvik has several unique mandates, including the ownership and operation of significant enterprises that provide direct employment opportunities for Inuit. Makivvik is responsible for enhancing the socio-economic well-being of the region and improving housing conditions for Nunavimmiut. In addition, it safeguards the Inuit language, culture, and the environment and renewable resources. Makivvik's achievements since the signing of the JBNQA serve as a testament to how modern treaties and land claim settlements can benefit the Inuit community. In 1975, when the James Bay and Northern Quebec Agreement (JBNQA), Canada's first-ever treaty, was signed, Makivvik asserted that the resolution of Inuit land claims should be viewed as a fresh start, symbolizing the creation and maintenance of a new partnership with the governments of Quebec and Canada. Makivvik serves as the representative for the beneficiaries of 14 communities comprising approximately 14,000 Inuit, occupying an area of 500,000 square kilometers.

Nunavik and Raglan Mine, the Raglan Agreement and Glencore:

Since 1995, the Nunavik region has experienced the establishment of the Raglan nickel mine. In 1995, the Raglan Agreement, an "Impact and Benefits Agreement" (IBA), was signed between Raglan Mine, which was then owned by Falconbridge Ltd., and five Inuit partners: Makivvik, Salluit and Kangiqsujuaq's two Inuit communities, supported by their respective landholding corporations and municipalities. The Raglan Mine became the pioneering mining project in Canada when they signed the IBA with an Indigenous group. Drafted following the James Bay and Northern Quebec Agreement (JBNQA), the Raglan Agreement serves as the basis for agreements relating to Indigenous peoples in the mining and other industrial sectors.

This socioeconomic agreement includes provisions on training and employing for local communities, protecting the environment and reducing the environmental negative impacts of mining activities located on the territory, giving priority to the awarding of contracts to Inuit businesses, monitoring and implementing the Raglan Agreement through the Raglan Committee, and financial provisions, encompassing the yearly division of profits and guaranteed payments.

In 2013, Glencore acquired the Raglan mine and has since continued its development while adhering to the Raglan Agreement. This has sparked the interest to examine the company's interactions with the Kanak and Inuit communities, as well as evaluate the corresponding socio-economic effects and contributions for these communities. The mining industry plays a vital role in Nunavik's economy, contributing more than 40% to the region's gross domestic product according to data from the Kativik Regional Government in 2016. The Raglan mine is a significant contributor. Furthermore, an updated estimate of the mine's current resources projects its operations will continue until 2041.

Visiting New Caledonia, North Province

The testimonials received during the various visits in Kanak communities between August 15 and 20, 2023 highlighted several issues that are similar and observed in Nunavik. During the visit to the VKP region (Voh, Koné, Pouembout) and the Northern Province communities (Témala, Gatope, Tiéta, Oundjo, Kaala-Gomen), MinErAL Network members exchanged knowledge and discussed the impacts and opportunities arising from the Koniambo Nickel project, including:

1. Relations between the developer and the communities.
2. The integration of the indigenous workforce and the awarding of contracts to local businesses.
3. The creation of local and regional organizations to meet the demands of the project.
4. Project impacts on communities, their culture, traditional activities and the environment.
5. Local investment and sharing of economic benefits.



Photo credit: Jean Louis Thydjepache

Socio-cultural Impacts

Discussions with stakeholders in New Caledonia's Northern Province revealed that mining development is altering communities' social fabric. The presence of mining projects and employee remuneration is directly connected to the emphasis on individual interests, to the detriment of community initiatives. In certain Inuit mining communities, some workers have also experienced a decline in traditional activities. On the other hand, other Inuit workers have gained access to material possessions that allow them to participate in cultural and traditional activities.

The economic benefits generated by initiatives like Koniambo Nickel and the Raglan mine have the potential to significantly enhance community development and accelerate the realization of associated projects. However, leakage of these economic benefits to other communities has been reported, thereby partially restricting the socio-economic development of local communities.

Local entrepreneurship

Comments about the entrepreneurial development of communities involved in mining projects vary. Nevertheless, there are several similarities between New Caledonia and Nunavik. First, the establishment of the Vavouto-Koniambo simplified joint stock company (SAS), which aims to foster the growth of local businesses, mirrors the creation of Nuvumiut Development Inc (Nuvumiut) in Nunavik. Nuvumiut is a business corporation managed collaboratively and impartially by the landholding corporations of Salluit and Kangiqsujuaq. It aims to procure business prospects at the Raglan mine with the ultimate intention of producing immediate economic returns for the communities. Nuvumiut's role is to forge partnerships and joint ventures with affiliated companies that possess the requisite expertise for obtaining contracts at the Raglan mine, whilst also maintaining competitiveness.

The SAS comprises different Sociétés de Participation, commonly referred to as "SCPs," that represent the regions affected by the Koniambo Nickel project. Additionally, the SAS also consists of the local Groupement de Droit Particulier (GDPL) whose socio-economic policies prioritize benefiting the local population. The SAS embodies the aim of customary authorities, companies, and local communities to maximize local economic gains from the Koniambo Nickel facility and promote the emergence of appropriate participatory frameworks for the active involvement of local populations.

As per collected accounts, SAS supports corporate independence in areas like hotels and kitchens through workshops and mentorship. Similar initiatives exist in Nunavik, where Glencore partnered with Inuit stakeholders from the Raglan mine to launch an Inuit business development incubator. The incubator assists with business creation, financial structuring, business plans, and a tailored mentoring network. Although such initiatives have been effective in fostering and expanding local entrepreneurship, each region encounters unique hurdles.

There is competition among the Kanak entities (SAS, SCP, and GDPL) for the mine's contracts, which undermines the Kanak communities' negotiating power with the mine. Additionally, there is tension between communities whose territories are directly impacted by the plant site and those located further away.

This tension is also present in Nunavik, where companies established by Nuvumiut bring together the two communities within the zone of influence and Inuit entrepreneurs from other communities.

There are significant disparities in Nunavik and New Caledonia regarding the establishment of local and regional structures, procurement, and contracting policies in mining ventures. Local companies are encouraged by existing agreements and provisions, yet they are still confronted with impediments that hinder their growth. Differences in interpreting provisions on the use of local companies in agreements, ERAs or PV de palabra, appear to hinder the integration of local companies and service providers into mining operations.

These differences of opinion between signatories (operators and communities) appear to be a major reason for the slowdown, or even a halt, in integration. The frustration among local communities intensifies and leads to instances of contestation when contract award promises are not fulfilled.

The formation of "front" companies causes frustration in both regions. It is believed that these entities only benefit individuals and fail to generate equitable socio-economic development within the community. These "bogus" companies result in increased tensions and discontent among community members, as well as competition between partner communities for contracting opportunities within projects. This sometimes results in the fragmentation of community partnerships, with some communities, groups or individuals preferring to go it alone in certain areas of operation.

In the Northern Province, some SCPs have opted to focus solely on their respective areas of operation, resulting in a separation from the SAS. Conversely, certain communities strongly reject individual interests and compel companies to prioritize the collective.



Photo credit : Jean Louis Thydjepache

The gathered testimonies indicate that Kanak people readily express their discontent with specific practices of the operator that sideline Kanak firms, especially when irregularities in tenders are identified. In 2021, a blockade in the access roads to the mining sites and the metallurgical plant led to the suspension of nickel production. Negotiations took place between the parties, leading to signed memorandums of understanding that resolved the impasse and reaffirmed the importance of respecting internal procedures, as well as the principles of work, trade, and industry - all of which are necessary for economically viable and sustainable activity. The "Coutumiers du massif du Koniambo" expressed their willingness to engage in subcontracting activities linked to the exploitation of the Koniambo massif.

The situation differs in Nunavik with the Raglan Agreement containing a comprehensive chapter concerning Inuit Enterprise and the tendering process. Additionally, clear conflict resolution provisions and mechanisms are established. In cases of conflict between Inuit contractors and the mine, complaints and grievances go straight to the Agreement's implementation committee and are typically settled with the involved managers.

Environmental impacts

New Caledonia contains the world's richest biodiversity, including a significant number of endemic plants and animal species. Nunavik, due to its distinct location and geological past, is home to a natural wilderness that is one of a kind. Unfortunately, climate change and development initiatives threaten the resilience of the region's flora and fauna. The environmental impact of mining projects is a critical concern across all jurisdictions and is particularly important to communities with a special connection to the territories where the projects take place. The affected communities' express concerns about air and water quality, the negative effects on surrounding plants and animal life, land fragmentation, and traditional use.

The development of infrastructure and access roads to mining sites frequently divides the land utilized by neighboring communities. Additionally, it alters the fluvial and hydrological geomorphology of the area, leading to unmanageable effluent episodes and occasional flooding, despite implementing mitigation measures. Several witnesses in New Caledonia reported the direct contamination of waterways caused by mining activities.



Photo credit: Thierry Rodon

Financial allocations and distribution.

Although the mining industry acknowledges the significance of contributing to the social and economic prosperity of local communities, uncertainties regarding whether the redistribution of royalties and financial allocations from projects wholly serve the communities persists. This inquiry arose during visits to communities in the Northern Province, and it is noteworthy that multiple modes of distribution and payment exist, differing according to communities and their priorities. In Koné, financial spin-offs from the Koniambo Nickel project have facilitated dynamic development and sustainable income generation for the community on their customary territory. This has been achieved by building an economy centered around nickel. One indicator of progress is the growth of the administrative capital of the Northern Province, which includes new residential estates, a hospital, a branch university, shopping centers, and industrial zones.

For other rural communities, the fair disbursement of yearly payments and financial allotments from the Koniambo Nickel project directly supports the preservation of the communities' customary and farming practices.



Photo credit: Jean Louis Thydjepache

After the mine

Post-mine era considerations were not frequently addressed in the meetings. However, during our last meeting, it was emphasized that the economic benefits stemming from the mine are appreciated, but merely serve to bolster the customary economy. As such, the cessation of mining operations would have minimal impact since this community has established an independent developmental trajectory that is not reliant on mining activities.

In Nunavik, the Raglan Mine Closure Plan Subcommittee was established in March 2018. For the first time in 25 years, Inuit have the opportunity to review and provide their own recommendations for the mine closure plan scheduled for 2041. Besides establishing and maintaining a dialogue between Raglan's partners, the subcommittee also integrates the traditional knowledge of the Kangiqsujuaq and Salluit communities into the mine closure plan. This multi-stakeholder subcommittee, composed of experts from Inuit, industry, and academia, is dedicated to achieving its set objectives. Thanks to the sub-committee's work, the partners are developing an integrated closure plan that is ecologically and socially acceptable to the communities. The focus is on remediation rather than economic conversion.



Photo credit : Jean Louis Thydjepache

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