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What Do NGOs Have Against Poor Guatemalans?

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Residents of El Estor, a small Q'eqchi community of 40,000 people located in northeast Guatemala, cheered when they heard that Vancouver-based Skye Resources was interested in reopening a local abandoned nickel mine. According to local press, the town's mayor and several community leaders led a rally last September in favor of the mine with a banner that read, "El Estor says yes to responsible mining."

It's easy to see why there was such excitement. Skye Resources estimates that it will employ 1,000 people and create four indirect jobs in the community for every new mining job. That plus an overall investment of at least \$539 million is not irrelevant for an impoverished town with one of the highest illiteracy rates in the country -- over 40% for indigenous men and 35% for indigenous women.

The festive mood didn't last long. Within months, opposition to the project began to swell. Well-organized protesters were soon demanding that the Guatemalan government withdraw the mining license it had issued, alleging environmental risks and inadequate consultation with the community.

The democratically elected government did not comply with the protesters' demands. Skye Resources has initiated a feasibility study for a 50 million pound ferro-nickel project and is already looking at a potential expansion that would double production. At the same time, it has also launched an environmental and social impact assessment to comply with Guatemala's regulatory framework. New lines of communication with the community have been opened and if all goes well, the mine could be working in 2008.

Had Skye Resources been less intent on its investment, Guatemala could have lost an important wealth-enhancing opportunity for thousands of Guatemalans. That came close to happening when another Canadian company, Glamis Gold Ltd., bought land to invest in a gold mine in the northwestern highlands town of Sipacapa. Locals were eager to get jobs in the mine and to provide services around the project. But last year organized and

well-funded opposition nearly squelched the deal.

In a country with such dire needs for capital and technology to lessen the want of the poor, it is worth exploring whether such anti-mine activism truly expresses the will of the people. Looking behind the scenes, the funding and instigation of the activism appears heavily driven by international nongovernmental organizations that end up discouraging development while trying to fulfill their own mission.

Boston-based Oxfam America and Toronto's Rights Action are two anti-development NGOs active in Guatemala. Oxfam has partnered with MadreSelva (Mother Jungle), a Guatemala City environmental group headed by affluent urbanites, to block mining projects. Rights Action's agenda also coincides with that of MadreSelva. The nickel project was problematic in this regard because MadreSelva was already busy in Sipacapa, fighting the Glamis project. So it fell to Father Daniel Vogt, an American priest previously known for his involvement in a land dispute at El Estor, to take the lead in the opposition to the nickel mine.

International NGOs in Guatemala train local leaders to "empower" minorities and indigenous groups and to denounce the mines as "neo-colonial" ventures. But the reality is that the very nature of the NGO saves it from having a real stake in the communities it affects through its activism. It can blow through town like a hurricane disrupting development and then be gone.

The mines, on the other hand, have long-term relationships to manage. Concerned about its role in Sipacapa, for example, Glamis funded the construction of a local road that was not needed for the mine but was beneficial to the poor community. It offered to fund 32 new teaching positions to help meet the increasing demand for public education in the area. The company also took an unprecedented step by helping to launch an independent monitoring association that will provide environmental studies, while ensuring that Glamis reports back to the communities and to other stakeholders.

Activism against Skye Resources has been milder because nickel is not directly associated with wealth the way gold is. The days when the old mine was operating are remembered as prosperous, so it's been more difficult to incite the population against the project. For the mayor of El Estor, Rigoberto Chub, environmental and human-rights groups have not been able to put forward ideas that address the community's real needs. "They justify their campaigns with our poverty," he says. "That's unfair." On the day of the pro-mine rally, he declared Sept. 30 to be El Estorian Dignity and Foreign and National Investment Day.

With the price of nickel at a historic high of \$13 a pound, and the sharp rise in China's demand for this major component of stainless steel, the Canadian firm is bullish about the future. Over the past year, it raised its stake in the project to 90% from 70%.

One thing is for sure: Even though Guatemala is still in the process of building solid political and social institutions and a lack of trust remains, this is not the Guatemala of the

1980s. Ten years have passed since the peace treaties were signed ending a 35-year civil war, and much has been done to modernize the telecommunications and financial sectors. In the case of mining, most experts consider the 1997 law an adequate legal framework that respects international standards.

Professor Thomas Walde of the Center for Energy, Petroleum and Mineral Law and Policy at the University of Dundee, Scotland, puts it this way: If there were still doubts about the government's capacity to enforce proper rules, "an international enforcement process with NGO standing, like an arbitration procedure against non-complying companies, can guarantee proper mining activity" even when the quality of local governance is poor. According to a government official, no NGO has utilized the available legal channels to challenge the mining licenses.

If Guatemala were a "global investors' oasis," as Rights Action says, more than 50% of the population wouldn't be living below the national poverty line. So while NGOs are asserting that the country is not ready for investments in mining, the opposite would appear to be true for the people of El Estor and Sipacapa.

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