ICMM
International Council on Mining & Metals

Land acquisition and resettlement: Lessons learned

Responsibly undertaking resettlement activities is one means by which companies can positively contribute to development

Foreword

Land acquisition and resettlement: Lessons learned

ICMM member companies are committed to the social and economic development of communities around mining and metals operations. Living up to that commitment is especially challenging when people have to be relocated as a result of mining activities. While the starting point for ICMM member companies is to either avoid or minimise the need to resettle people, in some situations resettlement is required if a mining project is to proceed.

ICMM members and many other companies undertake resettlement activities responsibly and make it their goal to leave communities better off than they were previously. When companies manage resettlement activities well, they can make a significant contribution to development in the areas surrounding their projects. However, if resettlement activities are not managed properly communities can face poverty and social exclusion, and companies can face disruption of the project, and run legal or reputational risks.

There are no one-size-fits-all solutions for successful resettlement activities, but there are many useful lessons to learn from past experience. The 10 modules in this Land acquisition and resettlement: Lessons Learned report offer insights based on the experience of 41 projects from around the world, in both the mining sector as well as other sectors. This includes insights into planning for resettlement, engaging with stakeholders, compensating for loss of land and restoring livelihoods, addressing the needs of vulnerable people, overseeing construction, ongoing community development interventions, and monitoring impacts. The material was originally generated for a benchmarking report commissioned by Gold Fields, Rio Tinto and Glencore. They graciously shared it with ICMM so that it could be adapted into practical and user friendly modules, aimed at on the ground practitioners.

The challenges of resettlement are being treated with urgency at various levels. For example, the World Bank released an action plan in 2015 to address shortcomings in its own projects. This contribution to knowledge-sharing is a reflection of ICMM's perspective that if done well, resettlement can support sustainable economic and social development. I hope that it will help towards achieving that objective.

Tom Butler, CEO

Resettlement planning should start early. Companies should invest enough human or financial resources to ensure impacts are assessed and mitigated, and that benefits are shared in a sustainable way.

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Introduction

In this section

Introduction
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Introduction

The International Council on Mining and Metals (ICMM) is an organisation of leading mining and metals companies that collaborate to promote responsible mining, with a shared commitment to respect people and the environment. Part of this commitment includes the requirement that members implement and measure performance against our ten sustainable development principles, including the need to "contribute to the social, economic and institutional development of the communities in which we operate" (Principle 9). Responsibly addressing resettlement issues is one means by which companies can positively contribute to development.

Despite the clear global standards around resettlement and land acquisition—notably, the International Finance Corporation's Performance Standard 5 (International Finance Corporation 2012)—in practice, this remains a very challenging area for companies. Many projects do not begin planning resettlement activities early enough. Nor do they invest enough human or financial resources in ensuring impacts are assessed and mitigated, and that benefits are shared in a sustainable way. As a consequence, grievances from resettled and host communities can result in conflict and mine closures. Nearby communities can also disrupt project activities if they do not see benefits accruing to them, even though they may not be directly affected by resettlement.

However, projects that do invest in planning resettlement appropriately with well-managed engagement of relevant stakeholders have been shown to gain the trust of local communities, formed more collaborative relationships with governments and been able to minimise disruptions to the business. The aim of this guidance is to support companies in achieving these positive outcomes. While the primary audience for this guidance is operational-level employees of mining companies with direct responsibility for carrying out resettlement activities, it should also be useful for corporate-level staff with responsibility for social performance.

Background to this guidance

Between 2012 and 2014 an international benchmarking study on land acquisition and resettlement was undertaken (Reddy et al., 2015). It was supported at various phases by three ICMM members: Rio Tinto, Gold Fields and Glencore. The benchmarking study reviewed land acquisition and resettlement relating to 41 mining and oil and gas projects in 19 countries across the globe.

The objective of the study was to consolidate lessons learned from practical experiences, in order to improve understanding of critical issues and challenges related to land acquisition and resettlement, as well as to profile innovative approaches to overcoming them.

In 2015 ICMM decided to make the benchmark study more accessible by adapting the key learning from it and developing a set of practical modules for companies.

Overview of the plans presented in the guidance

The guidance sets out a number of frameworks and plans in the various modules. In order to explain how these all fit together in a comprehensive approach to the management of land acquisition and resettlement, see Figure 1. It is important to bear in mind that land acquisition and resettlement is one of a number of social issues that mining projects will typically face. Therefore, land acquisition planning needs to be integrated into broader social planning for the project.

How to use these modules

The modules in this guidance are based on the key challenges, lessons and recommendations highlighted in the original benchmarking study. The guidance has been designed to provide easy access to modules relevant to practitioners, and each module can be downloaded separately. You can access them from the download centre in the flipbook.

Figure 1 Approach to land acquisition and resettlement: illustration of relevant plans and frameworks

Module 1

International policies and standards

In this module

Introduction

International Finance Corporation (IFC)

World Bank

European Bank for Reconstruction and Development

Commercial banks and the Equator Principles

Industry organisations

Lessons from using international policies and standards

The IFC standards are generally regarded as the guiding standard in the extractive sector, with the expectation that companies comply with them or model their own corporate standards on them

Introduction

In a number of countries there has been an increase in legislation regulating land access and resettlement however, most countries still have limited applicable laws dealing with only some of the relevant issues, for example compensation, expropriation and building standards. Areas that are often poorly addressed include community engagement, livelihoods, monitoring and evaluation, and reporting. As a result, the reality is that mere compliance with national requirements does not always enable a company to fully address key social risks and challenges.

A range of useful good practice policies, standards and guidance have been published by a number of institutions. An important starting point when undertaking land access and resettlement is to fully understand both the legislative framework and relevant policies and standards.

This module provides an overview of key international policies and standards that companies need to consider, challenges in this context, lessons from experience and recommendations.

Standards and guidance documents related to land access and resettlement include the following:

- International Finance Corporation (IFC) (discussed in more detail below)
- World Bank (discussed in more detail below)
- European Bank for Reconstruction and Development (EBRD) (discussed in more detail below)
- Asian Development Bank—Safeguard Policy Statement (Safeguard Requirements 2: Involuntary Resettlement) (Asian Development Bank 2009) and "Handbook on Resettlement: A Guide to Good Practice" (Asian Development Bank 1998)
- Inter-American Development Bank—Operational Policy OP-710 (Inter-American Development Bank 1998)
- African Development Bank Group—Integrated Safeguards System (Operational Safeguard 2) (African Development Bank Group 2013)
- Japan Bank for International Cooperation—"Guidelines for Confirmation of Environmental and Social Considerations" (involuntary resettlement) (Japan Bank for International Cooperation 2002).

IFC

The IFC standards apply to private-sector clients of the IFC. However, they are generally regarded as the guiding standard in the extractive sector, with the expectation that companies comply with them or model their own corporate standards on them. Often the standards apply because the financial institutions providing project finance are Equator Principles signatories. The Equator Principles are described below.

The IFC has a Sustainability Framework that consists of its policy and eight Performance Standards on Environmental and Social Sustainability, and its access to information policy (IFC 2012a). Of particular relevance to land access and resettlement are:

- Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
- Performance Standard 5: Land Acquisition and Involuntary Resettlement
- Performance Standard 7: Indigenous Peoples
- Performance Standard 8: Cultural Heritage.

This module does not discuss the Performance Standards in detail as they can be downloaded on the IFC website. However, the following key aspects are worth noting.

IFC Performance Standard 1

Performance Standard 1 states that the project proponent should establish and maintain a management system commensurate with the nature and scale of the project and its level of environmental and social risks and impacts. The management system should include a policy, a process for identifying risks and impacts, management programmes/plans, organisational capacity and competency, stakeholder engagement, and monitoring and review.

IFC Performance Standard 5

Performance Standard 5 (PS 5) is the core standard related to land access and resettlement. It refers to the management of physical displacement (ie relocation or loss of shelter) and economic displacement (ie loss of assets or access to assets that leads to loss of income sources or means of livelihood) as the result of project-related land acquisition. PS 5 encourages negotiated settlements to avoid forcible removal of people.

PS 5 objectives include:

- avoiding, and where avoidance is not possible, minimising, displacement by exploring alternative project designs
- addressing displacement impacts by:
  - compensating for loss of assets at replacement cost
  - ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation and the informed participation of those affected
- improving or restoring the livelihoods and standards of living of displaced persons
- improving living conditions among physically displaced persons through the provision of adequate housing with security of tenure at resettlement sites.

PS 5 requires that:

- the project identifies persons who will be displaced and provides a cut-off date to establish eligibility for compensation
- as appropriate, the project develops a resettlement framework or livelihood restoration framework, and a resettlement action plan or livelihood restoration plan
- private-sector companies need to "bridge the gap" between domestic legal requirements and the requirements of PS 5 where necessary
- the project will offer land-based compensation, if feasible, where livelihoods of displaced persons are land-based, or where land is collectively owned
- standards for compensation need to be transparent and consistent within a project, and established with the participation of those impacted
- the project offers compensation for loss of assets at full replacement cost and other assistance to help displaced people improve or at least restore their standard of living
- in the case of physically displaced persons, the project must offer the choice of replacement property with secure tenure of equal or higher value, equivalent or better characteristics and advantages of location, or cash compensation at full replacement value where appropriate

- if the project causes loss of income or livelihood, regardless of whether people are physically displaced, the project is required to:
  - promptly and fully compensate economically displaced persons—where land access affects commercial structures, compensate the affected business owner for cost of re-establishing commercial activities elsewhere, lost net income, and costs of transfer and reinstallation of plant, machinery or other equipment
  - provide replacement property (or cash compensation at full replacement cost)
  - compensate economically displaced persons who are without legally recognisable claims to land for lost assets other than land (such as crops, irrigation infrastructure and other improvements made to the land) at full replacement cost
  - provide additional targeted assistance (eg credit facilities, training or job opportunities) and opportunities to improve, or at least restore, income-earning capacity, production levels and standards of living to economically displaced persons whose livelihoods or income levels are adversely affected
  - provide transitional support to economically displaced persons as necessary
- the project identifies, reviews and abides by all laws of the host country that are applicable to land acquisition and involuntary resettlement
- where land access and resettlement are the responsibility of government, the project will collaborate with the responsible government agency to the extent permitted
- where government capacity is limited, the project will play an active role during planning, implementation and monitoring.

IFC Performance Standards 7 and 8

Where Indigenous Peoples will be displaced, Performance Standard 7 needs to be considered and applied, as appropriate. Where cultural heritage is affected, Performance Standard 8 needs to be applied.

IFC Guidance Notes

There are supporting Guidance Notes for each Performance Standard (2012b). In addition, the IFC has developed a series of good practice documents that are designed to help practitioners dealing with land access, resettlement and related issues. See resources section for more detail.

World Bank

World Bank policy in relation to projects not in the private sector is set out in the following documents:

- Operational Policy (OP) 4.12—Involuntary Resettlement (World Bank 2001b)
- Bank Procedure (BP) 4.12—Involuntary Resettlement (World Bank 2001a).

European Bank for Reconstruction and Development

The EBRD has put in place an Environmental and Social Policy and a set of ten Performance Requirements (EBRD 2014), including the following:

- Performance Requirement 1: Assessment and Management of Environmental and Social Impacts and Issues
- Performance Requirement 5: Land Acquisition, Involuntary Resettlement and Economic Displacement
- Performance Requirement 7: Indigenous Peoples
- Performance Requirement 8: Cultural Heritage
- Performance Requirement 10: Information Disclosure and Stakeholder Engagement.

Commercial banks and the Equator Principles

The Equator Principles (2013) are a financial industry benchmark for determining, assessing and managing social and environmental risk in project financing. The Equator Principles were adopted in June 2003 by ten of the world's leading financial institutions. At present approximately 80 financial institutions have adopted them, covering over 70% of international project finance debt in emerging markets. The Equator Principles were updated in 2006 to align them with the IFC Performance Standards, and again in 2013.

Adopting institutions undertake not to loan to projects in which the borrower will not, or is unable to, comply with the environmental and social policies and processes outlined in the Equator Principles.

Industry organisations

In addition to ICMM, there are a number of industry-wide organisations with voluntary membership designed to represent member interests and improve member performance in key areas, including social performance. In the extractive sector these organisations include the Prospectors & Developers Association of Canada and IPIECA (the global oil and gas industry association for environmental and social issues). Such organisations have developed guidance materials to help deal with social issues, including land access and resettlement.

Lessons from using international policies and standards

Challenges

- With all the policies and standards that have been developed, employees sometimes find it challenging to know which standards and policies to apply.
- If there is a significant gap or difference between national legislation and international standards, companies undertaking resettlement activities will need to determine how to address this.

Lessons and recommendations

- There is increasing convergence between the policies and standards of institutions like the IFC, World Bank, EBRD, African Development Bank and other such international organisations.
- In addition to national laws and regulations, consider which policies and standards should be complied with, as a result of corporate policies and commitments or the stipulations of lending or other institutions.
- While policies and standards need to be adhered to, they also need to be applied in a practical way appropriate to each country and site.
- Preparation of a resettlement policy framework allows for early scoping of key issues and clarity on the legislative and policy context
- Having corporate social, community and resettlement policies in place can help to frame and regulate the planning, negotiation and implementation of land access and resettlement, and to ensure a fair outcome. This also provides a clear framework to site teams and helps avoid pressure on them to take short cuts.
- Always design the land access management plan and resettlement action plan, in accordance with applicable national legislation and international standards.

Module 2

Impact assessments

In this module

- Introduction
- Addressing the gap between national and international legislation and standards
- Key steps
- Team planning and project co-ordination
- Minimising resettlement impacts
- Planning for life-of-mine land requirements
- Planning of baseline data collection
- Assessment of sociocultural context and impacts
- Impacts on communal resources

Introduction

The environmental and social impact assessment is the means by which companies assess their impacts on people and the environment early in the planning process. The process normally results in the development of an environmental and social management plan and systems to manage identified impacts, both positive and negative.

The resettlement action plan can be one of these management plans. However, often the linkages to other plans are not properly established and as a result relevant impacts are not properly assessed.

Addressing the gap between national and international legislation and standards

Challenges

- Many countries have no or very limited regulations on social impact assessments and land access and resettlement planning, which means little clarity is provided by national legislation on what the expectation is for companies undertaking resettlement activities.
- There may be a conflict between national policy requirements and international guidelines.
- Corporate offices may be ambiguous in their commitment to alignment with international standards, leading to short cuts at site level.

Lessons and recommendations

- The company should conduct a gap analysis between local legislation and international standards and set out in the resettlement action plan how the higher standards will be reached to reduce project risk.
- Companies should work with governments to put a clear national legislative framework in place, which requires the identification and mitigation of social impacts, that is aligned with international standards.

Key steps

Scoping
- Form an integrated assessment team, including impact assessment experts
- Confirm legislation and study requirements
- Identify area of influence
- Identify and engage communities
- Identify key project risks and impacts

Baseline studies
- Collect regional and local baseline data
- Engage with project-affected communities

Impact assessment
- Analyse, describe and assess impacts
- Integrate with other specialists

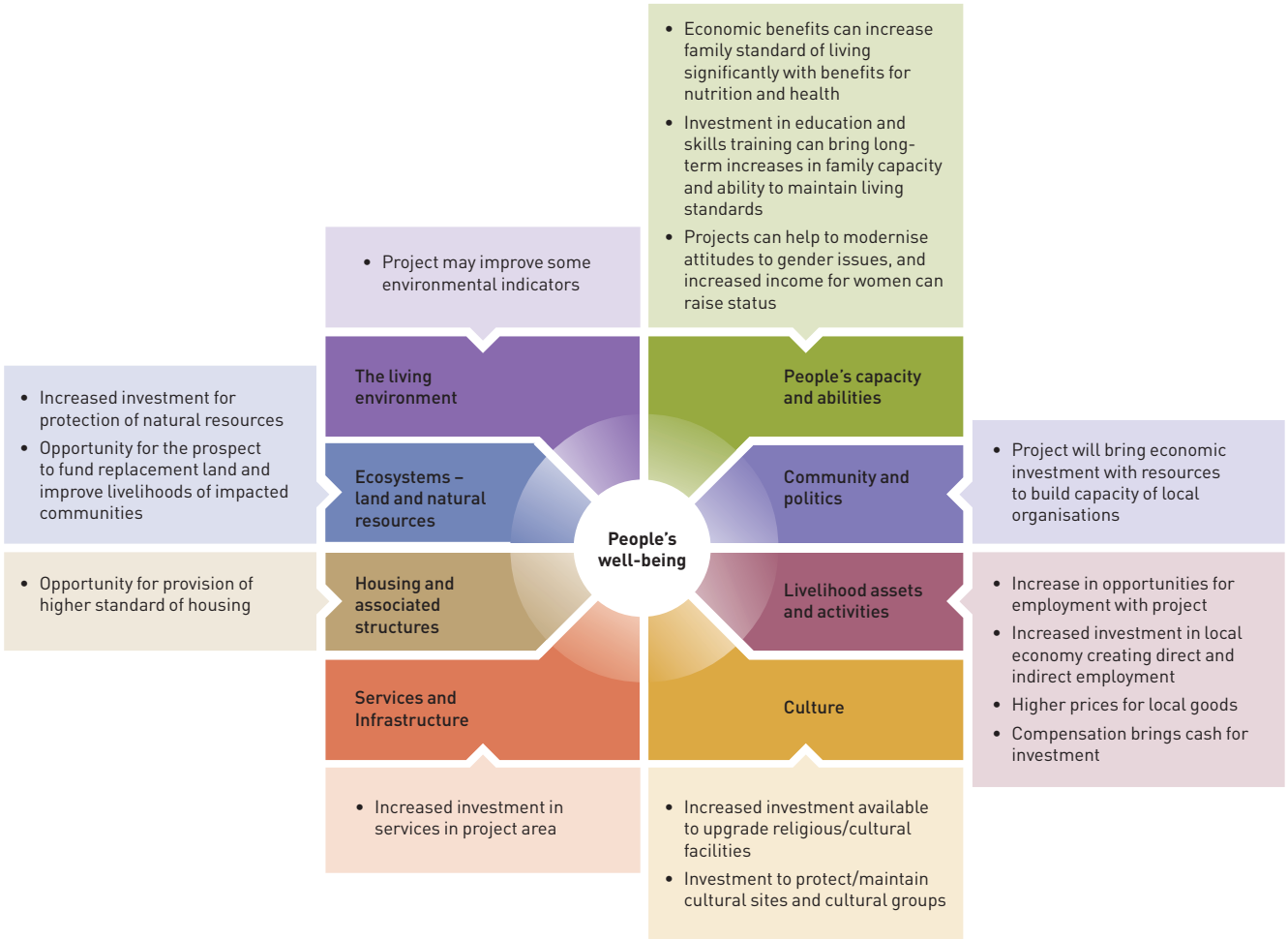
Mitigation
- Suggest mitigation measures: practical, implementable, affordable

Management
- Develop social management and monitoring plan
- Integrate within companies and environmental impact assessment teams

Monitoring and engagement
- Implement a monitoring plan and engage with community on impacts and mitigation measures and adapt as required

It is important to get the assessment process right at the outset.

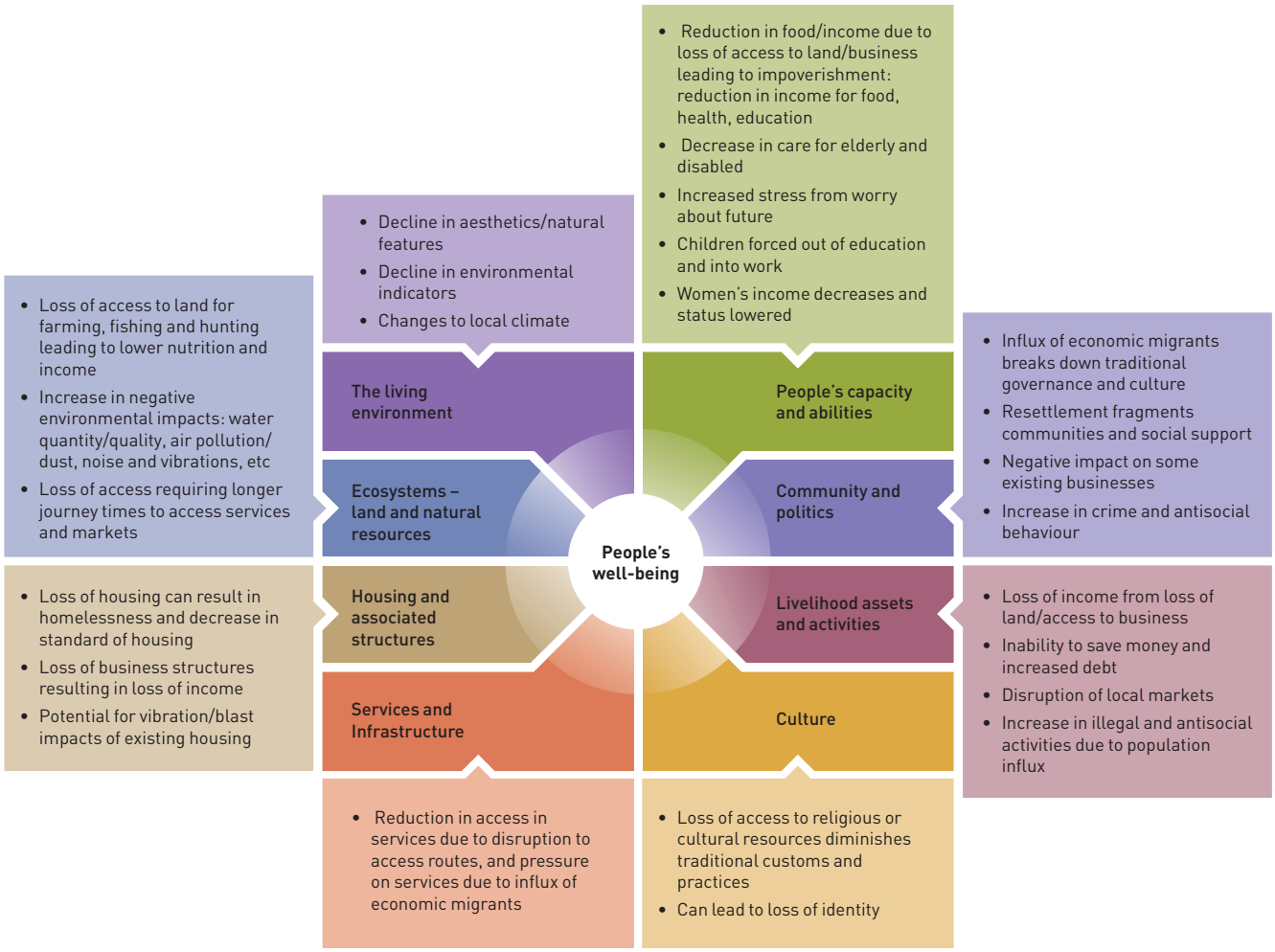
Figure 2.1 Social framework outlining potential positive impacts on people's well-being[1]



The social framework presents eight social categories that can be used to capture all the social impacts on a project specific to the local context. Figures 2.1 and 2.2 present an example of the positive and negative social impacts from one project, however these can vary significantly between projects.

1 Reddy, Gerry, Smyth, Eddie and Steyn, Michael (2015). *Land Access and Resettlement: A Guide to Best Practice*. Sheffield, Greenleaf Publishing.

Figure 2.2 Social framework outlining potential negative project impacts on people's well-being[2]



2 Reddy, Gerry, Smyth, Eddie and Steyn, Michael (2015). *Land Access and Resettlement: A Guide to Best Practice*. Sheffield, Greenleaf Publishing.

Team planning and project co-ordination

Lessons and recommendations

- Poor co-ordination of social impact, resettlement, environment and project planning teams can lead to an inadequate assessment of impacts and duplication of work.
- The first step in the assessment process should be the establishment of a team comprising social, environmental and project planning specialists to enable proper co-ordination of baseline data collection activities in line with the project design, schedule and budget.
- It is important to have a mix of social experts who understand the project context and have experience with other resettlement activities.
- The involvement of the government and community in the assessment process is critical in reaching agreement on the nature and scale of project impacts.
- Engage with stakeholders to enable them to provide input into the project design while being careful not to disclose details too early, which can result in speculative activities.

Minimising resettlement impacts

Challenges

- Defining the project footprint and changes in planning or scope without input from social experts can miss opportunities to minimise resettlement and associated impacts.

Lessons and recommendations

There is a trade-off between minimising resettlement and acquiring sufficient land for the life of the project:

- Companies should ensure that social experts play a central role in defining the project footprint and examining project alternatives in order to minimise the impacts of land access and resettlement.
- Expert attention should be paid to defining the environmental buffers required under national and international legislation, as well as best practice principles so that the project planning team can incorporate these into the project design.
- Maintain confidentiality about the project footprint early in the project; not doing so can lead to speculative building in the project area by those hoping to qualify for compensation.
- Develop a land management plan to ensure that there is ongoing input into project development and impact management from environmental and social experts and project stakeholders.

Planning for life-of-mine land requirements

Challenges

- Attempts to minimise resettlement by initially acquiring a limited area where further land access would be necessary later on, can make future expansion difficult and expensive as rural areas often become urbanised with the development of the mine.

Lessons and recommendations

- Satellite/aerial imagery should be used to quantify impacts at an early stage to inform project planners. It can also be used during the declaration of a cut-off date to inform the community of what assets were recorded in order to minimise speculation.
- Project planners should be tasked with looking at the life-of-mine scenarios for the project and engage with the social experts to identify where the influx of economic migrants and speculators will likely occur. The company should then seek to acquire the maximum area possible, balancing this with the feasibility of the project and impacts on local communities and the environment.
- Continuously monitor the land requirements of the project, consulting with the environmental and social monitoring teams to ensure that any further expansion is planned in advance and all efforts made to minimise impacts.

The first step in the assessment process should be the establishment of a team comprising social, environmental and project planning specialists

Planning of baseline data collection

Challenges

- Changes in the project footprint and delays in implementation can lead to gaps in surveys and poor baseline data.
- The use of multiple consultants for data collection and a lack of integration between teams can also lead to poor baseline data.
- Insufficient training of survey teams can result in a failure to gather sufficient baseline information during initial surveys, leading to multiple surveys, survey fatigue and inaccurate data.
- Commencing baseline data collection without a legally enforceable cut-off date can lead to re-surveys with opportunities for speculative activities.
- Poor management of survey data, including the use of an inadequate information management system, can lead to loss of data, speculative cropping and building, legal challenges and opportunities for fraud.

Lessons and recommendations

- Social impact assessment and resettlement experts should plan the collection of baseline data as one co-ordinated activity. This will avoid duplication and enable data to be collected to meet all project outcome and impact measurement requirements, including future monitoring.
- A participatory approach to surveys should be used by engaging the local authorities and community to participate in the process, ensuring that necessary information is explained to households and witnessed by a community representative.
- Where speculative activity is a risk, a rapid asset survey should be conducted immediately after the declaration of a cut-off date to quickly record all assets belonging to households and which are at risk as a result of the project. Communities should also be informed that any further development will not be eligible for compensation and resettlement.

Assessment of sociocultural context and impacts

Challenges

- Inadequate assessment of cultural and religious sites can lead to community conflict and delays during construction.
- Failure to assess the impact of the project on archaeological, cultural and religious resources can lead to community conflict and project delays.

Lessons and recommendations

- Local and international experts should be used to identify archaeological, cultural and religious resources and develop appropriate cultural heritage management plans to mitigate impacts.
- Companies should consult with communities on avoidance where possible and determine appropriate rites and ceremonies for affected sites.

Impacts on communal resources

Challenges

- Failure to record and map the ownership and user rights of communal resources can lead to the impoverishment of groups in the project area.
- Overestimating the capacity of communal areas for livestock together with the increase of livestock numbers as a result of compensation payments and economic migrants can result in the overgrazing and destruction of communal areas.

Lessons and recommendations

- A comprehensive assessment should be made of the ownership and user rights to communal resources such as pasture, forests and water bodies during the baseline studies.
- Companies should undertake studies in the different seasons so that all users of communal resources are recorded.
- Companies should engage with minority groups such as migratory herders to understand the impacts of the project on their livelihoods.

Module 3

The planning process

In this module

Introduction
The planning process
Integrated planning teams

Introduction

Getting site-level and corporate management to fully appreciate the challenges, and the business case for providing adequate time for proper land acquisition and resettlement planning remains an issue for some projects. Many companies still start land acquisition and resettlement planning too late and in an unco-ordinated manner. There is no reason why land acquisition and resettlement should not be undertaken in the same systematic manner as other processes in the business.

Lessons in planning to minimise resettlement

- Take steps to avoid and minimise displacement to the extent possible, but carefully consider life-of-project land requirements.
- Involve social experts in the definition of the project area to identify opportunities for minimising displacement.
- Resettlement can be minimised through various measures, including location and design of project infrastructure and the development of guidelines to minimise the areas alienated from agricultural use.
- Consider innovative approaches to land access and management, eg the use of satellite imagery to minimise displacement.

Bespoke planning with communities in Colombia

In 2014 Glencore continued the resettlement of three communities near its Calenturitas coalmine in Colombia. Working with two other local mines and external experts, it became clear to Glencore that it needed three different planning processes to address the concerns of each settlement. The company recognised that it was also essential for the affected communities to fully participate in the planning process to ensure it suited their needs.

Throughout the process, Glencore followed the International Finance Corporation's Performance Standard 5 to support a fully participative and equitable approach (International Finance Corporation 2012). This included a comprehensive census, socioeconomic surveys and asset inventories. These were completed in consultation and collaboration with the communities, which expressed their satisfaction with the process. Throughout, Glencore has continued to provide training in agricultural skills to enable the communities to support themselves following resettlement. This was delivered in response to the communities' request and in line with their intent to pursue agricultural opportunities.

The planning process

When undertaking land acquisition and resettlement planning, there are a number of useful steps and tools that should be used:

- Carry out a precedent or benchmarking study, and identify good practice and lessons.
- Hold workshops between relevant project personnel to discuss and brainstorm issues.
- Undertake scenario planning to consider, develop and plan for different scenarios that may arise, for example best-and worst-case options. This can involve alternative schedules and cost estimates.
- Undertake a risk and opportunity assessment to be sure planning takes into account key factors.
- Develop a set of key planning assumptions upon which to base planning, in particular scheduling and cost estimation.
- Prepare an organisational chart (organogram) so that team roles and responsibilities are clear and adequate resources are provided.
- Prepare a work plan and schedule so that the sequence of steps required are clearly understood and sufficient time is allocated to undertake them.
- Put in place a suitable information management system so that data is properly stored and can be analysed and used to support planning, implementation, and monitoring and evaluation.
- Develop a land acquisition and resettlement policy framework. This should identify objectives, principles, policies, procedures and organisational arrangements. It serves as a guide and framework for further planning and the subsequent development of more detailed management plans as described below.
- Prepare an impacts and packages matrix (entitlement matrix) that sets out types of displacement loss and impact, categories of affected people, resettlement mitigation measures and packages, and related eligibility criteria.
- Prepare a detailed management plan for how land access and resettlement will be undertaken in the form of a resettlement action plan where there is physical displacement, or a livelihood restoration plan where there is only economic displacement.

- Prepare cost and cash-flow estimates to understand the cost involved and ensure that adequate resources are allocated.

Lessons and recommendations

- There is no quick fix and there are no short cuts—cutting corners for short-term gain will cost more in the long term.
- Finding adequate replacement land for displaced people is often a major challenge. Early steps to plan this are essential as the availability of land shapes all aspects of the planning process.
- Schedules and cost estimates should be prepared during prefeasibility and feasibility study stages to ensure they are realistic.
- Think with a life-of-mine perspective rather than just the immediate project phase land-take requirements.
- Undertake periodic risk assessments. Early recognition of potential issues and problems is crucial in order to identify approaches to address them.
- Consider the hidden costs of project delays (eg longer negotiations and protests versus the cost of doing resettlement right).
- Plan thoroughly but be flexible when necessary.
- Resettlement planning cannot be done like other aspects of project planning – communities need to be involved yet:
  - there is sometimes limited capacity of communities and government due to limited resources
  - affected communities may not be cohesive, for example they may sometimes lack clear and fully representative leadership structures or be characterised by internal mistrust.

  See Module 4 for further recommendations on engaging local communities.
- Put in place confidentiality protocols, but ensure sharing of information where necessary.
- Prepare for unfavourable attention—no matter how well land acquisition and resettlement is done, there may be someone who is not happy with the approach.

Integrated planning teams

Lessons and recommendations

- It is essential that land acquisition and resettlement planning is integrated with overall project planning.
- Land acquisition and resettlement activities should have a dedicated budget, team and schedule that should be aligned with overall project planning.
- Joint venture projects can make the planning process even more complicated.
- Plan the land acquisition and resettlement processes in a co-ordinated manner and under joint management.
- Ensure collaboration between environmental, social and mine planning experts on the definition of environmental buffers. These are often inadequate with communities constructing too close to project infrastructure, resulting in grievances and often further resettlement.

Finding adequate replacement land for displaced people is often a major challenge

Module 4

Engaging stakeholders

In this module

Introduction

Agreements

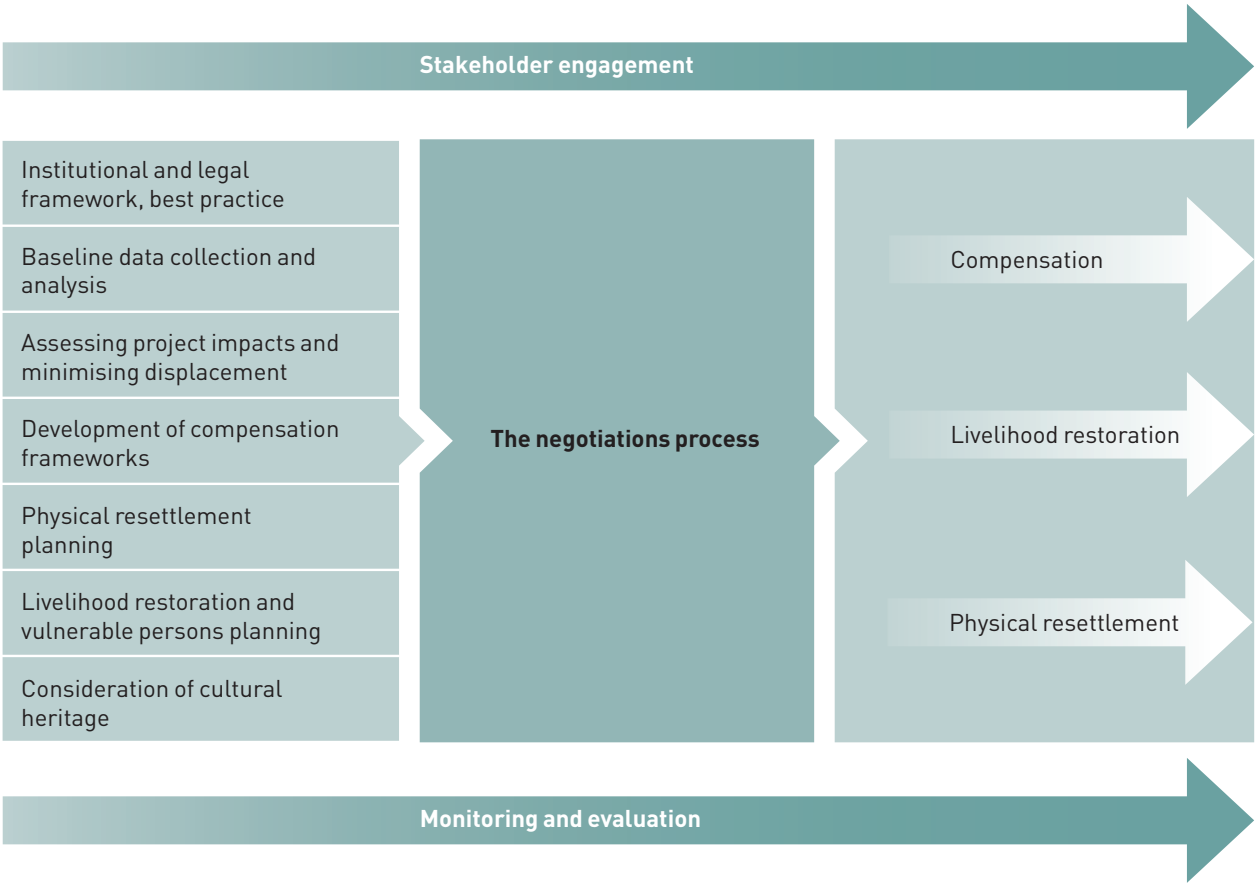
Preparing to engage with communities and governments: Key steps

Grievance mechanisms

Introduction

Stakeholder engagement is a two-way process of communication and interaction within and between a project and each of its stakeholders. It involves meaningful and multifaceted engagement with both external and internal stakeholders. It is an ongoing process throughout the life of a project.

Figure 4.1 The land access and resettlement process[1]



1 Reddy, Gerry, Smyth, Eddie and Steyn, Michael (2015). *Land Access and Resettlement: A Guide to Best Practice*. Sheffield, Greenleaf Publishing.

Figure 4.1 shows the importance of stakeholder engagement throughout all stages of the land acquisition and resettlement process. In particular, negotiations with displaced people on how displacement impacts will be addressed should be central to the process.

Challenges with stakeholder engagement

- High community and individual expectations of what the project will offer need to be carefully managed.
- Projects are often unrealistic about time and resources required to undertake land access and resettlement negotiations properly and successfully.
- Community leaders are not always representative of the wider community.
- Failure to engage with all relevant internal stakeholders can lead to land access and resettlement planning not being fully integrated into overall project planning.
- Internal stakeholders who have not been adequately engaged may lack a full understanding of the land access challenge. This can lead to them sometimes negatively impacting the process.
- Perception is reality—if you do not engage, people might create their own reality.
- Manage expectations.

Stakeholder engagement in general, and negotiations with displaced people in particular, should be at the heart of the land acquisition and resettlement process, as expressed in Figure 4.1

Lessons and recommendations

- It is important to develop a formal life-of-project stakeholder engagement plan to ensure a comprehensive and consistent approach to engaging with stakeholders.
- Encourage active community participation in project planning from the outset, and throughout the project life cycle.
- Engage early and in a sustained way through all stages of the project.
- Say something—always keep engaging. Where there is silence from the project, this will be replaced by rumour and speculation.

Who to engage

- Focus the consultation process on households that will be impacted by displacement. Use separate engagement mechanisms to involve the broader community or other communities as appropriate.
- Find ways to communicate directly with communities and key stakeholders. Do not rely on just one communication source.
- Early and effective involvement of government and local leadership is critical. Understand local government capacity and complexities. Resource and plan the resettlement process accordingly.
- Take steps to determine if community leaders are truly representative, for example by creating space for vulnerable people, women and other groups that may not typically claim leadership. Make sure community leaders adequately represent all community factions.
- Employees are key "internal and external" stakeholders. Good internal engagement is a prerequisite for successful external stakeholder engagement and managing expectations.

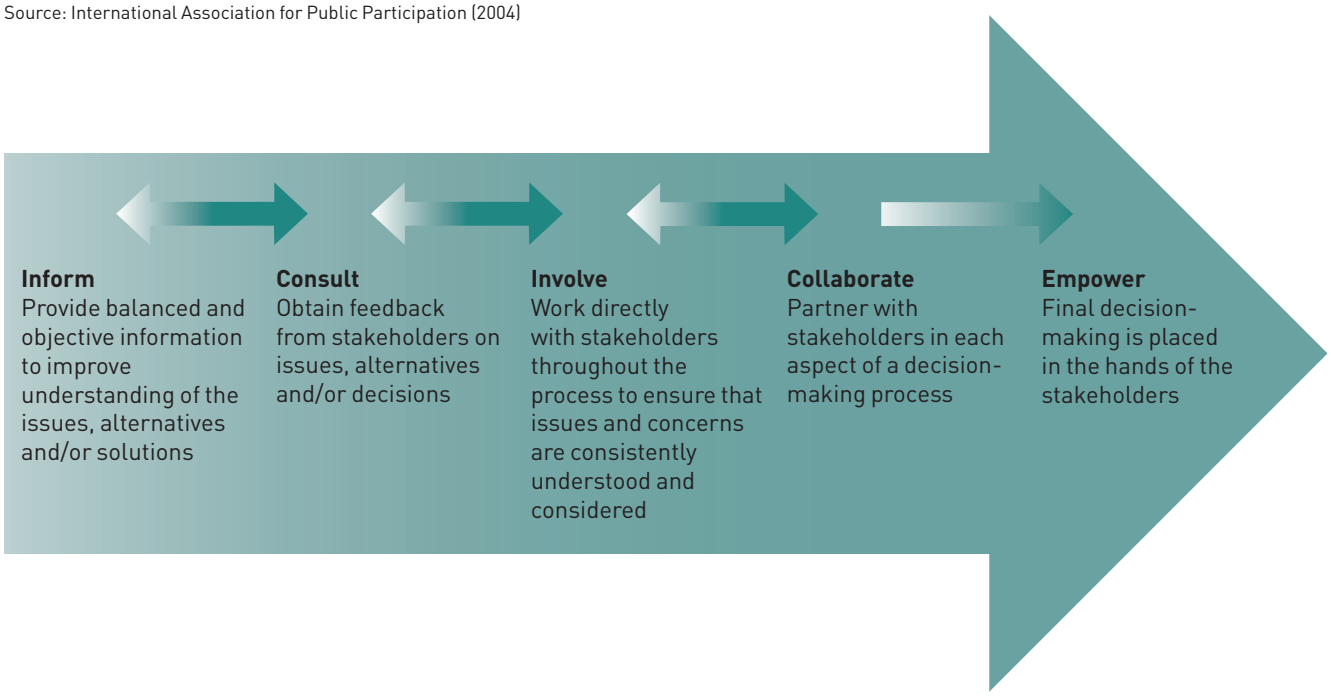
How to engage

- Manage expectations—be realistic about project benefits.
- Be consistent with communication messages—agree key messages across the project, and who will deliver these.
- Process is as important as outcome.

Figure 4.2 shows the key elements of stakeholder engagement ranging from informing stakeholders to empowering them.

Figure 4.2 Deciding on appropriate levels of engagement

Source: International Association for Public Participation (2004)



- Be as transparent as possible—keep good stakeholder engagement records so that they can be readily accessed as required, demonstrating the project has undertaken a thorough engagement process.
- Various culturally appropriate methods should be used to disseminate information and obtain stakeholder feedback—consider the local context in identifying appropriate methods for consultation (eg emphasise visual aids in areas with high levels of illiteracy).
- Consider the local context in identifying appropriate methods for consultation.
- Focus on key interests and issues rather than wants and positions.
- Prepare for unfavourable attention.
- Truly engage—it is impossible to build communities' confidence and support if they believe that outcomes are predetermined.
- Engagement is not just about talking—it is about listening.
- Do not promise what you cannot deliver.

The consultation team

- Use local people who understand the local context and speak local languages as part of the consultation team.
- Carefully consider the gender balance of the resettlement team to ensure equitable engagement with men and women and respect for local cultural norms.
- Channel land access and resettlement-related communication through the resettlement team.
- The technical team should be actively involved and have a visible presence in the stakeholder engagement and negotiation process.

High community and individual expectations of what the project will offer need to be carefully managed

Agreements

Lessons and recommendations

- Make sure that when you conclude agreements with stakeholders, these are accurately recorded to avoid misunderstandings.
- When negotiating with displaced communities and persons, it is advisable that agreements address all displacement impacts.
- There should be individual sign-off on RAP packages and group agreements. These should be thoroughly recorded and disclosed in a timely manner.
- Commitments regarding compensation and broader social development benefits to be provided by the company should be recorded in writing in the RAP.
- Enter into clear, specific agreements detailing requirements and commitments to avoid allegations arising from unmet expectations and differing interpretations leading to further claims for compensation.
- Even if legal analysis shows that people are the rightful owners, it is often important to involve close family members in the signing of agreements to confirm household buy-in.
- In cases of absentee owners who cannot be reached to conclude agreements, the company should establish a register of absentee owners, and set aside funds to cover absentee payments.
- Actions speak louder than words. Commitments outlined in agreements should be adhered to, as failure to do so can result in mistrust and enduring legacy impacts.
- Support affected people in understanding their rights and obligations.
- Resettlement activities require extensive internal and external negotiations. Start inclusive, well-planned dialogue, consultation and negotiation as early as possible.
- The establishment of a resettlement committee is a critical step in negotiating agreements, and it is essential that community representatives are truly representative of all segments of the community.
- Negotiations should be entered into only with agreed overall resettlement objectives and guiding principles in place.
- Have a comprehensive negotiation strategy, plan

Preparing to engage with communities and governments: key steps

- Prepare internal and external stakeholder analyses to identify and understand key stakeholders. This includes understanding issues like community organisation; power relations and divisions; conflict within and between the communities; the potential effects of external stakeholder groups; project displacement and other impacts; and community issues, concerns, strengths and weaknesses.
- Conduct internal and external risk and opportunity assessments to identify key risks and opportunities for all parties and to identify potential common ground.
- Take steps to ensure that the resettlement team is fully part of the overall project team from early on so that it is involved in planning the project footprint and can minimise displacement impacts.
- Clearly establish your stakeholder engagement objectives from an early stage so that stakeholder engagement efforts are targeted and optimised.
- Develop internal and external negotiation scenarios so that you plan for different developments during the negotiation process.
- Prepare a list of anticipated key stakeholder questions and prepare your answers so that you are ready to respond to likely questions.
- Develop an internal and external negotiation plan so that negotiations with key decision- makers and other relevant parties are strategically planned.
- Ensure the work plan and schedule for internal and external stakeholder engagement are aligned so that the team has the necessary internal alignment and mandates to progress external engagement as planned.
- Provide capacity building for stakeholders so that they understand their roles, applicable laws and standards, and other important information.
- Put in place a suitable team capable of both internal and external stakeholder engagement.
- Create the right atmosphere for stakeholder engagement by putting in place the right engagement forums.
- Hold planning workshops and meetings before undertaking key stakeholder engagement and negotiation meetings to ensure your team is adequately prepared.
- Obtain negotiation mandates from management so that the team negotiating with external stakeholders has the authority to make agreements.
- Put in place feedback mechanisms to keep community members and other key internal and external stakeholders adequately informed.

and agenda in place - a well-planned negotiations process will be quicker.

- Say yes or no, never make unclear statements like "could be" or "it is possible". Firm commitments are essential to prevent misunderstandings and unrealistic expectations.
- Offer nothing during resettlement negotiations without it first being fully costed and approved by senior management.
- Do not negotiate in a piecemeal manner. This creates scope for misunderstanding and the potential to fail to address all displacement impacts.
- Different experiences with regard to individual versus group negotiations indicate that an appropriate approach is largely context-dependent. A detailed stakeholder analysis will help to determine the optimal approach.
- When negotiating through community representative structures, ensure that these representatives provide adequate feedback on the negotiation process and agreements reached to the broader community.
- In addition to a resettlement committee, the use of a resettlement oversight or steering committee can be effective to help address disputes and deadlocks.
- The use of subcommittees can be useful to allow time and technical expert participation. This enables in-depth analysis of aspects of RAP packages outside, but in support of, the main negotiation forum process. This can shorten the overall negotiations period.
- Ensure any payments that are agreed with the resettlement committee meet anti-corruption guidelines and do not undermine community support for the project.
- The nature and extent of the negotiation process is crucial to ensuring the acceptability of packages offered. Affected communities must have a sense of having been able to influence the outcome of negotiations.
- Do not just give, be seen to negotiate, and always get something in return.
- Negotiated packages need to be fair, consistent and transparent. Packages offered should represent true replacement value and improvements.
- A win-win outcome is necessary to ensure implementable agreements.

Grievance mechanism

Lessons and recommendations

- Put in place an effective, formal and structured grievance procedure to track and attend to project- and resettlement-related grievances from the start of resettlement planning.
- Affected communities and households should be informed and receive continuous communication about grievance procedures.
- It is important to have a site or community-based location where grievances can be received in writing or verbally.
- Response time to grievances received is critical, particularly once a commitment is made to respond within a certain time period.
- Management of grievances can be a time-intensive activity, and may require a full-time, dedicated staff member to be responsible for receiving, documenting and processing grievances.
- Emphasis on locally appropriate grievance resolution mechanisms (eg through traditional

Make sure that when you conclude agreements with stakeholders, these are thoroughly recorded to avoid misunderstandings

leaders or local structures) can result in conflict being handled faster and at a lower cost.

- Ensure that every complaint has an internal "owner" who is responsible for ensuring that it is effectively closed out.
- Monitor and close out complaints on the basis of "outcomes" not just by recording that a corrective action has been completed. At a minimum verify whether the complainant was satisfied with the corrective action or not, and check whether they were happy with the process.

Affected communities and households should be informed and regularly reminded of grievance procedures

Module 5

Resettlement packages and assistance

In this module

Introduction
Physical resettlement
Key actions
Eligibility for resettlement packages
Choosing the resettlement site
Providing housing and facilities
Giving cash compensation
Calculating compensation amounts

Introduction

The resettlement action plan (RAP) should outline the key resettlement packages and assistance to be provided where there is both physical and economic displacement. Where there is only economic displacement, then the management plan should be called something like a livelihood restoration plan. Physical resettlement or displacement occurs when households living in the project area are required to move. It requires effective identification, design, planning and construction of alternative villages, housing and related facilities in order to mitigate effectively for physical losses, but also to support the future cohesion and success of the communities affected.

Physical resettlement planning is not just concerned with engineering and design, but how to preserve the existing social fabric in a new location.

The resettlement packages and assistance would typically include:

- cash compensation for assets, including crops and structures
- provision of resettlement housing
- provision of a resettlement site
- allowances to facilitate the moving process
- livelihood restoration programmes.

Physical resettlement requires effective identification, design, planning and construction of alternative villages, housing and related facilities

Physical resettlement

Challenges

- Households living in the area not having formal land titles or identification documents.
- High community and individual expectations.
- Precedents created elsewhere that may not be appropriate to project circumstances or sustainable once handed over to communities.
- Companies failing to fully understand community and household structures.
- Differing needs and wants among the community (eg elderly versus youth, farmers versus traders).
- Lack of available suitable replacement land.
- Project planners not appreciating the cost and time required to ensure adequate physical resettlement.
- Lack of government capacity to collaborate
- Length of time taken to put in place legally binding security of tenure.

Key considerations for physical resettlement

The objective of physical resettlement is to enable the relocation of individuals, households and communities to new locations. Companies should consider the following:

- Creating an enabling environment that allows the livelihoods and standard of living of affected people to be improved, or at least restored.
- Strong government support to resolve issues related to speculative building, which could result in escalating resettlement requirements if not managed correctly from the start.
- Reflecting the way people live in their current location and meet their key requirements in terms of living space, functionality and access to resources—cultural considerations should be taken into account in the design process.
- Any resettlement solution should be considered in the local context and offer choices to those being resettled, with the informed participation of affected people and statutory authorities.
- Resettlement sites and designs should be developed and agreed with all stakeholders, not just community leaders or statutory authorities.
- The relocation of households and communities should preserve existing social networks, livelihoods and maintain community and household cohesion.
- Maintaining links with existing assets and resources not affected by resettlement, or replace them.
- Enabling resettled people to appropriately share in benefits, for example project-related employment.
- Offering fair, equitable and adequate replacement housing and house plots that are at least the same standard as existing housing and ideally better.
- Ensuring the replacement of all existing community facilities, related infrastructure, and provision of additional facilities and infrastructure as required by local planning regulations.
- Ensuring upkeep of new housing and facilities are affordable for the recipient.
- Providing security of tenure through registration of property rights by regulatory authorities—the process of security of tenure may be lengthy, and should be planned accordingly.
- Allowing for ongoing development and expansion of the new community.
- Businesses should be considered early in the process, as potential drivers of resettlement communities.
- Communities in which resettled people will be hosted should be considered in planning from day one, and should see benefits in the resettlement process.
- Statutory authorities should be involved from the outset, in order to ensure timely approvals and adoption of infrastructure.

Key actions

Assessment of the existing situation

- A detailed analysis of community- and household-level organisation, housing and asset utilisation, and housing layouts is required and should be undertaken by resettlement planners in order to understand how people live and use their assets, particularly housing, house plots, community facilities and communal areas.
- A great deal of information on the current living conditions, social organisation and networks of impacted communities and households will come from the stakeholder engagement process during baseline surveys, particularly surveys of existing structures and assets.
- Analysis of all data and living condition studies to determine what the required characteristics of any replacement resettlement site, associated community facilities, infrastructure and housing will be.

Preliminary identification and evaluation of potential replacement resettlement sites

- Undertake identification and evaluation according to key criteria that respond to identified community needs, for example surrounding quality agricultural land, proximity to markets, availability of drinking water, distance to the mining activities to profit from employment and procurement opportunities, etc.

Preliminary design, engineering and costing

- Resettlement site layouts, infrastructure, plot sizes, replacement housing and community facilities.
- Culminating in consensus and agreement on resettlement site locations, standards of provision, and ultimately agreement on detailed design, and other related issues such as handover and maintenance. Consultation needs to be undertaken with all statutory authorities throughout the process, as well as affected communities and households.
- This should occur iteratively in parallel with ongoing community and key stakeholder consultations and agreements
- Approvals of all designs and layouts by the relevant statutory authorities

Development of a handover and maintenance plan

- To ensure all stakeholders are aware of statutory and personal responsibilities with respect to the completed site and that handover to households and authorities takes place in a timely fashion
- Ensure grant of security of tenure for resettlers through registration of property rights by regulatory authorities.

Development of a construction management plan

- Including tender documentation to allow for timely and effective implementation (see Module 8 for more recommendations).

Eligibility for resettlement packages

A key planning step is to understand and develop rules for who will be entitled to the resettlement packages that are developed. The absence of clear eligibility criteria for resettlement packages can result in significant grievances about missed impacts and cause delays and additional costs to the project.

Challenges

- Overcomplicated eligibility criteria.
- Inconsistent application or poor enforcement of eligibility criteria and cut-off dates for assessing the population eligible for resettlement packages.
- Delays in implementation resulting in influxes of people beyond the cut-off date.
- Failure to adequately plan for speculative in-migration.
- Difficulties reaching agreement on entitlements for tenants.
- Difficulty establishing eligibility criteria for multiple households in one structure.
- Establishing alternative eligibility criteria where structure owners identified in surveys died.
- Dealing directly with landowners only can simplify the process but can also create problems.

Lessons and recommendations

- Clear eligibility criteria should be established in consultation with affected communities—set out the eligibility for the various forms of assistance and compensation transparently.
- Set out the host government legal requirements and international standards for compensation payments and resettlement packages. In the absence of national guidelines that meet international standards, set out the methodology that the company will use to compensate for losses.
- Information on eligibility criteria (including cut-off dates) should be clearly disseminated.
- National legislation pertaining to cut-off and eligibility can simplify the process.
- The recognition of traditional rights to communal land is important in determining eligibility.
- In line with international standards, entitlements for affected parties lacking legal title should include:
  - Cash and in-kind compensation which should be combined with appropriate measures limiting cash compensation.
  - Capacity-building assistance which should be provided to help equip displaced people for employment. However do not use guarantees of employment as part of the resettlement compensation package.

Choosing the resettlement site

The choice of resettlement site is the single most important criterion in supporting the restoration of the livelihood of the impacted household. The project team must ensure that the preferences of the different community stakeholders are clearly understood and balanced with the pressure to cut costs by being close to existing infrastructure.

Challenges

- Underestimating the time and cost of constructing resettlement sites—this has an impact on the project budget and schedule.
- Lack of co-ordination between technical and social teams during site selection leading to choice of inappropriate resettlement sites.
- Lack of detailed technical evaluations of resettlement sites leading to choice of inappropriate sites and high development costs.
- Lack of consideration of social and environmental conditions when selecting sites.
- Failure to recognise the security risks of a new area.
- Moving people to resettlement sites later required for project activities, thereby requiring people to be relocated again.
- Reliance on one-size-fits-all larger resettlement sites to cut costs, where multiple sites would be appropriate, resulting in conflict in the longer term.
- Overemphasis on cutting construction costs leading to selection of sites with inadequate replacement land for agriculture.

Lessons and recommendations

- Resettlement of individual households to self-selected sites where they already have land or housing can be effective.
- A detailed land-use mapping exercise should be used to identify an initial list of suitable sites, which can then be filtered based on project, community and government criteria, through consultations and negotiations.
- Involve communities in the evaluation and selection of resettlement sites.
- The company should consider a range of criteria for site selection that goes beyond mere technical considerations, particularly livelihood restoration and improvement criteria.
- The selected site should include room for future expansion.
- Security of tenure to resettlement sites should be provided.
- Development of smaller residential resettlement sites where households are supported to source replacement agricultural land locally can be an effective alternative to one large resettlement site.
- Households impacted at host resettlement sites should be given appropriate consideration for resettlement benefits.

The choice of resettlement site is the single most important criterion in supporting the restoration of the livelihood of the impacted household

Providing housing and facilities

Many projects focus on cash compensation, but it has been demonstrated that providing appropriate replacement housing is the most effective long-term solution to managing resettlement impacts. The design of resettlement housing needs to be a participatory process involving communities, government and projects to ensure that these settlements are sustainable in terms of maintenance and services.

Challenges

- Lack of emphasis on ensuring funds paid directly to affected households for housing is spent on the purchase or construction of replacement housing.
- Conflict about the balance between the size and quality of replacement housing.
- Provision of communal toilets leading to poor sanitation conditions.
- Small size of resettlement houses leading to ongoing grievances.
- Use of building designs and materials inappropriate for the local context.
- Lack of quality control in construction of replacement housing leading to costly subsequent mitigation measures.
- Provision of facilities that communities are unable to maintain.
- Inadequate attention to plot allocation leading to disputes between community members.

Lessons and recommendations

- Provide in-kind replacement housing as much as possible.
- Measures should be put in place to encourage the use of compensation funds to construct replacement housing if project-built replacement housing is not feasible.
- Construction of pilot or sample houses is useful.
- Designs that are standardised should be used to allow ease of construction, but these should still provide a range of choices and avoid loss of area and rooms compared with what people previously had.
- Provision of suitable arrangements to deal with tenants should be put in place so that they are not rendered homeless by the resettlement process and have other options to rent accommodation with the same landlord or through support for other arrangements.
- Conform to national building standards and minimum building requirements to ensure the provision of quality replacement housing.
- The provision of replacement housing for future generations should be considered.
- Involving housing recipients with construction activities can be a useful approach. This should be under close supervision of professional contractors to ensure quality control and avoid delays in construction.
- Plot allocation should be undertaken in accordance with community preferences.

Giving cash compensation

Providing cash compensation to poor households generally leads to unsustainable spending, contributing to longer-term impoverishment. Projects that minimise cash compensation and provide replacement housing and land achieve the greatest success with their projects and achieve a social licence to operate.

Challenges

- Monetisation of resettlement (cash-only compensation) and giving in to demands for cash-only compensation.
- Communities failing to invest cash compensation wisely resulting in short-term spending on consumer goods and leading to longer-term impoverishment.
- Cash payments which result in dependency on the company, an increase in antisocial behaviour and abandonment of traditional livelihoods and safety nets.
- Cash compensation causing inflationary issues in mining communities.

Lessons and recommendations

- Minimise cash compensation. Support may be needed to build investment skills for poorer households. Companies should therefore construct replacement housing and provide replacement land to impacted households so that they have the maximum safety net to provide shelter and food for themselves.
- A commitment to provide physical replacement only, with no option for cash compensation, ensures displaced people are provided with adequate housing and do not become homeless in the medium term. However, this may not always be possible or appropriate as national law may require cash compensation for crops. The project should still work to minimise negative impacts.
- Criteria for limiting cash compensation are important. Set out the proposed types and levels of compensation to be paid. Outline where and when compensation will be paid.
- Implement measures to support households to manage cash compensation. Households receiving significant sums of cash compensation should be provided with financial management training, investment advice and assistance to open bank accounts. Tailor training for households with a low level of education.
- Staged payments of cash compensation should be used, if possible, to limit the risk of households spending one large payment unwisely.
- Provide appropriate methods for compensating for common property and cultural resources. It is difficult to compensate for the loss of common property and cultural resources in cash. The company should investigate providing alternative sites and supporting wider community projects to compensate for this loss.
- Alternative models of benefit sharing that give impacted communities a long-term stake in the project benefits should be investigated.

> Companies should construct replacement housing and provide replacement land to impacted households to ensure that they have the maximum safety net required to provide shelter and food for themselves.

Calculating compensation amounts

There is no one formula for calculating compensation on land access and resettlement projects. Failure to adequately compensate impacted households is one of the greatest causes of grievances and conflict on projects. There is a need to engage experienced valuation professionals early in the planning process to avoid setting expensive precedents and ensuring that all the project stakeholders agree to the compensation process.

Challenges

- Failure to adopt a participatory approach to determine compensation rates.
- Failure to adequately define the scope of involvement of independent valuers.
- Compensation rates that are notably higher than, or different from, government rates creating a precedent others cannot follow.
- National compensation rates not meeting minimum international standards, particularly consideration for loss of profits—innovative approaches may be required to ensure adequate replacement at full replacement cost.
- Adopting different compensation rates for people with the same types of assets, resulting in mistrust and requiring subsequent mitigation.
- Overcompensation resulting from attempts to comply with both national and international legislation (where these have different and sometimes conflicting requirements).
- Delays in payment of cash compensation.
- Failure to explain why cash compensation is adjusted in subsequent years when different people are paid at different times.
- Setting early precedents during the exploration phase that are unaffordable later in the project.

Lessons and recommendations

- Reflect on precedents from other projects—however rates should be determined based on the local context and current full replacement values.
- A transparent, participatory approach to determining compensation should be undertaken.
- An experienced independent valuer deemed acceptable to companies and communities should be used.
- The compensation policy should be consistent.
- The methods used for valuation should be clearly documented and disseminated.
- Compensation rates should be updated if the process is undertaken over a long period.

[1]Adapted from IFC (2002). *Handbook for Preparing a Resettlement Action Plan*. Washington, DC, IFC.

Replacement cost[1]

The rate of compensation for lost assets must be calculated at full replacement cost, that is, the market value of the assets plus transaction costs. With regard to land and structures, the IFC defines replacement costs as follows:

- Agricultural land – the market value of land of equal productive use or potential located in the vicinity of the affected land, plus the cost of preparation to levels similar to or better than those of the affected land, plus the cost of any registration and transfer taxes;
- Land in urban areas – the market value of land of equal size and use, with similar or improved public infrastructure facilities and services preferably located in the vicinity of the affected land, plus the cost of any registration and transfer taxes;
- Household and public structures – the cost of purchasing or building a new structure, with an area and quality similar to or better than those of the affected structure, or of repairing a partially affected structure, including labor and contractors' fees and any registration and transfer taxes.
- In determining the replacement cost, depreciation of the asset and the value of salvage materials are not taken into account, nor is the value of benefits to be derived from the project deducted from the valuation of an affected asset.

The rate of compensation for lost assets must be calculated at full replacement cost, that is, the market value of the assets plus transaction costs

Module 6

Restoring sustainable livelihoods

In this module

Introduction

Planning to restore livelihoods sustainably

Preparing for mining employment

Integrating livelihoods and social management plans

Engaging communities in planning

Finding replacement land for livelihoods

Avoiding cash compensation

Introduction

Best practice requires companies to improve, or at least restore, the livelihoods and standards of living of displaced persons. A livelihood is defined as a means of securing the necessities of life. Many projects in the past used to consider the resettlement process complete when the impacted households were given replacement houses or paid cash compensation. However, in the majority of cases where cash compensation is given, resettled households struggle to attain their former standard of living.

Currently, there is increasing recognition that livelihood restoration requires a focus beyond just income, and that other social factors such as education, health and social cohesion serve to sustain living standards over time. Despite this recognition and the development of social performance standards, livelihood restoration is often not being properly planned and fails to restore or improve livelihoods sustainably.

Where this occurs, it can lead to significant community dissatisfaction and threaten the project's social licence to operate. The role of women in contributing to the livelihood of the household is also not always given sufficient consideration, which may result in women losing access to land and common property resources, lowering income and status.

Challenges

- Projects generally change the whole economic context of an area, resulting in the influx of economic migrants and inflation of prices. So even if the same resources are available, the households' standard of living can still drop significantly.
- Projects are often managed by engineers focused on construction with a limited understanding of the complexity of local livelihoods. They have a tendency to focus on short-term solutions, including cash compensation, and a lack of appreciation that livelihood restoration and implementation of alternative livelihoods is a long-term process. This often means that livelihood restoration is seen as a luxury the project cannot afford.
- On an increasing number of projects, previously resettled communities who have suffered from impoverishment are making demands for restitution, resulting in increased conflict and the risk of disruption to the project.
- Projects often focus solely on resettlement households and ignore the needs of the host communities into which resettled households are moved, which leads to tension between the two groups.
- The growth in artisanal mining makes it difficult for companies to restore livelihoods when these groups are displaced, particularly where the practice has existed over a long period and no alternative areas for them to continue mining can be identified. The displacement of artisanal miners can lead to serious livelihood impacts and conflict with the community if the company does not try to mitigate this loss.

Lessons and recommendations

- Livelihood restoration is a big challenge on many projects, but with proper planning and the inclusion of people with specific livelihood restoration/ development expertise, a positive outcome where livelihoods are restored and improved can be achieved.
- Companies that have taken livelihood restoration seriously reduce pressure from the communities for jobs with the company and associated conflict with communities.
- Companies should invest more resources to understand the impacts of land access and resettlement on livelihood. They should and put in place the required expertise and budgets to take this issue seriously.
- Companies need to have a realistic understanding of what can be achieved so that stakeholder expectations can be managed.
- "Working Together: How Large-scale Mining Can Engage with Artisanal and Small-scale Miners" (International Council on Mining and Metals 2010) has a specific tool on developing resettlement action plans (RAPs) for artisanal and small-scale mining.

Planning to restore livelihoods sustainably

Challenges

- Livelihood restoration not being planned in a holistic manner can lead to missed opportunities to provide households with a combination of replacement assets, training for employment and a location close to employment and business opportunities.
- Companies failing to properly engage with women and youth can result in their priorities being ignored in the development of livelihood restoration plans. Women often lose access to land and natural resources essential for their livelihoods.
- A failure to properly integrate displaced livelihoods into host communities can result in jealousy, isolation and an ongoing dependency on the company.
- There is often conflict post-resettlement over resources where assumptions were made on shared use of natural resources such as forests and water resources without negotiating a firm agreement. Companies can be unable to monitor livelihoods because of a lack of effective pre-resettlement socioeconomic baseline data.

Lessons and recommendations

- Companies should focus on a number of areas simultaneously in order to achieve livelihood restoration early in the planning stage. These include training and employment, selection of appropriate resettlement sites to allow access to replacement land and livelihood opportunities, and community development initiatives focusing on integrating resettlement households into the wider community.
- Focus on land-based, wage-based and enterprise-based livelihood solutions, agricultural and non-agricultural livelihoods. It should be noted that even in rural areas over 50% of income can often come from non-agricultural activities. These solutions should focus on the basic restoration of land, natural resources and business premises, and direct aid to re-establish production and sales.
- Invest more resources to understand the impacts of land access and resettlement on livelihoods, and put in place the required expertise and budgets to take this issue seriously.
- Benchmark livelihood restoration programmes on projects with similar impacts in similar contexts to understand what will and will not work. This will enable reviewers to discern between initiatives that are intended to please communities, but which are unsustainable and not economically feasible, and initiatives that would contribute to lasting livelihoods and succeed without ongoing investment.
- Pilot livelihood restoration initiatives before scaling up activities to ensure that these are proven successful and can be sustainable without project support.
- Include both social development and resettlement experts in the livelihood restoration planning team. They need to work closely with the company's mine planning, human resource and procurement departments.
- Develop appropriate, disaggregated baseline data and monitoring indicators during the baseline data planning process, which requires collaboration between the social impact assessment and RAP planners. The monitoring indicators should be specific, measurable, attainable, relevant and time-bound (SMART), and a monitoring plan should be put in place to ensure that the project understands what success is in livelihood restoration and when this can be achieved.
- Include support for vulnerable households in the livelihood restoration process. However, to ensure that the programme does not result in dependency on the project, it is important to have good quality disaggregated baseline data on the pre-project socioeconomic situation of these households and to track their post-resettlement livelihoods.

Preparing for mining employment

Perhaps one of the greatest missed opportunities on projects is the failure to train local people in readiness for mine employment early in the project development phase. It is difficult to restore land-based livelihoods on large projects due to the pressure on the remaining agricultural land. The provision of even a limited number of jobs with the project for nearby communities can significantly contribute to the income of the village and buffer against the loss of livelihoods.

Lessons and recommendations

- Start skills training of local people during the early stages of the project to prepare them for construction and operation employment opportunities.
- Projects should not fear maximising short-term construction employment opportunities for project-affected households as this provides a welcome injection of cash into the community at a critical time following resettlement. What is important is that the project times the main livelihood restoration activities so that they provide a safety net to project-affected households who lose their jobs post-construction, which is often a period when community conflict is high as young men adjust to life without a regular salary. Ongoing engagement is also required to communicate opportunities, limit expectations and potentially avoid conflict.

Integrating livelihoods and social management plans

Lessons and recommendations

The key to good livelihood restoration planning is to make a clear connection between all the key social management plans on a project and ensure that these are prepared to a practical level early in the project development cycle. Examples of these plans include:

- The RAP (or livelihood restoration plan where there is only economic displacement) is a transitional plan to restore the livelihood base of displaced households.
- Other plans, for example local employment and procurement plans, support local communities to benefit from the employment and business opportunities offered directly and indirectly by the project.
- The community development plan (CDP) is a life-of-project plan to support the development of the project area, including the integration of the RAP households into host communities and ensuring that they share the wider project benefits. The CDP should cover all neighbouring communities and not just those displaced by the project.
- The CDP should build the capacity of groups to add value to products through processing and marketing, to ensure they can benefit from new market opportunities created through the project.
- Improvements in physical infrastructure such as roads and markets may be essential for communities to benefit from these processing and market opportunities

Start skills training of local people during the early stages of the project to prepare them for construction and operation employment opportunities

Engaging communities in planning

As outlined in Module 4, it is important that all the project stakeholders participate in the identification of impacts and mitigation measures. Livelihood restoration where packages are not designed with local people have proven to fail after a short period of time.

Lessons and recommendations

- The development of livelihood restoration plans should include engagement with men, women and youth on their development priorities so that they have ownership of the process.
- Planning livelihood restoration requires a partnership between the project, communities, government and civil society who all contribute to the well-being of each household.
- The livelihood restoration plan should integrate resettlement communities and reach agreement on access to resources and any improved services prior to resettlement.
- The resettlement site selection process should balance different interests. For example some may prefer to be near urban centres and close to the project for employment, market and services while others may wish to be located where more traditional livelihoods can be practised. It is important to seek the views of the less powerful groups.
- Ultimately, it is a question of providing options and ensuring a free and informed negotiations process that is not dominated by any one interest group.

Finding replacement land for livelihoods

While physical resettlement is concerned with the provision of land for replacement housing, the key to livelihood restoration is to provide replacement land and a range of livelihood support options to impacted households. Failure to provide replacement land or the provision of poor quality replacement land can lead to the impoverishment of the impacted communities.

Challenges

- On many projects resettlement site location is not properly planned, leaving resettlers without access to replacement land for farming or unable to access the economic opportunities offered by the company.
- Many mining projects require considerable areas for land acquisition, which puts pressure on the remaining land resources. It is often impossible to find enough replacement land to replace agricultural livelihoods.
- Many companies fail to consider the loss of access to common property such as pasture, forests and water bodies at resettlement sites resulting in disproportionate impacts on the livelihoods of poorer and marginalised groups, including Indigenous Peoples.
- There is often conflict post-resettlement over resources where assumptions were made on shared use of natural resources, such as forests and water resources, without negotiating a firm agreement.
- Acquiring replacement land can be very expensive in many countries as pressure on land increases and prices escalate.

Lessons and recommendations

- Strive to integrate resettlement communities, and reach agreement on access to resources and any improved services prior to resettlement.
- Companies should invest resources to find replacement land. This can involve incentivising the impacted households to find replacement land themselves.
- Companies should consider locating resettlement sites where the resettlers have continued access to common resources, particularly in the case of herders, hunter-gatherers and fishermen. Livelihood restoration requires the project

to consider the collective resources that the community depends on to maintain household well-being.

- The location of resettlement sites is key to livelihood restoration. The company should balance access to agricultural replacement land, natural resource areas and also to the economic opportunities offered by the project.
- The provision of improved services at the resettlement site can significantly improve household well-being, particularly health and education services, which enhance the communities' ability to access jobs at the company.
- Reintegration of resettled households back into the local communities works best when host communities share in the additional support offered by the company. This support can be:
  - preferential access for local people to training and employment with the project
  - support to increase production, and/or processing and sales of local goods.
- If it is clear that the project cannot source replacement land or alternative livelihoods with a realistic chance of success, then the project approach will need to be reassessed to minimise the land take, or consider whether the project should go ahead.

Avoiding cash compensation

Lessons and recommendations

- As noted in previous modules, many companies rely on cash compensation to mitigate for the loss of land and natural resources. However, experience shows that cash compensation is often poorly invested leaving impacted households without resources to maintain their livelihoods. Companies should minimise reliance on cash compensation and provide replacement land where possible. Where cash compensation is paid, the company should provide support to the impacted households to open bank accounts and independent advice on how to manage the compensation for the long-term benefit of the household.
- Projects should ensure that households are being compensated for lost assets at full replacement value in line with international standards.
- Companies should provide transitional assistance, such as cash allowances and rations, depending on the project context, to households so they can adapt to their new circumstances. This will be particularly important where a household will miss a cropping season.

Making the most of mine-related employment while supporting sustainable local business

The Newmont Ahafo South Project RAP has identified livelihood initiatives (to help persons and households impacted by resettlement re-establish their livelihoods or create new ones) and community development initiatives targeting the wider district as a priority. The company is committed to employing local people to ensure maximum local economic benefits from the project. To this end, it has introduced a proactive local recruitment policy, with a complementary skills training programme.

In addition, a number of bus owners have been contracted to implement an extensive bus service between more distant communities and the mine site, thereby allowing workers to live "at home" while working on the site. This service has the added benefit of reducing in-migration to the district significantly, and of providing business to local enterprises.

Newmont is also delivering money management and micro-enterprise development training courses for households impacted by resettlement. The course is designed to help impacted households apply compensation payments appropriately in support of sustainable livelihoods. Over 1,200 persons have participated in this course to date.

Module 7

Identifying and supporting vulnerable groups

In this module

Introduction

Identifying vulnerability resulting from the project

Special measures to support vulnerable people

Transitional hardship support plans

Avoiding dependency and developing exit strategies

Indigenous Peoples

Introduction

The main objective of a land access and resettlement process is to ensure that the impacted households' standard of living is enhanced, or at least maintained. It is, however, widely recognised that some households are more vulnerable to risks of poverty.

Households that are particularly vulnerable include landless squatters and tenants and those with limited labour resources, such as households headed by women, the elderly and those in poor health. The International Finance Corporation (IFC) defines special or "at-risk" groups as "people who, by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage or social status may be more diversely affected by displacement than others and who may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits" (IFC 2012a).

The IFC requires projects to identify vulnerable groups during the environmental and social impact assessment (ESIA)—Performance Standard 1 (IFC 2012b)—or through the social baseline studies component of resettlement planning. However, most ESIA baseline studies are not thorough enough to identify vulnerable households, and therefore vulnerability to impoverishment should be identified in the resettlement action plan (RAP) baseline studies. This requires special measures to engage with vulnerable groups (eg through focus groups) and ensuring that employees are aware of the distinct needs of these groups (such as the elderly, disabled, etc).

There are a number of sound business reasons for providing additional support to households vulnerable to project-induced impoverishment:

- IFC standards require that support is provided to households who are at risk of impoverishment by the project—compliance with standards is often critical for project funding.
- If the company does not offer support to vulnerable households and they become destitute because of the project, third parties can use this against the project, causing reputational damage.
- Supporting vulnerable households is generally supported by the community, and if the programme is developed properly, this can add to the reputation of the company and its social licence to operate.
- Examples of transitional support include:
  - emergency health care for pregnant women, the elderly and disabled people as required
  - support for children to attend school
  - counselling to the households so that they can understand the short-term support the project can offer, but also to make them aware of government services and longer-term options
  - support given to vulnerable households to ensure they maintain their social networks with family and friends—this will include ensuring they are resettled close to family and friends and have access to social services.

IFC standards require that support is provided to households who are at risk of impoverishment by the project – compliance with standards is often critical for project funding

Identifying vulnerability resulting from the project

It is important to support vulnerable households to deal with project-induced impacts for a transitional period until their pre-project livelihoods are restored. It is the role of the government and communities to deal with general pre-existing vulnerability issues, though the project can provide support through community investment initiatives.

Pre-existing vulnerability exists regardless of the project development as a result of impoverishment factors in the project area. These households are vulnerable by virtue of the challenges they face to sustain their household, and the project will bring additional pressure.

Examples of vulnerable people are:

- the destitute/homeless, street children, child labourers, child survivors of families living with AIDS, single mothers, persons with severe disabilities or disabling disease
- households with handicapped, chronically ill and socially stigmatised persons
- caretakers/sharecroppers/farm labourers with no lands/fields or buildings of their own
- in some cases, Indigenous Peoples.

Project-induced vulnerability is caused by project-related physical and economic displacement. These households are coping on their own, but the changes brought about by the project may cause impoverishment, which may be temporary or permanent.

Challenges

- Many companies fail to identify or support vulnerable households. This can result in some households becoming destitute as a result of the land access and resettlement process.
- In areas where poverty is endemic, a large proportion of impacted households are already vulnerable to impoverishment, and it can be difficult to differentiate between pre-project poverty-induced vulnerability and project-induced vulnerability, resulting in the project being held responsible for general poverty impacts.
- The opportunity to gain additional benefits by becoming classified as "vulnerable" can result in households misrepresenting their socioeconomic status, and this can create tension in the community.

- Households who are destitute and living in severe poverty in the project area may find themselves in a similar situation post-RAP implementation as they had limited assets, which were fairly replaced, and a limited livelihood to restore. The poverty situation of these households is not caused by the project and not technically the project's responsibility.

Lessons and recommendations

- Ensure that the role of the project is clear regarding vulnerable households.
- A participatory approach should be used to define what vulnerability means in the context of the project communities. The project should engage with government and the communities to understand how vulnerability is defined locally, so that the community understands that those households in danger of impoverishment will be supported by the programme.
- On projects with significant impacts a committee should be formed with membership from government agencies and community and company representatives to support the project to develop criteria to identify vulnerable households and to review grievances.
- The company should work with government services to ensure they take responsibility for destitute households whose situation is not caused by project impacts.
- The project can choose to help households who were already vulnerable before the project development through other community development initiatives.

Special measures to support vulnerable people

Lessons and recommendations

- The needs of women are often ignored on resettlement projects with livelihood restoration, with cash compensation, employment and farming opportunities targeted mainly at men, leaving women vulnerable to impoverishment.
- A comprehensive baseline survey or study should be undertaken with specific criteria to identify vulnerable households who are at risk of impoverishment because of the project. The indicators developed should be aligned with statistics collected by local development agencies.
- A transitional hardship committee, comprising company, community and government representatives, should be formed on complex projects. The committee should define what severe poverty is in the local context and develop criteria and indicators to monitor vulnerability. The committee can play a role in vetting applications for transitional support and for assessing grievances and signing off on exit processing from the programme.
- A dedicated budget should be allocated to support vulnerable households.
- There should be specific measures, where appropriate, to support informal land users and owners lacking formal proof of ownership of assets, and to address the impacts on vulnerable women.
- Vulnerable groups may need support from specialists in order to understand the land access and resettlement process, and to negotiate royalties and development agreements where appropriate.
- On land access and resettlement projects it is preferable to offer all households (vulnerable and non-vulnerable) a consistent package to avoid conflict.

Transitional hardship support plans

Lessons and recommendations

- A transitional hardship support plan should be developed for each vulnerable household, outlining the company's commitments and household responsibilities, with indicators for success and an exit date agreed with the household and community representative.
- The main focus of the transitional hardship support should be to ensure that the vulnerable households access the mainstream RAP livelihood support programmes and the social management plan support for the wider communities.
- The focus should be on ensuring the household can produce sufficient food and income to provide for food security and basic household needs.

Avoiding dependency and developing exit strategies

Lessons and recommendations

Many companies fail to develop exit strategies for vulnerable support making it difficult to wean poor families off the programme and creating longer-term dependence:

- The transitional hardship support plan should emphasise that the support is for a limited period until the household is restored to a pre-project situation.
- The project should establish a team led by an experienced development specialist to identify and support vulnerable households. On complex projects a committee should be established with government and community representatives in order to develop poverty indicators relevant to the local context, and to agree on support measures and exit strategies.
- The transitional hardship support plan should have a clear programme ensuring that vulnerable households are fast-tracked into the mainstream RAP and community development support programmes.

The needs of women are often ignored on resettlement projects with livelihood restoration, with cash compensation, employment and farming opportunities targeted mainly at men, leaving women vulnerable to impoverishment

Indigenous Peoples

Resettlement, whether physical or economic, can be a major and critical impact of mining projects, and is considered especially contentious with regards to Indigenous Peoples. Due to the distinct attachment and relationship to lands, territories and resources that many indigenous groups have, and a widespread history of dispossession and forced removals, resettling Indigenous Peoples is considered to lead to particularly adverse impacts on their cultural survival.

International Labour Organisation (ILO) Convention 169 states that Indigenous Peoples should only be relocated from their lands in exceptional circumstances and only with their free and informed consent. However, Article 16 does recognise that free and informed consent may not be possible in all circumstances and that "Where their consent cannot be obtained, such relocation shall take place only following appropriate procedures established by national laws and regulations, including public inquiries where appropriate, which provide the opportunity for effective representation of the peoples concerned" (ILO 1989). To date, 22 countries have ratified the convention, 14 of these in Latin America.

Article 10 of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) states that "Indigenous peoples shall not be forcibly removed from their lands or territories. No relocation shall take place without the free, prior and informed consent of the indigenous peoples concerned and after agreement on just and fair compensation and, where possible, with the option of return" (United Nations 2008).

The IFC's standard for companies to apply where projects affect Indigenous Peoples (Performance Standard 7) recommends that companies should make every effort to avoid any physical relocation of Indigenous Peoples from their customary lands (IFC 2012c).

In May 2013 the International Council on Mining and Metals (ICMM) updated its Position Statement on Indigenous Peoples and Mining, which outlines six commitments that ICMM members must adhere to (ICMM 2013). In 2015 ICMM released a supporting Good Practice Guide that includes more detailed recommendations (ICMM 2015).

Challenges

- Failure to adequately consider specific considerations of indigenous groups.
- Failure to recognise and address negative legacies and perceptions about companies operating in indigenous areas.
- Failure to effectively manage free, prior informed consent issues.
- Lack of national-level legislation to interpret international frameworks (eg ILO Convention 169, UNDRIP) in specific countries.

Lessons and recommendations

- As noted in other modules, follow Steps 1-5 in Tool 2.1 (Impact avoidance and mitigation) of ICMM's "Good Practice Guide: Indigenous Peoples and Mining" (ICMM 2015), including:
  - appointing staff who have adequate knowledge and experience in the resettlement and displacement field. Companies should engage and seek advice from resettlement experts, indigenous advisers and indigenous community leaders throughout this process
  - compensating people (through appropriately governed monetary payments or replacing livelihoods) who lose assets, or face restrictions on access to assets or a means of livelihood, at full replacement cost.

Module 8

Construction and physical moves

In this module

Introduction
Key actions
Local stakeholder engagement and oversight
Planning for a smooth and safe transition
Using local contractors

Introduction

The land access and resettlement process does not end with the signing of agreements. Construction and the 'moves' process pose key challenges and offer opportunities. This module focuses primarily on the planning and social impacts of construction and moving, though it is closely linked to the topics of compensation payments, livelihood restoration and improvement, and special groups which are dealt with in modules 6, 7 and 8.

This section provides guidance to enable a smooth, safe and timely transition to new resettlement sites. Key principles apply regardless of the impetus for physical resettlement or where a project is located: offering choice, ensuring participation and oversight, maximising local content, and compliance with laws and standards are all important.

The moves process offers important opportunities for achieving positive impacts among communities. The resettlement construction process often provides the first opportunity for significant utilisation of local labour and services. Opportunities to utilise local labour, contractors and procurement, including capacity-building efforts as required, should be maximised.

Key actions

- Negotiate on detailed engineering and designs with the project stakeholders, including the community and government.
- Develop a construction management plan to allow for timely, effective and safe implementation.
- Engage communities in monitoring, oversight and sign-off of construction and moves processes.
- Develop tender documentation for procurement of materials and services.
- Secure individual household sign-off to verify the entitlements of each household.
- Construct all sites, housing, community facilities and associated infrastructure to agreed specifications and standards.
- Manage moves from the households' existing homes to their new homes at the resettlement site(s), including moving of businesses.
- Handover to statutory authorities, including their adoption of all infrastructure and facilities.
- Demolish existing settlements.
- Secure and make safe the new site for project development.
- Follow up with resettlement communities and households to support a successful transition to the new resettlement site and confirm they understand how to maintain their new houses and community services.

Local stakeholder engagement and oversight

Oversight of the construction process by all stakeholders and resettling households is a key aspect of building long term trust between the company and stakeholders.

Challenges

- Lack of oversight by resettlers and community representatives leads to disagreements and delayed moves.
- Government's capacity to collaborate can be limited.
- Resettlement increases the risk of vulnerability and impoverishment when households make ill-informed decisions on resettlement choices.

Lessons and recommendations

- Ensure households sign-off on available choices. Make sure entitlements are well managed and allow for proper oversight by peer groups and relevant external stakeholders.
- Engagement with communities and households cannot end with the move to the new site—assurance and follow-up is essential to build community capacity to manage services at the new site, to support community decision-making and resolve conflict.
- Provide capacity-building support to government to support them developing their own plans and processes to sustainably plan and manage communities together with the other key stakeholders.

Planning for a smooth and safe transition

Challenges

- Unreasonable pressure on the resettlement implementation schedule from project management teams.
- Delays in handover of key infrastructure to statutory authorities, with ongoing costs for the company.

Lessons and recommendations

- A construction and handover management plan should be developed that sets out how all infrastructure has been designed to the appropriate standard and how the management agency will approve the design, supervise construction and take over management responsibility after construction.
- Handover to statutory authorities and households should be considered from the outset and detailed in agreements.
- Safety considerations are key because a large number of local labourers are on-site during development, and sometimes residents get moved onto site in phases during construction.
- Moves of resettlers to the new site should consider assistance required and cultural considerations, for example not moving during periods of cultural celebration.
- Demolition of existing settlements should consider project land access requirements, phasing of project construction, community cohesion, and health and safety considerations.
- Allowing affected households to salvage materials from their own buildings is a common practice, but should be considered and managed carefully to avoid use of these materials for speculative activities.

Using local contractors

- Use of local building materials can create additional job opportunities, but quality must remain important.
- There are psychological benefits to using local teams for dismantling of original houses.

Challenges

- Use of politically connected local contractors can lead to charges of favouritism and conflict with anti-corruption codes.
- There may be inexperienced execution teams.
- Some projects experience difficulties with local recruitment processes.
- Businesses created to supply the project are not always sustainable, which means the long-term economic impact opportunity is not realised.

Lessons and recommendations

- Contractors should be encouraged to use local labour by including requirements for this in tender and contract documentation.
- Provision of capacity-building training is a prerequisite for using local contractors and labour.
- Giving contractors small jobs initially can help companies test their capacity. Local contractors could initially be given construction jobs, for example to resettle people from buffer areas which will be required late in the project development, to ensure they can develop their capacity for quality and timely construction to the appropriate standards.
- Close monitoring and supervision of work is necessary to ensure quality control.
- The company should remain in charge of procurement of key materials to ensure regular supply and quality control.

Impacted people's homes before (above) and after resettlement (below)

Module 9

Benefit sharing and community development

In this module

Introduction

Benefit sharing and community development activities

Sustainable community development

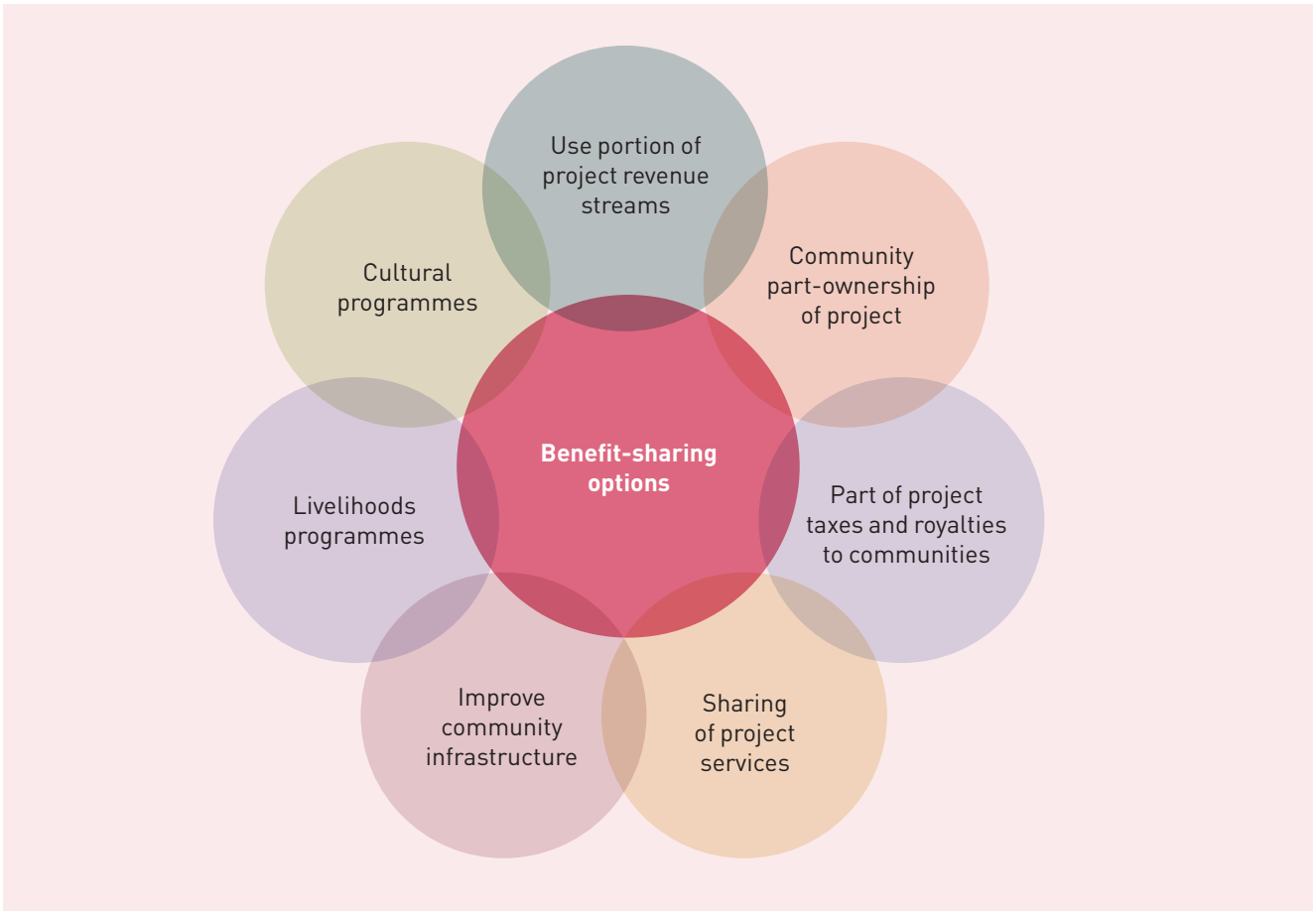
Community expectations

Introduction

In addition to addressing the negative impacts caused by resettlement activities, companies should support affected communities to benefit from opportunities arising from the mining project. Although the concepts of compensation and sharing benefits often overlap in practice, they are conceptually different. Compensation is focused primarily on redressing loss or damage that can be attributed to the impacts of a project (eg loss of access to land and assets). Benefit sharing on the other hand aims to promote broader economic participation in projects, for example through royalty streams linked to production, provision of employment, business opportunities, and community development projects that strengthen community cohesion and provide sustainable community-led services.

The International Finance Corporation's strategic community investment booklet defines strategic community investment as "voluntary contributions or actions by companies to help communities in their areas of operation address their development priorities, and take advantage of opportunities created by private investment in ways that are sustainable and support business objectives" (International Finance Corporation 2010). Strategic community investment should focus on community development activities and not just compensation payments.

Figure 9.1 Examples of benefit sharing



Benefit sharing and community development activities

There are a number of potential ways in which projects can share benefits and support community development activities with impacted communities, as indicated in Figure 9.1. However, what is appropriate for a particular project will depend on the specific context and circumstances.

Sustainable community development

Lessons and recommendations

- Avoidance of long-term community dependency on the project is critical for the sake of communities and projects.
- Strike a balance between providing developmental support and ensuring that the intended benefits are sustainable. Do not support programmes that cannot continue once company support ends.
- Consider activities that can increase the sustainability of community development programmes, including:
  - establishing community-led management committees
  - capacity building and training
  - advice and training on how to raise funds for activities as an alternative to company funding.
- Community development will not be sustainable without a local sense of ownership. Empowering communities to develop and manage projects is therefore as important as the project activity itself.
- Do not pretend that mines are sustainable—however, they can contribute to broader sustainable development.

Planning for sustainable community development

Challenges

- There is still often a lack of realism about the complexity of social issues and the effort, time and resources required to address these properly. It is easy to spend money, but not so easy to make a real and sustainable difference.
- Some companies still have the notion that community development can be properly undertaken by merely making ad hoc donations and undertaking unco-ordinated short-term initiatives.
- Companies typically have to deal with more than one neighbouring community, and it is challenging to find the right spending balance between the different communities. This can be exacerbated where there is a high level of mistrust in and between communities.

Lessons and recommendations

- Putting in place a long-term life-of-project community development plan (based on baseline data collected in collaboration with the community) is critical to ensure that a company does not just adopt a piecemeal approach based on donations.
- Consider and plan social development initiatives in conjunction with resettlement planning. This will help to facilitate linkages between initiatives and livelihood restoration requirements specifically directed at project-affected persons.
- Community development plans should build onto the existing local government development plans rather than duplicating efforts. This is important because it will have a more sustainable impact, allows for projects to be continued after the life of the mine, is more efficient and builds on existing expertise.
- Ensure the company has a handover to governments or exit strategy at the planning stage, including the sustainability activities described above.
- Local context is critical—make sure that initiatives and programmes are locally appropriate and not simply imported from elsewhere.
- When engaging with affected communities about potential development initiatives, it is important to ensure inclusive consultation mechanisms.
- Careful consideration should be given to the most

Newmont Ahafo Development Foundation

Following extensive consultation with its host communities, Newmont established the Newmont Ahafo Development Foundation (Nadef) to support local sustainable community development projects in the ten communities near the Ahafo mine. Newmont contributes $1 per ounce of gold sold and 1% of the net profit from the mine to Nadef.

To date, Nadef has accrued more than $17 million. Through community-driven development decisions, as of September 2014 the fund has constructed and handed over about 63 infrastructure projects, while more than 4,900 educational scholarships have been awarded to students pursuing senior high-school and tertiary education.

Collaborating with government and communities for sustainable education projects

One project in the Philippines focused specifically on educational assistance for communities impacted by resettlement. When the project finished, some project materials were allocated to building an elementary and high school, as there was no such school in the area before (people had to travel by boat to other islands to attend school). The project provided four buildings, and collaborated with the Department of Education who are responsible for operating the school (including teachers' salaries etc). A co-operative was also formed with a boat to carry children from another island to attend the school.

appropriate methods to implement community development programmes. These could include:

- company foundations or trusts
- in-house implementation
- third-party implementation
- multi-stakeholder partnerships.

Community expectations

Challenges

- Given increasing community, government and societal expectations, it is often difficult to get people to realise that the "cake" is limited in relation to extractive sector projects after one takes account of the costs of development and operation as well as taxes and other levies.
- In some instances, executives, while acknowledging in principle that benefit sharing is necessary, are jaded when they see little apparent return on the money they spend and feel that the more they give, the more communities, government and other stakeholders demand.

Lessons and recommendations

- Address perceptions as well as facts. Actions speak louder than words, so the project needs to make a real impact before companies will receive credit for it.
- Understand what it will cost before you promise it, and do not over-promise. It is better to under-promise and then over-deliver.
- Think about what precedents you are setting when you decide to go ahead with a community development initiative.
- Be fair, consistent and transparent.

Sustainable development is not possible without a local sense of ownership and empowerment

Module 10

Monitoring, evaluation and reporting

In this module

Introduction

Performance measurement or outputs

Impact monitoring and outcome

Introduction

Monitoring and evaluation (M&E) of a project are critical in terms of answering the questions:

- What constitutes success?
- When have we finished?

Unfortunately, many projects only get around to thinking seriously about M&E after companies have conducted baseline studies and are well advanced in the process of project planning and stakeholder engagement, or are even about to commence implementation. It is critical that M&E is considered and integrated into project planning from the outset so that meaningful indicators can be developed early and measured in order to answer these critical questions.

The International Finance Corporation (IFC) requires project sponsors to "monitor and report on the effectiveness of RAP [resettlement action plan] implementation". The objective should be to "provide the sponsor with feedback on RAP implementation and to identify problems and successes as early as possible to allow timely adjustment of implementation arrangements" (IFC 2002). The purpose of monitoring is to provide project managers, as well as directly affected persons, households, communities and project financiers, with timely, concise, indicative information on whether compensation, resettlement, other impact mitigation or community development measures are on track to achieve sustainable livelihood restoration and improvement in the welfare of the affected people, or whether plans need to be adjusted.

Challenges

- Lack of a structured plan for monitoring of resettlement process and outcomes.
- Failure to have clear monitoring indicators to assess performance against baseline conditions and the RAP.
- Lack of adequate baseline data against which to monitor resettlement progress and impact on livelihoods.
- Lack of effective internal monitoring and record-keeping systems.
- Lack of an adequate, independent monitoring mechanism.
- Lack of community involvement in M&E.
- Inadequate reporting to stakeholders.
- Lack of structure resulting in community monitoring being used as a forum for people to make additional demands.
- Cessation of external M&E after moves to resettlement sites have been completed.
- A focus on performance measuring, through outputs (eg number of people trained in alternative livelihoods) rather than impact monitoring through outcomes (eg revenue earned by households trained or improvements in the quality of life).
- Lack of resources dedicated to M&E – specific staff should be dedicated to it.

Lessons and recommendations

Planning to monitor and evaluate

- The company should allocate adequate resources to M&E. The resettlement team should develop a formal structured M&E plan specific to resettlement.
- Appropriate databases, reporting and collation systems should be put in place to capture and analyse monitoring data.
- Final external evaluation at the end of projects, including a completion audit, should be planned for.
- Indicators should be established at the outset of projects and integrated into baseline data-gathering efforts.

What to monitor and evaluate

- Monitor and evaluate achievement against objectives; compliance with methods set out in the RAP and associated management plans such as the livelihood restoration plan, cultural heritage management plan, etc; and difficulties arising from implementation.
- It is easy to measure what has been done (outputs or performance measurement), but it is more important to measure what effect that activity had on communities, that is, whether the activity was successful (outcomes or impact monitoring).
- A manageable and meaningful set of indicators should be chosen rather than trying to track everything. This can be extremely difficult, and takes expertise and time.
- Data should be disaggregated to capture outputs, outcomes and impacts for specific groups of interest, for example by gender, vulnerability, age, location, etc.
- It is critical to monitor post-resettlement impacts on livelihoods and well-being.

Final external evaluation at the end of projects, including a completion audit, should be planned for

Example outputs for performance measurement

- Whether actions and commitments for compensation, resettlement, land access and community development in the RAP and other management plans are implemented fully and on time.
- Whether entitled persons receive their compensation and replacement housing on time.
- Whether vulnerable persons such as female-headed households, sharecroppers and tenants are tracked and assisted as necessary.
- Whether complaints and grievances are followed up with appropriate corrective action.
- Whether community perceptions about the resettlement activities are positive.

Example outcomes for impact monitoring

- Whether compensation and livelihood investments lead to sustainable livelihood restoration.
- Whether community development activities lead to improvement in the welfare of project-affected persons, households and communities.
- Whether there are broader project impacts on surrounding communities.

When to monitor and evaluate

- M&E should take place from the outset of resettlement activities and occur through the planning and engagement phases, as opposed to only occurring during implementation—it should continue post-resettlement and monitor the success of livelihoods and vulnerable people's programmes.
- Measuring whether or not livelihoods programmes have been successful requires a commitment to monitoring longer than two or three years—it may be up to ten years before livelihoods are fully restored in some cases, particularly where tree crops are impacted.
- Evaluate emergent, mid-term and long-term impacts of the resettlement activities on the welfare of impacted households, communities and local government.

Choosing indicators to measure the impacts of resettlement

Ghanaian Australian Goldfields has developed specific indicators against which impacts will be assessed, including:

- the average landholding per affected household (compared to the original landholding sizes)
- the proportion of households who have successfully re-established cash crops on new land
- the land tenure status of affected households post-resettlement
- the extent and impact of agricultural extension advice provided to affected households
- the income and welfare status of vulnerable persons identified
- the use of compensation monies generated as a result of resettlement
- the regularity of resettlement committee meetings held.

Useful monitoring and evaluation methods

- Use of external monitors or panels of experts can help companies to plan and implement land access and resettlement properly and avoid key pitfalls.
- There should be sufficient involvement of the project-affected persons in participatory M&E of short-term, mid-term and long-term activities and effects.
- Sufficient and capable staff should be involved in M&E, including internal monitoring staff and community monitors.
- Communities should be involved in baseline surveys and external evaluations.
- The establishment of monitoring committees is a useful tool.
- Informal monitoring during daily interactions between resettlement teams and affected households can refine the monitoring approach by identifying predicted and new impacts and ensuring that the monitoring indicators and mitigation measures are appropriate.

How monitoring information should be used

- The M&E process should be used to internally reflect on previous resettlement phases and make necessary changes in subsequent phases.
- The evaluation serves to inform how future projects should or should not be planned.

Further information

Glossary
Agreement
Benefit-sharing
Community investment and community development
Compensation
Completion audit / external evaluation
Cut-off date
Displaced people
Economic displacement
Entitlement
Host community
Indicator (monitoring)
Impact monitoring
Involuntary resettlement
Land acquisition
Livelihood restoration/ re-establishment
Local content
Performance monitoring
Physical displacement
Project-affected person
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Acknowledgements
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Glossary[1]

Agreement
A formal document between the company and those who are being displaced (individuals or whole communities). An agreement sets out what displaced people can expect in terms of replacement land, housing and livelihoods and should provide details on the respective roles and responsibilities of all parties. It forms part of the company's stakeholder engagement and is the conclusion of both consultation and negotiation processes.

Benefit-sharing
Where the communities who are impacted by the mine development also benefit from the mine's presence. This may be through receiving part of the revenues directly, employment and business opportunities created or increased access to services and infrastructure. Whilst compensation activities attempt to mitigate negative impacts, benefit sharing seeks to go beyond this to achieve an overall positive impact.

Community investment and community development
Initiatives that aim to improve social, cultural or livelihoods outcomes for communities. These can include initiatives related to education, health, business support services, infrastructure or community association support. To ensure their sustainability, these projects should be handed over to local communities or governments as early as possible.

Compensation
Cash payments or in-kind contributions for assets acquired or affected by a project.

Completion audit / external evaluation
An evaluation by an independent third party to assess whether the outcome of the Resettlement Action Plan complies with applicable policies on resettlement.

Cut-off date
The date after which people will not be considered eligible for compensation. After this they are not included in the list of project-affected persons as defined by the socio-economic survey.

Displaced people
All the people affected by a project through land acquisition, relocation, or loss of incomes. It includes any person, household, firms, or public or private institutions who, as a result of a project, would have their (i) standard of living adversely affected; (ii) right, title or interest in all or any part of a house, land (including residential, commercial, agricultural, plantations, forest and grazing land) or any other moveable or fixed assets acquired or possessed, in full or in part, permanently or temporarily adversely affected; (iii) business, occupation, place of work, residence, habitat or access to forest or community resources adversely affected, with or without displacement or (iv) loss of access to fishing grounds.

Economic displacement
Where the construction or operation of a project or its associated facilities contributes to loss of income streams or means of livelihood resulting from land acquisition or obstructed access to resources (land, water, or forest).

Entitlement
The range of measures comprising cash or kind compensation, relocation cost, income rehabilitation assistance, transport assistance, income substitution and various other allowances.

Host community
The community into which people who are physically displaced by a project are resettled.

Indicator (monitoring)
An indicator is a measurement tool for performance monitoring, impact monitoring and evaluation of projects. Indicators measure the change we expect to see if the activity is successful, using data as evidence of that activity or change.

Impact monitoring
Complements 'performance monitoring' (see definition below). It seeks to assess the effect of Resettlement Action Plan (RAP) activities on individuals and whole communities and whether that effect is sustained beyond the project intervention period. Impact monitoring also enables the project to assess whether RAP activities are successful in meeting the community's needs.

Involuntary resettlement
Refers both to physical displacement and to economic displacement as a result of project- related land acquisition. Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition that results in displacement. This occurs in cases of (i) lawful expropriation or restrictions on land use based on eminent domain and (ii) negotiated settlements in

[1]Adapted from IFC (2002). Handbook for Preparing a Resettlement Action Plan. Washington, DC, IFC.

which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail. In the event of adverse economic, social, or environmental impacts from project activities other than land acquisition (eg loss of access to assets or resources or restrictions on land use). According to IFC's Performance Standard 1 such impacts should be avoided, minimised, mitigated or compensated for.

Land acquisition
The process by which a project acquires land from affected individuals or households in exchange for compensation at replacement value.

Livelihood restoration/ re-establishment
The measures required to ensure that project-affected persons have the resources to at least restore, if not improve, their livelihoods. Livelihoods can include employment and business opportunities, commercial and subsistence agriculture as well as land-based subsistence activities which depend on resources (eg for fuel, water, hunting and foraging). For these factors to be restored, attention must be paid to potential barriers such as health, education and social cohesion. Consideration should be given to using community development initiatives to overcome these barriers.

Local content
Services or goods which the project procures locally, rather than through national or international suppliers.

Performance monitoring
Assesses whether activities are being carried out in accordance with the RAP. It must be accompanied by impact monitoring (see definition above) to ensure its effectiveness.

Physical displacement
Loss of shelter and assets resulting from the acquisition of land associated with a project that requires the affected person(s) to move to another location.

Project-affected person
Has the same meaning as a 'displaced person' in IFC's Performance Standard 5 (IFC, 2012). It is any person experiencing loss of asset, access to income whether of a temporary or permanent nature due to the land acquisition process regardless of whether they are physically displaced or relocated or not.

Project affected household
The family or collection of project-affected persons that will experience effects from land acquisition regardless of whether they are physically displaced, relocated or neither of the two.

Resettlement Action Plan (RAP)
The document in which a project sponsor or other responsible entity specifies the procedures that it will follow and the actions that it will take to mitigate adverse effects, compensate losses, and provide development benefits to persons and communities affected by an investment project.

Resettlement packages and assistance
Support provided to people who are physically displaced by a project. Assistance may include transportation, food, shelter, and social services that are provided to affected people during their relocation. Assistance may also include cash allowances that compensate affected people for the inconvenience associated with resettlement and cover the expenses of a transition to a new locale, such as moving expenses and lost workdays.

Resettlement Policy Framework
Required for projects with sub-projects or multiple components that cannot be identified before project approval. They may also be appropriate where there are valid reasons for delaying the implementation of the resettlement, provided that the implementing party provides an appropriate and concrete commitment for its future implementation

Stakeholders
Those individuals, groups, organisations and institutions who are interested in, and potentially affected by a project, or have the ability to influence a project.

Sustainability
Interventions which aim to achieve social or economic outcomes which last after the project or investment in the service ends. This means that the supporting service or activity is self-sufficient and has the financial and human resources to continue after the project finance ends, and/or the knowledge and skills have been passed on to the beneficiaries to ensure the quality of life improvements last after the activity stops.

Vulnerable groups
People who by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage, or social status may be more adversely affected by resettlement than others. They may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits.

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ICMM team
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About ICMM

The International Council on Mining and Metals is an organisation of leading mining and metals companies that collaborate to promote responsible mining, with a shared commitment to respect people and the environment.

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