

A set of 20 revised and updated tools intended for use throughout the mining project cycle

# COMMUNITY DEVELOPMENT TOOLKIT



Community development is the process of increasing the strength and effectiveness of communities, improving people’s quality of life and enabling people to participate in decision making to achieve greater long-term control over their lives. Sustainable community development programs are those that contribute to the community’s long-term development needs and priorities and ensure a fairer distribution of the costs, benefits, risks and responsibilities associated with mining activities. The essential element of sustainability in community development is that actions must be community planned and driven, not imposed by donors or companies. Mining and mineral-processing activities can play a central role in sustainable community development by acting as a catalyst for positive economic and social change in areas that may otherwise have limited opportunities for economic and social development. They can also influence the equitable distribution of mine-related benefits by ensuring that opportunities are created for women and vulnerable and/or marginalized groups such as Indigenous Peoples, ethnic minorities and the economically displaced.

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## INTRODUCTION

Preface	05
Background to the project	07
Target audience	08
Structure of the toolkit	09
Acronyms	12

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## MINING AND COMMUNITY DEVELOPMENT

Goals and processes, and opportunities to link community development to the mining and metals project cycle	15
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## COMMUNITY DEVELOPMENT TOOLS

The tools provide practical guidance for all stages of the community development process	35
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## RELATIONSHIPS TOOLS

The central set of activities that underpins and binds together all other community development activities	43
--	----

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## PLANNING TOOLS

Planning tools are used for planning the resources, both human and financial, that will be needed to undertake community development activities or to expand or adopt new programs	83
--	----

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## ASSESSMENT TOOLS

These tools help people to understand the potential risks and impacts of the mine on surrounding communities and other stakeholders	125
---	-----

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## MANAGEMENT TOOLS

Methods and approaches for mitigating potential mine impacts and enhancing benefits to maximize community development	153
---	-----

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## MONITORING AND EVALUATION TOOLS

How to monitor and evaluate community development activities and measure progress towards program goals	187
---	-----

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## GLOSSARY AND REFERENCES

Definitions of community development terms and concepts used in this toolkit and key sources of further information	203
Acknowledgements	220

Preface  
Background to the project  
Target audience  
Structure of the toolkit  
Acronyms

# INTRODUCTION

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THE TOOLKIT PROVIDES  
PRACTICAL GUIDANCE FOR ALL  
STAGES OF THE COMMUNITY  
DEVELOPMENT PROCESS –  
FROM EXPLORATION THROUGH  
CONSTRUCTION, OPERATIONS,  
AND EVENTUALLY  
DECOMMISSIONING AND  
CLOSURE, INCLUDING THE  
POST-CLOSURE ENVIRONMENT.

Maasi women dancing and singing in traditional dress, Kenya.



## Preface

The original Community Development Toolkit (CDT), which this document updates and replaces, was produced in 2005. It was the product of a joint project between the World Bank Group's Oil, Gas and Mining Policy Division, the Energy Sector Management Assistance Program (ESMAP) and the International Council on Mining and Metals (ICMM). The development of this revised toolkit was informed by a review of the usage of the 2005 version. It was also informed by approaches developed in the intervening period by other organizations, notably the International Finance Corporation (IFC).

This toolkit aims to:

- foster constructive working relationships and alliances among communities, companies and governments
- build capacity within governments, companies and communities to address sustainable development issues at the local level
- promote the value-adding potential of mine development and operation in support of local and regional social and economic sustainable development efforts
- improve opportunities for the sustainable development of communities around mining and metals operations and regions during all phases of the mining and metals cycle.

**“The revised toolkit draws upon work on sustainable development that has emerged since the 2005 version was published.”**

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# Introduction

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The revised toolkit draws upon work on sustainable community development that has emerged since the 2005 version was published. This includes IFC guidance and reports such as

*Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets* (2007),

*A Guide to Designing and Implementing Grievance Mechanisms for Development Projects* (2008),

*Projects and People: A Handbook for Addressing Project-Induced In-Migration* (2009),

*Strategic Community Investment: A Good Practice Handbook for Companies Doing Business in Emerging Markets* (2010)

and ICMM's good practice guides such as

*Planning for Integrated Mine Closure: Toolkit* (2008),

*Human Rights in the Mining and Metals Industry: Overview, Management Approach and Issues* (2009),

*Human Rights in the Mining and Metals Industry: Handling and Resolving Local Level Concerns and Grievances* (2009),

*Mining: Partnerships for Development: Using Resource Endowments to Foster Sustainable Development. Mapping In-Country Partnerships* (2010),

*Good Practice Guide: Indigenous Peoples and Mining* (2010) and

*Human Rights in the Mining and Metals Industry: Integrating Human Rights Due Diligence into Corporate Risk Management* (2012).

The result is this revised and upgraded **Community Development Toolkit**, which presents a set of 20 tools intended for use throughout the mining project cycle and that cover a range of community development approaches under the headings of relationships, planning, assessment, management, and monitoring and evaluation.

The Toolkit complements other work undertaken by ICMM (see column to the left), including ICMM's Mining: Partnerships for Development Toolkit<sup>1</sup> which can be used by mine managers and those interested in promoting economic and social development.

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<sup>1</sup> Available at: [www.icmm.com/mpdtoolkit](http://www.icmm.com/mpdtoolkit)

## Background to the project

ICMM affirmed its commitment to work collaboratively with other stakeholders in the Toronto Declaration of May 2002. The ICMM Sustainable Development Framework<sup>2</sup> followed shortly thereafter (2003). From ICMM's perspective, this project provides an opportunity to develop tools to assist members, and others, implement ICMM's 10 Principles (see Box 1) and supporting position statements, against which corporate members have committed to measure and report their performance.

In particular, the project is relevant to the ninth principle where ICMM members have committed to "contribute to the social, economic and institutional development of the communities in which we operate".

### Box 1: ICMM 10 Principles

01. Implement and maintain ethical business practices and sound systems of corporate governance.
02. Integrate sustainable development considerations within the corporate decision-making process.
03. Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.
04. Implement risk management strategies based on valid data and sound science.
05. Seek continual improvement of our health and safety performance.
06. Seek continual improvement of our environmental performance.
07. Contribute to conservation of biodiversity and integrated approaches to land use planning.
08. Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products.
09. Contribute to the social, economic and institutional development of the communities in which we operate.
10. Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders.

<sup>2</sup> See [www.icmm.com/our-work/sustainable-development-framework](http://www.icmm.com/our-work/sustainable-development-framework)

## Target audience

The toolkit provides practical guidance for all stages of the community development process – from exploration through construction, operations, and eventually decommissioning and closure, including the post-closure environment.

Because it is the mining and metals company (rather than the government or the community) that applies for exploration and/or mining licences, selects exploration targets, commissions feasibility studies, contracts construction activities, manages the mine during its operational life, and prepares and implements the mine closure plan, it became evident during preparation of the toolkit that much of it should be aimed at enabling mining and metal companies to undertake these various steps in a manner that would gather and take account of community views and would contribute to sustainable community development. When reviewing the usage of the 2005 version of the CDT, mining and metals company staff were highlighted as primary users. Thus, the updated version is aimed primarily at companies from the mining and extractives industry. That said, there are tools that could be used by communities where the mining and metals company could play a facilitator role. Governments may also decide to modify their licensing regulations to provide a framework that would set rules and allocate responsibilities for undertaking some of the actions included in the toolkit.

In addition to being a valuable resource for companies, communities and government agencies, the toolkit could also be a resource and guide for civil society groups such as non-governmental organizations (NGOs) and community-based organization (CBOs), academics, training and education providers, trade unions, business associations and mining services companies – in fact, anyone who is interested in facilitating community development. Ideally, most of the tools will be used by several groups working together.



## Structure of the toolkit

The **toolkit** is divided into four sections (see Table 1):

- an **introduction**, describing the background to the project; how it builds on previous work by the World Bank Group and the mining, minerals and metals industry; the target audience; and the structure of the toolkit
- a brief discussion of **mining and community development**, including community development goals and processes, and opportunities to link community development to the mining and metals project cycle. This section includes good practice principles for sustainable community development, advice on the scheduling of development activities in the mining and metals cycle, and on the roles of government, companies and communities
- a **community development tools** section that introduces the essential building blocks of community development and describes the 20 tools and how to use them (see Table 2). Each community development tool is supported by detailed, step-by-step instructions on how and when to apply the tool. The tools are designed to be easily extracted for use in the field
- a **glossary and references** section, including a glossary to some important community development terms and concepts, and a list of referenced sources.

**Table 1: Community Development Toolkit at a glance**

Section	Key points
Introduction	Background, objectives and target audience for the toolkit.
Mining and community development	Definition of community development, key principles for sustainable community development, phases of the mining and metals project cycle and stakeholder roles and responsibilities.
Community development tools <ul style="list-style-type: none"><li>• relationships tools</li><li>• planning tools</li><li>• assessment tools</li><li>• management tools</li><li>• monitoring and evaluation tools</li></ul>	Twenty practical tools for community development supported by step-by-step guidance to assist in using them.
Glossary and references	Glossary and a list of referenced sources.

**Table 2: Community development tools in the mining project cycle**

Category of community development tool	Tool number and name	Initial use	Full implementation	Updating	Links with other tools
Relationships	1. Stakeholder Identification	Exploration	Feasibility	Regular, ongoing – annual full update	2 3 4 5 11 12 13 16
	2. Stakeholder Analysis	Exploration	Feasibility	Regular, ongoing – annual full update	1 3 4 5 11 12 13 16
	3. Consultation Matrix	Feasibility	Construction	Regular, ongoing – annual full update	1 2 4 5 11 12 13 16
	4. Partnership Assessment	Feasibility	Construction	Regular, ongoing – annual full update	1 2 3
	5. Grievance Mechanism	Exploration	Feasibility	Regular, ongoing – annual full update	1 2 3
Planning	6. Strategic Planning Framework	Construction	Operations	Annual review	9 16 17
	7. Community Mapping	Construction	Operations	As needed	8 9
	8. Institutional Analysis	Construction	Construction	As needed	7 9
	9. Development Opportunity Ranking	Construction	Construction	As needed	7 8
	10. Financial Valuation Tool	Feasibility	Variable	As needed	6 19 20



**Table 2: Community development tools in the mining project cycle** *continued*

Category of community development tool	Tool number and name	Initial use	Full implementation	Updating	Links with other tools
Assessment	11. Social Baseline Study	Exploration and feasibility	Construction	Annual review	12
	12. Social Impact and Opportunities Assessment	Feasibility	Construction	Annual review	11
	13. Competencies Assessment	Feasibility	Construction	Annual review	6 16 17
Management	14. Community Development Agreements	Construction	Operations	As needed	3 6 11 12 13 16 17
	15. Management Systems	Construction	Operations	Annual review	13
	16. Community Action Plans	Construction	Operations	As needed	6 7 8 9
	17. Local Economic Investment	Construction	Operations	Annual review	6 16
	18. Resettlement Planning	Feasibility	Construction	Completion report	11 12
Monitoring and evaluation	19. Indicator Development	Feasibility	Construction	Regular, ongoing – annual full update	11 12
	20. Goal Attainment Scaling	Construction	Operations	Regular, ongoing – annual full update	11 12 16 17

## Acronyms

ABCD	asset based community development approach
ASM	artisanal and small-scale mining
BPD	Business Partners for Development
CAO	Compliance Advisor/Ombudsman
CAP	community action plan
CBO	community-based organisation
CD	community development
CDT	Community Development Toolkit
CI	community investment
CR	community relations
CRO	community relations officer
CSR	corporate social responsibility
E3	Environmental Excellence in Exploration
ESG	environment, social and governance
ESIAs	environmental and social impacts assessments
ESMAP	Energy Sector Management Assistance Program
ESR	environment and social responsibility
GAS	Goal Attainment Scaling
GRI	Global Reporting Initiative
HRIA	human rights impact assessment
HSEC	health, safety, environment and community
ICMM	International Council on Mining and Metals
IFC	International Finance Corporation
IGT	Implementation Guidance Tools (for the Voluntary Principles on Security and Human Rights)
ISO	International Organization for Standardization
M&E	monitoring and evaluation
NGO	non-government organization
NPV	Net Present Value
PDAC	Prospectors and Developers Association of Canada
PRA	Participatory Rural Analysis (or Participatory Rapid Analysis)
RAP	resettlement action plan
SIA	social impact assessment
SEMS	Social and Environmental Management System
SIOA	social impact and opportunities assessment
SMART	Simple, Measurable, Accessible, Relevant and Timely
SME	small and medium scale enterprise
SWOT	strengths, weaknesses, opportunities and threats

Goals and processes, and opportunities to link community development to the mining and metals project cycle

# MINING AND COMMUNITY DEVELOPMENT

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COMMUNITY DEVELOPMENT IS THE PROCESS OF INCREASING THE STRENGTH AND EFFECTIVENESS OF COMMUNITIES, IMPROVING PEOPLE'S QUALITY OF LIFE AND ENABLING PEOPLE TO PARTICIPATE IN DECISION MAKING TO ACHIEVE GREATER LONG-TERM CONTROL OVER THEIR LIVES.



## The relationship between mining and sustainable community development

Managing risks is an essential factor of success for mining and metals companies. Many risks are financial or technical in nature but, increasingly, “softer” elements of projects (e.g. social and environmental aspects) are becoming greater risks to manage. Societal expectations of corporate social responsibility (CSR) are encouraging companies to go beyond mitigating their impacts and to actively contribute to sustainable community development in host countries and neighbourhoods, in order to maintain their “social licence to operate”.<sup>3</sup>

Community development is the process of increasing the strength and effectiveness of communities, improving people’s quality of life and enabling people to participate in decision making to achieve greater long-term control over their lives. Sustainable community development programs are those that contribute to the long-term strengthening of community viability. Often, the most sustainable beneficial legacies that community development programs around a mining and metals operation may leave are in the skills and capacities that training, employment and education programs for local people provide.

The essential element of a sustainable community development program is that it can survive without input from a mining and metals company, especially after the mining project is finished. Thus, community sustainability can be supported by mining practices that help convert one local asset, namely non-renewable natural resource capital, into other local assets, namely sustainable social, economic and environmental capital.

## The role of the mining and metals industry

The mining and metals industry can play a central role in community development by acting as an influence for positive change in areas that may otherwise have little, if any, opportunity for economic and social development. This is especially true in situations where mining can be a catalyst to help build up other (non-mining) sustainable income sources in the areas where the mines are located so that communities are able to develop independently of the mine and are thus able to survive the exhaustion of the ore reserves and the closure of the mining and metals operation. An important means of achieving this is to foster dynamic linkages between communities and external partners.

<sup>3</sup> See International Organization for Standardization (ISO), *ISO 26000 Social Responsibility Standard*, Geneva, 2010 for recent discussions of the social responsibility obligations of companies.

# Mining and community development

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During the mine life, there can be tensions involving the distribution of mining revenues in a country, between local and national levels. This arises from the fact that mineral wealth is usually vested in national governments rather than owned by people living in the mining area, and national governments may have priorities for development that differ from those of the communities neighbouring the mine.<sup>4</sup> For companies who see sustainable community development as a positive factor for their mining activities, however, there is a pressing need to expand the positive benefits and mitigate the harmful operational impacts in the local area, regardless of whether the central government chooses to return a proportion of royalty payments and other mining revenues to the local community. At the minimum, companies must ensure that harmful project impacts are alleviated, for example by providing job opportunities, or training leading to job opportunities, for any residents whose livelihoods are reduced by the mine's land take. Going further, companies should act as the anchor or catalyst for broader projects that provide alternative livelihood benefits for a wide range of people, and not only for mine-related businesses. This could be, for example, by guaranteeing enterprise development loans at a reduced interest rate, or by signing contracts to purchase goods during the vulnerable start-up years of local businesses.

This is harder to achieve, and therefore needs to be firmly embedded in partnerships with other important development actors, such as governments and donor agencies. Encouraging central governments to invest mining revenues in the regions most affected by mining is important, but it is equally essential to work with local and regional governments on local development programs. Most governments have their own national, regional and local development plans. Emphasizing the need to build multi-stakeholder partnerships, ICMM's Mining: Partnerships for Development Toolkit<sup>5</sup> responds to a clear need for a more systematic and objective way to quantify and agree ways to enhance mining's economic and social contribution.

## **Community development is good for business**

Improved social performance generally leads to better financial returns. While the business case for community development will always be specific to the individual company or operation, some common themes are clear. If communities benefit greatly from a mining operation, then they have a significant stake in seeing the mine operate successfully and will help to overcome obstacles that could adversely affect the mining operation, and in turn reducing risk for the company. By contributing to local community well-being and development, benefits to companies may include:

**Reputation:** Enhanced reputation in the financial community, in government and among other stakeholders.

**Resources:** Improved access to resources, such as ore bodies, in environments that are increasingly challenging or remote.

<sup>4</sup> For further discussion on this topic, see ICMM, *Minerals Taxation Regimes; A Review of Issues and Challenges in Their Design and Application*, February 2009.

<sup>5</sup> Available at: [www.icmm.com/mpdtoolkit](http://www.icmm.com/mpdtoolkit)



**Ease approvals processes and help resolve disputes:** Better relations with local governments, NGOs and communities that can help ease approvals processes for project development, expansion and closure and help resolve disputes and avoid situations in which local groups might hinder or even prevent mining from taking place.

**Reduced closure costs and liabilities:** Resulting from better management of social risk, better management of community expectations and reduced community dependency on the operations.

**Efficiency and productivity of local support services:** Greater efficiency and productivity owing to the availability of improved local support services.

**Local workforce:** Improved education and skill levels of the local workforce enabling companies to reduce their dependence on expensive expatriates and increase local knowledge in operations – knowledge that can save time, effort, frustration and money.

**Employees:** Improved employee recruitment, retention and engagement.

In other words, community development is a reciprocal process. By supporting communities to develop themselves in a sustainable manner, a mining and metals company is simultaneously helping its own business to succeed. Mining operations and their community development programs should be viewed as a mutually beneficial partnership process to achieve sustainability.

## Good practice principles for sustainable community development

The most effective and sustainable community development activities reflect some basic principles:

**Adopt a strategic approach:** Development activities at the operational level are linked to long-term strategic objectives for the company and are also aligned with existing and future community and/or regional development plans. Recent IFC guidance on community investments advises companies to move beyond well-meaning actions to strategic community development programs, and suggests parameters for filtering programs.<sup>6</sup>

**Ensure consultation and participation:** Local communities are actively involved in all stages of project conception, design and implementation, including closure and post-closure. Include a diversity of community members, ensuring that women and vulnerable and/or marginalized groups are included. Ensuring that communities are enabled to participate fully in the decisions made about the allocation of benefits that flow from projects will offer the best chance for community development program sustainability. This will be achieved by concerted stakeholder engagement activities that demystify the mining and metals process, empowering community members to understand the motivations as well as project plans of the companies so that they can make informed choices.

<sup>6</sup> IFC, *Strategic Community Investment: A Good Practice Handbook for Companies Doing Business in Emerging Markets*, Washington DC, June 2010.

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# Mining and community development

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**Work in partnership:** Private, governmental, NGO and community organizations bringing different skills and resources – but shared interests and objectives – can achieve more through working together than individually. Formal or informal partnerships can also reduce costs, avoid duplication of existing initiatives and reduce community dependency on the mining and metals operation.

**Strengthen capacity:** Programs that emphasize strengthening of local community, NGO and government capacity are more sustainable in the long term than the supply of cash, materials or infrastructure. While infrastructure is often essential for the development of remote communities, it will only be sustained if there is an adequate maintenance program supported by a well-designed, participatory process including local communities and governments.

**Measuring and communicating:** In order to manage community development programs well and to ensure that they work towards sustainable goals, it is important to monitor the programs and to periodically evaluate them against selected sustainability indicators. Regular measurement, or monitoring and evaluation, enables the adjustment of programs to enhance success. Including community members in this process, by using participatory monitoring processes, is ideal and also facilitates the communication of program progress to the wider community. Additional communication of community development program progress and challenges, through internal and external reporting of results, encourages a broader support base for programs.

## **Mining and metals operations support community development**

This is the focus of the toolkit. While the tools have broad applicability, there is no simple or single blueprint for how they will be used at any particular site. Mining and metals operations' support for community development is always determined by local conditions – by the nature and scale of the operation, local government resources and local people's specific needs and priorities.

Conventionally, mining companies have wanted to take immediate measures to alleviate poverty or address needs they observed in the neighbourhood of their mining or metals projects. Typically, this has been by building infrastructure such as schools, clinics or hospitals, and by sponsoring external health and education service providers to create new programs.

Often, these efforts, although appreciated as generous gifts to local communities, have not lasted beyond the life of the mine, sometimes not even beyond the tenure of the particular company staff that instigated the projects. The reasons for this are because often the projects:

- were chosen by the mining company people and/or the local elites
- were built or run by outsiders, with little management involvement from local community members and limited capacity building to allow a handover of responsibility over time
- required technology, resources or knowledge not locally available to maintain them.

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# Mining and community development

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The sum of these factors is that, with the best of intentions, the projects were “donated” to local communities and they therefore did not feel any particular ownership of them nor did they have the needed capabilities to sustain them, resulting in a progressive, and often speedy, decline once external support was withdrawn.

Further, if local communities and government agencies become accustomed to mining companies taking charge of the provision of essential infrastructure and services, an unhealthy dependency relationship can evolve, working against sustainability.

Mining and metals companies should take a strategic perspective and focus upon their own areas of expertise to determine where those intersect with community needs. In that way, there is a reduced chance of companies filling roles that should be the responsibility of others. For example, schools and clinics are the areas of expertise of educational and health experts and the responsibility of governments, not core business skills for mining companies. Certainly, companies have building expertise, but the buildings are only the skeleton of the health and education systems, and not much use without teachers, nurses, course materials and medicines. Even where mining companies are willing and able to put in place such health and education services, there remains the inherent risk, if implemented solely by a company, that when the mining company ceases its activities and departs, these services will collapse.

By contrast, mining and metals operations do have skills to share with communities in a range of trades, administration, management, finance, operating and maintaining mobile and fixed machinery, improving local supplier and contractor capability, and so on. Partnership programs for local apprentices in these areas of capacity building will be more beneficial in the long term than the traditional list of infrastructure projects.

The challenge, however, is to not only build the skills but also facilitate the growth of other activities in parallel to mining. For example, the Lac La Ronge Indian Band initially developed trucking and catering skills, with support from the local uranium mines in northern Canada, as part of a program of localizing the miner’s procurement needs. Over time, they expanded their business away from the mines and increasing annual turnover to Can\$65 million by supplying services in the surrounding region. In addition to helping train local community members to provide goods and services, companies can also consider supporting microcredit and other entrepreneurial schemes to help encourage small business.

# Mining and community development

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Local agriculture development is also a key area of community sustainability. One of the sustainability risks faced by communities is that local agricultural production can decline during the mining boom. The loss of local agriculture capabilities can be a cause of severe problems at the time of mine closure when a community no longer has the income to purchase most of its food from outside. Actively supporting and fostering local agriculture can prevent this risk and improve sustainable livelihoods for farming communities in a mining project area. For example, in Ghana, Newmont established the Ahafo Agribusiness Growth Initiative (AAGI) in partnership with an NGO, African Connections. The AAGI program aimed to increase farmers' productivity through improved training for agricultural techniques, crop varieties, marketing, networking and access to finance. In the first few years of AAGI, almost 200 farmer groups were formed in eight communities with a total participation of 2,647 farmers with the project attracting donor funding and microcredit participation from local banks.<sup>7</sup>

## Human rights and community development

Since the publication of the original CDT in 2005, several developments have taken place in the human rights arena around CSR in general and the extractives sector in particular.

Of particular relevance is the work of the Special Representative of the UN Secretary-General, Professor John Ruggie, on the issue of human rights and transnational corporations and other business enterprises. The UN's "Protect, Respect and Remedy" framework, approved in 2008, has been broadly accepted and outlines the distinctive, albeit complementary, roles of states and companies in relation to human rights. Governments have the responsibility to "protect" human rights, which is analogous to their primary role in development. Companies must "respect" human rights, which means not infringing on enjoyment of rights by others and not impeding the social and economic development of communities. "Remedy" refers to the need for access by victims to effective remedy, both judicial and non-judicial.

Recognizing that projects and operations can have potential human rights impacts, Ruggie specifically recommends that companies carry out human rights due diligence by assessing their actual and potential human rights impacts. Companies should also embrace their responsibility to contribute to the development of communities and recognize that projects can only be successful if they enjoy broad support of local communities. The role of governments and companies in the human rights space is different; however, it is clear that at a minimum companies can play an important catalytic role in the human rights field.<sup>8</sup>

<sup>7</sup> [www.icmm.com/page/2222/newmonts-agribusiness-initiative-supports-local-communities](http://www.icmm.com/page/2222/newmonts-agribusiness-initiative-supports-local-communities)

<sup>8</sup> See ICMM's three Guidance documents on Human Rights in the Metals and Mining Industry. Available at: [www.icmm.com/page/14809/human-rights-in-the-mining-and-metals-industry-overview-management-approach-and-issues](http://www.icmm.com/page/14809/human-rights-in-the-mining-and-metals-industry-overview-management-approach-and-issues)

## Community development and conflict

Companies can also play a catalytic role when operating in conflict or post-conflict states where investment from companies may be one of the few means of socio-economic development. Robust risk management and strategic community investment in such contexts is critical. Risk management approaches should include (i) adhering to international standards such as the Voluntary Principles on Security and Human Rights and applying the supporting Implementation Guidance Tools (IGT)<sup>9</sup>, (ii) considering the potential for investment to negatively affect the security of local communities or exacerbate conflicts and (iii) drawing on existing guidance in this area.<sup>10</sup>

Context is critical in conflict situations, so all community development activities need to be informed by the local environment and adapted as the situation changes. The IGT provides good advice for companies on how to undertake stakeholder engagement in conflict-sensitive environments.

## Gender and inclusion

Underlying the use of the toolkit is an important gender dimension. Typically, mining development has a gender bias whereby most of the benefits (employment, income, royalties and infrastructure projects) tend to accrue to men and the negative impacts (cultural disruption, social stress, environmental harm and domestic violence) affect women and children disproportionately.

Corrective actions are available that can redress this situation and improve the economic and social empowerment of women and improve the well-being, safety and security of both women and children. Increasing the proportion of women in employment, for example, helps ensure a broader spread of community benefits.

Greater attention to the gender aspects of mining operations can help companies gain and maintain their social licence to operate, improve the quality of life and socio-economic conditions of impacted and affected women and men, uphold human rights and minimize the negative impacts of mining operations. Gender considerations should be integrated into social baselines and impact assessments, stakeholder engagement and community development program planning, and in the monitoring and reporting on all of these activities. This should be done from the start, but if it has not been, then specific studies and planning processes can be undertaken to redress the balance.<sup>11</sup> Each stakeholder group (government, companies, communities and civil society groups) should examine their own activities to see how well genders are represented and how much their views and concerns are taken into account in development projects.

9 [http://voluntaryprinciples.org/files/VPs\\_IGT\\_Final\\_13-09-11.pdf](http://voluntaryprinciples.org/files/VPs_IGT_Final_13-09-11.pdf)

10 See International Alert, *Conflict-Sensitive Business Practice: Guidance for Extractive Industries*, London, March 2005, for more on this topic.

11 For further guidance, see Rio Tinto, *Why Gender Matters*, Australia, 2009, especially Part 2: Guidance on "how to" integrate gender considerations into Communities work at Rio Tinto.

# Mining and community development

continued

## Indigenous Peoples

Some mining and metals projects occur in places where there are populations of Indigenous Peoples. Due to their distinct way of life, and frequently their vulnerable position within society, there is an increased need for companies to acknowledge and respect the social, economic, environmental and cultural interests of Indigenous Peoples. All development programs should be based on engaging and consulting with Indigenous Peoples in a fair, timely and culturally appropriate way throughout the project cycle. See ICMM's Position Statement on Mining and Indigenous Peoples and a *Good Practice Guide: Indigenous Peoples and Mining*<sup>12</sup> for detailed guidance on:

- engagement and indigenous participation
- laying the groundwork
- agreements
- managing impacts and sharing benefits
- dealing with grievances.

## Artisanal and small-scale mining (ASM)

In certain places, artisanal and small-scale miners may be displaced by the development of a large mine with modern technology. This can create great hardship for those whose livelihood was dependent upon the local mining activity, even if it was not legally sanctioned, which can often be the case. The hardship can lead to resentment and poor community relations for the mine and it is good practice for mines displacing ASM activity to work with the local miners to assist them in finding alternative livelihoods.<sup>13</sup>

ASM activity can also develop around an exploration or mining project through opportunistic speculation. In both cases, relationships between a company and the ASM miners are critical and investments in developing and maintaining these relationships can minimize and potentially mitigate future social challenges.

## Acid test for sustainable community development

When reviewing programs for community development, mining companies should ask themselves how those programs will fare when the mine has closed (remembering that this may happen sooner than planned). If ongoing company support, leadership and maintenance will be required to keep a program going in good order, then it is not sustainable and will need to be reconsidered. This is where the real contrast between highly visible, tangible projects like road building, and low-key, hard-to-demonstrate programs like women's literacy programs is sharpest.

A road will obviously be useful, with people, bicycles and buses using it every day while the mine is there to maintain it. Picture the same road some years after the mining operation has closed, if neither the local district government, the national government nor the local community feels the responsibility nor has the capacity to continue its upkeep. It may well be potholed, crumbling and likely to get worse. Or, rehabilitation requirements may have necessitated its removal, meaning that it should never have been classified as a sustainable community benefit at all. In either case, unless a major construction project like a road is developed as part of

12 [www.icmm.com/library/indigenouspeoplesguide](http://www.icmm.com/library/indigenouspeoplesguide)

13 For further guidance, see ICMM, CASM and IFC, *Working Together: How Large-scale Mining Can Engage with Artisanal and Small-scale Miners*, Pilot Version, London, 2010. Available at: [www.icmm.com/page/17638/new-publication-on-engaging-with-artisanal-and-small-scale-miners](http://www.icmm.com/page/17638/new-publication-on-engaging-with-artisanal-and-small-scale-miners)

a community-centred program, with community plans and capacity for ongoing management and maintenance, or is part of a partnership initiative with the host government, who will therefore take responsibility for its care and upkeep when the mine is gone, then it is unlikely to be sustainable.

By comparison, women's literacy and numeracy programs may yield much more modest demonstrable results. There may not have been any follow-on enrolments in adult education classes nor women achieving high-school diplomas. However, if a number of women became literate and managed bank accounts that helped them to save money, establish and operate small business enterprises and use them to help their families, those skills will not be lost. Further, if some of the women value education more as a result of their experience of learning, and encourage their children to complete their schooling so that school retention rates are raised, the benefits of training those women will multiply and continue. And there is no need for the mining company to maintain a presence to sustain the benefits of the program after closure. Although smaller scale, this sort of development is sustainable.

For community development projects to be sustainable they must be conceived, developed, implemented and managed in partnership with their beneficiaries. Ensuring that government authorities are also supportive, or at least aware, of the development project will also support its chances of being sustainable.

## Roles and responsibilities for community development<sup>14</sup>

Community development needs clearly defined roles and responsibilities of government, companies, NGOs/CBOs and communities (see Table 3), and shared commitment from all levels within an organization.

The precise roles of the various participants depend on local circumstances, and change during the course of both the mine and the community development process. However, some broad principles are clear:

**Companies:** Have a responsibility to respect human rights and can play an active role to support community development. Where government capacity is insufficient, companies may be forced to take a leadership role but to the extent possible it should be shared with NGOs and community organizations to ensure companies do not usurp the role of government at the local level. In the longer term, however, they should focus on ensuring that local initiatives work constructively alongside government development programs and on building partnerships to help develop sustainable community capacities and resources.

**Government:** Has the primary responsibility for protecting human rights and ensuring that communities benefit from development. Governments should take the lead in setting policy and standards to ensure development takes place at the local level, planning the development of social and physical infrastructure and land use, developing systems for project monitoring and evaluation, and protecting the rights and interests of citizens. In some areas, governments can require mining projects to contribute

<sup>14</sup> Advice on capacity building for all stakeholder groups is available in Chapter 5 of the IFC's *Strategic Community Investment: A Good Practice Handbook for Companies Doing Business in Emerging Markets*, Washington DC, June 2010.

# Mining and community development

*continued*

**Table 3: Typical roles and responsibilities of stakeholders**

Companies	Government	Community groups	NGOs/CBOs etc.
<ul style="list-style-type: none"> <li>• Manage exploration, construction, operation and closure of mine in accordance with regulatory requirements</li> <li>• Catalyst for action at the community level</li> <li>• Stakeholder co-ordination around project site</li> <li>• Financial, material and facilities support for local community</li> <li>• Transfer of technical and management skills and expertise to local community</li> <li>• Monitoring and evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic leadership, priority setting</li> <li>• Strategic co-ordination and planning</li> <li>• Deliver local services</li> <li>• Provide policy and regulatory framework for project development, operation, closure and post-closure</li> <li>• Support capacity building at the local level, including monitoring capabilities</li> <li>• Leverage state and external resources</li> <li>• Monitoring and evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• Local needs definition and prioritization</li> <li>• Local knowledge and values</li> <li>• Community planning and mobilization</li> <li>• Mobilization of local assets and resources</li> <li>• Monitoring and evaluation</li> <li>• Internal organization and conflict resolution</li> </ul>	<ul style="list-style-type: none"> <li>• Local needs assessment</li> <li>• Local capacity building and institutional strengthening</li> <li>• Community project design and implementation</li> <li>• Leverage external funding for community support</li> <li>• Monitoring and evaluation</li> </ul>

substantially to sustainable development through project agreements, potentially stipulating it in investment agreements.

**Community groups:** Play a central role. Community development is essentially the process through which communities address locally defined goals and achieve improvement in their quality of life. Development reflects their needs, priorities and aspirations; is achieved largely through their ownership and commitment to locally defined development goals; and is sustained when they have the capacity, confidence and opportunity to plan appropriate strategies and mobilize resources to fulfil their development goals.

**NGOs/CBOs:** Can play an important role in advocating on behalf of local communities and in delivering local services. The interests of NGOs/CBOs need to be understood by other development actors, as they may be different to those of the local community. NGOs/CBOs regularly partner with companies to support, and in many cases implement, company community development projects.



In addition, **international development agencies** may also play a role in community development in the mining sector, although they are not always present in areas where mining takes place. Donors have unique influence and responsibility, particularly in harmonizing the standards by which communities are treated and in bringing influence to bear on public and private sector development actors. They provide an important source of development resources, expertise and experience and can advise governments, companies, NGOs/CBOs and communities of good practice as well as helping mobilize financial support for local development projects. International organizations can play a particularly effective role in encouraging regional management approaches and the co-ordinated management of cumulative impacts.

Although each of the development participants described above has a distinct role to play in the sustainable community development process, great benefits can derive from partnerships between several of them. For example, in Peru, the Fondo Minero Antamina (FMA), in co-operation with the municipal and national governments, identified five key areas for sustainable development programs, one of which was nutrition. The largest program supported by the FMA to date is the Ally Micuy (meaning “good nutrition” in Quechua) health program addressing child malnutrition. Ally Micuy is being implemented by two NGOs (Caritas in the northern half of Ancash Region and ADRA in the south).

After operating for two years, a reduction in chronic malnutrition among children under three years of age by almost 7% has been attributed to the program, with over 31,000 children benefiting from the program to date.<sup>15</sup>

## Community development in the mining project cycle

Community development activities span all phases of the mining and metals project cycle. All present particular challenges and opportunities. It is important to remember that the relationships between mining companies, local communities and other stakeholders begin long before construction of a mine commences, and companies would be wise to invest in establishing good local relationships at the earliest stages possible. While the toolkit includes guidelines on when different tools are applicable, as a practical rule of thumb the sooner you start, the better. Processes can more easily be slowed down than speeded up to meet a community’s needs. Additional guidance for the exploration phases of project development is provided in the Prospectors and Developers Association of Canada’s (PDAC) Environmental Excellence in Exploration (E3)<sup>16</sup> – free registration is provided to an online reference (an e-manual) of best practices in environmental management and community engagement practices for minerals exploration globally. Where leases or projects are acquired from other companies, an assessment of relationship legacies must be made at the earliest possible stage and steps towards amelioration taken as soon as possible, if needed.

15 World Bank, *Mining Foundations, Trusts and Funds: A Sourcebook*, Washington DC, June 2010. Available at: <http://go.worldbank.org/ICB0VQBWM0>

16 See [www.pdac.ca/e3plus](http://www.pdac.ca/e3plus)

# Mining and community development

*continued*

Special attention is needed at the construction stage – which can be highly disruptive for communities unless carefully managed. There is always an influx of construction workers from outside the region, typically with little affinity for local people, their customs or their needs. This is the stage when community incomes change drastically with “haves” and “have nots” starting to emerge according to which individuals and families receive employment and/or compensation and which do not. During this time, traditional authority structures and family relationships can be weakened, and domestic violence and other forms of social breakdown can increase in response to community stresses.

There can also be unintended consequences – especially at the construction stage. The construction of a mine in a remote location can place significant demands on local transportation services, accommodation, land, food and other supplies, causing price increases that benefit suppliers and farmers. While positive for one group, this can mean that local people no longer have easy access to transportation to other locations, the delivery of supplies to local stores is disrupted, and the price increases for food and suppliers harms those with little or no income – typically women and children – who are least able to protect themselves. The end of the construction period also heralds the departure of large numbers of workers (and their dependants) and can cause a significant reduction in local employment as the project establishes its operational workforce.

The operational period of a mine typically provides the most steady-state environment for community development projects with local communities. During this time, companies have a greater sense of confidence around their long-term presence and are able to make planning and resourcing decisions that can extend beyond annual budget cycles, and the turnover of personnel can slow down to allow for the development of strong relationships with community stakeholders.

All stakeholders should start planning for closure from the earliest opportunity. Taking into account closure needs and implications will inform initial mine design, town/accommodation and infrastructure provision, and the nature of development projects that are supported by a company. Planning for closure should become progressively more detailed as the mine life advances.<sup>17</sup> It is critically important to ensure that all planning takes post-closure aspects into consideration. This is particularly the case where long-term post-closure monitoring will be required.

The importance of monitoring and evaluation cannot be overstated, especially since relationships with and impacts on local communities will continue after the mine is finished. Effective monitoring and evaluation programs ensure that improvements to development projects are fed back into project design and implementation and allow for adaptation as the operating context changes.

17 For advice, see ICMM, *Planning for Integrated Mine Closure: Toolkit*, London, 2008. Available at: [www.icmm.com](http://www.icmm.com)

Table 4 shows the sequence of community development (CD) tools and activities throughout the mining and metals project cycle. The depth and breadth of community development activities is greatest during construction and operations, having built up during exploration and feasibility and then tapering off gradually during decommissioning and closure.

Many of those activities are repeated throughout the project cycle – assessing local community or regulatory conditions, identifying stakeholders and developing human resources and capacities will be ongoing through a project.

The earlier these activities are started, the better. But it is never too late to start applying community development tools and approaches.

For sustainability, it is necessary to consider how a community development program will cope without support from the mine, whether the mine closes in five years or fifty years. Program plans should include exit strategies from the outset, that is how the mining company will cede management of programs to another group (preferably the community themselves) at a suitable time.<sup>18</sup>

**“The earlier these activities are started the better.”**

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<sup>18</sup> See “Tips for developing handover and exit strategies” on p. 73 of the IFC *Strategic Community Investment: A Good Practice Handbook for Companies Doing Business in Emerging Markets*, Washington DC, June 2010.

# Mining and community development

continued

**Table 4: Description of phases of the mining project cycle and company/community interactions**

Exploration <sup>19</sup>	
Description	Main CD activities recommended (tool numbers)
<p>Small teams, working on short time horizons potentially across vast areas and structured within very short time horizons.</p> <p>The nature of the relationship between company and local communities is established, and generally sets the tone of relationship from then on. This is a challenging time since, in the earliest stages at least, there is an in-built mismatch between the interests of communities who want full information disclosure and a long-standing relationship and the interests of exploration teams who have no certainty of their future activities in the region and will move on if there are no promising prospects for follow-up.</p>	<ul style="list-style-type: none"><li>• Hire a full-time or part-time community relations officer (CRO) (13)</li><li>• Identify and establish dialogue with local stakeholders (1)</li><li>• Inform community about exploration program (3)</li><li>• Desktop study of local community (11)</li><li>• Collect basic baseline data (11)</li><li>• Manage expectations through communication (3)</li><li>• Establish a community grievance management process (5)</li><li>• Hire and buy locally (17)</li><li>• Invest in community initiatives to offset impacts and support sustainable initiatives (17)</li></ul>



<sup>19</sup> Detailed online guidance on best practices in exploration is available via free registration from Environmental Excellence in Exploration (E3): [www.pdac.ca/e3plus](http://www.pdac.ca/e3plus)

# Mining and community development

*continued*

**Table 4: Description of phases of the mining project cycle and company/community interactions** *continued*

Feasibility	
Description	Main CD activities recommended (tool numbers)
<p>Extensive technical studies and consultations with government and local stakeholders.</p> <p>Important opportunities for the company to engage with local communities to establish clear understanding of social, environmental and development needs, priorities, concerns, etc. as well as inform communities about possible mine development scenarios and timing.</p>	<ul style="list-style-type: none"> <li>• Engage social baseline and impact assessment experts (13)</li> <li>• Hire more CROs as local study activity levels increase (13)</li> <li>• Increase the level of stakeholder engagement (2, 3)</li> <li>• Provide more detail about project plans and seek to understand community priorities (3)</li> <li>• Grievance mechanism (5)</li> <li>• Detailed socio-economic baseline study (11)</li> <li>• Social impact and opportunities assessment (12)</li> <li>• Ensure that communities understand uncertainty of project future (3)</li> <li>• Increase community investments to offset increased activities (16)</li> <li>• Expand monitoring indicators (19)</li> <li>• Report on changes observed and community feedback</li> </ul>



# Mining and community development

*continued*

**Table 4: Description of phases of the mining project cycle and company/community interactions** *continued*

Construction	
Description	Main CD activities recommended (tool numbers)
<p>Relatively short, but typically intense set of activities in the construction phase, potentially with a large and/or temporary workforce.</p> <p>The influx of construction workers can be highly traumatic for the community. This phase often introduces significant cash into the community, sometimes for the first time, with profound impacts – that can be both negative and positive – for the community.</p>	<ul style="list-style-type: none"> <li>• Expansion of community relations (CR) team (13)</li> <li>• Hire impact management experts (13)</li> <li>• Review and updating of stakeholder analysis (2)</li> <li>• Intensive communications program (3)</li> <li>• Regular program of stakeholder engagement (3)</li> <li>• Grievance mechanism (5)</li> <li>• Resettlement action plan and associated compensation programs for construction and operational periods (18)</li> <li>• Livelihood restoration programs (16, 17)</li> <li>• Detailed impact management plans (12)</li> <li>• Communications for construction disruption (3, 18)</li> <li>• Comprehensive impact monitoring system (19, 20)</li> <li>• Completion audits may be needed</li> </ul>



# Mining and community development

*continued*

**Table 4: Description of phases of the mining project cycle and company/community interactions** *continued*

Operations	
Description	Main CD activities recommended (tool numbers)
<p>Medium- to long-term time horizons. Period of greatest presence and stable activities.</p> <p>Opportunities to implement long-term community development programs, focusing on locally identified development needs; community participation; and stakeholder partnerships in program design, implementation and monitoring.</p>	<ul style="list-style-type: none"> <li>• Full team of qualified staff on board (13)</li> <li>• External expert support as needed (13)</li> <li>• Dedicated and adequate community investment budget (17)</li> <li>• Regular program of stakeholder engagement (3)</li> <li>• Agreements with communities (14)</li> <li>• Updated stakeholder analysis and records (2)</li> <li>• Fully functioning grievance mechanism (5)</li> <li>• Participatory program of community investments (most tools)</li> <li>• Ongoing collection of updated data (11, 19)</li> <li>• Additional studies as needed (12)</li> <li>• Implementation of impact management plans (16, 17)</li> <li>• Manage community expectations through consultation (3)</li> <li>• Full-scale monitoring and evaluation program including community participation (19, 20)</li> <li>• Regular internal and external reporting of progress and challenges</li> </ul>



# Mining and community development

*continued*

**Table 4: Description of phases of the mining project cycle and company/community interactions** *continued*

Decommissioning and closure	
Description	Main CD activities recommended (tool numbers)
<p>May be according to long-term plan or may occur prematurely. Need for closure planning throughout the mining project cycle to ensure that programs can survive.</p> <p>Role and development of local partners is critically important in planning for closure.</p> <p>Even well-planned and implemented closure will likely cause significant decline in community income and tax base of local government.</p>	<ul style="list-style-type: none"> <li>• Allocate staff time to closure planning, increasing as closure approaches (13)</li> <li>• Engage stakeholders in closure planning discussions (3)</li> <li>• Conduct and regularly update a closure socio-economic impact assessment (12)</li> <li>• Develop impact management plans (16)</li> <li>• Report on updates</li> </ul>
Post-closure	
Description	Main CD activities recommended (tool numbers)
<p>Long-term time horizon. Includes monitoring of environmental impacts and social conditions following closure.</p> <p>Requires clear allocation of responsibilities for monitoring and remediation of any post-closure impacts.</p> <p>Support for post-closure alternative income-generation measures and sustaining the delivery of social services.</p>	<ul style="list-style-type: none"> <li>• Company personnel to provide program support until finalization (13)</li> <li>• Regular stakeholder updates (3)</li> <li>• Completion study of end-of-project socio-economic situation (12)</li> <li>• Manage and support the transition to independence of community enterprises (17)</li> <li>• Report on transition progress and completion</li> </ul>



The tools provide practical guidance for all stages of the community development process

# COMMUNITY DEVELOPMENT TOOLS

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THE TOOLS PROVIDE PRACTICAL  
GUIDANCE FOR ALL STAGES OF  
THE COMMUNITY DEVELOPMENT  
PROCESS – FROM FIRST CONTACTS  
BETWEEN EXPLORATION  
GEOLOGISTS AND LOCAL  
COMMUNITY MEMBERS TO  
DECOMMISSIONING, CLOSURE  
AND POST-CLOSURE.



# Community development tools

## Using the tools

The tools are predominantly designed for mine site managers and community relations staff. They will also be useful for government representatives, community officials and members in mining regions, but may need to be adapted for these groups. They briefly provide and simply explain some essential tools for community development in a way that makes them easy to learn and to use, especially if you have limited time for development jargon or theory.

By following the step-by-step approach, the community development process will be better understood and the community development project in and around mining and metals operations will be better supported.

The tools have six specific objectives:

- to foster constructive working relationships among communities, companies and governments
- to support lasting improvement in the quality of life enjoyed by mining communities
- to improve understanding of local community development processes
- to facilitate community empowerment through participatory development processes
- to build local capacities and development resources
- to reduce conflict in mining communities and regions.

The tools provide practical guidance for all stages of the community development process – from first contacts between exploration geologists and local community members, or the acquisition of existing projects, through to construction, operations and eventually decommissioning, closure and post-closure.

Ideally, most of the tools will be used by several participants working together in some type of formal or informal partnership. For example, development opportunity ranking workshops may be organized by the mining company in conjunction with community members, with the participation of local government officers and facilitated by a local NGO.

Some other tools may be used by different participants from slightly different perspectives. Strategic planning and stakeholder analysis tools, for example, may be used by each of the company, government and NGOs in a similar fashion but with varying results, due to the different viewpoints of each group.

The tools are a reference and a guide to help you work more effectively in community development; however, they are not all-encompassing (or they would be too bulky to use!). You will find other useful sources of advice referred to in the text, with web links wherever possible. These are particularly relevant when faced with issues requiring separate and specific treatment, such as resettlement planning, influx management and grievance resolution, for example, and references to international specialist organizations knowledgeable about these and other topics are provided. The tools also do not remove the need for knowing and observing laws and regulations that apply to an operation.

Using the tools will not mean you will never need help from others. Certain aspects of community development require expertise you may not have. The tools should help you decide when you need assistance and what kind of assistance that should be.

## Explanation of Participatory Rural Analysis (PRA) methods<sup>20</sup>

Many of the tools described in the toolkit are from a suite of tools known as Participatory Rural Analysis (PRA). PRA is a widely used approach for the development of an understanding of community capacity and motivation. It has been used internationally for more than 20 years, and is highly effective in identifying development needs, setting priorities and designing development programs in a co-operative and participatory manner.

People participate in local development every day through their family life, livelihood activities and community responsibilities. PRA techniques can help you involve community members in the actual planning stages of development programs, rather than relying solely on the opinions of external development actors, thereby increasing the likelihood of developing appropriate and sustainable plans.

Increasing the level of participation from community stakeholders, while beneficial to the outcome of the development projects, can also bring with it some challenges, such as increased time to allow for meaningful participation of significant and potentially vulnerable stakeholder groups (e.g. women, youth, ethnic minorities – all of whom tend to be overlooked in conventional planning processes), and additional time required to build capacity of these groups to take advantage of participatory approaches. Participatory assessment and planning methods will take you longer to develop and implement than autocratic methods.

However, the initial outlay in time will be repaid many times over when communities begin to assume control of their own destiny.

PRA is a methodology that covers a variety of useful tools rather than being a tool in itself. The PRA-based tools selected for this toolkit, Community Mapping (tool 7), Institutional Analysis (tool 8) and Development Opportunity Ranking (tool 9), are some of the most useful for engaging with communities near mine sites in joint planning exercises. These three tools enable a community to consider its physical and institutional structures and their strengths and weaknesses, to identify areas they wish to improve in their community and then to assess the optimal means for achieving their development goals. Each of these tools will be explained in detail in the following pages. There are also many other PRA tools that can prove useful when working with communities unused to managing their own development futures.<sup>21</sup>

20 Most commonly known as PRA or Participatory Rural (or Rapid) Analysis. In the community development approach we are advocating in this toolkit for the minerals sector, the analysis or assessment aspects of PRA are ultimately of lesser importance than the co-operative planning aspects, so it would be more accurate to use the term Participatory Planning, which is what the assessment activities will lead to.

21 Many reference works about PRA methods can be found at [www.clarku.edu/departments/idce/publications.shtml](http://www.clarku.edu/departments/idce/publications.shtml)

## CASE STUDY

### Early participatory planning for closure

Newmont, Peru

#### Summary

Engagement on mine closure with communities around Newmont's Yanacocha mine was informed by previous experience of community protests around the company's earlier withdrawal from the nearby Cerro Quilish project. This experience led the Yanacocha team to establish a permanent community centre in order to ensure that local people fully understood the implications of mine closure.

#### Context and challenge

In 2004, there were community protests against the planned expansion of Newmont's Minera Yanacocha mine into the neighbouring region of Cerro Quilish. Local residents took control of Cerro Quilish and the roads leading to the mine. In response to the protests, the company asked the government to revoke its exploration permit in the area.

Learning from the experience of responding to the community protests over Cerro Quilish, Yanacocha prioritized the development of an engagement plan with the communities relating to the planned closure of Yanacocha – even though closure was many years away.

#### Response

The company recognized that the protests at Cerro Quilish were partly the result of a failure to engage with communities effectively, and sufficiently in advance. In order not to repeat the mistake, Yanacocha worked with the community to establish a specific gathering place to enable the mine to share its proposed closure and reclamation activities in order to prepare the community economically, socially and environmentally for life beyond the mine.

As a result of these discussions, Yanacocha's "Center for Research in Mine Closure" was built. It provided the community with visual examples of programs that could be adopted post-closure, and gave regular opportunities for the community to provide feedback on ways to strengthen the programs, or suggest alternatives.

Based on this feedback, the Center commissioned analysis from local scientific organizations in order to identify the best post-closure land use options – those offering environmental protection while providing long-term economic opportunities for the community. The proposed options included raising alpacas, farming crops in the Andes, propagating forests and attracting "eco-tourists".

The Center also conducted programs in order to help assess options for land reclamation, in response to the very wet climate of the mine site and the need to prevent rainwater from infiltrating into waste rock storage areas. As a result of these adaptations – which consisted of physically measuring water runoff and seepage rather than adapting the usual practice of relying on mathematical modelling – the company was able to discuss impacts on local water supplies post-closure with local ranchers and farmers.

#### Outcomes

Since the Yanacocha mine is not due to close for many years, it is impossible to know in advance what the impacts of this enhanced consultation program will be. However, as a result of the work at Yanacocha, the company has looked at the possibility of implementing a similar approach at its sites, including Batu Hijau in Indonesia and Ahafo in Ghana.

#### Sources:

"Newmont mining withdraws from Cerro Quilish, Peru", press release from Oxfam America, 5 November 2004.  
"Community engagement for mine closure", case study from *Newmont Sustainability Report 2007*.

## Categories of tools and the process of community development planning and management

The tools have been divided into several groups according to their main uses, which are also the main elements necessary in a healthy community development program – planning, assessment, management, monitoring and evaluating and, most importantly, relationships. This categorization is primarily for convenience of presentation and discussion – it is not definitive.

Figure 1 illustrates graphically the overlaps between the various types of community development tools and their multidirectional, cyclical relationships. The relationship tools are central to the entire process and are the foundation upon which all other activities rest. If the relationships between the project and its stakeholders are not healthy, then it is unlikely that even the most sophisticated and carefully conceived planning and management activities will be successful. If relationships are healthy, then a firm footing for good community development has been laid.

It is difficult to state definitively whether the planning or assessment tools come first as they are very closely interrelated. Some resources are needed in order to commence assessment; however, it is through assessment that the decisions about resources needed are made.

Similarly, the assessment tools inform the project about what management measures are needed, while management tools help decide what further assessments are needed. In the same way, management tools feed into the monitoring and evaluation processes, which feed back to management tools the requirements for modifications of management processes. Monitoring and evaluation tools also help revise decisions about resourcing, and the cycle, with many backward and forward linkages, is complete.

## Some advice

Be patient. Let communities develop at their own pace.

One of the greatest challenges of providing good community development support is working to the timetable of the community. Community leaders and members will likely be fully aware of this. If you are a mining or metals company representative, you may have project deadlines, annual reports to complete and budgets to utilize. These imperatives, coupled with the temptation to see immediate results from your work, can be strong.

But remember that development is a long-term process. It is about building local capacities and strengthening local organizations – not necessarily the immediate or visible outputs of your development activity. Development is the process of change in local people’s capacities and resources, in how they organize themselves and in how they relate to the outside world.

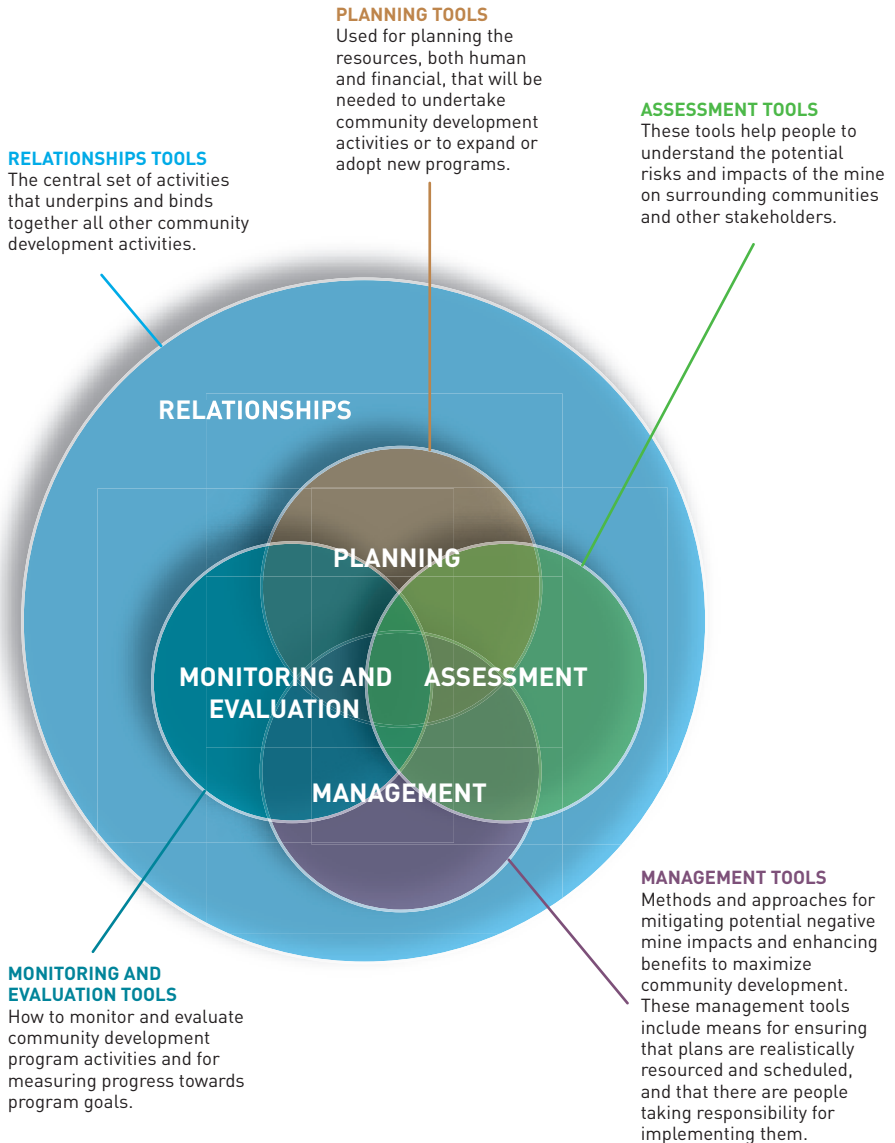
As a mining or metals company representative, your role is to facilitate that process and to take a back seat or supporting role. You probably have special skills, knowledge and abilities and the access to resources, all of which could achieve the tangible aspects of community development projects more quickly than people just learning the ropes can.

However, you will really have achieved the goal of sustainable community development when the community feels it can manage well without you.

# Community development tools

continued

**Figure 1: Interrelationship of community development tools**



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# Community development tools

*continued*

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The central set of activities  
that underpins and binds  
together all other community  
development activities

## RELATIONSHIPS

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# TOOLS



RELATIONSHIPS ARE THE MOST IMPORTANT ELEMENT OF ANY SUCCESSFUL COMMUNITY DEVELOPMENT PROGRAM. THE BEST-DESIGNED PLANS WILL FALTER IF THERE IS INSUFFICIENT TRUST BETWEEN THE VARIOUS STAKEHOLDERS INVOLVED.



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# Relationships tools

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<b>TOOL 1</b>	<b>Stakeholder Identification</b>	<b>45</b>
	Identifying all the people with an interest in the project, or who may be affected by the project.	
<b>TOOL 2</b>	<b>Stakeholder Analysis</b>	<b>53</b>
	Having identified the project's stakeholders, it is useful to analyse their level of interest in the project and how they may like to be involved.	
<b>TOOL 3</b>	<b>Consultation Matrix</b>	<b>57</b>
	When you have analysed your stakeholders, it is important to develop a system to ensure they are consulted regularly on the topics that affect them.	
<b>TOOL 4</b>	<b>Partnership Assessment</b>	<b>63</b>
	A tool for analysing potential partners, their suitability for partnering with your organization and what areas of mutual interest you share in regional community development programs.	
<b>TOOL 5</b>	<b>Grievance Mechanism</b>	<b>73</b>
	A means by which community members or other stakeholders can register their concern about real or perceived actions by the mining project, with the objective of resolving problems before they escalate.	

## Guidance for using relationships tools

Relationships are the most important element of any successful community development program. The best-designed plans will falter if there is insufficient trust between the various stakeholders involved. It is therefore essential that all parties know who the other stakeholders are, know why they are involved with the project and for all stakeholders to learn to know each other so they can work together to develop programs acceptable to all of them. Consultation is both the best means of coming to understand other stakeholders and of building good relationships with them.

All of the tools in this relationships section can be applied at the mining project level or the community development project level. To highlight the widest range of applications, these tools have been developed for the whole mining project (with the exception of the Partnership Assessment tool (tool 4)), but you can easily apply them to specific community development projects. If you are working in a developed mine, and the activities these tools reference have not been undertaken in the past, they represent an excellent and necessary place to start as a means of informing your community development projects.

As mining company community development staff, you may have started work on a new mining or metals project and need to know who all the project's stakeholders are. You will also need to find out if there are legacies from previous owners or earlier interactions in the area so that you can ameliorate them and develop sound and positive relationships. Building good relationships with all stakeholders will be a central part of your team's responsibility. While the primary responsibility for building relationships will rest with you, many other teams will also develop relationships with community stakeholders (e.g. procurement, logistics, government relations and human resources, etc.) and it is the responsibility of the whole site to uphold the same level of respect when engaging with community stakeholders as you have established.

**Government officers, NGOs and community members** in mining areas may also find these tools useful. For example, a new mining project may be developing in the area and understanding who the stakeholders are and how to engage with the project as it develops could be advantageous for all groups. Similarly, these tools will help all interested groups to understand the potential benefits of partnering on community development initiatives and leveraging resources from all parties.

## Description

Stakeholder identification is the process used to identify and define your project's stakeholders – their interests and the ways in which those interests affect the project's viability. Stakeholder identification contributes to project design by learning about the goals and roles of different groups, and suggesting appropriate forms of engagement with those groups.

Stakeholders are persons or groups who are interested in, affected by or can affect the outcome of your project. Stakeholders may be individuals, interest groups, government agencies or corporate organizations. They may include politicians, commercial and industrial enterprises, labour unions, academics, religious groups, national social and environmental groups, public sector agencies and the media. Your project's stakeholders may change over time. In addition, groups of stakeholders may hold divergent views within what appear to be unified parties. It is important not to assume that all members of a group or community are in one mind over a program or plan, but to seek various points of view.

There can be a temptation to only engage with the stronger voices in a community or with those who seem to be in charge, such as traditional chiefs. While it is always important to deal with these obvious leaders, it is equally essential to ensure that you engage with the broader community and society, for example women, minority groups, vulnerable sectors of the community such as the poor, or migrants. If seemingly "powerless" sectors of society are left out of the consultative processes, the project can fail due to a lack of comprehension of the broader context and concerns in which it is being implemented. Successful companies seek to validate who has the right to speak for or represent others and not just accept assertions of representativeness at face value. There must be broad agreement on who can be allowed to represent other members of the community.

In addition, when dealing with customary leaders, it is crucial you ensure that all customary leaders, as well as elected leaders, are consulted. In some cultures there may be traditional leaders who hold ceremonial or spiritual power as well as those who wield more secular or organizational power, and if some are excluded, you may find that the project does not have the support of the full community. Women leaders, traditional or secular, are often overlooked when identifying important stakeholders.

The key to this process is to undertake exhaustive discussions over an extended period of time about "who's who" in a community and not to just stop when you think you have found the leader. Such an assumption can cause problems at a later date.

**Purpose**

To identify a comprehensive list of people and groups who may be affected by, can affect or have an interest in your project.

This can be used for consultation purposes, impact assessment and partnership assessment as the project evolves.

Stakeholder identification provides a starting point in building the relationships you need for successful project development and for successful community development – you need to find out which groups to work with and how to engage with them most effectively. If you find that some stakeholders seek to exclude others from the engagement process, then extra care should be taken to explain that the company wants to be fair, open and transparent in its consultations with stakeholders and that anybody and everybody who wants to be included can and should be.

**When to use this tool**

Stakeholder identification is a dynamic process – some stakeholders disengage, others join in at different stages of project development. There is no such thing as a static list that can be filed away once all stakeholders have been successfully identified. Take care to remember internal stakeholders – for example your own employees – form an essential part of the community and should be kept informed and listened to just as much as external stakeholders. This will enhance employees' feeling of "ownership". In addition, many external stakeholders gain knowledge of your activities through interactions with your employees, so it makes sense to keep your own staff engaged.

From the earliest exploration stages of a project, you should start to build your stakeholder list, and then revise the list whenever there are any changes in project design, scope, social environment or activity, right through to closure. Revise the list systematically at least once a year, more often if changes are observed.

The following process is aimed at company staff, but could be applied just as easily to stakeholder identification by government or NGO representatives or community members.

**How to use this tool**

Your initial objective is to identify everyone and every group that might have an interest in the project in order not to miss anyone out. Later, you will ascertain who has an enduring or deep interest in the project, but to start with, you should aim for inclusivity.

## STEP 1

Brainstorm existing stakeholders. This is best done by a team of people who have interactions with parties external to the organization. Every project already has existing relationships – list those to begin with. Using the checklist, name the stakeholders for the project you are working on.

Some stakeholders are easily identified, such as people in the neighbourhood of the project, interest groups in the country where the project is located, local and regional government people, and so on. Do not forget that mining company employees are also stakeholders and need to be considered for consultation plans. Other stakeholders may be more difficult to identify, requiring you to think more laterally about how you establish and maintain relationships with them. Examples of these may be NGOs or academics situated in locations remote from the project but nonetheless with an interest in it.

## STEP 2

Network to expand the list. Ask the stakeholders you already know to suggest other people with an interest in the project. Be inclusive. Do not worry about numbers – they will even out in the end. Worry more about leaving people out. It may be helpful to consider the following questions to ensure the widest number of possible stakeholders are included:

- Who will be affected by negative impacts of the project?
- Who will benefit from the project?
- Who will be responsible for implementing measures to mitigate the negative impacts?
- Whose co-operation, expertise or influence would be helpful to the success of the project?
- Who are the most vulnerable, least visible and voiceless for whom special consultation efforts may have to be made?
- Who supports or opposes the changes that the project will bring?
- Whose opposition could be detrimental to the success of the project?
- Who might have resources to contribute?
- Who will make decisions?

**STEP 3**

Check that you have included all the possible stakeholders that you and your colleagues can think of. A rule of thumb for ensuring that all key stakeholders are included in the list is to ask yourself: "Who will the project impact (positively or negatively) and whose support or lack of it might significantly influence the success of the project?" Also check that you have taken care to include women and vulnerable and/or marginalized stakeholders, not just the influential members of society.

**Checklist of possible stakeholders****Communities**

- Nearest neighbours
- The local community near your site
- The local community near your head office
- Communities you may pass through on a regular basis (e.g. linear project elements)
- Regional centres for your local communities

**Potentially vulnerable people/groups**

- Women
- Elderly/ill/incarcerated/disabled
- Indigenous Peoples<sup>22</sup>
- Racial minorities/oppressed groups
- Children/schools/orphanages or other youth groups
- Child-headed households
- Others

**Government officials**

- Local officials (elected and appointed)
- Regional officials
- State officials
- National officials
- Opposition officials
- Administrative representatives from each of the ministries based in your local area or region

**Other civic organizations**

- Places of worship and religious organizations
- Trade or labour unions
- Educational organizations
- Fraternal organizations
- Charitable organizations
- Organizations serving children
- Organizations serving the elderly
- Professional and trade associations
- Others

<sup>22</sup> For a detailed examination of the issues in relation to mining and Indigenous Peoples, see ICMM's *Mining and Indigenous Peoples Issues Review*, 2005. Available at: [www.icmm.com/page/1161/mining-and-indigenous-peoples-issues-review](http://www.icmm.com/page/1161/mining-and-indigenous-peoples-issues-review)





## Checklist of possible stakeholders

### Internal

- Board of directors
- International Advisory Board
- Senior management
- Unions or other organized labour groups
- Shareholders
- Legal team
- Health, safety and environment teams
- Human resources team
- Medical services team
- Logistics team
- Procurement and contracts teams
- Employees
- Retirees
- Families of employees
- Others

### Industry

- Individual companies
- Competitors
- Suppliers
- Customers
- Industry associations
- Business associations
- Others

### Regulators

- Local agencies
- Regional agencies
- State agencies
- National agencies
- International organizations
- Others

## Checklist of possible stakeholders

### Non-governmental organizations and community based organizations

- Local groups
- Regional groups
- State groups
- National groups
- Cultural groups
- Environmental groups
- Recreational groups
- Sporting groups
- International groups with an interest in your project, the location or the type of activity you are conducting
- Others

### Other advocacy groups

- Individual activists
- Health and safety groups
- Human rights groups
- Social justice groups
- Political groups
- Others

### Specially concerned people/groups

- With interests in your site (e.g. small-scale miners)
- With interests in your company (e.g. existing partners)
- With interests in your industry
- Those already involved
- Those who want to be involved
- Those with emergency response jobs who you wish to involve
- News media
- Others



## CASE STUDY

### Stakeholder mapping to inform community programs

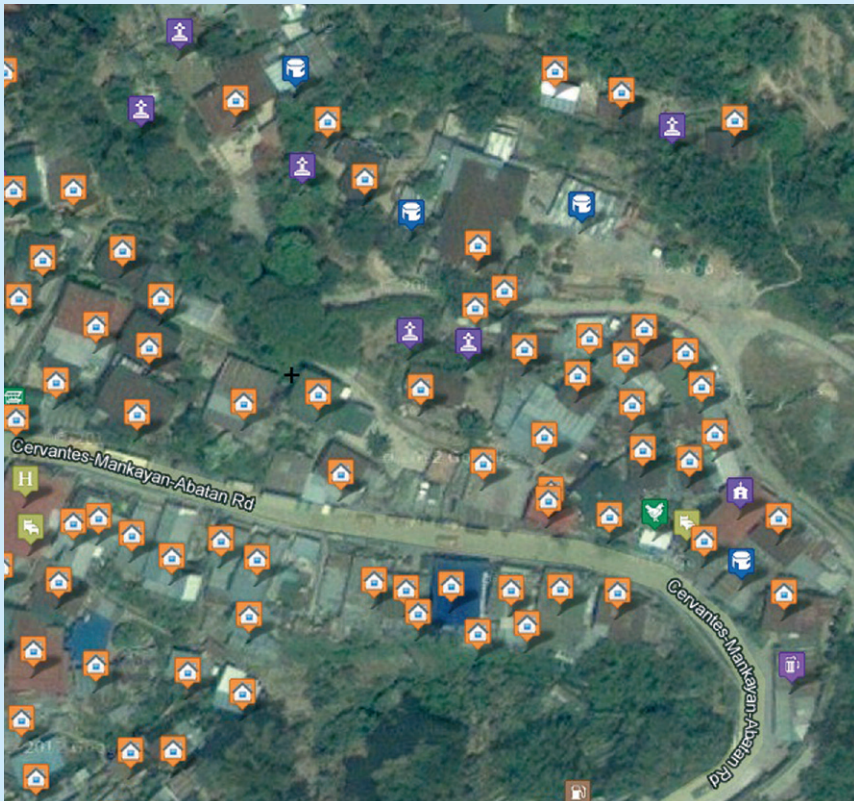
Gold Fields, Far Southeast gold-copper project, Philippines

#### Summary

The Far Southeast gold-copper project located in northern Luzon in the Philippines represents a relatively challenging socio-political environment. This means the project's ultimate success is more dependent than most on close consultation with local stakeholders.

#### Response

Far Southeast has established a strong Community Sustainable Development team made up of 52 people – or 21% of the total project workforce. The majority of the team is made up of local and Indigenous Peoples from the Municipality of Mankayan – where the ore body is located. Far Southeast's approach to community engagement is informed by comprehensive community stakeholder mapping, carried out with the assistance of the nearby Benguet State University (BSU). This was based on an innovative household survey of almost all of Mankayan's 35,000 residents, carried out using a team of 340 student volunteers and analysed using advanced geo-spatial software.



*Geo-spatial image from community stakeholder mapping program*



**Stakeholder mapping to inform community programs**

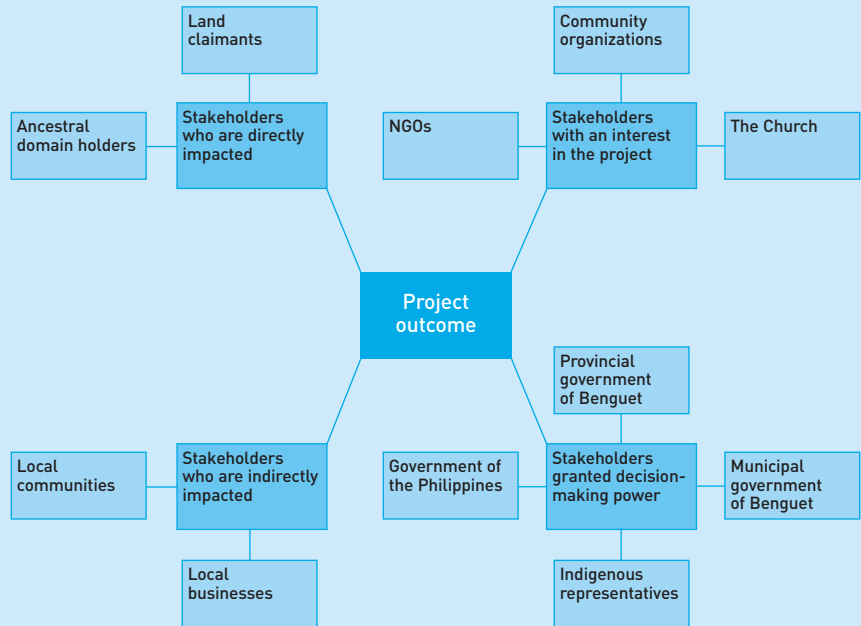
Gold Fields, Far Southeast gold-copper project, Philippines

**Outcomes**

The community stakeholder mapping exercise – as well as subsequent work with local officials and the BSU to develop strategic Barangay (local administrative unit) development plans – helped inform Far Southeast’s targeted community programs, including:

- communication campaigns to address negative perceptions around mining, land stability and water quality/availability
- engagement with local people and land claimants to expedite drilling
- support for local health missions, benefiting more than 8,600 people
- implementation of teacher training for 133 high-school teachers, and 79 day care and pre-school teachers
- “cultural renewal” activities, co-ordinated by local elders, to promote indigenous Kankana-ey tradition
- disaster management training for Barangay emergency response teams through the Philippine Red Cross.

**Far Southeast stakeholders**



Source: Gold Fields, *Integrated Annual Review 2011*, pp. 106–108  
[www.goldfields.co.za/reports/ar\\_dec\\_2011/pdf/integrated\\_ann\\_rev\\_2011.pdf](http://www.goldfields.co.za/reports/ar_dec_2011/pdf/integrated_ann_rev_2011.pdf)

**Key references**

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Zandvliet, L. and Anderson, M. B., *Getting it Right: Making Corporate-Community Relations Work*, Greenleaf Publishing, Sheffield, 2009, especially Chapter 9.

## Description

Once you have identified stakeholders using tool 1 (Stakeholder identification), it is necessary to consider what stakeholders' interests are in the project and how much and in what ways they might like to be involved. Every effort should be made to clearly identify and understand the interests and perspectives of the various stakeholders regarding a project and its potential impacts in order to design inclusive engagement and consultation processes. It may be helpful to know whether stakeholders support the mining project, oppose it, are neutral or undecided, so that you can tailor engagements with each group accordingly.

The Stakeholder Analysis tool enables you to assess how important the project might be to each stakeholder. If you are applying this tool to frame your community development activities, the analysis will help you understand how much each stakeholder might want to participate in community development programs. Understanding how stakeholders relate to each other will also help you to understand the web of relationships surrounding the project.

In order to be able to engage fully with many stakeholders, it helps to understand their motivations for becoming involved with the mining project – are their interests or concerns primarily environmental, and/or economic or political? Do they have a historical connection to the project area, or are they relative newcomers wishing to become more deeply rooted in their community through public participation? The list of questions that could be posed is as varied as the stakeholders you will encounter, so you need to consider each individual or group as a separate case. In coming to know your stakeholders, you will come to understand their priorities and be able to use this knowledge as the basis for forming strong relationships.

## Purpose

To refine your understanding of your identified stakeholders for the mining projects, and how to engage with them, by:

- defining the characteristics of stakeholders in order to understand their level of interest, connection and capacity to impact the mining project
- identifying conflicts of interests between stakeholders, to help manage such relationships during the course of the project
- prioritizing the engagement with different stakeholders based upon their influence and impact on the project.

To refine the approach you will take with different stakeholders when developing a community program by:

- drawing out the interests of stakeholders in relation to key development issues
- identifying relations between stakeholders that may facilitate development partnerships
- assessing appropriate levels of engagement with different stakeholders – for example informing, consulting, partnering – at different stages of the project cycle
- ensuring that the interests of women, youth and vulnerable and/or marginalized people in the community are not overlooked in the mine's community development programs.

# 2

## Stakeholder Analysis

*continued*

The identified level of interest of each stakeholder helps you to design your Consultation Matrix (tool 3), and to decide how much time to devote to engaging with each stakeholder or group. The engagement levels required for each group of stakeholders as revealed through this analysis may be more than consultation, for example they may include partnership, involvement in community development plans or community monitoring, or a wide range of activities. It is important to always ask stakeholders how much involvement they desire and to learn about their views and expectations. The more you know about your various stakeholders, the more successful you are likely to be in building and retaining good relationships with them.

### When to use this tool

The Stakeholder Analysis tool should be used when designing the Consultation Matrix (tool 3) and should be revised each time the list of stakeholders (from tool 1) is revised. The initial analysis should be undertaken for national and international stakeholders in the exploration period and then at least by early feasibility period for local stakeholders, depending on when major impacts are generated by the project (impacts to land, access to resources, local economic opportunities, in-migration, employment, etc.).

### How to use this tool

This tool requires you to categorize the stakeholders identified in tool 1 according to a set of three criteria: (i) how they view the project, (ii) their influence and (iii) the extent to which they will be impacted (positively or negatively) by the project.

#### STEP 1

Obtain a list of stakeholders from using tool 1.

#### STEP 2

Either individually or in a team, evaluate each stakeholder's view of the project (positive, neutral, negative), how influential they are (high, medium, low) and how greatly they will be impacted by the project (high, medium, low).

#### STEP 3

Arrange the lists of stakeholders into the analysis matrix as shown in Table 5. Use the category lists to assign priorities to stakeholders for engagement activities in the Consultation Matrix (tool 3).

Stakeholder X would be classified as a highly influential supporter of the project, and not likely to be negatively impacted – perhaps a local business owner who does not live near the project.

Stakeholder Y is neutral about the project, has a certain amount of influence and is not strongly impacted – perhaps a schoolteacher at the local school, but who does not live close to the project site.

Stakeholder Z is a strongly influential opponent of the project who will be negatively impacted – perhaps a powerful local landowner who does not want to lose land to the project.

**Table 5: Stakeholder analysis matrix**

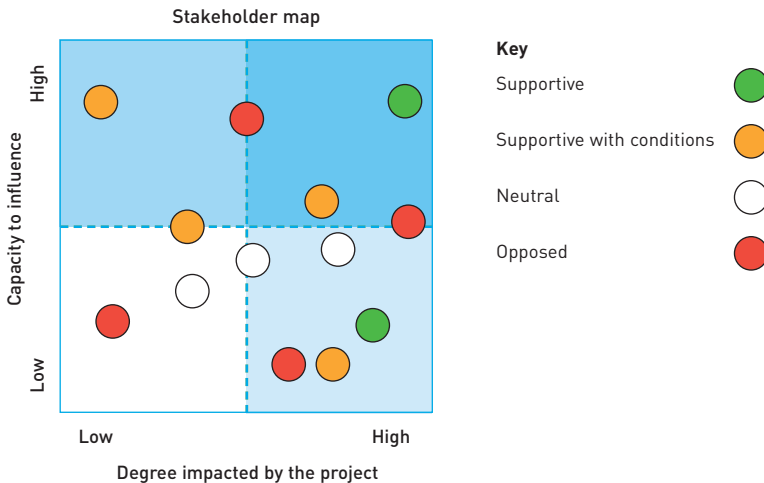
Name/group of stakeholders	View of project			Influence			Impact		
	Pos	Neutral	Neg	H	M	L	H	M	L
X	✓			✓					✓
Y		✓			✓				✓
Z			✓	✓			✓		

### STEP 4

Each stakeholder’s position in relation to the project is illustrated in a stakeholder map, such as that included in the IFC guide, and reproduced in Figure 2. To do this, plot the stakeholders according to their ability to influence the company’s activities (vertical axis) and the degree to which they are affected by the project (horizontal axis).

Colour-code the stakeholders according to their level of support for the project. In Figure 2 you would want to prioritize the development of an effective engagement strategy for the two influential and significantly impacted stakeholders who oppose the project as a matter of urgency.

**Figure 2: Prioritizing stakeholder engagement activities<sup>23</sup>**



<sup>23</sup> Taken from IFC, *Strategic Community Investment: A Good Practice Handbook for Companies Doing Business in Emerging Markets*, Washington DC, June 2010, page 27.

## Key references

DFID, *Tools for Development: A Handbook for Those Engaged in Development Activity*, 2003, Section 2: Stakeholder analysis.

IFC, *Strategic Community Investment: A Good Practice Handbook for Companies Doing Business in Emerging Markets*, Washington DC, June 2010.

IFC, *Strategic Community Investment: A Quick Guide, Highlights from IFC's Good Practice Handbook*, Washington DC, February 2010. Both IFC publications available at:

[www.ifc.org/ifcext/sustainability.nsf/content/publications\\_handbook\\_communityinvestment](http://www.ifc.org/ifcext/sustainability.nsf/content/publications_handbook_communityinvestment)

IFC, *Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets*, Washington DC, 2007. Available at:

[www.ifc.org/ifcext/sustainability.nsf/content/publications\\_resettlement](http://www.ifc.org/ifcext/sustainability.nsf/content/publications_resettlement)

Zandvliet, L. and Anderson, M. B., *Getting it Right: Making Corporate-Community Relations Work*, Greenleaf Publishing, Sheffield, 2009.



## Description

There is a significant difference between relationships in which stakeholders are engaged in consultative ways and those in which stakeholders are seen as passive recipients of engagement activities. You need to understand these distinctions in order to decide what level of engagement you would really like to undertake with each group of stakeholders – and how successful that level of engagement might be.

Engagement should be both formal and informal and may involve a number of the activities listed below:

- information disclosure
- public meetings, interviews with specific stakeholders
- community liaison team members appointed
- grievance mechanism, newsletters, open houses
- annual/quarterly targeted consultation
- perception surveys
- participatory monitoring.

The consultation matrix is the basis for developing a comprehensive, well-thought-through consultation plan. It is a helpful tool for ensuring that information gets to the people who need it, at the right times; that feedback from stakeholders reaches the right people in the company and government; and that stakeholders are informed of the results of their inputs. Stakeholders should be asked what level of consultation they desire – information provision, involvement in meetings, active contribution to planning, participation in monitoring activities for the project or partnership on community development programs. Matching the levels of interactions with stakeholders' needs and expectations will help you deliver a targeted, time-effective consultation program. Ideally, consultations between all stakeholders should be frequent, open and mutual. Consultation is not a one-way street.

Key principles for achieving comprehensive consultation are:

- consult often and not just when you need something
- consult everyone who wants to be consulted
- listen as much as you talk
- record your interactions in a database, including comments and responses from stakeholders and your responses to them
- be responsive to issues raised/actions arising from consultations and commit to providing feedback to your stakeholders about their concerns
- keep a register of any commitments you or your colleagues have made with stakeholders and review it regularly.

## Purpose

The consultation matrix enables you to establish a comprehensive plan for project consultation and communications, and to ensure that your consultation activities are appropriate to the specific needs of different stakeholder groups. For example, if you discover during early consultations that areas of current or potential conflict exist between stakeholders, or between the project and various stakeholders, you should make note of that to ensure that efforts are made to try to resolve and manage these conflicts (see tool 5 Grievance Mechanism).

It should also enable you to keep up to date with consultations with stakeholders. You will be able to tell when you last spoke to a stakeholder and what you or your colleagues talked about. Often, this information is stored in field officers' heads. Unfortunately, if those officers move on to other jobs, the information in their heads goes too, so it is important to keep records to enable constancy and continuity in relationships with stakeholders. Typically, this is done with the assistance of an electronic stakeholder database (see tool 15 Management Systems).

## When to use this tool

Whenever stakeholder engagement activities begin, which should mean exploration, for directly affected stakeholders such as surrounding communities who may be providing labour, resources or land to support exploration activities. Indirectly impacted stakeholders such as financiers, government agencies, NGOs and other institutional bodies should also be included from advanced exploration/pre-feasibility periods based on their interest and level of impact on the project. Employees are also an important stakeholder group that needs to be consulted from the beginning of the mining project activities. The employee pool will change drastically over the life of the mining project, but regular engagement with this group is essential from the time of the first geological survey. The plan should be revised at least annually, or whenever the scope of activities changes.

## How to use this tool

Using step 4 from tool 2, you can plan the nature of communications with each stakeholder and ensure that the level of engagement correlates with the level of interest, influence and impact assessed in tool 2.

Schedules need to be drawn for the frequency of each type of consultation, for example site tours once a month, press releases quarterly, etc., with records being kept of which stakeholders are engaged by which method, and how often. Records should also be kept of responses to stakeholders, especially if project or program modifications are made due to stakeholder inputs. It is particularly important projects maintain a commitment register of all formal and informal commitments made to stakeholders across the life of the project. Many of these commitments will emerge from consultation activities being discussed here.

## STEP 1

Make sure all key stakeholders are included from the list from tool 2 (Table 5, page 55). Update your stakeholder analysis whenever changes in the project or community occur.

## STEP 2

Using the consultation matrix (Figure 3) at the end of this tool as a guide, identify appropriate consultation methods for each stakeholder or group based upon their level of interest and impact on the project. While highly influential stakeholders who oppose the project will require detailed engagement, it is also important to consider appropriate consultation methods for those who are highly impacted but are not influential as they will require equally important but different engagement and/or support.

The consultation methods you apply are likely to fall within a broad continuum – from simply informing stakeholders of your activities, to partnering with them in program design or integrating them into the project’s decision-making process for actions that affect communities. The forms of consultation listed in the matrix are not exhaustive and must be informed by your operational context – that is, if you operate in a conflict-sensitive area, you need to consider whether the consultation approach you are considering will affect (either positively or negatively) the existing tension.<sup>24</sup> Appropriate formats should also be utilized, for example using audiovisual methods for people who are not highly literate. Local languages should always be used, through an interpreter if necessary.

## STEP 3

Once you have defined the appropriate approach to engagement for each group of stakeholders, create a table summarizing the approaches you have selected. Use the consultation matrix to plan for consultation throughout the life of the program, recognizing that stakeholders’ needs and interests are likely to change.

## STEP 4

Monitor and evaluate the effectiveness of your consultation activities (see monitoring and evaluation tools); revise your approach to engagement to reflect changing needs, circumstances and experience. Remember that consultation is an interactive process and that messages coming in from stakeholders are just as important as those going out.

## STEP 5

Keep a record of consultation activities, including messages from and feedback to stakeholders. This will help you to keep track of who you have consulted and how often, in order to neither neglect nor fatigue stakeholders. When agreements are reached through consultation with stakeholders, it is always useful to generate a signed record of this, whether minutes of a meeting or a formal agreement. All parties should receive copies of such records, and the company should ensure that one is kept in its database.

Lists of stakeholders contacted, records of the dates and nature of the contact and feedback should be systematically documented and filed in a database, whether electronic or paper based. People should consent to notes or recordings being taken

<sup>24</sup> See International Alert, *Conflict-Sensitive Business Practice: Guidance for Extractive Industries*, 2005. [www.international-alert.org/resources/publications/conflict-sensitive-business-practice-guidance-extractive-industries](http://www.international-alert.org/resources/publications/conflict-sensitive-business-practice-guidance-extractive-industries)

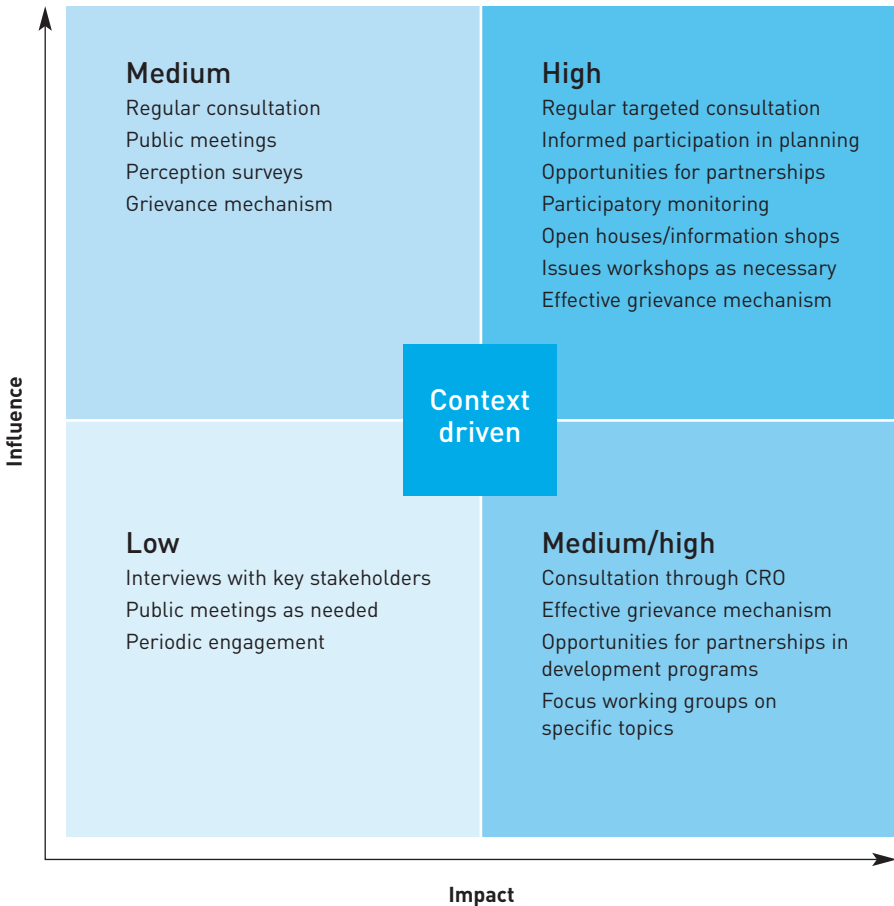
# 3

## Consultation Matrix *continued*

RELATIONSHIPS TOOLS

of meetings, otherwise it would be inappropriate to do so. Privacy legislation must be adhered to, ensuring that stakeholder data are not passed on or used for any purpose other than keeping track of interactions. If people provide confidential or personal information that is entered in the database, it should be marked as confidential and treated as such.

**Figure 3: Consultation matrix**



## CASE STUDY

### Pre-operational implementation of HSEC processes

BHP Billiton, multiple locations in Kalimantan, Indonesia

#### Summary

BHP Billiton's IndoMet Coal Project (IMC) has taken a comprehensive and integrated approach to developing health, safety, environment and community (HSEC) practices and processes while still in the exploration and feasibility study stages of the project. This approach was motivated by the company's Charter commitment and Community standard, which aim to build strong relationships with key stakeholders, deliver clear socio-economic benefits and manage potential risks and impacts.

#### Response

The company began by identifying and analyzing key stakeholders and developing appropriate procedures for their consultation and engagement. Stakeholders included government at various levels, 20 directly affected villages and regional communities (representing around 14,000 people), NGOs and the media.

Comprehensive socio-economic, public health and cultural impact and baseline studies were undertaken. As some of the studies required considerable lead times, community development practitioners were commissioned to undertake up-front "rapid rural appraisals" across all directly affected village communities. The communities reacted positively to the studies and actively participated in workshops. Typical issues raised by the communities were on employment opportunities, access to better education, provision of clean water and opportunities for local businesses to support the company's operations in the area.

The recommendations from this preparatory work were formally discussed at formal and informal consultative meetings. Preparatory work also included consultation with local government to align the company's initiative with government programs.

Results from more comprehensive baseline studies and research were then fed back into the stakeholder consultative process and, in turn, into IMC's community investment activities. For example, thorough environmental baseline studies were initiated early in the pre-feasibility stage, including an extensive biodiversity study of the project footprint. Several new species of fauna were discovered, prompting the development of an extensive biodiversity management plan. As the feasibility studies on the project continue, the baseline data inform a range of programs such as health awareness campaigns, the provision of teaching and learning materials to local students and cultural enhancement support activities. In addition to regular day-to-day engagement, ongoing formal forum consultation sessions were held several times each year to provide an ongoing "health check" of the program and an opportunity to enhance relationships.

In addition to working collaboratively with local development partners, IMC has prepared a scope of work for an Indonesian-based international NGO to assist in designing and executing a partnership program. The program will be informed by the baseline data, and will build capacity and provide a broad social benefit to the region.

#### Outcomes

From the outset, the company involved host communities, NGOs and government in impact assessment research, in the identification and selection of priority areas for community investment and in the delivery of the resulting programs. A range of Indonesian Coal Projects/stakeholder partnerships were developed to deliver a range of programs covering public health, education, behaviour management, essential infrastructure (including water and sanitation), microfinance, business development, food security, poverty alleviation, vocational skills training, risk sensitization, agricultural improvement and village-level governance and administration.

Source: BHP Billiton IndoMet Coal Project

### Key references

IFC, *Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets*, Washington DC, 2007. Available at:

[www.ifc.org/ifcext/sustainability.nsf/content/publications\\_resettlement](http://www.ifc.org/ifcext/sustainability.nsf/content/publications_resettlement)

Zandvliet, L. and Anderson, M. B., *Getting it Right: Making Corporate-Community Relations Work*, Greenleaf Publishing, Sheffield, 2009, especially Chapter 9.

## Description

The sustainability of community development activity demands effective partnerships between government, business and civil society. None of these groups possesses the full range of resources required to promote community development at the local level. Each has distinctive roles and responsibilities, skills and capacities within the community development process. Working together they can make significant and sustainable contributions to the local development process, which will outlive the presence of a mining project. Successful partnerships are built on a shared commitment to address development needs.

The World Bank's Business Partners for Development (BPD)<sup>25</sup> initiative brought government, industry and civil society representatives together to explore opportunities for partnership around resource development projects, and to produce practical guidance on how those partnerships could generate sustainable benefit in local communities. Much of this section is based on the BPD initiative. Additional analysis of the importance of partnerships to successful community development programs in mining areas has been undertaken in a number of countries by ICMM.<sup>26</sup>

Partnerships offer a model of participatory development. While partnerships are often between two parties, namely a mining company and an NGO or community organisation, this tool specifically addresses tri-sector partnerships as they can bring together unique resources and qualities (see Table 6):

**Government** can contribute credibility to partnership arrangements, strategic co-ordination through local development plans and public investment, and can act as catalyst, broker and mediator.

**Business** can contribute employment and infrastructure opportunities, financial resources, capital equipment, a results-led work ethic and attention to performance quality.

**Community organizations and NGOs** can contribute local knowledge, capacity to mobilize community participation, tools and methods to ensure relevance to local conditions and a long-term presence in the host community.

The greatest opportunities for community development – and best hope for program sustainability – lie in bringing together the development capacities and resources available *collectively* within the region. If companies and other actors can align their programs with those already decided upon by the local and regional governments near a mining project, then the combined development actions of such partnerships will help communities contribute to national development goals. This ensures better coordination of development activities, more efficient use of development resources, and the active support and participation of key stakeholder groups.

25 See World Bank Business Partners for Development initiative at [www.bpdweb.com](http://www.bpdweb.com)

26 See several ICMM documents at [www.icmm.com/mpd/partnerships](http://www.icmm.com/mpd/partnerships)

**Table 6: Partnership benefits**

for business	for government	for community
<ul style="list-style-type: none"> <li>• Greater efficiency of production, reduced delays, facility “downtimes”, security costs</li> <li>• Greater return on investment</li> <li>• More robust social licence to operate</li> <li>• Better management of community expectations</li> <li>• Meeting compliance requirements for social management</li> <li>• Direct cost savings in managing social issues</li> <li>• Enhanced local reputation and competitiveness</li> <li>• Shareholder and investor confidence</li> <li>• Improved recruitment, retention and employee engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Alignment of private sector infrastructure with government development plans</li> <li>• Greater visibility of government discharging its civic duties</li> <li>• Co-ordination between government departments</li> <li>• Cost sharing, risk sharing</li> <li>• Improved capability, resources, etc. to deliver development programs</li> </ul>	<ul style="list-style-type: none"> <li>• More participatory design of community projects</li> <li>• Transparency and accessibility of company and government</li> <li>• Relevance of interventions closer to true livelihood needs</li> <li>• Greater sustainability of community projects</li> </ul>

Source: Adapted from Business Partners for Development



## **Purpose**

To enable you to assess the development capacities and resources available within the region, anticipate future capacity needs and identify any critical gaps. Not all organizations will be able to enter into partnerships with all others, so it is important to undertake this assessment before entering into any arrangements. The framework can help you to assess the need for – or success of – capacity-building initiatives to improve regional development performance and partners to work with in achieving those goals. It is used to assess:

- existing and future partnership capacity needs
- anticipated benefits of the partnership to your organization
- appropriate programs or projects for partnership
- the sustainability of potential partner organizations.

Over time, an institution may be considered sustainable if it can fulfil its functions on a permanent basis with decreasing levels of external support – specifically, if it is able to secure necessary inputs and support, provide a continuing stream of development activities and services that are valued by its stakeholders, and survive for as long as it is needed.

## **When to use this tool**

During exploration and feasibility when you may not have the resources to implement programs directly and you need to draw on the skill set of partners already operating in the region.

During the construction phase, so that partnerships will be in place by the time community development plans are made and operations commence.

During operations, when actively planning community development programs, in order to ascertain what other skills and capacities exist locally and avoid duplication of effort. Tri-partite partnerships can also be a requirement under licensing and royalty conditions in some environments.

For closure planning purposes, to ensure that the partnerships invested in are likely to be sustainable and to continue to benefit the local community after the mine has closed.

The Strategic Planning Framework (tool 6) should inform the partnership assessment.

**How to use this tool**

Analyze potential partners for suitability to team with your organization and for capacities in community development by using the partnership assessment worksheet (see Table 7).

**STEP 1**

Review the potential for business partnerships for different development projects using Table 7. This analysis should be conducted by theme, not by potential partner. A description of the criteria to consider is provided here:

- Financial contribution – will partnering with a group on this theme support financial contributions that the company was already intending to make? Or would this be a new investment?
  - Mandate – is this theme an area where the company could be/would be expected to engage?
  - Baseline needs – has this theme been identified by communities as an area of concern or need?
  - Operational effectiveness – will a partnership around this theme increase the operational effectiveness of the community investment?
  - Outreach – who will benefit from a partnership on this theme?
  - Capacity – what is the capacity to deliver a program on this theme? For example, are there existing successful programs which have been developed to address such a theme in the past within the country or region?
  - Human resources – would a partnership on this theme bring necessary human resources to this investment?
- Legitimacy – by partnering on this theme, would the company's contribution gain greater legitimacy?
  - Sustainability – by partnering on this theme, would the company's contribution be more sustainable?
  - Any negative impacts – could there be adverse consequences from partnering on this topic, eg, a sense that the company is seeking assistance from others for something which should be managed and funded by the company in entirety?

**Table 7: Partnership assessment worksheet**

Potential benefits from partnership	Financial contribution	Mandate	Baseline needs	Operational effectiveness	Outreach	Capacity	Human resources	Legitimacy	Sustainability	Any negative impacts
Programs, e.g. malaria programming	Company X has a budget of \$5k to spend on malaria programming. Partnering will allow this contribution to be matched by others, expanding the outreach of the program.	Company X operates in a region with high levels of endemic malaria. It is also building a large water reservoir which may change the malaria prevalence within host communities.	Through the social impact assessment and baseline studies for the communities, malaria programming was identified as a key need by these communities.	There is no experience within Company X for conducting spraying campaigns, or community engagement on malaria prevention. In the absence of a partnership, the Company will have to develop a lot of new material and hire new staff.	Company X's program is designed to cater for impacted communities. By partnering this could be expanded to a broader geographic region transitioning the program from solely social mitigation to community contribution.	There is an existing malaria spraying program being run in the country by experienced NGOs, which is well respected and supported by the Ministry of Health.	Company X would need to hire additional trained staff to implement this program if it were implemented by the company. A partnership would avoid this and could leverage off existing skills within the country.	There are partnerships with organisations in the country/region who have a good reputation for implementing malaria programs.	NGOs have been working on malaria programming in the country for a number of years and receive support from external agencies. The chance of this being sustained post Company support is high.	None noted.
Child malnutrition	This would be a new area of investment for Company X.	Child malnutrition is an issue for the country, but not something that the project impacts directly or a major issue for the host community.	Child malnutrition was not identified as a principal concern during the baseline studies.	There is no experience within Company X for working on this theme.	Unknown.	There are existing NGOs working on this theme in the country with good success.	Additional resources would need to be hired/contracted to manage this partnership.	Existing organisations are deemed legitimate actors in this field.	These programs have only been going for 3 years, so long term sustainability is unknown.	Questions may arise from role of Company X in this theme.
Vocational education										
Etc.										

**STEP 2**

Based on existing knowledge of stakeholders, develop a list of all possible community development partners. Using your knowledge of these potential partners, identify their areas of strength and interests in community development.

**STEP 3**

Based on the assessment in step 1, identify those themes where partnership provides you with the greatest benefits. Then reflect back on the list developed in step 2 to identify the best potential partners to deliver on these themes.

**STEP 4**

When considering partnerships, it is important to understand the motivation of your own company for partnering. The following questions will help you in this process:

- Would the partnership have the support of key internal stakeholders?
- Would there be any internal opposition to this partnership proposal?
- What financial resources are available for partnership?
- Are staff available to support the partnership, and for how long?
- What technical resources will be available [e.g. accountancy, legal, etc.]?
- Is there agreement within your company on the purpose and expected outcomes of the partnership?
- Is there agreement on how to proceed with partnership planning?
- Do your colleagues and managers understand the resources and time that will be required to develop and implement the partnership?

## STEP 5

Using the narrowed options for potential partners (based on analysis in step 3), conduct a strengths, weaknesses, opportunities and threats (SWOT) analysis internally for each potential partnership. This analysis will help you understand the value proposition for each partner in the partnership and help to ensure your future discussions address their needs and concerns as well. Table 8 should be completed for each potential partnership (this table assumes a tri-partite partnership, but a two-way partnership could just as easily be analysed).

## STEP 6

If you feel the company is ready for a partnership based on your assessment in step 4, approach potential partners (drawn from your list in step 3) with a view to reaching broad-level agreement to explore ways of addressing priority development initiatives through partnership. The SWOT analysis you will have completed in step 5 should make these conversations mutually beneficial. To do this you may need to assign responsibilities and timelines for the following discussions to occur with each of the potential partners (see Table 9).

**Table 8: SWOT analysis**

For each partnership consider:				
	Partner	Company	Government body	NGO/CBO
Strengths				
Weaknesses				
Opportunities				
Threats				

**Table 9: Partnership action list**

Action	Responsibility	Deadline
Establish communications with potential partners.		
Validate, with external stakeholders, assumptions in your internal assessment.		
Explore possible roles and resource commitments of prospective partners.		
Assess potential partners' capacity to contribute and maintain support for the partnership.		

## CASE STUDY

### Strengthening community engagement following mine expansion

Vale, Minas Gerais, Brazil

#### Summary

The expansion of Vale's Brucutu mine in Brazil's Minas Gerais State brought with it a range of significant social and economic impacts. While the expansion was well handled from a technical perspective, failure to adequately manage these social and economic impacts – particularly relating to the large influx of work-seekers during the construction phase – led to resentment against the company. A collaborative action plan was developed for two of the most directly affected cities, resulting in stronger relations between the company and local stakeholders.

#### Context and challenge

Prior to the mine's arrival, the economy of São Gonçalo do Rio Abaixo was primarily agricultural, with limited industrial infrastructure. When the mine began production, the city's population expanded significantly, schools were refurbished and other civic works were undertaken such as the opening of a new cultural centre and the construction of a university campus. Neighbouring city Barão de Cocais also received a range of benefits from the presence of the mine, such as the creation of new jobs, technical training and hiring of young people. Additionally, development of local trade and the installation of a large automotive dealership (a supplier of Vale that moved to the city) were fostered by the company.

However, when the mine expanded there were a number of challenges that quickly led to deteriorating relations between the mine, local authorities and local communities. The most significant impacts related to the 6,000 men who arrived in Barão de Cocais to work on the construction of the project. Most of these men were lodged in the city and the sudden increase in population, although temporary, brought real challenges to the city's infrastructure. For example, the motel in the city was adapted to house the workers and garages became dormitories. The population increase resulted in problems relating to health, transportation and safety services. The lack of dialogue between Vale (and its contractors) and the community increased difficulties.

#### Response

The company commissioned an economic impact study that provided a clearer picture of what had happened in the region. Using the study as a basis, the company decided to prepare an "investment plan" to support growth in Barão de Cocais. Meanwhile, during the planning process, the company realized that many of the suggested solutions involved investing in dialogue rather than large expenditures in infrastructure. This change in company attitude began with a process of raising employee awareness. A dedicated team was appointed to maintain a public dialogue with the community. This team took part in developing "joint solution groups", comprising company representatives, local citizens and authorities. The groups debated the difficulties the cities were experiencing and sought viable solutions for the existing social impacts in the city.

Vale took responsibility for the overall impact resulting from the company's arrival and operations. Several specialized studies were conducted to assess each issue arising in the meetings. Traffic problems caused by the increase in the number of vehicles from the company, for example, were mitigated with the help of outside consultants. These experts suggested actions such as switching the right of way of certain streets, relocating bus stops from certain points and changing the route used by trucks. The changes were implemented with funding from Vale.



**Strengthening community engagement following mine expansion**

Vale, Minas Gerais, Brazil

Vale also worked with communities and authorities to help develop responses to problems that predated the mine's arrival. For example, another study indicated that difficulties experienced in the local hospital pre-existed the mine's arrival, and suggested solutions that needed to be adopted by the local government.

**Outcomes**

The company states that as a result of the Brucutu experience, it has changed the way it relates to communities, stating that it is now "committed to open dialogue, transparency and the search for joint solutions". As an example of this new attitude, Vale points out that the design of construction of a tailings dam was changed in order to respond to local community concerns. In particular, the company reduced the number of houses that needed to be relocated, and put back the proposed date of the flooding of a local church in order to allow sufficient time to make a contingency plan in consultation with the community.

Source: "Conversation is the key to understanding", case study in Vale's *Sustainability Report, 2007*.

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## Description

A grievance mechanism is a means by which community members or other stakeholders can express concerns in the form of a complaint or grievance about real or perceived actions by your project that cause them concern. The importance of effective non-judicial complaint mechanisms as a means of redress in the event of disputes between companies and communities (or allegations that human rights have not been upheld) is the third pillar of the UN's "Protect, Respect and Remedy" framework. Developing robust complaint procedures for local community members helps underpin the credibility of corporate human rights policies and ethical and community relations practices more broadly. Most companies develop a grievance form for complainants to use and a grievance management procedure to ensure that grievances are dealt with in a clear and methodical manner.<sup>28</sup>

The parameters that need to be covered by a non-judicial grievance mechanism have been defined by the UN Office of the High Commissioner for Human Rights, in *The Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*.<sup>29</sup> The key elements pertinent to your business are summarized in Box 2.

## Purpose

To give your stakeholders an avenue to raise concerns and complaints about your project. In recent years, international organizations and companies have realized this is an important part of good community relations. All too often, companies are working hard at implementing what they believe to be beneficial community development projects without realizing that certain parts of the community may be unhappy with some aspects of their activities. Often, the activities that are causing concern are independent of the community development program, but to the community beneficiaries they are all being undertaken by the same company. By instituting a grievance procedure, stakeholders can formally voice their concerns, providing a valuable feedback loop to help you learn about the effectiveness of your suite of activities. If complaints procedures or mechanisms are well designed, they are likely to bring significant benefits to you and your communities.

27 For more detailed information on overarching design principles and designing a complaints or grievance mechanism, see ICMM, *Human Rights in the Mining and Metals Industry: Handling and Resolving Local Level Concerns and Grievances, Pilot Testing Version, 2009*. Available at: [www.icmm.com/page/15816/human-rights-in-the-mining-metals-sector-handling-and-resolving-local-level-concerns-grievances](http://www.icmm.com/page/15816/human-rights-in-the-mining-metals-sector-handling-and-resolving-local-level-concerns-grievances)

28 There is much discussion about the nuances of the various terms such as grievance, complaint, mechanism and procedure. Companies may choose not to label their processes as a "mechanism" and may prefer terms such as complaints "procedures". In practical terms there is little distinction, so they are used interchangeably in this tool.

29 Available at: [www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

**Box 2: Effectiveness criteria for non-judicial grievance mechanisms<sup>30</sup>**

In order to ensure their effectiveness, non-judicial grievance mechanisms, both state based and non-state based, should be:

- legitimate: enabling trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes
- accessible: being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access
- predictable: providing a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation
- equitable: seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms
- transparent: keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism's performance to build confidence in its effectiveness and meet any public interest at stake
- rights-compatible: ensuring that outcomes and remedies accord with internationally recognized human rights
- a source of continuous learning: drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms.

Operational-level mechanisms should also be:

- based on engagement and dialogue: consulting the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances.

<sup>30</sup> [www.business-humanrights.org/SpecialRepPortal/Home](http://www.business-humanrights.org/SpecialRepPortal/Home)

In addition to serving as a platform to resolve grievances, an effective grievance mechanism can help achieve the following goals:

- open channels for effective communication
- demonstrate that a company is concerned about community members and their well-being
- mitigate or prevent adverse impacts on communities caused by company operations
- improve trust and respect
- provide structures for raising, addressing and resolving issues that reduce imbalances in power
- promote productive relationships
- build community acceptance of a company's "social license" to operate.<sup>31</sup>

It should be made clear to communities that the existence of a mechanism does not in any way inhibit their access to legal or judicial recourse processes. In some countries, legal systems may be seen to be inadequate or beyond the financial reach of communities, which is why their attention often focuses on corporate mechanisms. Complainants should be free to pursue legal or judicial processes at any stage if they feel their concerns are not being adequately addressed by the mechanism.

The IFC and ICMM have both produced valuable handbooks on this topic in the last couple of years (see key references section of this tool). It would be worthwhile reading these reference documents when preparing your company's grievance mechanism. This tool sets out the practical steps involved in establishing a grievance mechanism rather than rehearsing the detailed discussions contained in the far more extensive manuals.

## When to use this tool

This tool should be used whenever a complaint is received from a community member, whether oral or written. In some cases, a minor verbal complaint from a community member may be able to be resolved swiftly and informally. All complaints or grievances should be recorded so that the formal mechanism can be engaged. Any grievance mechanism needs to be culturally appropriate, allowing for complaints in a language and form sensitive to local needs. If a complaint is received in writing, the procedure can commence immediately. There may be a reason for designing a mechanism that allows for verbal complaints (e.g. a lack of literacy among some community members). If an oral complaint is made, the company should be receptive to any concerns and register them officially on the company's grievance form, and then the grievance procedure can commence.

It is important to create an organizational structure and mindset to support the mechanism. This organizational structure must include the involvement of staff with the power to resolve grievances on behalf of the company, with seniority that reflects the level of severity of the complaint. Community relations officers (CROs) play a vital role in informing community members about the grievance mechanism and in relaying complaints to the company but it is not always their responsibility to solve all the problems.

31 From the CAO, World Bank Group, *A Guide to Designing and Implementing Grievance Mechanisms for Development Projects*, 2008, p. 11.

**How to use this tool**

By designing a grievance mechanism in a transparent and participatory manner with the community you are likely to increase buy-in and understanding of the mechanism. You need to consider issues of accessibility, especially ensuring that vulnerable or less visible members of the community have recourse to the procedure. Regardless of the exact method, it is important to define a clear process involving regular updates for complainants. One method is shown in the procedure flowchart (see Figure 4). The seven potential steps are summarized as follows:

**STEP 1****Receive grievance**

The staff member receiving the grievance is responsible for documenting and recording the grievance and ensuring that it is entered into the stakeholder engagement database or complaints log.

**STEP 2****Preliminary assessment**

An initial assessment of the grievance should be conducted to assign the grievance to the relevant person in the company. Grievances may be classified into a number of categories, such as environmental, cultural heritage, land disturbance, recruitment procedures, health and safety, human rights, physical or economic displacement or related to a specific community development project. For each of these categories, a different person within the company would be assigned to deal with the specific details of investigating the grievance.

**STEP 3****Respond to grievance**

Written communication to the complainant to acknowledge the grievance and provide information as to expected steps and timing for resolution of the grievance. This communication is to be provided within a set period of time, typically seven working days of the receipt of the grievance. Where illiteracy is common, consideration must be given to the means of communicating this message.

**STEP 4****Investigate and resolve**

This procedure investigates the underlying cause(s) of the grievance and develops actions needed to prevent recurrence of a similar grievance. The approach and team membership to complete the investigation will depend upon the category and level of the grievance. Some investigations may require a simple examination of the company's records, whereas others may require discussions with many stakeholders, both internal and external.

A grievance resolution report should be completed no later than one month from the start of the grievance investigation, which begins on the date the grievance was entered in the consultation database (this obviously depends on the nature of the grievance, but this time frame should be aimed for). The community relations (CR) manager shall co-ordinate conflict resolution activities required to contain and resolve actual or potential conflicts and ensure that the complainant is kept informed of the progress of the grievance procedure, especially if a longer period of time is needed to complete the investigation.

## STEP 5

### Conclusion

The CR manager shall follow the investigation procedure in order to develop recommendations to ensure the grievance does not reoccur. The aggrieved parties shall be engaged and their views about the company recommendations sought, to ensure that they are satisfied with the proposed resolution. If the complainant is satisfied, then the CR manager shall seek their sign-off that the grievance has been resolved.

## STEP 6

### Further action

If the complainant is not satisfied with the proposed solution, the CRO and/or CR manager will initiate further investigation to determine what further action may be taken. In the case that satisfaction cannot be achieved, then the grievance may be referred for third party mediation or external panel review.

## STEP 7

### Monitoring and evaluation

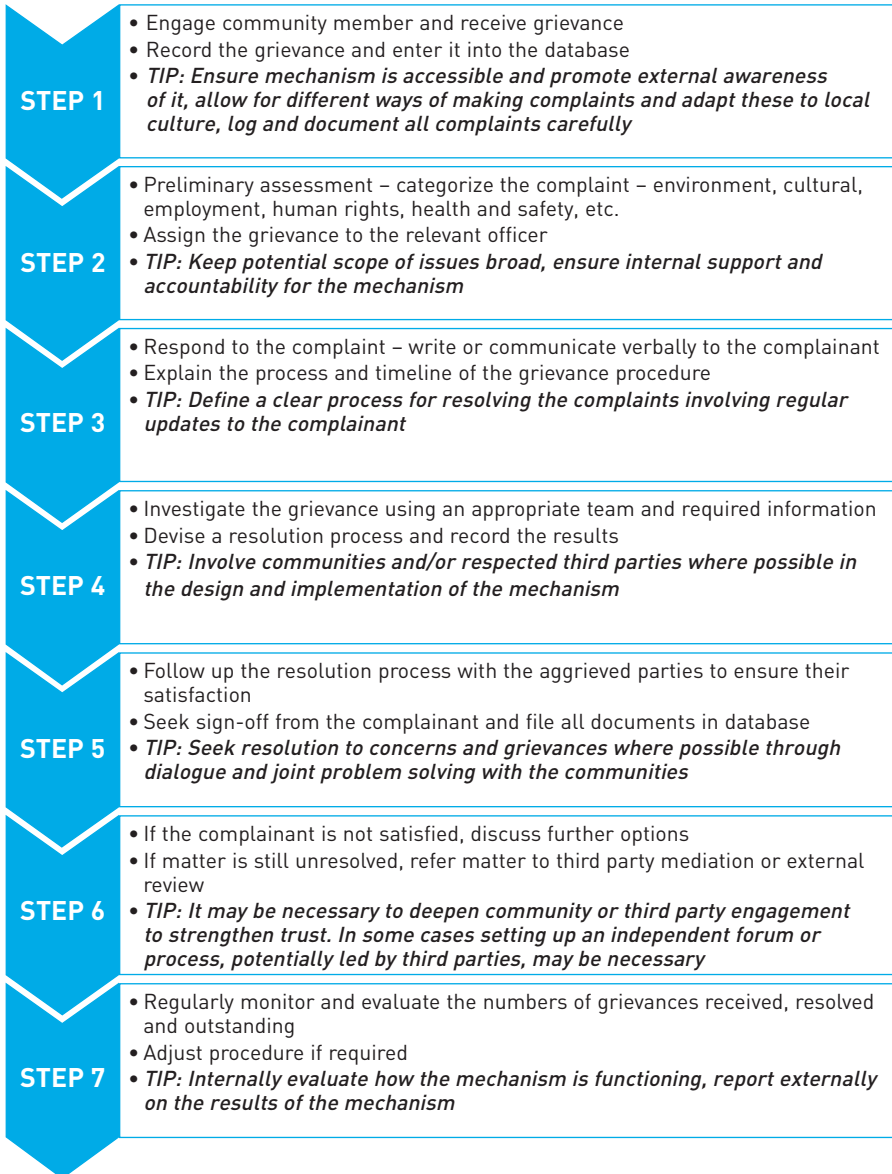
Part of the grievance management procedure is entering the details and each step of progress into the company's stakeholder engagement database (see tool 15 Management Systems). At various intervals, monthly is ideal, the number of grievances received, resolved and outstanding should be tallied and reported to management and advisers. At least annually, the trends and time taken for grievance resolution should be analysed and the evaluation used for assessing the efficacy of the grievance mechanisms. If the procedure is not managing to resolve the majority of grievances within the set time frames, then the mechanism may need adjusting. Likewise, if no grievances are being received, then the system is likely either inaccessible to stakeholders or is not trusted and needs to be revised. Better indicators of success are that resolution is received to the satisfaction of both parties within the agreed amount of time specified in the procedure on a majority of cases and that there are not recurring complaints about the same issues.

# 5

## Grievance Mechanism

*continued*

Figure 4: Grievance procedure flowchart



## CASE STUDY

### Setting up an independent forum or process

Cerrejon coal mine in Colombia

Anglo American, BHP Billiton and Xstrata, equal owners of the Cerrejon coal mine in Colombia, commissioned in August 2007 an independent “social review” of Cerrejon’s past and current social engagement to provide a credible assessment of the mine’s social impact and outstanding concerns. Though not explicitly a complaints or grievance resolution process, the panel’s recommendations provided insights into the resolution of a number of legacy issues, notably regarding concerns and grievances over the resettlement of the Tabaco community in 2000–2001.

The review was conducted independently of Cerrejon management by a panel of four internationally recognized experts in the area of social development, supported by a local consultancy to undertake fieldwork. The panel consulted extensively at the mine site and within local communities, as well as with international stakeholders. The panel’s report was published in March 2008 and highlighted a number of areas in which Cerrejon could enhance its social practices. Cerrejon’s management subsequently produced a comprehensive response to the report as well as an action plan to address its findings. These documents are all publicly available.

Among its recommendations, the panel emphasized the need to address outstanding issues over the resettlement of the Tabaco community. It urged Cerrejon “to facilitate reconciliation between the disparate groups formed by the former inhabitants of the village of Tabaco ... through a consultative, participatory process”. Taking up the recommendation, Cerrejon appointed the former chair of the review panel to act as independent facilitator to a series of dialogue meetings with community members from August to December 2008. This led to an agreement setting out a number of commitments by Cerrejon, for example to purchase a new plot of land where the Tabaco community will be reunited.

It is as yet too early to evaluate whether the concerns and grievances over the Tabaco resettlement are indeed resolved but the recent agreement marks a significant step. According to Cerrejon, “the comprehensive independent review of our social processes has been a very constructive experience”.

Source: ICMM, *Human Rights in the Mining and Metals Industry: Handling and Resolving Local Level Concerns and Grievances*, Pilot Testing Version, 2009. Available at: [www.icmm.com/page/15816/human-rights-in-the-mining-metals-sector-handling-and-resolving-local-level-concerns-grievances](http://www.icmm.com/page/15816/human-rights-in-the-mining-metals-sector-handling-and-resolving-local-level-concerns-grievances)

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Planning tools are used for planning the resources, both human and financial, that will be needed to undertake community development activities or to expand or adopt new programs

PLANNING

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# TOOLS



BEING ABLE TO CLEARLY  
ARTICULATE THE  
RESOURCES NEEDED, BOTH  
HUMAN AND ECONOMIC,  
FOR IMPLEMENTING  
PROGRAMS AND POLICIES  
IS KEY TO BEING ABLE  
TO PLAN AND MANAGE  
BUDGETS AND PERSONNEL,  
FOR BOTH COMMUNITIES  
AND COMPANIES.



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# Planning tools

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## **TOOL 6** Strategic Planning Framework **85**

The process through which you understand why you want to contribute to community development and define your development objectives, how you plan to achieve them, the resources you will need and how you will know when you have succeeded. This can be equally effective for a community planning its development future as it can be for a company planning its community investment program.

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## **TOOL 7** Community Mapping **93**

An exercise in which local people map out their community's physical layout. Designed to start people recognizing that they are the experts about their own community and to get discussion and co-operation going.

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## **TOOL 8** Institutional Analysis **97**

An exercise in evaluating the variety, strength and linkages of institutions within and around a community.

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## **TOOL 9** Development Opportunity Ranking **101**

To allow a full range of participants to decide upon priority development issues in the community. A workshop process that enables a broad range of community participants, including women, youth, the elderly and disabled, to define and explain the development situation in their community.

Development opportunity ranking helps community members decide which projects to start implementing first, by sorting them according to priority and feasibility. This is done taking into account the locally available resources, skills and capacities.

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## **TOOL 10** Financial Valuation Tool **109**

A process through which companies can plan their sustainable investment projects by assessing the extent to which these projects could create value and/or provide value protection for the company. The quality of a sustainability investment determines whether risks and opportunities are maximized or minimized. As such, quality needs to be accurately assessed as input into financial valuation. The Financial Valuation Tool: Sustainability Program Quality Framework can be used to assess the quality of a company's portfolio of sustainability investments.

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# Planning tools

*continued*

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## Guidance for using planning tools

Deciding upon the strategic orientation and core objectives of the community development program is an essential foundation step, both for companies and communities. Ensuring that company policies, procedures and information collection methods are co-ordinated enables the constant monitoring of progress so that resources can be adjusted as needed. Being able to clearly articulate the resources needed, both human and economic, for implementing programs and policies is key to being able to plan and manage budgets and personnel, for both communities and companies. In contrast to the relationships tools, these planning tools are targeted at community development projects rather than the broader mining and metals activities.

As **mining company staff**, you need to ensure that the company's strategic plans are in accord with the needs of surrounding communities. You will need systems, policies and procedures in place that ensure co-ordination between all actors and activities. You need to be able to monitor resource levels for program implementation. You will need to ensure that your team has the right skill set to successfully implement community development programs.

**Government officers, NGO/CBO staff and community members** will also likely find these tools useful. The more involved each of these groups is in the visioning undertaken by a company, the better their interests will be represented in the company's approach. Community members and NGOs/CBOs can also use the tools to assess what competencies they need in order to pursue their priority development programs and to actively engage with the company and government in monitoring and evaluating their community plans.

# Strategic Planning Framework

# 6

## Description

Community development should be an integral component of mining and metals activity from exploration through to closure and beyond. It should be aligned with other organizational processes and strategies – including risk and impact assessment, communications and consultation, employment and local business development – concerned with minimizing negative impacts to communities, minimizing risk for the company and maximizing opportunities associated with the operation. The strategic planning framework flowchart (see Figure 5) should be informed by the Social Baseline Study (tool 11) and will help you to clarify your project's community development objectives and to relate those objectives to the broader goals of your organization. Although it is essential that a company plans its community investment programs strategically in order to align them with business objectives, it can be equally beneficial for a community to map out its vision, mission statement and strategic development goals.

Strategic planning is the process through which you understand why you want to contribute to community development: to define your development objectives, how you plan to achieve those objectives, who you will work with, the resources you will need and how you will know when you have succeeded. Initially, you need to conduct strategic planning internally *within* your organization. Then you will need to ascertain local communities', and local governments', aspirations and priorities. Data gathered on the community situation in tool 11 should help to define the vision, mission, etc. As you establish closer working relations with regional stakeholders, and progress towards detailed activity planning, you will need to share and review your strategic plans in consultation with regional partners to ensure consistency.

## Purpose

To guide fundamental decisions and actions that shape how your community development program operates. This covers:

- preparing the best way to respond to changing and sometimes hostile environments
- being clear about your organization's objectives and resources, and consciously incorporating both into your response to a dynamic environment
- setting goals (planning a desired future), developing an approach to achieving those goals and measuring whether they have been achieved.

The strategic planning process applies a sequence of questions that help you examine experience, test assumptions, gather and incorporate information about the present and anticipate the environment in which you will operate in the future.

Strategic planning will lead to a set of decisions about what you want to do, why and how you do it. Naturally, some decisions and actions are more important than others – much of strategic planning lies in making the tough decisions about what is most important to achieving success.

**When to use this tool**

To ensure that community projects are responsive to the needs of the community and decisions are made to deliver lasting value, this tool should be used before any significant investment is made in community projects. This tool should be used as early as possible, when building your community development team (see tool 13 Competencies Assessment). Communities should undertake this process, if they wish to, prior to developing their Community Action Plans (tool 16) using participatory methods. Post-closure sustainability also needs to be taken into account when defining strategies.

**How to use this tool**

Strategic planning includes five key elements, discussed below:

- **a vision statement**, defining your objectives, values and principles
- **a mission statement**, describing *what* you are going to do and *why* you are going to do it
- **goals**, the results you want to achieve in the medium to long-term
- **purposes**, the means by which you will achieve your goals and with what resources (inputs)
- **outputs**, the measures to be achieved by implementing strategies in pursuit of your defined objectives.

Strategic planning will provide the foundation – as you improve your understanding of your local environment, and explore opportunities for partnership with regional stakeholders – for detailed program planning. This is where you begin to address critical management issues related to resource allocation, deadlines, budgets, responsibilities and performance. Program planning is described in detail later in the toolkit (see tool 16 Community Action Plans) and resourcing issues are discussed further in the Management Systems tool (tool 15).

**STEP 1****Develop vision statement**

Your **vision** reflects your understanding of the ideal conditions for your community or for the part your project plays in the community, for example how things might look if community development were perfectly addressed and there were harmonious and mutually supportive relationships between the mining company and other sectors of the community. It is best articulated and communicated through a vision statement.

By developing a vision statement, you clarify your objectives, values and principles – first for yourself, and then for your team and organization (see Table 10). Vision statements should generally be:

- easily understood by members of the community and shared by all team members
- broad enough to include a diverse variety of perspectives and based on an assessment of what is important to people
- inspiring and uplifting to everyone involved in your effort
- easy to communicate – generally short enough to fit on a T-shirt.

Your vision statement should inspire your people to dream. Your mission statement should inspire them to action.

## STEP 2

### Develop mission statement

The **mission** statement grounds your vision in practical terms. Your mission statement describes *what* you are going to do and *why* you are going to do it. It is similar to a vision statement, in that it also looks at the big picture, but it is more concrete, and more action oriented. The mission statement may identify broad objectives and indicate in broad terms how you might reach your goals. Mission statements generally are:

- **concise** – while not as short as vision statements, they still get their point across in one sentence
- **outcome oriented** – they explain the fundamental outcomes your organization is working to achieve
- **inclusive** – while mission statements describe your key goals, they do so in very broad terms. Good mission statements are not limiting in the strategies or sectors of the community that may become involved in the project.

Clearly defined vision and mission statements are important for a number of reasons:

- they help your organization focus on what is really important
- they let other individuals and organizations have a snapshot view of who you are and what you want to do
- they are helpful in having members who are focused and bound together in common purpose
- they provide a basis for developing the other aspects of your action planning process: your objectives, strategies and action plans.

## STEP 3

### State your goals

The next element is to state your goals – the results you want to achieve in the medium to long term. Goals should reflect the expectations and requirements of all major stakeholders, and the underlying reasons for establishing the development initiative. These objectives could cover, for example, co-ordination and service delivery, capacity building and institutional development.

## STEP 4

### Develop the process to achieve your objectives

Develop the steps by which your mission, goals, etc. may be achieved. They can cover the community development program as a whole, including such matters as co-ordination, participation and sustainability, or they can relate to primary matters in key functional areas such as, for example, health provisions, education, training of community leaders, etc. Resources (inputs) available and needed to carry out the strategic functions should be considered at this stage.

## STEP 5

### Define outputs

The outputs are specific interim or ultimate time-based measurements to be achieved by implementing strategies in pursuit of your defined objectives such as:

- to establish a regional development partnership with key stakeholders within the next three years
- to achieve 100% vaccination in three years' time
- to increase school completion rates by 20%, etc.

# 6

## Strategic Planning Framework

*continued*

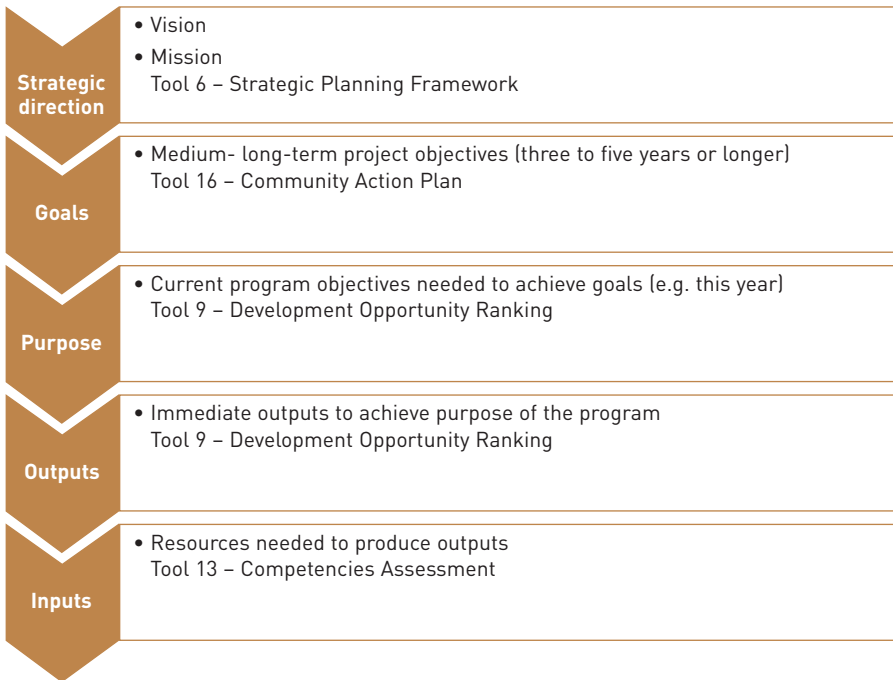
Outputs should be quantifiable, consistent, realistic and achievable. They should be based on the impacts identified in the Social Impact and Opportunities Assessment (tool 12) and therefore grounded in knowledge gathered through the Social Baseline Survey (tool 11). Detailed, program-specific outputs will be developed to align with the goals identified by community members when community action plans are designed.

### STEP 6

#### Develop program

The final element is the development program itself, which sets out the implementation plans for key strategies. This is described in detail later in the toolkit as the Community Action Plan (tool 16), and covers resources, objectives, timescales, deadlines and budgets.

**Figure 5: Strategic planning framework flowchart**





**Table 10: Step-by-step process for developing a vision and mission statement**

Step	Action	Description
1	Learn what is important to people in your community	Knowing the important issues in your community is vital for the establishment of a strong, effective and enduring development program. Your first step in developing your vision and mission is to define the issues that matter most to people in your community. Do so through consultation, surveys or facilitated focus groups. Identify what is important to the community, and what local people perceive to be the community's strengths and problems, and what people wish the community was like. As all of these activities should have been undertaken in the baseline study and Social Impact and Opportunities Assessment (tools 11 and 12), this information may already be available to the company.
2	Decide on the general focus of your program	Once you have heard what the community has to say, decide the general focus of your program. <ul style="list-style-type: none"> <li>• What topic is most important to your organization and your community?</li> <li>• What level will you work at – the village, local area or broader region?</li> <li>• Is there a niche opportunity for your company to establish a name for itself in a specific field where a real difference could be made?</li> <li>• Are there groups already working on topics in the region who your company could partner with?</li> </ul>



# 6

## Strategic Planning Framework

*continued*

**Table 10: Step-by-step process for developing a vision and mission Statement** *continued*

Step	Action	Description
3	Develop your vision statement	<p>Now that you have a clearer understanding of what you want to do and why, you can develop the statements that will capture your ideas.</p> <p>Remember, it may require several vision statements to fully capture the vision of those involved in the community development program: you do not need – or even want – just one “perfect” phrase. Encourage people to suggest all of their ideas, and write them down – possibly on poster paper at the front of the room, so people can be further inspired by the ideas of others. After you have brainstormed a lot of ideas, your group can discuss critically the different ideas. Often, at times, several of the vision statements will just jump out at you – someone will suggest it, and people will just instantly think, “That’s it!” You can also ask yourselves the following questions about vision statements:</p> <ul style="list-style-type: none"> <li>• Will it draw people to common work?</li> <li>• Does it give hope for a better future?</li> <li>• Will it inspire team members to realize the community’s dreams through positive, effective action?</li> <li>• Does it provide a basis for developing the other aspects of your action planning process?</li> </ul>
4	Develop your mission statement	<p>The process of developing your mission statement is much like that for developing your vision statements. Remember, though, that unlike with vision statements, you will want to develop a single mission statement. After having brainstormed for possible statements, you will want to ask of each one:</p> <ul style="list-style-type: none"> <li>• Does it describe <i>what</i> you will do and <i>why</i> you will do it?</li> <li>• Is it concise (one sentence)?</li> <li>• Is it outcome oriented?</li> <li>• Is it inclusive of the goals and people who may become involved in the organization?</li> </ul>



**Table 10: Step-by-step process for developing a vision and mission statement** *continued*

Step	Action	Description
5	Obtain consensus on your vision and mission statements	Your next step is to learn what other members of your organization or community think of your vision and mission statements before you start to use them regularly. Talk to the same community leaders or focus group members you spoke to originally. Ensure that they agree that the statements together capture the spirit of what they believe and desire. You might find you have omitted something very important by mistake.
6	Decide how you will use your vision and mission statements	Finally, remember that all of your hard work in developing your vision and mission statements will count for nothing if you do not communicate them and incorporate them in your action planning. The point is to get the message across to your internal and external stakeholders and fellow community members – and to begin living your expressed values and goals.

## Key references

AusAID, *The Logical Framework Approach*, 2002. Available at:

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DFID, *Tools for Development: A Handbook for Those Engaged in Development Activity*, 2003. Available at:

[www.dfid.gov.uk/Documents/publications/toolsfordevelopment.pdf](http://www.dfid.gov.uk/Documents/publications/toolsfordevelopment.pdf)

IFC, *Strategic Community Investment: A Good Practice Handbook for Companies Doing Business in Emerging Markets*, Washington DC, June 2010.

IFC, *Strategic Community Investment: A Quick Guide, Highlights from IFC's Good Practice Handbook*, Washington DC, February 2010. Both IFC publications available at:

[www.ifc.org/ifcext/sustainability.nsf/content/publications\\_handbook\\_communityinvestment](http://www.ifc.org/ifcext/sustainability.nsf/content/publications_handbook_communityinvestment)

## Description

A community map is a visual representation of what the community perceives as its community space. This includes showing the boundary of the community as understood by community members and all the elements recognized by them as part of their area. Most of the spatial information is obtained through direct observation and facilitators should familiarize themselves with the area sufficiently to be able to assist the community in drawing the map. However, it is the community members themselves who must decide what does and does not go on the map, where items are placed on the map and how big they should be. Some items of importance to the community, and which they may choose to mark on the map, may not be noticeable to outsiders – sacred sites or clan boundaries, for example.

## Purpose

To encourage community members to recognize that they are the experts about their own community and to get discussion and co-operation going. Community mapping can be used as an ice-breaking exercise in which community groups sketch out their community's physical layout. You might separate groups of men and women if that is appropriate and practical, and draw maps with different features, which can lead to interesting discussions about community dynamics.

The objective of this exercise is not to produce any particular kind of map, but to engage community members, possibly unused to being involved in planning exercises, in mapping out their own community as they see it and to start analysing for themselves how their community functions. It is also very instructive to the facilitators, company and government people to learn about how the community functions from the inside and to observe community dynamics and capabilities.

If the combined community meeting wishes to, they could produce a combined community map, incorporating features from all the different small group maps.

**When to use this tool**

As the first of a series of exercises that may lead up to a community development planning workshop to develop a Community Action Plan (see tool 16). A tool like this is also often used as part of the initial analysis for a social baseline (see tool 11).

**How to use this tool**

Gather interested community members together for a community development planning workshop.

**STEP 1**

Try to ensure that as many people as possible feel encouraged and welcome to attend, although no-one should be pressured to join in. Ask them to divide themselves into groups, which they often do along gender lines, and then to draw a map of their community as they see it (see Figure 6). People are often shy and state that official maps are better than they can produce. Some may prefer to do rough sketches, in the sand or on rough paper, before committing the drawing to cardboard. Once people realize that they are being asked to draw their picture of their community, not for someone else's use, they usually enjoy the process.

**“A tool like this is also often used as part of the initial analysis for a social baseline.”**

**Figure 6: Example of community sketch map**



Source: Training Kit on Participatory Spatial Information Management and Communication, Module 8, Ground and Sketch Mapping. CTA, the Netherlands and IFAD, Italy  
See <http://pgis-tk.cta.int> for further information  
(Photo. Steward Brown, 2010)

## Key references

IFC, *Investing in People: Sustaining Communities Through Improved Business Practice. A Community Development Resource Guide for Companies*. Washington DC, 2001. Available at:

[www.ifc.org/ifcext/sustainability.nsf/content/publications\\_resettlement](http://www.ifc.org/ifcext/sustainability.nsf/content/publications_resettlement)

National Environment Secretariat, Government of Kenya; Clark University; Egerton University; and the Center for International Development and Environment of the World Resources Institute, *Participatory Rural Appraisal Handbook: Conducting PRAs in Kenya*, December 1991.

Oduor-Naoh, E. et al. *Implementing PRA: A Handbook to Facilitate Participatory Rural Appraisal*, Program for International Development, Clark University, Worcester, MA, 1992.

Other participatory tools references are listed on p. 47 of the IFC, *Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets*, Washington DC, 2007. Available at:

[www.ifc.org/ifcext/sustainability.nsf/content/publications\\_resettlement](http://www.ifc.org/ifcext/sustainability.nsf/content/publications_resettlement)



## Description

Institutional analysis is a process for discussing what institutions are present in and around a community, how important each institution is, how they relate to each other and who participates in them.

Institutions could be schools, churches, mosques, sports teams, fishing or farming co-operatives, women's groups, youth groups, businesses or companies, government offices and a range of other organizations.

## Purpose

To ask community members to describe the institutions that exist in their community, their function, how important they are in relation to other institutions and how central or peripheral they are to the community's life. This exercise is immensely useful for assessment and planning purposes because it becomes apparent which community institutions are vibrant enough to play an active role in development activities and which may need strengthening. You will find one of the major benefits is that it should reveal who the community members consider to be influential, not just those who appear to be in charge at first glance.

## When to use this tool

As part of a series of exercises that may lead up to a community development planning workshop to develop a Community Action Plan (see tool 16). This should be done when community development programs are being considered, so that active community engagement in the planning process can be encouraged.

**How to use this tool**

This is best done with a form of Venn diagram, in which different-sized circles of paper are used to represent each institution.

**STEP 1**

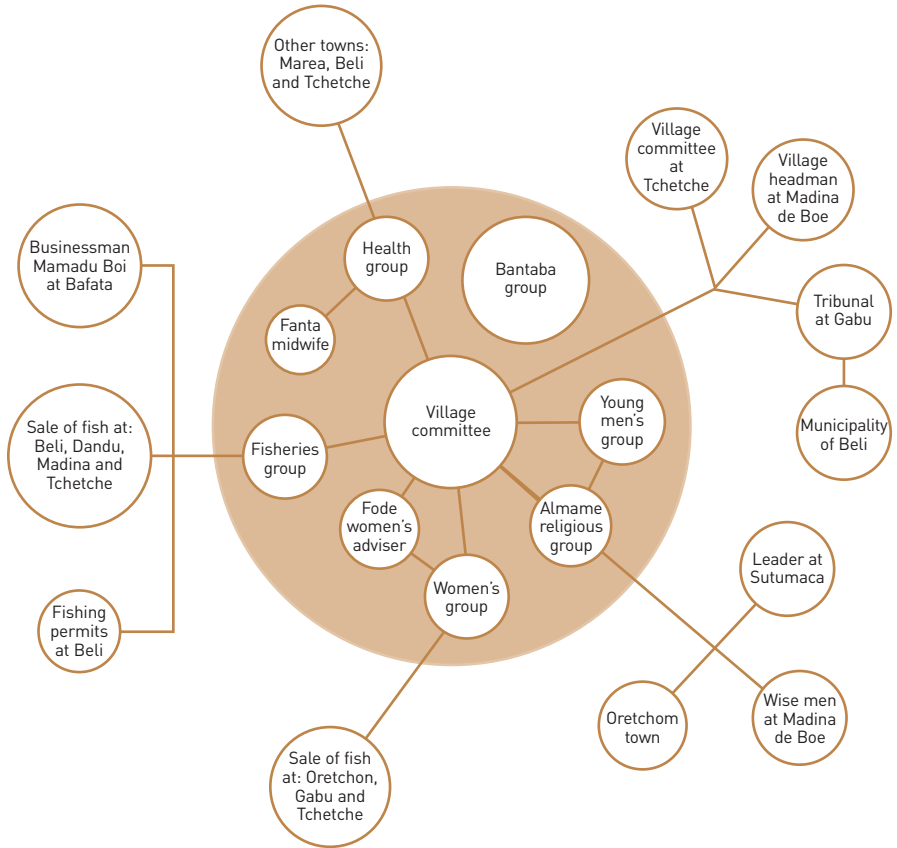
Using pre-prepared paper circles of different sizes, members of the community choose a circle to represent an institution that is important to them. Ask them to explain the role of that institution and why they have chosen a particular size of circle to represent its relative importance. Different community members often challenge the size of circles chosen and lively discussion ensues.

**STEP 2**

Once all institutions are represented by a circle whose size has been agreed upon, draw a large circle on the ground representing the community and ask the community members to place the institutional circles either inside the circle, outside the circle or straddling the boundary, indicating how central each institution is to the community (see Figure 7). The relationship between various institutions may also be described by the distance between the circles.

As with all participatory planning exercises, the institutional analysis may be undertaken by separate groups of women, youth, the elderly, religious or ethnic minorities, and these separate sessions may reveal different power bases within a community. If undertaken in joint session, it is essential that the facilitators ensure the opportunity for all community members to contribute, not just the most vocal.

**Figure 7: Institutional diagram of an inland fishing village in Wendo Tcham, Guinea-Bissau, 2004**



**Key**



The village



Links inside the village and links with government organizations and traders outside the village

Source: *Participatory Landing Site Development for Artisanal Fisheries Livelihoods*,  
 FAO Fisheries Technical Paper 466, Rome, 2004, Figure 1, page 28.  
[www.fao.org/docrep/007/y5552e/y5552e06.htm](http://www.fao.org/docrep/007/y5552e/y5552e06.htm)

## Key references

Eldis, Livihoods Connect: Sustainable Livihoods Toolbox (web-based resources).  
Section 1 of the toolbox: Policy, institutions and processes. Available at:

[www.eldis.org/go/topics/dossiers/livihoods-connect/tools](http://www.eldis.org/go/topics/dossiers/livihoods-connect/tools)

IFC, *Strategic Community Investment: A Good Practice Handbook for Companies Doing Business in Emerging Markets*, Washington DC, June 2010 (see tool 3). Available at:

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Other participatory tools references are listed on p. 47 of the IFC, *Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets*, Washington DC, 2007. Available at:

[www.ifc.org/ifcext/sustainability.nsf/content/publications\\_resettlement](http://www.ifc.org/ifcext/sustainability.nsf/content/publications_resettlement)

# Development Opportunity Ranking

# 9

## Description

The Development Opportunity Ranking tool combines assessment and planning processes. Community members identify their major development priorities or concerns and then assess the best opportunities for achieving desired changes. The meetings needed to undertake this two-step process may stretch over several sessions, depending upon the time available to participants and how much discussion and research they might like to pursue between workshop sessions.

This tool requires a facilitator to encourage community members to think broadly about potential development opportunities, perhaps introducing ideas by describing programs they have seen elsewhere (although they need to be careful not to impose their own ideas upon the community). This is best undertaken in a small group setting, conducted in the community or village where stakeholders live. It should begin with a non-threatening, focused discussion that uses small group dynamics to produce a complete and ranked census of the development opportunities identified by individual households and the community as a whole.

A list of potential opportunities to address each development challenge should be drawn up from community discussions, taking into consideration the community's capacity to address these challenges themselves. Each opportunity should then be ranked for its suitability as a solution using an agreed set of criteria, many of which are tried and tested. The beauty of this process is that opportunities that require little outside input or finance often score higher than those dependent on assistance. This can be enlightening for a community by helping them realize the power of self-management. This prioritization of opportunities can allow communities to start work on some of the "easier" options, while you may look into how your project could support the more complex or resource-intensive options.

**Purpose**

For community members to articulate the development situation in their community, to discuss it as a community and then to collectively decide upon development priorities to be tackled. It is not intended to elicit a “laundry list” of problems and requests, but rather to encourage people to consider how they would like to improve their lives and how they might go about making the desired changes, with the support of other parties, such as your project, the government and NGOs. This can be coupled with the asset-based community development approach (ABCD),<sup>32</sup> which asks community members to identify all their assets (be they physical, mental, spiritual, financial, etc.) that can be used to support the achievement of development outcomes in their own community.

Once the options are agreed, this tool will help community members and other development partners decide which projects to start implementing first. A scoring system is used for ranking the opportunities against agreed sustainability criteria, such as cost and the need for external expertise and finance. While a score may be compelling with your colleagues, you need to remember that community feelings about opportunities are more important than any so-called objective score.

**When to use this tool**

As part of a series of exercises that may lead up to community development planning workshops to develop a Community Action Plan (see tool 16). This should be done when community development programs are being considered, so that active community engagement in the planning process can be encouraged.

**How to use this tool**

This exercise is usually done in a community workshop (which may be a series of meetings, and may be run in several smaller groupings of community members, as they prefer) and led by experienced facilitators, who may come from the community, from NGOs, from local government agencies or be consultants hired by your company. Facilitators should not lead the discussion in any particular direction, other than to explain the process and to prompt thoughts and discussion. This approach provides the setting in which all participants can contribute. No topic is rejected. All issues are considered. Community members are the only contributors, although they may call for suggestions and ideas from the facilitators or other observers, including you. The final ranking of development opportunities is to be decided upon and owned by the community participants.

<sup>32</sup> Coady International Institute, *From Clients to Citizens: Asset-Based Community Development as a Strategy for Community-Driven Development*, 2002. Available at: [www.abcdinstitute.org/publications/related](http://www.abcdinstitute.org/publications/related)

## STEP 1

### **Initiate meeting with community leaders**

The facilitator will make initial contact with villages or communities – ideally, this would be someone known to the community. Discussions with the village leader, elders or key individuals in each community, including women and youth, will evaluate interest and capacity of each community to participate in community development planning activities. If there is interest and sufficient labour, resource and financial capacity to effectively participate in activities, plans would be made to conduct a development opportunity ranking exercise with that community.

The facilitator needs to emphasize the importance of inclusion of men and women, youth and the elderly from the outset of discussions and ensure that representatives of these different groups are included in planning the meeting.

## STEP 2

### **Development opportunity identification (small groups)**

Development opportunity ranking begins with the coming together of the community. If segregation is preferred, ask men and women to meet in separate locations. The facilitator introduces and explains the process and, with other members of the team, facilitates the meeting. Questions that can be asked include:

- What is most important for the future of your family?
- What are the priority development needs for your community?

It is ideal if individuals and families answer, or at least consider, these questions for themselves first, before the village view is agreed through discussion. If individuals are comfortable completing this task, the facilitator should assemble them into small groups of up to 10 people – although six or less is ideal. Each group will be asked to discuss the development opportunities identified by individual participants. The group is asked to reach consensus on the priority development opportunities they collectively consider important at the village or community level. They record this consensus outcome on a large piece of paper, ready for presentation to other participants.

## STEP 3

### **Community level development opportunity consensus**

The consensus from each small group will be shared with the other participants in a plenary session. These development opportunity priorities should be recorded by the facilitator. Participants then regard the lists of opportunities from small groups and collectively prioritize them for the village or community. Consensus is sought on the top five or ten (to be decided by the community) development priorities.

# 9

## Development Opportunity Ranking

*continued*

### STEP 4

#### Development opportunity ranking

At the conclusion of step 3 the community will have a list of projects or opportunities they would like to pursue, possibly addressing the same development topic, or a varied group. Not all of these opportunities will be able to be addressed by you, or the community themselves, in the short, medium or long term. To inform the ranking of these opportunities, it is best to develop a set of agreed criteria to use to assess the opportunities for each development theme. Commonly used criteria for ranking opportunities are:

- Sustainability – can the community keep the project running by itself, after outside assistance has gone?
- Productivity – will the project substantially increase the availability of needed resources?
- Equitability – will the project benefit a broad cross-section of the community?
- Cost – will large amounts of external funding be needed?
- Community contribution – will the community be able and willing to contribute to the project (normally through an in-kind contribution)?
- Technical feasibility – does the project require specialized expertise both to start and maintain?
- Social/cultural acceptability – does the project fit within the community's norms?
- Time needed – will it take a long time for the community to reap the benefits of the project?

Considering each development project against these criteria can help you work with the community to develop a community development plan. In Table 11, community members have identified a significant development opportunity (improved access to water), defined an objective (increased water availability) and assessed four options (boreholes, roof catchment, shallow wells and surface dams) for achieving the objective. In this instance, the action plan would focus on roof catchment options for the community, as that was assessed as the number one option.



**Table 11 : Participatory assessment of water options**

Criteria/ option	Sustainability	Productivity	Equitability	Feasibility	Social/cultural	Cost	Community contribution	Time	Points	Rank
Boreholes	1	3	1	0	2	1	1	2	11	4
Roof catchment	3	2	3	2	2	2	3	2	19	1
Shallow wells	2	2	2	1	2	2	2	2	15	2
Surface dams	1	2	1	2	2	1	2	1	12	3

**Key** 0 – Nil 1 – Low 2 – Average 3 – High

# 9

## Development Opportunity Ranking

*continued*

### STEP 5 Identifying overlapping regional frameworks of interest – follow-up session

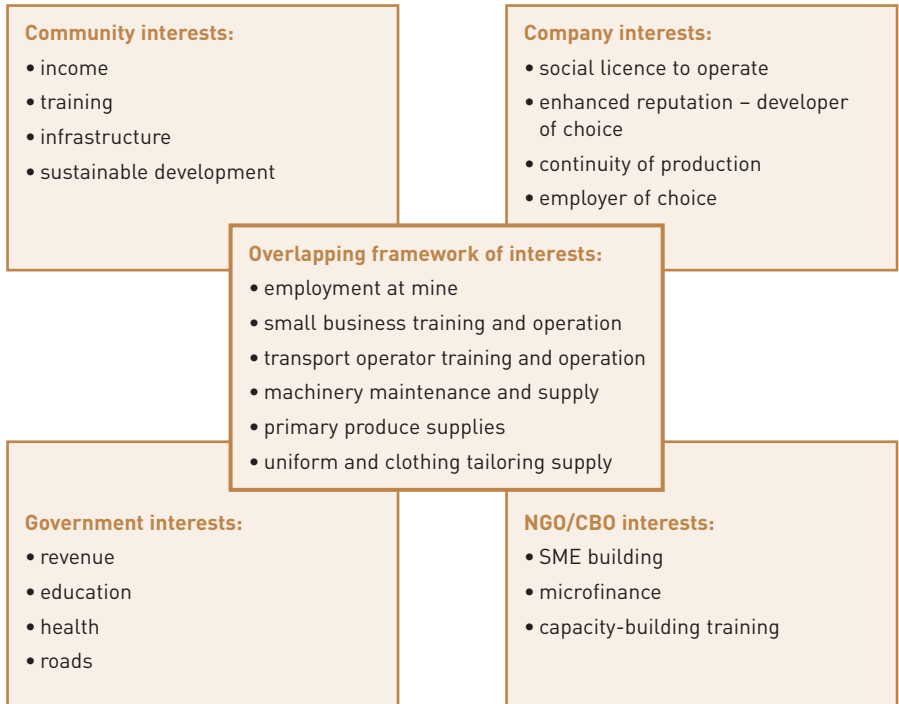
For the development of an overall community development plan, in which you, the community and other development partners (government, NGOs, development agencies, etc) agree upon an integrated program of development activities for a future period of time, perhaps one year or several, all parties need to decide upon their relative frameworks of interest (see Table 12 and Figure 8). For communities, this will be the priority development areas/needs identified as part of the previous exercise.

As a company, you will usually decide internally which programs in the community development sphere are priority issues for social investment. The results of the Social Impact and Opportunities Assessment (tool 12) should help the company to make these decisions and where this process predates the social impact and opportunities assessment, you can draw upon the strategic planning framework developed in tool 6. Governments will normally already have local or regional development plans that list their priority development programs. Many NGOs and CBOs focus on specific areas and will therefore prioritize programs in their field of interest. For all parties, then, an overlapping framework of interest can be identified in a joint meeting. Other development priorities identified by the community, which do not happen to overlap with the frameworks of interest of any of the other parties, can still be priority issues for the community to solve, but they may need to seek alternative sources of support or act independently.

**Table 12: Steps in identifying overlapping regional frameworks of interest**

Step	Action	Description
1	Community framework of interest	The top priority development opportunities identified by the community during step 4 represent the community framework of interest.
2	Introduce regional stakeholders' frameworks of interest	The facilitator now introduces senior mining company/government/NGO leaders to present their respective frameworks of interest.
3	Identify overlapping frameworks of interest	The facilitator compares the community and other frameworks of interest. Overlapping interests are identified and, ideally, several will be chosen to be developed as Community Action Plans (tool 16).

**Figure 8: Example of overlapping frameworks of interest**



**Key references**

AusAID, *The Logical Framework Approach*, 2002. Available at:

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## Description

Sustainability investments can create benefits to the local communities as well as create significant business value for companies. However, the amount of money invested in these programs does not necessarily correlate with the results a company is aiming to achieve. Sometimes sustainability investments are not planned and designed based on input from affected communities and other relevant stakeholders. Instead of creating social capital and improving corporate community relations, these community investment programs may contribute to decreasing trust and intensifying tensions with affected communities. For that reason, the quality and effectiveness of community investments are important factors in the company's strategy to achieve and monitor its sustainability goals and to make a positive impact on local development. It is clear that the quality of a sustainability investment determines whether risks and opportunities are maximized or minimized. Accurate assessment of the quality and effectiveness of programs is critical for pinpointing the range of value generated by environmental, social and governance (ESG) investments and enables companies to effectively plan what programs they should invest in.

In order to reduce the subjectivity of rating the effectiveness of sustainability investments, the Sustainability Program Quality Framework (Quality Framework) was developed by the IFC and Deloitte, with support from ICMM, to assess the quality of a company's portfolio of sustainability investments.

## Purpose

To enable corporate social responsibility (CSR) and community relations' professionals plan, design, monitor and evaluate the quality and effectiveness of a company's social, economic and environmental investments.

## When to use this tool

Though this tool can be used at the monitoring and evaluation stage of a project for managers to periodically assess the effectiveness of each investment in a sustainability portfolio, it is also useful at the planning stage, enabling companies to direct investment effectively.

**How to use this tool****STEP 1**

Complete the self-assessment questionnaire (Table 13). This questionnaire consists of two sections to assess the quality and effectiveness of sustainability investments, i.e. “how to” design, plan, implement and monitor a program, but not on “what” should be the program.

**Section 1: Sustainability program management**

This section assesses the general management practices of the sustainability/community program at the specific operational site. The section consists of 10 questions that cover topics applicable to the entire sustainability portfolio of initiatives.

**Section 2: Individual sustainability initiative**

In this section, 11 additional questions are considered in relation to each specific sustainability initiative/investment. This series of questions assesses *each* initiative/investment individually.

To successfully implement the self-assessment questionnaire and receive a score that realistically reflects the quality and effectiveness of sustainability initiatives, it is of crucial importance that users have evidence supporting their answers.

For each question, the range of possible answers is:

Possible answers
1 – Do not agree
2 – Somewhat agree
3 – Agree
4 – Strongly agree
0 – Not applicable/do not know

You need to answer Section 1 of the questionnaire by carefully reading the statement and choosing the answer that best describes your company’s approach based on the possible answers listed above. Keep in mind the management practices of the entire sustainability program at the selected operational site.

**STEP 2**

Answer Section 2 separately for *each* individual sustainability initiative (e.g. workforce development, local suppliers development, community development).

To increase objectivity of the assessment, different grades of CSR staff should apply sections of the self-assessment questionnaire. For example, CSR manager-level staff may answer Section 1 (Sustainability program management), while staff responsible for management of each sustainability initiative may answer Section 2 (Individual sustainability initiative).

**Table 13: Self-assessment questionnaire**

Section 1: Sustainability program management	Do not agree	Somewhat agree	Agree	Strongly agree	Not applicable/ do not know
<b>Assessment and planning</b>					
1. The company has undertaken a scoping assessment and identified key social and environmental issues, risks and opportunities related to the project.					
2. The company has identified key stakeholder groups and undertaken initial consultations to identify the key issues.					
3. Social and environmental impact assessment, social baseline studies and stakeholder consultation results are used to determine the portfolio of sustainability initiatives.					
4. Ethical practices mechanisms, anti-corruption measures and human rights considerations are factored into the portfolio of sustainability initiatives.					
<b>Stakeholder engagement and communication</b>					
5. Vulnerable groups, as identified by stakeholder analysis (e.g. women, youth, elderly, disabled, Indigenous Peoples, poor, marginalized groups and minorities), are included in the stakeholder engagement process, and their input is incorporated into the design of the sustainability initiative portfolio.					
6. The company has a grievance mechanism in place, which is being used and perceived by communities as trustworthy and culturally sensitive to their ways of resolving problems.					
7. The company regularly informs, consults, negotiates and partners with local stakeholders throughout the life of the project.					



**Table 13: Self-assessment questionnaire** *continued*

Section 1: Sustainability program management	Do not agree	Somewhat agree	Agree	Strongly agree	No applicable/ do not know
<b>Implementation, monitoring and evaluation</b>					
8. The portfolio of sustainability initiatives includes formal quality assurance mechanisms, relying on internal audit(s), and/or third party audit(s), that are local and independent.					
9. Company management's performance evaluations and incentives are aligned with the goals and objectives of the portfolio of sustainability initiatives.					
10. There is a clear strategy for the continuation of sustainability initiatives after project closure (accountability, capacity and organizational and funding structures in place), which is understood by all stakeholders.					↓



**Table 13: Self-assessment questionnaire** *continued*

Section 2: Individual sustainability initiative	Do not agree	Somewhat agree	Agree	Strongly agree	Not applicable/ do not know
<b>Assessment and planning</b>					
11. The sustainability initiative is aligned with district/local and/or regional development plans and is developed in partnership with relevant local stakeholders, including government, to ensure ownership and to build local capacity.					
12. Direct risks, indirect risks and side effects are considered while planning the initiative.					
13. All necessary permits for the initiative have been obtained from the government prior to implementation.					
<b>Stakeholder engagement and communication</b>					
14. The company routinely clearly communicates the intended goals and reports back results of the initiative to relevant stakeholders (e.g. local communities, government, the media, employees).					
15. Performance indicators for the monitoring and evaluation of the initiative are developed in co-operation with relevant stakeholders.					
<b>Implementation, monitoring and evaluation</b>					
16. Roles, responsibilities and accountabilities for the initiative are clearly assigned within the company.					
17. Formal agreements with local partners have been established in order to ensure accountability.					
18. Adequate financial and human resources are allocated to the initiative, with some contingency.					



**Table 13: Self-assessment questionnaire** *continued*

Section 2: Individual sustainability initiative	Do not agree	Somewhat agree	Agree	Strongly agree	Not applicable/ do not know
19. An effective monitoring and evaluation system is in place in order to measure outcomes and impacts of the initiative.					
20. Benefits arising from the initiative are distributed to directly impacted stakeholders through fair and transparent mechanisms.					
21. There is an established mechanism in place that enables local stakeholders' representatives to regularly participate in providing their input and feedback on this sustainability initiative, and to suggest how it could be improved.					

## STEP 3

Calculate your weighted average score as follows:

The Excel-based self-assessment questionnaire is available at: <http://fvtool.com>

It automatically calculates the score for the user.

1. Score each statement in the questionnaire from 0 to 4. Do not include statements marked with 0 (not-applicable/do not know) in the calculation.
2. Add up the scores for each statement and divide by the number of statements, generating an average score for each section (Section 1 and 2).
3. Each specific sustainability initiative will receive separate scores ranging from 1 to 4. The overall score for each sustainability initiative on the self-assessment questionnaire is a sum of the weighted average of the scores from Section 1 and Section 2. The score on Section 1 accounts for 30% of the overall weighting, while the score on Section 2 accounts for the other 70% of weighting (e.g. score on Section 1 of 3.30 would make weighted score of 0.99 (3.30 x 0.30). Score of 3.27 on Section 2 would make weighted score of 2.29 (3.27 x 0.70). Total score is 3.28 (sum of weighted scores on Section 1 and Section 2).

## STEP 4

The final result of the self-assessment questionnaire is a numerical score ranging from 1 (ineffective) to 4 (excellent). Enter the score into the Quality of Sustainability Investments tab in the FV Tool (<http://fvtool.com>) or use the score as a stand-alone rating of sustainability investment.

## STEP 5

Refer to the management processes' good/best practices in Table 14 for guidance on stakeholder engagement, grievance mechanisms and monitoring and evaluation. Compare the score generated for the specific sustainability initiative (Section 2 above) with the full Benchmark Matrix for further reference (<http://fvtool.com/files/Benchmark%20Matrix.pdf>). The full Benchmark Matrix offers descriptions of different sustainability initiatives along four performance categories, from ineffective practice to best practice, for the most common sustainability programs ("the what") as listed here for management processes ("the how").

**Table 14: Sustainability Program Quality Benchmark Matrix**

Stakeholder engagement				
<p>This topic addresses issues of a broader, more inclusive and continuous process between a company and those potentially impacted that encompasses a range of activities and approaches, and spans the entire life of a project. It is recognized that there are business and reputational risks that come from poor stakeholder relations. A good stakeholder engagement approach includes stakeholder identification and analysis, information disclosure, stakeholder consultation, negotiations and partnerships, grievance management, stakeholder involvement in project monitoring, reporting to stakeholders and management functions.</p>				
Ineffective practice	Neutral practice	Good practice	Best practice	
<ul style="list-style-type: none"> <li>• Poorly conducted analysis that does not capture relevant interest groups.</li> <li>• No stakeholder engagement strategy, plan and activities.</li> <li>• Stakeholders ignored and requests denied.</li> <li>• Stakeholder engagement consists of a one-time set of public meetings with local leaders who do not represent the true interests of local communities.</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder engagement strategy and plan is designed to comply with local regulation.</li> </ul>	<ul style="list-style-type: none"> <li>• Very early engagement during pre-feasibility or pre-exploration phase – engagement as information disclosure and consultation with stakeholders.</li> <li>• Engagement with stakeholders in their own communities in a culturally appropriate manner.</li> <li>• Stakeholder engagement strategy based on stakeholder identification and analysis.</li> <li>• A stakeholder engagement plan that addresses multiple stakeholder groups and issues (NGOs, media, communities and local government, as well as women, Indigenous Peoples, the poor, youth and elderly).</li> <li>• There is trust and respect between a company and local communities.</li> <li>• Stakeholder engagement is integrated into SEMS (Social and Environmental Management System).</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder engagement throughout the whole project cycle.</li> <li>• Stakeholder engagement is integrated into core business activities (HR, procurement, security).</li> <li>• Senior management is involved in stakeholder activities.</li> <li>• There is a system in place that measures effectiveness of building constructive corporate–community relations and relationships with other relevant stakeholders.</li> <li>• Local communities are seen as partners.</li> <li>• Stakeholders can call the meetings and there is a procedure for this, jointly established between a company and relevant stakeholders.</li> </ul>	



**Table 14: Sustainability Program Quality Benchmark Matrix** *continued*

Stakeholder engagement			
Ineffective practice	Neutral practice	Good practice	Best practice
<ul style="list-style-type: none"> <li>• A process that is only responsive (passive), i.e. a company engages only when there is a problem, such as a community protest, negative press or NGO pressures.</li> <li>• An ad hoc approach.</li> <li>• Engagement with communities is conducted on the company's premises.</li> </ul>		<ul style="list-style-type: none"> <li>• There are regular, ongoing meetings with stakeholders (communities, local NGOs, local governments).</li> <li>• Engagement with a long-term view.</li> <li>• Company-hired qualified community liaison staff.</li> </ul>	<ul style="list-style-type: none"> <li>• Negotiations with communities are conducted in good faith.</li> <li>• Communities give feedback about programs that are being implemented and their feedback is incorporated into project design.</li> <li>• Vulnerable groups are included in engagement activities in a distinct manner.</li> <li>• In cases where local communities lack experience in organizing themselves and/or in public consultation processes, the company facilitates capacity-building activities.</li> <li>• The company ensures that local benefits are understood by local stakeholders.</li> <li>• Expectations are effectively managed and the company is very clear about who loses and who wins.</li> <li>• There are programs targeting "have-nots", people who do not benefit from the project, that help create opportunities for them.</li> </ul>



**Table 14: Sustainability Program Quality Benchmark Matrix *continued***

<p><b>Grievance mechanism</b></p> <p>This topic addresses the issues of having an accessible and responsive means for stakeholders to raise concerns and grievances about the project throughout its life. The aim is to have a grievance mechanism scaled to the potential risks and adverse impacts of the project. The mechanism should address concerns promptly, use an understandable and transparent process that is culturally appropriate and readily accessible to all segments of the affected communities, and do so at no cost to communities and without retribution. The mechanism should not impede access to judicial and administrative remedies.</p>				
<p><b>Ineffective practice</b></p> <ul style="list-style-type: none"> <li>• There is no grievance mechanism in place or the grievance mechanism is not accessible to communities and they do not use it to address difficulties in a non-confrontational manner.</li> <li>• The grievance process addresses only grievances, but neglects underlying fears and needs of people.</li> </ul>	<p><b>Neutral practice</b></p>	<p><b>Good practice</b></p> <ul style="list-style-type: none"> <li>• The grievance mechanism is functioning, clear and transparent, culturally appropriate and accessible to communities at no cost and without retribution to the party that originated the issue or concern.</li> <li>• Communities are informed about the existence of the grievance mechanism during the consultation process.</li> <li>• The grievance mechanism is used by communities.</li> <li>• The grievance mechanism goes beyond issues of grievance, and people's fears and emotions are addressed.</li> <li>• Grievances are addressed in a culturally appropriate manner.</li> <li>• Community perceptions are taken into account when addressing grievances.</li> <li>• The grievance process is predictable and includes a fixed timeline for the entire process.</li> </ul>	<p><b>Best practice</b></p> <ul style="list-style-type: none"> <li>• There is a third party audit of the effectiveness of the grievance mechanism.</li> <li>• For large projects, contractors follow the company's grievance mechanism.</li> <li>• Communities are included in the participatory monitoring of the grievance mechanism.</li> <li>• The company reports back to communities on how grievances have been addressed.</li> </ul>	



**Table 14: Sustainability Program Quality Benchmark Matrix** *continued*

<b>Grievance mechanism</b>			
<b>Ineffective practice</b>	<b>Neutral practice</b>	<b>Good practice</b>	<b>Best practice</b>
		<ul style="list-style-type: none"> <li>There is a grievances specialist available to receive grievances and co-ordinate efforts to redress those grievances through the appropriate channels, taking into consideration any customary and traditional methods of dispute resolution within the affected community.</li> </ul>	
<b>Monitoring and evaluation</b>			
<p>This topic addresses issues of having an established monitoring and evaluation (M&amp;E) system that systematically tracks outcomes and impacts of projects. The aim is to have stakeholder involvement in project monitoring and in defining the vision of success.</p>			
<b>Ineffective practice</b>	<b>Neutral practice</b>	<b>Good practice</b>	<b>Best practice</b>
<ul style="list-style-type: none"> <li>There is a nascent M&amp;E system in place.</li> <li>No baseline data is collected.</li> <li>Targets are not specific and measurable.</li> <li>There is no budget for M&amp;E nor any designated person in charge of the process.</li> </ul>	<ul style="list-style-type: none"> <li>There is a basic M&amp;E system in place, focusing on activity indicators.</li> </ul>	<ul style="list-style-type: none"> <li>There is a clear M&amp;E system and plan for each program.</li> <li>The M&amp;E framework captures mainly outcomes, but neglects impact.</li> <li>There is a budget for M&amp;E activities.</li> <li>There is a designated person responsible for the M&amp;E process.</li> </ul>	<ul style="list-style-type: none"> <li>The M&amp;E system includes outcomes and impact indicators.</li> <li>The indicators have been developed in co-operation with relevant stakeholders; there is a shared vision of success.</li> <li>Affected populations are included in impact monitoring.</li> <li>Stakeholders' feedback and perceptions feed into project design.</li> <li>There is annual reporting against key performance indicators.</li> <li>The M&amp;E report is externally assured.</li> </ul>

## CASE STUDY

### Financial Valuation (FV) Tool for sustainability investments

The case of Newmont Ghana

There is a growing body of work for quantifying the impact of sustainability programs and taking a more strategic view of community investment decisions. Intuitively, mining companies understand the business case for being a good corporate citizen and generating positive relationships with communities, civil society and governments that enable key business drivers, including access to land, government approvals, access to resources and access to capital. Quantifying the value of these investments and planning accordingly, however, has long posed a challenge for companies and community development practitioners.

Through a multilateral partnership, including the IFC, Rio Tinto, Deloitte, Newmont, the Multilateral Investment Guarantee Agency (MIGA) and the Government of Norway, the FV Tool was developed which quantifies the return on site-specific sustainability investments. This value is generally understood to take the form of either direct value creation (i.e. reduced costs, generated benefits) or indirect value protection (i.e. risk mitigation, program effectiveness). Such information helps to justify and stabilize the annual budget that companies devote to sustainability efforts. It creates incentives, within companies, to invest in their communities. The FV Tool is a web-based software available at [www.fvtool.com](http://www.fvtool.com).

#### Ahafo gold mine pilot

The Newmont Mining Corporation Ahafo mine has been pilot testing the FV Tool over the last several years and is currently testing the potential of formally integrating the FV Tool in its budgeting and capital project process planning for operational investments related to sustainability, impact mitigation and community benefits. The company firmly believes its performance in the areas of environment and social responsibility (ESR) is key to its future success. While this sentiment is broadly shared throughout the company, there are divergent views among the company's internal stakeholders as to how much the company should be spending on sustainability investments and what the benefits are to the business in more concrete terms.

Newmont anticipates that the tool will better enable the environment and social teams to communicate, in more rigorous terms, the value of the sustainability investments. While the FV Tool provides an estimated net present value (NPV) range of a specific sustainability portfolio, the true value of using the FV Tool is the process, cross-functional engagement and ability to provide explicit rationale for each program in terms of direct value creation and risk mitigation.

#### Conversation with non-sustainability functions

Management of programs and budgets with direct sustainability outcomes and impacts reside with different non-traditional sustainability functions in a company. For example, the Newmont Ahafo Linkages and Apprenticeship programs are managed by Supply Chain and Learning and Development functions and are designed to generate local business opportunities and enhanced skill training for local community members. An intense data collection process was required to generate inputs into the FV Tool. The FV Tool provided a common platform for risk, social responsibility, human resources, health and safety, supply chain, operations and land teams to engage in discussions to understand the strategy, data, analysis and decision-making process related to sustainability investments and associated expenditures.

#### Value protection and risk management

ESR and risk teams worked closely to identify risks from the Newmont Ahafo mine's risk register that are being managed by sustainability investments, including managing community expectations for jobs and benefits, in-migration, water quality and access, public relations, stakeholder engagement and compliance-related issues. The FV Tool process strengthened the understanding and convergence between risk, finance and





**Financial Valuation (FV) Tool for sustainability investments**

The case of Newmont Ghana

social responsibility teams and led to a growing appreciation among Newmont staff of the relationship between social responsibility investments and risk management and the ability of the ESR staff to communicate from a risk and finance perspective.

**Value-creation perspective**

A cost-benefit analysis for each sustainability investment was conducted by finance and ESR staff to identify “value drivers” or productivity gains/savings to Ahafo. Where evidence to support value drivers was not available, conservative assumptions were developed and key performance indicators identified for future monitoring and evaluation. Finance was critical to this process by supporting the ESR team to express the value of their programs in terms of cost (operating expenditure and capital expenditure), benefits (e.g. cost savings and productivity leading to financial gains) and operational risk mitigation. For example, a cost-benefit analysis of Newmont Ahafo’s malaria control program revealed several key value drivers. In 2006, the average monthly workforce malaria incidence rate was about 8%, costing the Ahafo mine nearly 76,680 hours of lost productivity due to employee and contractor absenteeism, translating into an operating cost of nearly US\$400,000. Without the malaria control program, the projection of the direct costs to the company over a five-year period (2006–2010) due to absenteeism alone would have been about US\$2 million. The cost for medication and medical consultation (average US\$30 per case) for that five-year period would have stood at about US\$500,000 and indirect costs (e.g. workforce morale, candidate refusals to accept posting to Ahafo, cost of family members contracting malaria, etc. at US\$30 per case) contributing to another loss of US\$500,000. Thus, the total cost of malaria to the company without a malaria control program over the five-year period would have been around US\$3 million, minimum.<sup>33</sup> In comparison, Newmont Ghana invested US\$1.5 million in the malaria control program over the same five-year period. This achievement made by the company in the fight against malaria has received global recognition by the Global Business Coalition in 2010. The project team recognizes some limitations to fully integrate the financial outputs of the FV Tool due to accounting principles but observes an improved understanding of shared value by non-sustainability business functions.

**Business process integration**

The real test of the FV Tool will be determined by Ahafo’s ability to formally integrate the FV Tool process into the business process and planning cycle. In the past, ESR staff have relied on Newmont’s social responsibility standards, intuition around benefits and moral arguments to defend budget requests rather than value, NPV and risk language. Over the past year, there has been a considerable improvement in the ESR staff’s ability to evaluate their sustainability investments using principles of value creation and protection. Ongoing training efforts are being conducted to expose ESR and finance staff to the types of inputs required and analysis of outputs generated by the FV Tool and use of the budgeting templates.

**Lessons learned**

A key learning from using the FV Tool is not how much sustainability investment cost but rather how dispersed pieces of information limited the company from having more informed discussions based around the value of sustainability investments in a language the business understood. That is, the outcome is an ongoing process for evaluating sustainability investments rather than a point-in-time prioritization or go/no-go recommendation. The enhancement of communications within the company and with stakeholders has helped create common understanding of how defining value should be at the core of all the company’s resource allocation going forward.

<sup>33</sup> *Private Sector Integrated Malaria Control in Ghana: Methods, Impact and Business Case for Protecting Employees* – Godwin Fuseini, Peter Ebsworth, Dave Knight, Paul Caiger, Chuck Burns, Michael J. Bangs.

# 10

## Financial Valuation Tool

Sustainability Program Quality Framework  
*continued*

### Key references

IFC, Financial Valuation Tool for Sustainability Investments. Available at:  
<http://fvtool.com>

These tools help people to understand the potential risks and impacts of the mine on surrounding communities and other stakeholders

ASSESSMENT

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# TOOLS



CONSIDERING ENVIRONMENTAL  
AND SOCIAL ELEMENTS  
ENABLES COMPANIES TO  
MITIGATE NEGATIVE IMPACTS,  
UNDERSTAND POTENTIAL  
OPPORTUNITIES AND  
DEVELOP ROBUST  
MANAGEMENT SYSTEMS.



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# Assessment tools

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<b>TOOL 11</b>	<b>Social Baseline Study</b>	<b>127</b>
	Drawing up a profile of the community surrounding the project area, and its regional and national setting.	
<b>TOOL 12</b>	<b>Social Impact and Opportunities Assessment</b>	<b>133</b>
	Assessing the impacts, both positive and negative, that the project may have on host communities and how to manage them.	
<b>TOOL 13</b>	<b>Competencies Assessment</b>	<b>145</b>
	Determining the attributes your team, whether company, community, NGO or government, has and whether other skills, knowledge and understanding may be required, that is additional human resources.	

## Guidance for using assessment tools

For ease of reference, the tools are presented separately in this section though you should use them in an integrated way. In practice, the Social Baseline Study and the Social Impact and Opportunities Assessment should be used at the same time. IFC Performance Standard 1<sup>34</sup> advocates this integrated approach and describes the necessity of identifying risks and impacts based on recent social and environmental baseline data. An integrated method that considers social, economic, environmental and health aspects is preferable as it can lead to a more holistic and comprehensive overall impact assessment with fewer inconsistencies and potential conflicts in findings between the individual assessments. Considering environmental and social elements enables companies to mitigate negative impacts, understand potential opportunities and develop robust management systems.

That said, you may find stand-alone assessments are appropriate in certain circumstances, for example when a quick overview of potential health impacts is required so that emerging community health issues can inform the early project design and planning process (references for health impact assessments are included in the key references at the end of tool 12). Similarly, if you are facing widespread concerns over a range of human rights issues, analysing these separately may bring greater clarity and enhance the credibility of the analysis.

There is a growing number of methodologies for conducting stand-alone human rights impact assessments (HRIAs), some of which are provided in the reference section at the end of tool 12. A number of references are also provided for conducting gender-specific impact assessments, though, as recognized by the IFC, a good starting point is to conduct a gender-responsive social analysis as part of the overall social and environmental impact assessment.

As **mining company staff**, you may be used to community programs that consisted largely of donations or of the construction of buildings deemed necessary by mine management and a small section of the community. To better target your development projects, you need to understand the communities around you and the ways your project will impact them. These assessment tools will help you gain that understanding, and when coupled with the PRA techniques and those in the planning section, you can work with a broad range of community members to help them make their own plans, ensuring that any development activities will be wanted by the recipients, and that they will want to “own” them.

**Community members, NGOs/CBOs and government officers** may also find these tools useful, both to use themselves, and to understand the activities a company is undertaking.

34 Available at: [http://www1.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability+framework/2012+edition/performancestandard1](http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability+framework/2012+edition/performancestandard1)

## Description

The gathering and compilation of baseline data that describe the state of the social and economic environment and the characteristics of the populations living in the area around mining and metals activity is usually known as a social baseline study. Companies should collect data disaggregated by gender or ethnic group where there is a particular vulnerability or risk of disadvantage. A social baseline study investigates the following topics:

### Demographic factors

Numbers of people, their location, population density, age, ethnicity, presence of Indigenous Peoples, etc. Population growth trends, including migration practices, are important to establish in order to determine the potential for significant influx.

### Socio-economic determinants

Factors affecting incomes and productivity for both women and men (such as skill sets of the community and the extent to which requisite skills exist or training will be required), land tenure, access to productive inputs and markets, family composition, kinship reciprocity, and access to wage opportunities and labour migration. This will also include levels of education attained, literacy and skills held within the community.

### Social organization

Organization and capacity at the household and community levels affecting participation in local-level institutions as well as local decision-making processes and access to services and information for both women and men.

### Economic organization

Local and regional businesses and commercial structures, infrastructure supporting economic activity, government and other economic/industrial development plans for the area.

### Socio-political context

Stakeholder organizations' development goals, priorities, commitment to development objectives, control over resources, experience and relationship with other stakeholder groups, including women, youth, minorities, elderly and disabled people.

### Historical context

Historical issues and events, for example migration, relocation, etc.

### Needs and values

Stakeholder attitudes and values determining whether development interventions are needed and wanted, appropriate incentives for change and capacity of stakeholders to manage the process of change.

### Human rights context

Prevailing human rights issues, status of women, minorities, vulnerable groups and political risks, etc.

### Health context

Health situation within the community prior to the development of a mining project, including access to health services, health levels within host population (across different demographics), etc.

### Institutions

Role, governance, resources and capacities of local institutions as well as regulatory framework.

**Cultural background**

Cultural norms and practices (intangible cultural heritage) and places and objects of high cultural value (tangible cultural heritage). Vibrancy and accessibility of cultural facilities, especially those used as community meeting places. This will be of critical importance when Indigenous Peoples are present within the area of impact for the mining project.

**Social infrastructure**

Educational institutions, health services, power and water supply, sewerage and sanitation, transport infrastructure including roads, rail, air and sea transport and the accessibility of services.



*Social surveyor (right) collecting baseline data from community member, Tanzania*  
(Photo. C. Macdonald)

**Purpose**

To help you understand the local communities' situation, their hopes and fears surrounding the project, and the potential impacts, both positive and negative, of the project to allow you to develop informed mitigation and management plans. To gather data, disaggregated as far as possible for gender, ethnicity and age, that you can use for measuring future change against.

Without a good understanding of the local social and economic context, you may underestimate project risks and impacts to communities, fail to identify opportunities for contributing to social and economic development, introduce development activities that are culturally or socially inappropriate or fail to understand local causes of poverty and inequality.

A good baseline study also provides the grounding data needed for assessments of change after a project has been initiated. By measuring conditions at the outset of a project, it is possible to take later measurements, compare them with the baseline data and determine whether change has taken place. For example, it would be possible to ascertain whether there are more local businesses since the start of a project and whether more girls are completing school. It is a good idea to keep in mind the kind of changes you would hope to measure when doing a baseline study to ensure you collect data in a manner that can be repeated and that will give you the analysis you seek.



## When to use this tool

A baseline study, by definition, needs to be undertaken at the beginning of a project. It is usually conducted at the early stages of an ESIA or may be conducted as a standalone exercise prior to investment in community projects taking place. If an existing project is acquired, and no baseline study was conducted by the previous managers, then it is a good idea to do a baseline study from the time you start with a project, something termed a delayed baseline.

The gathering of primary data to complete the baseline survey should commence as soon as possible. The baseline study is not, however, the end of the process of knowing your local community. Development facilitators need to update their understanding of local social conditions – to identify emerging concerns and changing need – throughout the life of the project.

Another important time to update baseline social and economic data is at mine expansion or closure – this will help you to plan appropriately for expansion or closure and to provide a baseline against which to measure post-closure changes or an adjusted baseline to measure post-expansion changes against.

Ensure that a regional level of assessment and data collection is included in the terms of reference for baseline studies of your project.

## How to use this tool

A baseline survey is a large undertaking, frequently requiring a large team of field surveyors, and is therefore beyond the capacity of most companies to conduct with in-house resources, and it is often wise to have an independent party collecting the data regardless. Usually, consultants are engaged to gather and analyse the baseline data, including information already available from a variety of sources, such as universities and government departments. Ideally, experienced consultants with a familiarity with international social assessment standards will team with local consultants and researchers to conduct the social baseline study process. Even better, if time and resources permit, participatory research methods, where community members conduct their own analysis, may be used. Though participatory methods are more time-consuming than the data-gathering efforts of professional researchers, they can mitigate against future social impacts. Other participatory methods (e.g. focus groups) can be effectively integrated into social baseline data gathering.

### STEP 1

Desktop social profile – engage researchers to locate available data in co-operation with local officials and community leaders to draw up a social profile (this could incorporate any social data collected as part of a due diligence assessment).

### STEP 2

Decide what further information needs to be acquired through primary research. Large projects may conduct a social baseline as part of their exploration activities and then again as the project expands into feasibility. The level of primary data that is collected will likely expand as the project develops.

**STEP 3**

Engage experienced social scientists and local tertiary institutes or research organizations to design a survey to capture both quantitative (questionnaire of many people) and qualitative (focus groups and key informant interviews) information. Where Indigenous Peoples are present in the project's area of influence, experienced anthropologists may be required to conduct this assessment.

**STEP 4**

Draw a comprehensive community profile, ensuring coverage of vulnerable groups and minorities. Test with community participants and adjust as needed. Be sure to incorporate stakeholder feedback.

**STEP 5**

Use the completed social and economic baseline study as the basis for conducting a Social Impact and Opportunities Assessment (tool 12) and for monitoring and evaluation activities (tools 19–20).

**STEP 6**

Share the baseline study with local stakeholders, etc in an accessible format (audiovisual resources may be useful in areas with low levels of literacy).



*Village women in Tanzania engaged in a participatory planning exercise with help of external facilitator. Here, they are drafting their seasonal calendar on the ground before transferring the final version to cardboard. By conducting participatory planning exercises such as this separately for men and women, you ensure that women have a non-threatening opportunity to provide their input into discussions. Further, you can draw out the different priorities of each group, which then leads to a lively debate about which things are most important to the community as a whole.*

(Photo. C. Macdonald)

## CASE STUDY

### Example of a social baseline study table of contents

South Gobi Social, Economic and Environmental Baseline Study, 2008

This particular baseline study was undertaken of the entire South Gobi Province (Umnugobi aimag) in Mongolia. This is a far larger undertaking than would be attempted by many mining projects, but indicates the wide range of information that can be included. It was paid for by Oyu Tolgoi mining project, now run by Rio Tinto, as a contribution to the people and regulators of the entire province, and was undertaken by a team of Mongolian researchers, guided by an external advisory panel, made up of Mongolian national, provincial and local stakeholders, with international organization observers.

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#### TABLE OF CONTENTS

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THE OYU TOLGOI (OT) SOCIO-ECONOMIC BASELINE STUDY TEAM

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#### ACKNOWLEDGEMENTS

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#### EXECUTIVE SUMMARY

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#### 1. INTRODUCTION

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#### 2. EXPLANATORY NOTE

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#### 3. ECONOMY AND FINANCE

(includes information on: the Financial sector, Local economy and market, Local budget revenues and expenditures, Agricultural commodity prices, Attitudes toward migrant-settlers and "outsiders", Standard of living, Poverty and prosperity, Income/expenditure, Access to income support/social welfare in times of hardship, Employment, under-employment and unemployment, Existing employment sources, Subsistence strategy, Child labour and Youth issues)

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#### 4. AGRICULTURE AS SOURCES OF LIVELIHOODS

(includes information on: General issues, Livestock sector and Crop production – scale and trend)

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#### 5. INDUSTRY

(includes information on: Industry as economic sector, Mining sector and Opportunities for new enterprises, access to finance, capital)

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#### 6. LOCAL BUSINESS

(includes information on: Small businesses, Informal business, Tourism and associated businesses)

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#### 7. SUPPLY AND SERVICE CAPACITY FROM LOCALS TO LARGE PROJECTS

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#### 8. ENVIRONMENTAL DATA

(includes information on: Climate, Air quality, Soils, Vegetation, Wild fauna, Landscape, Land resources, Specially protected areas, Water resources, Afforestation, Solid waste management, State of water and soil pollution, Opinions of local residents on use of natural resources, Environmental capacity to support humans and livestock)

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World Bank, *Social Analysis Sourcebook: Incorporating Social Dimensions into Bank-Supported Projects*, Washington DC, 2003, Chapter 4: Social assessment, and Chapter 5: The way forward, section on Good practice in social analysis. Available at:

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEV/0,,contentMDK:21177387~pagePK:64168445~piPK:64168309~theSitePK:3177395,00.html>

Example of gender sensitive baseline:

[www.riotinto.com/rio-apps/riotinto\\_operationmap/pdf/Case\\_study\\_3\\_%20Rio\\_Tinto\\_in\\_Mongolia.pdf](http://www.riotinto.com/rio-apps/riotinto_operationmap/pdf/Case_study_3_%20Rio_Tinto_in_Mongolia.pdf)

# Social Impact and Opportunities Assessment

# 12

## Description

The process of social impact assessment (SIA) can limit itself to identifying negative impacts and mitigating them, rather than also considering positive aspects of the presence of a project. An SIA should identify positive as well as negative impacts and look for methods of enhancing the opportunities that can flow from the positive impacts as well as offsetting the negative ones. For this reason, the tool described here is a Social Impact and Opportunities Assessment (SIOA). The opportunities can form the basis for a sustainable community development program, if harnessed in a co-operative participatory planning program, with full engagement from the local community, government and other stakeholders. In addition, the purposeful identification and enhancement of opportunities that can add value to a project's presence within a community from the start will make the challenges of engagement, local participation and a more collaborative and sustainable community development effort throughout the life cycle of the project easier. This approach, of enhancing positive project impacts for community development purposes, going beyond the obligatory mitigation of negative impacts, is explained comprehensively in the IFC's *Strategic Community Investment* handbook.<sup>35</sup>

Mining projects have historically concerned themselves primarily with developments within their lease boundaries or connected to the infrastructure associated with their mines. Impact assessments have generally focused on the mine's direct impact area, usually within a defined geographic space. If cumulative impacts, impacts across a

regional or provincial level and the likelihood of rapid population growth are identified in the impact assessment stage, then a regional planning approach will be warranted.<sup>36</sup> Ideally, especially for large-scale projects, adopting a regional approach should begin when baseline studies commence. Impact assessments are undertaken before commencing construction.

## Purpose

To assess the potential social and economic impacts, and identify opportunities, generated by your project. Having identified likely impacts, propose measures to mitigate or offset potential negative impacts and maximize positive impacts. Going beyond the basic SIA model, a community-development-focused SIA approach should include an opportunity assessment to enhance positive development impacts of the project as well as identifying impacts that need to be mitigated. Like baseline studies, SIOAs benefit from having input from community members and other stakeholders, as they often identify potential impacts and opportunities that may not be evident to researchers and company staff. Specific inclusion of the likely impacts of the project on women and vulnerable and/or marginalized groups is essential. It is important to identify the barriers and constraints to participation along gender lines, as opportunities for local economic development can be very different from the perspectives of men and women. Separate consultations with women's and men's groups should take place to ensure that gender-specific impacts and opportunities can be clearly identified.

<sup>35</sup> IFC, *Strategic Community Investment: A Good Practice Handbook for Companies Doing Business in Emerging Markets*, and *Strategic Community Investment: A Quick Guide, Highlights from IFC's Good Practice Handbook*, Washington DC, 2010.

Both available at: [www.ifc.org/ifcext/sustainability.nsf/content/publications\\_handbook\\_communityinvestment](http://www.ifc.org/ifcext/sustainability.nsf/content/publications_handbook_communityinvestment)

<sup>36</sup> See IFC's Performance Standard 1, Washington DC, 2012 for more detail on these topics. Available at: [www.ifc.org](http://www.ifc.org)

**When to use this tool**

Ideally, an SIOA should be conducted as soon as possible after the social baseline study (see tool 11). Indeed, they usually form part of the same large exercise, although, in some cases, a baseline study may be conducted as a separate undertaking. It is possible, but unwise, to conduct an impact assessment without a baseline study. Without the broad-based knowledge of the community's social and economic status and structure that is provided in a baseline study, an SIOA may draw incorrect conclusions. In addition, without baseline data, managing and monitoring mitigation measures is difficult, as there will be no initial data with which to compare change over time.

Assessments should be made of the impacts likely at each stage of the project, from feasibility through to relinquishment, including transitory phases like construction, when a large, temporary workforce may be present. It is particularly important that the social impacts of a project at closure and beyond are taken into account when assessing the feasibility of a proposed project. As a site approaches closure, a specific SIOA on the impacts of closure should be conducted and closure mitigation and opportunities programs should be developed accordingly. The cost of exit strategies should be factored into the financial modelling when examining the feasibility of a project.

Some leading companies are already including a less complex assessment of the likely costs of programs to mitigate potential social problems in their due diligence process (i.e. not a full SIOA, but a scoping study). Conceivably, if the costs of mitigating social impacts and implementing adequate social programs will outweigh the potential profits of a mine, as assessed at a high level at this early stage, then it may be prudent to walk away from the project. It may also be the case that it is not clear how certain pre-existing social impacts (such as a history of human rights abuses by a previous owner) can be mitigated or managed, which again may make it wise not to make the project acquisition.

Module 5 of ICMM's Mining: Partnerships for Development Toolkit<sup>37</sup> may also be helpful when applying this tool. Module 5 can assist in the measurement of the positive and negative contributions of mining to local communities.

37 Available at: [www.icmm.com/mpdtoolkit](http://www.icmm.com/mpdtoolkit)

## How to use this tool

The assessment would normally be undertaken by experienced social scientists with a good understanding of mining and metals projects and their potential effects, as well as sound knowledge of community dynamics and the local population. If good baseline data have been collected, then the assessment will be based on a solid foundation. The participation of local, regional and national stakeholders, through interviews, focus groups and surveys, will also provide you with information about local values and experiences – invaluable for a comprehensive assessment. These surveys and interviews are not just for the purposes of data collection, in order to populate the baseline study, but should capture people's hopes, fears and expectations, in order to give life to the assessment of impacts and identification of opportunities.

Criteria applied for the determination of an impact should include the likelihood of an impact occurring, how widespread the impact will be (how many people will it affect) and, after management measures have been developed, whether it can be mitigated reasonably or not. Management measures are then proposed for the impacts identified, either to enhance the positive impacts (opportunities) or to mitigate the negative impacts. Closure planning should also form part of the planning for impact management measures from the earliest stage. That is, the impact management programs should be designed to be sustainable, to survive the cessation of mining operations, not simply be a positive measure during the life of the mine, leaving people no better off when the mine closes.

Impacts should ideally be assessed twice, once without the ameliorative effect of mitigation measures, and then again after proposed management measures are included in the equation, in order to determine whether a project is able not only to manage its negative impacts through good community development programs, but even to have a positive contribution to sustainable development. This comparative assessment will highlight the importance of good community development and encourage companies to invest in social programs. For example, as a large gold mine you may have a significant negative impact on local employment for small-scale miners who will no longer be able to mine the deposits they used to. However, if you put employment programs in place to provide alternative livelihoods for these miners, then the impact may be neutral or even positive. Going further, if the mine is able to put in place, in co-operation with government and employment and training agencies, an effective training and education program that allows local people to acquire skills that enable them to obtain lifelong employment from a variety of sources, then the overall impact of the project on employment and income may be positive. Your project, in partnership with government agencies, will then have created opportunities for the broader community, not just the negatively impacted miners.

**STEP 1**

Review social baseline study and determine areas of concern to the communities, potential impacts as well as areas where the project might present opportunities (refer to tool 9 Development Opportunity Ranking). Community and other stakeholder input, through focus groups or advisory panels, can assist here and in the following three steps.

**STEP 2**

Assess potential impacts and opportunities – identify areas needing impact management programs. Determine whether there are significant cumulative impacts in the project's broader region, as well as direct and indirect impacts. Cumulative impacts will occur when the effects of several separate developments combine to create an intensified impact, for example road dust from roads leading to several separate mining and infrastructure projects within a region might jointly create a serious environmental and social health impact.

**STEP 3**

Propose measures to manage and, if necessary, mitigate the identified impacts and enhance opportunities. If it is likely that there will be problems associated with population influx, then use the *IFC Handbook for Addressing Project-Induced In-Migration* to develop appropriate management measures.<sup>38</sup> This handbook is comprehensive and strategic in its approach to issues related to unintended population influx. The volume covers the business case for addressing influx issues and what the associated costs might be, understanding the dynamics and motivations of project-induced in-migration, risk assessment and management approaches. There are also sections on associated issues such as artisanal and small-scale mining, Indigenous Peoples, resettlement and biodiversity.

**STEP 4**

Reassess the impacts and opportunities, taking the proposed management measures into account.

**STEP 5**

Work with community and other partners on participatory development plans that address community priority programs (enhancing opportunities) as well as required mitigation programs (mitigating impacts). Tools 6–18 can be used to develop impact management plans in co-operation with community members and other partner agencies.

**STEP 6**

Review management measures and programs regularly, and adjust as required (see tools 19–20 for monitoring and evaluation methods).

**STEP 7**

If significant regional and cumulative impacts are likely to occur as a result of the project, then a regional management approach, in partnership with government and other civil society and donor organizations, should be initiated as early as practicable. The case study on page 141 provides an example of what might be included in such an approach. Tool 1 will help in identifying the appropriate stakeholders and partners to work with.

<sup>38</sup> IFC, *Projects and People: A Handbook for Addressing Project-Induced In-Migration*, Washington DC, December 2009.



## Example impact assessment framework (for step 2)

An example impact assessment framework is presented in Table 15 as a guide to the elements of a SIOA. The potential impacts identified therein are both positive and negative in nature. Positive potential impacts may result in positive social change (e.g. increased employment, economic growth), and the opportunity exists for your project to maximize these benefits through effective management (i.e. identification and implementation of benefits enhancement measures).

In contrast, negative potential impacts may result in negative social change (e.g. displacement of settlements, pressure on infrastructure), and the opportunity exists for your project to minimize these negative impacts, and in some cases to transform them into positive impacts, through effective management (i.e. identification and implementation of mitigation measures).

In addition, potential impacts can be both direct and indirect in nature. Direct impacts refer to changes in baseline social conditions that are caused by a specific project-related activity (e.g. loss of archaeological sites). Indirect impacts refer to changes in baseline social conditions that are indirectly caused by a specific project-related activity (e.g. economic growth not directly associated with the mine's expenditures).

Importantly, some direct and indirect impacts have the potential to accumulate with those impacts of other existing or proposed projects and activities in the areas of influence: these are called cumulative impacts.

Subsections of the assessment could include:

- i. **description of the potential impact**, which discusses the following:
  - a. cause – identifies the project activity responsible for the impact
  - b. nature – notes whether the impact is positive or negative, as well as direct, indirect or cumulative
  - c. geographic extent – describes the geographic area impacted
  - d. duration – notes whether the impact is related to a specific phase of project activity and how long the impact will persist
  - e. magnitude – notes the number of people affected
  - f. significance – notes whether the impact will have a major impact on those affected
- ii. **identification of management measures** to avoid or reduce to acceptable levels any potentially unacceptable negative impacts and to maximize potential benefits
- iii. **assessment of residual impact** (i.e. the impact that will remain following consideration of the proposed management measures) and characterization of overall significance.

In the example in Table 15, the steps were:

### 1. Description of the potential impact

The following matrices provide guidelines for determining the extent, magnitude and duration of a project impact, which, in turn, enables the calculation of the significance of an impact. Each of these elements of the impact assessment aids in determining the priority of management actions that need to be taken.

The specific parameters for each project need to be determined by the assessment team, for example whether local impacts are to be described within a certain distance of the project, or within a local government boundary, and whether national-level impacts should also be included for very large projects. The matrices provide examples, rather than definitive parameters.

**Table 15: Example matrices for determining significance of identified impacts**

1. Impact assessment criteria		
Criteria	Category	Description
Extent or spatial influence of impact	Regional	Beyond 20km of the project sites
	Local	Within 20km of the project sites
	Site specific	On-site or within 100m of the site boundary
Magnitude of impact (at the indicated spatial scale)	High	Social functions are severely altered – large number of directly impacted people/households
	Medium	Social functions are notably altered – medium number of directly impacted people/households
	Low	Social functions are slightly altered – small number of directly impacted people/households
Duration of impact	Long term	Longer than the project life (more than six months after operations cease)
	Medium term	For the duration of the project
	Short term	For the duration of the construction (or less than six months)

(The distances and durations will vary depending on the context.)

## 2. Populate the matrices

The potential impacts of the project are evaluated on the basis of a series of criteria in relation to magnitude, extent and duration as presented in Table 16. On the basis of the evaluation criteria, a level of significance (low, medium, high) is assigned to the identified potential impact. The various combinations of evaluation criteria (magnitude, extent and duration) determine the level of significance of the impact (low, medium or high) as presented in the table.

It should be noted that this assessment presents an example evaluation of the levels of significance of the impacts before and after the implementation of mitigation measures. The level of significance of each impact has to be re-evaluated after the projected implementation of the measures, as illustrated in Table 16.

There are other aspects of impact analysis that can be included in the SIOA process, for example the likelihood of an impact occurring or the risk associated with not mitigating impacts. These additional elements can help in deciding upon the priorities for various impact mitigation programs. The elements of the impact assessment process described here, however, are the most important and will enable the production of a feasible SIA.

**Table 16: Example of potential impacts/issues before and after mitigation measures**

Potential Impact/issue	Cause	Nature	Extent	Magnitude	Duration	Significance	Mitigation activities	Residual extent	Residual magnitude	Residual duration	Residual significance
Land alienation	Alienation of agricultural and forest land for project facilities	Direct, negative	Local	High	Medium term	Medium	Minimize project footprint Avoid agricultural land Develop agricultural and forestry programs with community beneficiaries	Local	Medium	Medium term	Medium
Water quality and sanitation	Decrease in amenity of downstream surface and groundwater resources for potable water and bathing	Direct, negative	Local	High	Long term	High	Implement water treatment system prior to discharge	Local	Medium	Long term	Medium
Fisheries	Decrease in amenity of downstream water resources for fisheries and aquatic fauna	Direct, negative	Local	Medium	Long term	Medium	Implement water treatment system prior to discharge	Local	Medium	Long term	Medium

## CASE STUDY

### Contributing to community health and economic development through improved agricultural techniques

Xstrata, Peru

#### Summary

Until recently, the limited success of agriculture and cattle production has been one of the main challenges faced by the rural communities around Xstrata's copper mine in Las Bambas, Peru. Thanks to a community development program instituted by the company, local communities living near the mine are now benefiting from agricultural improvement projects that they have helped to identify, prioritize and implement.

#### Context and challenge

Xstrata's Las Bambas copper project was the company's first operation in Peru. It is located at an altitude of 4km above sea level, between Grau and Cotabambas – among the country's poorest provinces. Local government capacity in the area is weak, for example many residents cannot receive even basic public services due to a widespread lack of identity documents and poor land registration.

Agricultural production was being compromised by lack of irrigation channels, poor genetic breeding and parasites. Sheep were kept under a "free grazing" system that contributed to overgrazing in several areas. The company recognized that there was a risk to its licence to operate if it could not demonstrate the benefits of its presence to the predominantly agricultural local community.

#### Response

The company's community engagement team consulted widely in order to respond to local needs. Communities agreed priorities for action in open meetings and the company arranged for training as part of the projects. This included modules on capacity building and institutional strengthening. Projects identified through this process included:

- construction of irrigation systems in Pamputa, Huanquire, Pallca Picosayhuas, Chicñahui and Choquecca and a cattle breeding program
- guinea pig breeding and the establishment of hydroponic pasture farms in Fuerabamba
- trout farming in Pamputa.

#### Outcomes

Irrigation systems were constructed and healthy cattle introduced to improve the local genetic pool. A disease prevention system was established to protect the new cattle. Local people considered this project important for improving nutrition and health, as well as providing a potential source of income from the production of dairy goods.

The local community also identified the breeding of small animals as an effective means of improving family nutrition, and increasing commercial capacity and income generation. A pilot guinea pig breeding project was undertaken by 10 families in Fuerabamba to test whether improved guinea pigs could adapt to the altitude and whether families could easily adopt the new techniques required to breed this type of guinea pig.



**Contributing to community health and economic development through improved agricultural techniques**

Xstrata, Peru

A nutrition baseline for the families was established during the year, guinea pig houses were built, a hydroponic greenhouse was constructed for growing barley (an important source of vitamins for guinea pigs), and monthly training and capacity-building programs were undertaken with women and children.

A second phase of the guinea pig project was then implemented – a partnership between Las Bambas and local NGO Caritas – and work started in the communities of Pumamarca and Chuicuni to extend the project to 100 families.

Xstrata Copper also signed an agreement with SENCICO to provide training for 200 local people in construction and masonry as a precursor to a trout-farming project in Pamputa. These people and a number of others were engaged mid-year to construct a six-pond rainbow trout farm under the leadership of an engineer and two construction specialists. The engineer prepared the drawings and managed the project while local people built the infrastructure.

Source: Xstrata – community engagement at Las Bambas, Peru. Available at: [www.xstrata.com/sustainability/casestudies/community-engagement-at-las-bambas-peru/](http://www.xstrata.com/sustainability/casestudies/community-engagement-at-las-bambas-peru/)

## Key references

There are many references on SIA, and it is frequently a rather detailed process. This tool intends to give an outline of the broad processes involved. For greater detail, the following sources will be useful:

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[www.minerals.org.au/file\\_upload/files/resources/SEIBA-Toolkit-draft23August.pdf](http://www.minerals.org.au/file_upload/files/resources/SEIBA-Toolkit-draft23August.pdf)

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## Description

It is important to note from the outset that good community development is dependent upon having people with suitable skills and understanding to run programs, and on giving community development staff the training support they need to perform their jobs well. If responsibility for managing community development is given to people whose primary duties and expertise are in other areas, environmental science or human resource management for example, it is unlikely that community development programs will run at optimal levels.

The competencies assessment is a process for measuring and recording the skills of an individual or group. It is a highly flexible tool, which can be performed through a facilitated workshop process or an individual basis.

## Purpose

To identify additional resources, either permanent or temporary, that you may need over time. This tool can be used for selecting consultants for short-term or intermittent inputs to your programs as well as for choosing permanent staff. This tool helps you to identify and develop the knowledge, skills and attitudes you need to ensure you have the right team and resources to achieve your community development goals, whatever the size of your organization. It can also help you to assess the skills available in an existing team or that the local community possesses so that you can recognize training and development needs for staff and community members as well as gaps to be filled by additional personnel.

## Knowledge, skills and attitudes

You need a range of knowledge and skills in your team to achieve your development objectives (see Table 17). In general, you would be looking for people with humanities or social science training or community organization experience to join your team. Direct knowledge of the local community and cultural context would be beneficial, but more important is experience in working well with communities and the ability to grasp quickly the local issues. Your assessment of people's skills needs to include more than formal training, as someone with appropriate experience may be more suitable than someone with the right degree but little experience.

## When to use this tool

The competencies assessment is needed when forming your community development team, as early as possible, ideally at the same time that project construction plans are being made. If resettlement of local communities is required for the construction of the mine and its infrastructure, then community development expertise will be required to plan and manage the relocation process. Then, as the scale of operational activities increases, it may be necessary to expand the team to cover additional areas of community development activity, for example you may need to hire a small business development expert. You may also need to include additional expertise when planning for closure, and certainly when implementing closure plans when a combination of experience and local knowledge is essential.

In other words, use this tool as early as possible. Then, re-evaluate the team as needs evolve.

**Table 17: Knowledge, skills and attitudes for community development**

	Knowledge	Skills	Attitudes
<p><b>Description</b></p>	<p>Community development demands a broad base of knowledge in many areas – for example, local social conditions and dynamics of change, institutional development, economic development, program design and management, etc. It includes both basic information, how to acquire it and the ways in which you apply this information.</p>	<p>Skills help you move from knowledge to action. They are learned, practical and repeatable processes through which you achieve positive outcomes.</p> <p>Skills do not need to be well developed at the beginning of the community development process but, as you move from planning to implementing and sustaining action, the demands on your skills will increase.</p>	<p>Attitude – the spirit or perspective from which you approach community development – shapes your decisions and actions. It is critical to building trust, and in empowering local communities.</p> <p>Attitude may be individual, may be evident within groups or may be common throughout the organization.</p>
<p><b>Key points</b></p>	<p><b>Understanding of:</b></p> <ul style="list-style-type: none"> <li>• community needs, priorities and values</li> <li>• social and economic development and natural resource management</li> <li>• partnership brokering and maintenance</li> <li>• group processes and dynamics</li> <li>• project management</li> <li>• financial management</li> <li>• team-building and team management</li> <li>• problem-solving and decision-making</li> <li>• training and skills development</li> <li>• organizational development and design</li> </ul>	<p><b>Demonstrated capacity in:</b></p> <ul style="list-style-type: none"> <li>• planning and program design</li> <li>• research, assessment, analysis and evaluation</li> <li>• team building, staff and financial management</li> <li>• communications, consultation and facilitation</li> <li>• problem solving and conflict resolution</li> <li>• organizational design and development</li> </ul>	<p><b>Respect for:</b></p> <ul style="list-style-type: none"> <li>• local people and communities</li> <li>• development as a social process, not simply dependent on technical skills and expertise</li> <li>• the value of process and sustainability – not quick results</li> <li>• local empowerment and development</li> <li>• local knowledge and perspectives</li> <li>• facilitation – not leadership</li> <li>• new ideas, approaches and opportunities</li> <li>• patience, flexibility, resilience and perseverance</li> <li>• constructive criticism and self-evaluation</li> </ul>

## How to use this tool

The tool can be used by an individual or collectively by a team. It enables you to list required skills, estimate the level of expertise needed for each skills area and assess your current level of skills against your requirements. You can then take steps to fill any gaps you have identified in the competencies assessment process.

### STEP 1

As an individual, if you are a single community development worker, or in a team if there are several of you, think about the predicted impacts of your operation and the baseline conditions of the local communities (from tools 11 and 12). Consider what areas of community development programs you expect to become involved in, for example mechanical training, women's microenterprises, agricultural extension, community health, etc.

### STEP 2

Having listed likely program areas, consider the role that could best be played by your team, for example would your team actually run training programs for mechanics, or would you work with a local vocational training school to help them upgrade their services? Decide whether you need technical skills, training skills or organizational development skills, then list the full range of skills your team will need.

### STEP 3

Write the list of required skills in the central column in Table 18.

### STEP 4

Estimate the level of expertise desired in those required skills and record it in the left-hand column.

### STEP 5

Assess the levels of skills and knowledge possessed by you and/or your colleagues in the right-hand column.

### STEP 6

Compare the results of the left- and right-hand columns and make note of discrepancies, for example you may have estimated that you need a small business expert, with level 3 knowledge and skills, but your team has only level 1 knowledge in this area, or none at all. This means that you may need to either hire an extra team member or a consultant or have one of your existing team trained in extra skills. You might also decide that it would be best to team up with a local organization that offers the requisite skills, such as a vocational training school, rather than hiring the expertise yourself.

### STEP 7

Collate the gaps identified in the audit and then make an assessment of what actions you need to take to make your team effective and ensure that the necessary support for your programs is available.

### STEP 8

Prepare a training needs list and a human resources request list, to be presented to the relevant administration people in your organization. In addition, list the range of consultants you will need to hire for temporary inputs and the kinds of organizations you might need to form links with.

**Table 18: Competencies assessment worksheet**

Required skill level		Skills				Existing skill level			
Level of expertise, knowledge or understanding required to perform effectively in role		Skills area (e.g. there may be others)				Actual level of expertise, knowledge or understanding			
No expertise —————> High expertise						No expertise —————> High expertise			
0	1	2	3		0	1	2	3	
			✓		Planning and program design	✓			
		✓			Research, assessment, analysis and evaluation			✓	
			✓		Team building, staff and financial management				✓
			✓		Communications, consultation and facilitation			✓	
			✓		Problem solving and conflict resolution	✓			
		✓			Organizational design and development		✓		

The example lists general skills for community development department staff. The results of that team assessment would be that additional expertise is required in the problem solving and conflict resolution area, so a consultant may be required for that.

In addition, either a new team member with higher-level skills in communications, planning and organizational design may be needed, or current staff may need additional training in those fields.

An example for a person or organization with a specific technical skill, such as the small business expertise mentioned in step 6, might look like this:

It is likely that a new team member or long-term consultancy or partnership may be needed to fill this gap. Upgrading current staff skills from level 1 to level 3 by training would probably take too long to be effective.

Required skill level		Skills				Existing skill level			
From new team member or consultant		Skills area				In current team			
No expertise → High expertise						No expertise → High expertise			
0	1	2	3		0	1	2	3	
			✓			✓			
			✓			✓			
				Small business development					
				Training and skills transfer					

## Key references

DFID, *Tools for Development: A Handbook for Those Engaged in Development Activity*, 2003.  
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Zandvliet, L. and Anderson, M. B., *Getting it Right: Making Corporate-Community Relations Work*, Greenleaf Publishing, Sheffield, 2009, Chapter 13.

Methods and approaches for  
mitigating potential negative  
impacts and enhancing  
benefits to maximize  
community development

MANAGEMENT

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# TOOLS



MANAGING COMMUNITY  
DEVELOPMENT PROGRAMS  
AFTER THE COMMUNITY AND  
PARTNERS HAVE DESIGNED  
THEM IS VERY IMPORTANT.  
EVEN WELL-DESIGNED  
PLANS MAY FAIL IF NOT  
WELL MANAGED.





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# Management tools

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## **TOOL 14** **Community Development Agreements** **155**

A flexible approach to voluntary agreement making between companies and communities, to help ensure that community development programs or initiatives achieve successful outcomes.

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## **TOOL 15** **Management Systems** **161**

An integrated management system could be a set of policies and procedures and traditional hard-copy registers for recording and reporting on their use and implementation or it can be a modern, electronic system for performing the same tasks. Using an integrated management system helps a company to assess whether sufficient resources are being allocated to the right functions at the right time.

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## **TOOL 16** **Community Action Plans** **165**

The community action plan (CAP) is a detailed plan for implementing solutions to the problems that have been identified during the participatory planning process. It will become the management plan both for the community and its development partners, and will be adjusted to suit circumstances and changing community priorities as time passes.

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## **TOOL 17** **Local Economic Investment** **173**

For long-term community and economic viability and sustainable community development, it is vital that efforts be made to help diversify local economies. Mining activities can play a crucial catalytic role by both ensuring that companies purchase goods and services locally and also in encouraging a diversification of the local economic base. Companies can also foster the equitable distribution of mine-stimulated benefits by ensuring that their programs provide opportunities to women and vulnerable and/or marginalized groups.

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## **TOOL 18** **Resettlement Planning** **179**

In most jurisdictions, and by all measures of good practice, it is necessary to ensure that any people physically or economically displaced by mining activities have their assets and livelihoods replaced, and even improved. This will include communal, community and public assets if they are affected. This is a complex and highly specialized field and a mining project should seriously consider engaging specialized and experienced consultants to manage the process for a resettlement process of any size larger than a few households.

## Guidance for using management tools

Managing community development programs after the community and partners have designed them is very important. Even well-designed plans may fail if not well managed. The beneficiaries of the plan, the community members, must be well represented in the management structures for community development plans; indeed, they must manage the plans, with appropriate support from donors, companies, government agencies, etc. These plans can be built into the content and implementation of community development agreements. This is equally important with wide-reaching plans such as those needed for resettlement, regional co-ordination, influx management and cumulative impact management. This may be by means of a multi-stakeholder community development committee, or communities may establish their own management groups and consult with external supporters as needed. Ownership of the plans, time-bound commitments and people agreeing to take responsibility are key factors of success.

As **mining company staff**, you must work with community members to help them manage their own plans. Providing opportunities for community management capacity building and moral as well as financial support for community efforts are major roles that companies can play. This is key in important planning processes such as resettlement, regional co-ordination, influx management and cumulative impact management, where there may be a shortage of local expertise and experience. Training programs in management methods are essential elements for building community and company staff capacity where needed.

**Government officers, NGOs/CBOs and community members** may also find these tools useful, both to inform their participation in company-led processes and to implement themselves. As the recipients of community development programs, community members have a key role in ensuring that these programs are well managed and that they deliver on the aspirations of the community, where practicable. Through using some of these tools, government officers may be better placed to identify and access regional and national funding to support local priorities.

# Community Development Agreements

# 14

## Description

Community development agreements, derived through good faith negotiations, have the potential to help support the achievement of socio-economic development outcomes. The potential value of such voluntary agreements within the mining sector has been an area of discussion between practitioners for some time and agreements between mining companies and Indigenous Peoples have been common practice for several years, especially within Australia and Canada. This is an area that has increasingly become the subject of discussion and debate as moves towards a regulatory approach have been explored or advocated by a number of actors (e.g. the World Bank and some development NGOs).

While recognizing that there are potential pitfalls to regulating in this area,<sup>39</sup> the potential benefits of voluntary agreement making in situations beyond those where Indigenous Peoples are present are increasingly being recognized. For example, such agreements can form a basis for structured engagement between companies and communities around matters of mutual concern, in pursuit of mining projects that deliver mutual benefit. The process of agreement making (and necessary follow-up engagement) can also help to support mutual understanding and diffuse tensions before they arise, provided that it is approached in a respectful manner by all parties. In addition, it provides an effective means for administering not just community development activities, but also related aspects such as mitigation and compensation.

## Purpose

To outline a flexible approach to voluntary agreement making between companies and communities, to help ensure that community development programs or initiatives achieve successful outcomes, or that social and environmental mitigation and compensation efforts are effectively handled.

## When to use this tool

This tool should be used at any stage where companies find themselves engaged in conversations around matters that would benefit from a structured agreement-making process (which often occurs relatively early in the life of a project). Subsequently, the approach outlined is applicable throughout the mining and metals project life cycle, where agreements are being entered into and implemented.

## How to use this tool

Use this tool as a basis for negotiations between companies and communities looking to put voluntary yet formal agreements in place to govern their interactions around community development programs or initiatives.

39 Common pitfalls of a regulatory approach include (i) its inherent inflexibility, (ii) the inability to address local development issues or link to local processes, (iii) the reality that regulation can lead to compliance/positional mindset as opposed to encouraging interest-based negotiations and (iv) the risks of delegating developmental responsibility to companies rather than government.

**STEP 1****Establish the basis for successful negotiations**

Companies should recognize that successful agreement making is critically dependent on ensuring that the negotiations that are central to reaching agreement are characterized by a positive set of attributes. In practice, this means establishing negotiations that are:

- **Interest based rather than positional**  
To establish a shared understanding of the individual and shared interests of company and community should involve consideration and acknowledgement of the rights of all parties.
- **Grounded in inclusivity of process**  
If genuine progress is to be made in a manner that addresses the interests and aspirations of all parties, agreement-making processes must involve not only community leaders, but also representation for groups that may otherwise be marginalized.
- **Legitimate and trusted**  
Whatever form the negotiations take, they must have legitimacy in the eyes of parties and be trusted. In practice, this may mean working with or adapting local or traditional decision-making processes, rather than imposing an unfamiliar process. It also means conducting negotiations in a spirit of openness and information sharing.
- **Transparent between the parties**  
At a minimum, the negotiation process and decision-making authority must be transparent to the parties concerned, while respecting legitimate interests of the parties on matters they may wish to remain confidential. This involves up-front thinking about (and agreement on) what should or should not be disclosed to the parties to a negotiation or other stakeholders, and at what stage.
- **Focused on the stability and sustainability of outcomes**  
Focus on achieving stable and sustainable outcomes for long-term benefit, rather than on short-term fixes that lack the sustained support of the parties needed to underpin success.
- **Context specific**  
The rationale for focusing on attributes rather than prescriptive approaches is that negotiations must be adapted to local conditions and realities – there are no boilerplate solutions that will fit all company–community interactions.
- **Predictable in terms of process**  
While the outcomes of negotiations will invariably be unpredictable, it is important that the process steps towards reaching agreement are clearly understood and agreed between the parties – and that they are adhered to unless changes are mutually agreed. Establish a time frame for the agreement-making process which is acceptable for all parties.
- **Fair and equitable (for participants)**  
Recognizing that there may be asymmetries between the parties in terms of their knowledge or ability to effectively engage in negotiations, it is incumbent on the company to offer support (on an as-needed basis) to ensure that communities can effectively engage in the process. Failure to do so makes it more likely that the process will result in agreements that are open to challenge and become a source of discontent.

## STEP 2

### **Understand the context**

Prior to entering into formal agreement negotiations, consider: (i) the rights of communities to control the use and development of land and subsurface minerals and (ii) any legal and procedural requirements (including royalty arrangements) that apply to company–community agreements. Establish who in the community has the authority to negotiate on behalf of the community and who else should be included in the process.

## STEP 3

### **Establish the overall aims of the agreement**

Ensure both parties have a thorough understanding of each other’s objectives, needs and the potential impacts of the project. Drawing on baseline studies, social impact studies and consultations with communities, the company should strive to understand the aspirations, concerns and development needs of the community. These will vary depending on the context. Clearly communicate company objectives and plans to ensure the agreement is realistic and achievable. Ensure risks and the opportunities associated with the project are well understood. Establish long-term objectives and revisit them throughout the negotiation process and beyond.

## STEP 4

### **Build understanding and respect**

Allow time for building relationships before embarking on formal negotiations. Apply the principles of “good faith negotiation”, establishing where points of disagreement and agreement lie and what the options are for resolving disagreements. Recognize that there may be asymmetries in information and unbalanced negotiating power between the parties involved.

## STEP 5

### **Build knowledge and capacity**

Ensure information on needs and objectives is presented in a meaningful way. Negotiations should be conducted on a level playing field with no party feeling disadvantaged.

## STEP 6

### **Manage internal disagreements**

Resolve internal company tensions and disputes prior to negotiating with communities. Ensure relevant departments and employees are kept aware of the issues under discussion and the company’s position.

## STEP 7

### **Establish potential components of agreements**

The components to be included in an agreement will vary depending on the context, the goals and aspirations of the parties to the agreement and their perception of what is fair and reasonable. Some of the issues that companies may wish to consider including are:

- financial payments and disbursement arrangements
- employment, training and contracting opportunities
- environmental, social and cultural impact management
- governance arrangements
- land access arrangements
- engagement mechanisms
- reciprocal obligations and what action should be taken if either side does not fulfil their obligations.

**STEP 8****Implement the agreement**

Plan thoroughly for implementation.

To support implementation, companies should ensure:

- agreement obligations are fully documented in an accessible form
- responsibility for implementing different components of the agreement is allocated at an early stage and people know what is expected of them
- someone within the organization has overall responsibility for the ongoing management of the agreement
- an up-to-date register is maintained indicating what action has been taken, is in train or proposed to address specific agreement obligations
- action plans are aligned with the agreement
- there is ongoing internal monitoring of compliance
- capacity building remains a focus throughout the life of the agreement, recognizing that both company and community personnel involved in monitoring and implementation will change over time.

Effective implementation requires that the aims of the agreement are constantly considered.

**STEP 9****Set up appropriate governance processes, which include monitoring and review requirements**

Performance should be monitored against the aims of the agreement. Companies should be prepared to change practice and/or the agreement where necessary.

## Key references

Centre for Social Responsibility in Mining, *EI Source Book, Good Practice Note: Community Development Agreements*, University of Queensland, 2011.

[www.eisourcebook.org/cms/files/csr良好\\_practice\\_notes\\_on\\_cdas\\_document\\_final\\_260911.pdf](http://www.eisourcebook.org/cms/files/csr良好_practice_notes_on_cdas_document_final_260911.pdf)

Sustainable Development Strategies Group, public library of materials related to Community Development Agreements (CDA) between resource companies and local communities.

[www.sdsg.org/archives/cda-library](http://www.sdsg.org/archives/cda-library)

# 14

## Community Development Agreements

*continued*



## Description

Integrated community development management systems can help community development personnel manage the activities required to implement successful community development programs. An integrated management system will normally entail a set of policies and procedures, registers of training, a stakeholder database, a complaints register, a commitments register and reporting frameworks. These can be in hard copy or, more typically, in electronic formats.<sup>40</sup>

Integrating community development management with the management processes of the rest of the mine and company may involve participation in project- and corporation-wide committees, communication throughout the company and with external stakeholders, and reporting. The essential element is for the community development team to actively engage across the board *within* the company, however it may be structured.

## Purpose

Development and implementation of an integrated management system ensures that community development activities apply the “plan, do, check, act” process common to ISO standards. Management systems add rigour to processes that you may already have been undertaking through formalizing existing processes and allowing them to be audited.

## When to use this tool

An integrated management system should always be used. It should be established as early as possible in the life of a mining and metals project, used daily, maintained continuously, monitored regularly and revised and improved as needed. Quarterly reviewing and annual updating/upgrading of the system should be sufficient to ensure that it is kept in good working order.

## How to use this tool

The explanation below details the fundamental aspects of an integrated community development management system.

### STEP 1

Using the knowledge base of your local and regional communities (tool 11 Social Baseline Study) and other stakeholders (tool 1 Stakeholder Identification), and the community development vision of your department (tool 6 Strategic Planning Framework), produce policies to support this approach.

<sup>40</sup> Though this list is not exhaustive, some electronic systems that companies may wish to consider are Borealis ([www.borealis-is.com](http://www.borealis-is.com)), SQL ([www.sqleffects.com](http://www.sqleffects.com)) and Q-Pulse ([www.q-pulse.com](http://www.q-pulse.com)).

**STEP 2**

Develop procedures to implement the policies. Engage stakeholders in any procedures that affect them (such as tool 5 Grievance Mechanism) and ensure that they are aware of these procedures and know how to use them if needed. Ensure that resources are available for departmental staff to implement all procedures through the project/corporate budgeting processes. Ensure that adequate budgets are available to provide training in how to use and implement procedures for staff and also for community members, if appropriate.<sup>41</sup>

**STEP 3**

Plan and implement community development programs in partnership with local communities and other stakeholder partners. Keep records of program activities, and gather data for measuring progress using selected indicators, ideally in co-operation with community partners and other stakeholder partners, such as NGOs.

**STEP 4**

Monitor and evaluate the programs (use tools 19–20) and report to company management and stakeholders. Adjust programs as necessary from reviewing the evaluations, including inputs from stakeholders.

Revise stakeholder lists, baseline data, grievance procedures, etc. in light of lessons learned from evaluating monitoring data and from input from stakeholders.

41 For guidance on co-ordination with wider business plans, see pages 12 and 32 of Minerals Council of Australia, *Socioeconomic Benefits and Impacts: An Assessment and Planning Toolkit*. Canberra, 2010. Available at: [www.minerals.org.au/file\\_upload/files/resources/SEIBA-Toolkit-draft23August.pdf](http://www.minerals.org.au/file_upload/files/resources/SEIBA-Toolkit-draft23August.pdf)

## CASE STUDY

### Incorporating impact assessment into the ongoing management of operations

Anglo American, worldwide

#### Background and methodology

Most large mining and metals companies undertake environmental and social impacts assessments (ESIAs) prior to the development of new projects. These assessments are often prompted by requirements from investors and/or regulators. An important objective is to help ensure that effective management of social and environmental issues is built into the physical design and incentive structure of the mine from the outset. Anglo American recognized that there was a need for ongoing socio-economic impact assessment and engagement to be implemented at producing operations.

In 2003, its Socio-Economic Assessment Toolbox (SEAT) was launched, which allowed mines to assess current social and environmental impacts and identify and respond to the broader developmental aspirations of host communities, in line with international best practice and in close consultation with local stakeholders.

Following a consultation stakeholder engagement process, SEAT guides managers through the process of developing a publicly-available management action plan. Business units are encouraged to collaborate closely with local stakeholders in developing this action plan. Subjects covered by the toolbox include stakeholder identification, calculating total employment from the operation, assessing performance in relation to corporate policies and establishing partnerships. Each SEAT assessment takes around four months to conduct. The toolbox was intentionally designed to be accessible to general business managers. External organizations have, however, been brought in to help local business units undertake the process, for example the NGO Casa de la Paz helped the company's operations implement SEAT in Chile.

#### Outcomes

Launched in 2003 and enhanced in 2007 and 2011/12, SEAT has been implemented at all of the company's mining locations. One of the main lessons emerging from SEAT implementation is the need to address community perceptions of adverse impacts, even when these are not well founded. In addition, a number of substantive issues have emerged frequently from SEAT applications, including access to jobs and training, access to land and alternative livelihoods, access to supply chain opportunities, and the balance and distribution of social investments. In terms of implementing the process itself, managing rivalries between stakeholder groups has been identified as a particular challenge.

One of SEAT's main strengths has been to help professionalize the approach of operational managers to managing social issues. Where social investment and philanthropy characterized many community development efforts in the past, business units have been encouraged to treat management of socio-economic impacts with the same degree of discipline and attention as, for example, health and safety, or recruitment. SEAT has also helped shift the focus of socio-economic development contributions towards core business activities, such as local procurement, workforce development and delivering mine infrastructure in a way that also benefits local communities.



**Incorporating impact assessment into the ongoing management of operations**  
Anglo American, worldwide

All the company's significant operations are now required to undertake SEAT assessments every three years. Training on SEAT implementation takes place on an ongoing basis across the company, and to date over 600 managers have been trained (staff from external NGO or government partners represents around 15% of this figure). The toolbox has emerged as the centrepiece of the company's approach to community development and has been highly commended by a number of external organizations. For example, SEAT won the International Association for Impact Assessment's (IAIA) 2012 "Corporate Initiative Award". IAIA hailed SEAT as "a unique attempt by a major mining company to incorporate impact assessment into the on-going management of major operations".<sup>42</sup>

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<sup>42</sup> [www.icmm.com/page/70711/anglo-american-wins-international-award-for-socio-economic-assessment-toolbox-seat](http://www.icmm.com/page/70711/anglo-american-wins-international-award-for-socio-economic-assessment-toolbox-seat)

## Description

PRA exercises aim to establish detailed community action plans (CAPs). Taking community members through the steps of participatory assessment and planning (see tools 6–13) enables them to analyse their situation, gain confidence in their own ability to understand the cause of their problems, devise solutions to them and design a detailed plan for future action. CAPs not only list actions that need to be taken for community development, they also state who should undertake those activities (both community members and external partners) and dates by which actions need to be undertaken. They provide a reality check for community expectations, as the process of allocating responsibilities, deadlines and resources required should make it clear when too much is being expected from one person, one donor or in too short a time span. CAPs provide detailed work programs both for the community, who own the plan, and for development partners.

Communities should be encouraged to take a long-term perspective in their development planning, aiming for sustainability after the mining and metals activity has finished. Community development planners should also take into account the environmental or biodiversity impacts of the programs they devise, as economic success is not the only criterion for sustainable futures. It may be development partners who introduce these sustainable development parameters into discussions with community members when working upon collaborative program planning to align corporate community investments with community and government plans.

Initial CAPs will be fine-tuned, modified and updated as communities and their program partners go through the implementation process. Early versions of CAPs will likely focus on problems requiring immediate action. As time passes, and communities become more confident in their ability to manage their development agenda in collaboration with program partners, it would be a good idea to emphasize post-closure planning. By the time a mine closes, the communities' development plans should include the mining company as only one of a range of partners, as they should have moved beyond dependency on the mining project for financial support.

Above all, participatory assessment and planning is an ongoing process and extremely interactive. CAPs are not drawn up for development experts to implement or for gaining community acquiescence in preordained plans. As a dynamic system, PRA is subject to "growing pains" and setbacks as well as successes. It is these developmental stages, however, that enable participatory planning to eventually bring about a mutually respectful and co-operative working relationship between communities and their partners in the development process – government, NGOs and resource companies.

**Purpose**

To act as a template for future planning activities by the community and to serve as a record of how much they have achieved during the participatory assessment and planning activities. It is the basic management tool for the community's development program. Through producing a CAP, community members are provided with a set of community-developed and community-endorsed goals, activities and timelines to enable them to achieve their development objectives. The community owns the plan and it also provides members with a list of partners to follow up with for help in achieving these objectives and target dates to work towards. Simultaneously, the CAP provides you, as a development partner, with a clear understanding of community priorities and development objectives, so you do not need to guess what the community needs and can align your programs for maximum synergy with the CAP.

**When to use this tool**

Following on from the PRA exercises detailed in previous sections. Specifically, the results of the Development Opportunity Ranking (tool 9) feed directly into the CAP process, as action plans need to be developed for the implementation of the priority opportunities identified. CAPs should be reviewed as frequently as any other development plan, that is as circumstances change or at least once a year. The project's monitoring and evaluation system (see tools 19–20) should check whether CAPs are being implemented and suggest whether revisions are required.

## How to use this tool

This exercise is usually done in a community workshop, when all interested community members are invited to participate in planning for community development. The mining company can initiate and underwrite this workshop, in collaboration with key local stakeholders. As broad a range of participants as possible should be invited, including representatives from the public sector. Efforts should be made to ensure that women, youth, the elderly and disabled are enabled to participate and any cultural or religious minority groups must also be fully represented. Experienced facilitators who understand how to encourage community members to take the lead are the best people to manage the production of CAPs. These facilitators should also have a good knowledge of community development processes and of successful programs elsewhere so that they can offer ideas and suggestions to broaden the scope of the plans where necessary.

There are six principal steps in developing a CAP for a specific problem. The same procedure should be followed for each of the selected opportunities. The specific plans can then be combined to form an overall CAP for the community. The community may wish to frame its planning process in a strategic planning framework, as outlined in tool 6, including the community's vision, community development mission statement, goals, purposes, outputs and inputs.

### STEP 1

State the specific objective that will address the identified issue.

### STEP 2

Develop a list of activities that must be undertaken to achieve the objective.

### STEP 3

Decide who in the community or what unit/agency is most appropriate to undertake each activity.

### STEP 4

Decide when the activities are to be done.

### STEP 5

Decide what resource and budget will be needed for each activity and who will contribute resources.

### STEP 6

Name who will take responsibility for ensuring that the plan is implemented. The CAP then becomes the management tool for community development activities, to be managed by the community with support from company, government and NGO partners. Part of the management processes for the CAP will include selecting indicators (tool 19) for monitoring and evaluation of programs and reporting to community members and development partners on program challenges and achievements.

See Tables 19 and 20 for examples of CAPs.

Table 19: Example of CAP for improved crop farming from a single Tanzanian village

PROBLEM LOW CROP PRODUCTION					
Opportunity	Actions	Resources needed	Who will provide	Date to start	Who will follow up
4.1a	<p><b>A.</b> Use of manure</p>	<ul style="list-style-type: none"> <li>• Cattle</li> <li>• Carts</li> <li>• Logs</li> <li>• Bicycles</li> <li>• Hand hoes</li> <li>• Bags</li> <li>• Advice/expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Households concerned</li> <li>• Company/community, Tsh 50,000/150,000</li> <li>• Agriculture and livestock department</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>• James A.</li> <li>• Tatu M.</li> <li>• Petro S.</li> </ul>
4.1b	<p><b>B.</b> Other actions</p> <ul style="list-style-type: none"> <li>• Terracing agriculture</li> <li>• Use of farm inputs</li> <li>• Extension service advice</li> <li>• Non-grazing on farms</li> </ul>	<ul style="list-style-type: none"> <li>• Hand hoes</li> <li>• Use of oxen</li> <li>• Improved seeds (2kgs @ Tsh 3000/-)</li> <li>• Money</li> </ul>	<ul style="list-style-type: none"> <li>• Community</li> <li>• Agriculture department</li> <li>• Agricultural shops</li> </ul>	December 2000	<ul style="list-style-type: none"> <li>• Mizi ya chuma</li> <li>• Wilson N.</li> </ul>



CAPs from adjoining communities may be combined to form the basis of district or regional plans.

**Table 20: Example of plans from several Tanzanian village CAPs combined to form district educational action plan**

PROBLEM	Opportunity	Total cost	Community contribution	% of total	Donations needed
POOR EDUCATION					
Village 1	Construction of 4 classrooms (1 in 2001)	Tsh 4.5m	Tsh 1.0m – villagers Tsh 0.5m – village govt	33%	Donor – Tsh 1.0m DC – Tsh 1.0m
Village 2	Construction of school buildings (1 classroom, 1 staffroom, 1 pre-primary)	Tsh 12.5m	Tsh 3.0m	24%	Donors – Tsh 6.0m DC – Tsh 3.5M
Village 3	Building 5 classrooms	Tsh 22.5m	Tsh 2.0m (already done)	As required by EFG	EFG – Tsh 20.5m
Village 4	Construction of 2 classrooms and 1 pre-primary	Tsh 9.0m	Tsh 2.0m – cash Tsh 1.0m – labour	22%	Donor – Tsh 5.0m DC – Tsh 2.0m

Total needed from donors: Tsh 12.0m

From district council (DC): Tsh 6.5m

From national government (EFG): Tsh 20.5m

Note that the community has pledged to contribute between 22% and 33% of the funds needed, and labour in some cases.

## CASE STUDY

### Participatory planning

Resolute Mining Limited, Nzega District, Tanzania

#### Summary

Resolute's Golden Pride Gold Project in the Tabora region of western Tanzania was the first modern gold mine to commence operation in Tanzania when it began to produce gold in November 1998. The communities close to Golden Pride in Nzega District depended on subsistence farming and suffered from a lack of infrastructure and income-generating opportunities.

Resolute, an Australian company, took measures to alleviate some of the most immediate features of the poverty it saw, rehabilitating and equipping the local schools, supplying uniforms, books, desks and trees for fruit to supplement the children's diet. Gradually, the company realized that it would be more effective in the long term if communities could be encouraged to empower themselves and take responsibility for their own development plans. The company could then join in with community-motivated and community-initiated projects instead of trying to ascertain from outside what the communities needed.

For this reason, Resolute decided to conduct a participatory planning program at the end of 2000 in the four communities closest to the mine's perimeter – Isanga, Mwaluzwilo, Bujulu and Undomo – to encourage communities to develop their own community action plans (CAPs). Community members were delighted to be asked what they lacked, what they needed and to be assisted to devise their own plans. Once they overcame their initial shyness with the unfamiliar process, each community embraced the opportunity to develop a CAP and put a great deal of effort into ensuring the project was completed.

#### Participatory planning methods used in Nzega District

- Community mapping
- History
- Seasonal calendar
- Gender daily calendar
- Problem ranking
- Options assessment
- CAP



*Four years after starting their CAP, these residents of Nzega District, Tanzania, have taken charge of their own community development programs. Here, village men are seen working on a school building on a Sunday, completely independent of any external motivation.*

(Photo. C. Macdonald)

Source: C. Macdonald, URS and F. Kyessi, Resolute Mining Limited

## Key references

National Environment Secretariat, Government of Kenya; Clark University; Egerton University; and the Center for International Development and Environment of the World Resources Institute, *Participatory Rural Appraisal Handbook: Conducting PRAs in Kenya*, Kenya, 1991.

Oduor-Naoh, E. et al. *Implementing PRA: A Handbook to Facilitate Participatory Rural Appraisal*, Program for International Development, Clark University, Worcester, MA, 1992.

Rietbergen-McCracken, J and Narayan, D. (compilers), *Participation and Social Assessment: Tools and Techniques*, International Bank for Reconstruction and Development/World Bank, Washington DC, 1998.

World Bank, *The World Bank Participation Sourcebook*, Washington DC, 1996, Appendix 1: Methods and tools for social analysis, pp. 199–202.

# 16

## Community Action Plans

*continued*

## Description

One of the main benefits a mining and metals project can bring to an area is economic stimulus. There may be few other economic drivers in places where mines are developed, making the mine a focal point for local economic activities. Often, the main benefits that local people hope for are economic – jobs and the ability to sell their products to the mine, and significant expectations often arise around both of these potential benefits. Mines need to take care not to create a dependency scenario, however, where all local economic activities are centred upon their needs. Companies will need to ensure that their approach to local economic investment is cross-functional across departments. It is important that departments work towards a shared objective, especially if there are tensions between the supply team who are concerned with cost efficiency and the community relations team's focus on community development.

For long-term community and economic viability and sustainable community development, it is vital that efforts be made to help diversify local economies. Companies can play a crucial catalytic role both in ensuring that they purchase local goods and services and also in encouraging diversification of the local economic base. They can also foster the equitable distribution of mine-stimulated benefits by ensuring that their programs provide opportunities to women and vulnerable and/or marginalized groups.

## Purpose

To enhance the benefits delivered by your project at a local level. This can be through the comparatively short-term employment benefit or through building capacity of local businesses to supply the goods and services needed by the mine and to develop a diversity of other products and markets that can sustain the local economy and community after the mine has closed.

## When to use this tool

The groundwork for local economic investment activities should commence during the feasibility stage to drive behaviours among contractors and so that local businesses will be ready to supply goods and services when the mine's need for products and services ramps up for construction. By encouraging/requiring a proportion of local employment within your workforce during the construction period (at which time the greatest number of workers are employed), you can help build a skill set locally that can supply the mine in operations. Similarly, helping local businesses survive the transition to the steady state of operations, when demand maybe lower but more stable than during construction, will be necessary. Providing support for companies and individuals to develop sustainable businesses not dependent upon your project will be a constant priority. If successful, as time passes, there will be new people and businesses needing support as their predecessors achieve viability and they graduate to independence.

## How to use this tool

To implement this tool it is necessary to first determine the community investment strategy internally within the company. Based upon the approach defined in the strategy, and then shared with and supported by community stakeholders, you can determine how to go about determining opportunities for local economic investment.

The IFC's *Strategic Community Investment: A Good Practice Handbook for Companies Doing Business in Emerging Markets* provides a good starting point for suggestions on how mining companies can establish an effective set of local economic investment programs. Published in June 2010, the handbook provides comprehensive

advice about the many elements that need to be considered, including the company's own strengths and priorities, community priorities, local economic capacity, appropriate means of assistance and a multitude of other useful aspects.<sup>43</sup>

For the IFC, strategic community investment (CI) involves 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.

### STEP 1

#### Define local

To prioritize local economic investment, you first need to consider what "local" will mean in this context. The definition of local you apply to your recruitment procedures is likely to be different from the definition you use for procurement, but at this first step you need to engage with the community relations team (and draw on the outcome of tool 1 Stakeholder Identification) to agree on the parameters you might consider for "local". This might be a physical distance from the project, a distinction between impacted and non-impacted communities, a political or administrative region, etc.

### STEP 2

#### Increase local content

One quick and reliable way of "kick-starting" local economic investments is for the company's procurement department to search for and support synergies between its product needs and the supplier capacity of local people. For more specific guidance

on local procurement, the IFC's *Guide to Getting Started in Local Procurement* provides additional information for companies.<sup>44</sup> This step of the tool summarizes the key tasks recommended by the IFC:

#### 1. Conduct a company self-assessment

The IFC has developed an Excel spreadsheet (available at: <http://commdev.org/content/document/detail/2626>) to support companies to conduct this assessment. It assesses the supporting structures that are in place to support a local procurement program, the existing processes in place and support that your company already provides to small and medium-scale enterprises (SMEs). Based on this assessment, you will get an understanding of the gaps that will need to be addressed in order to implement an effective local procurement program.

#### 2. Identify the business case

For local procurement to be integrated in standard operating procedure for your company, the business case needs to be clearly enunciated and agreed across the company. The business case can vary vastly for different operations; however, the IFC has identified seven key drivers: government regulation or contract requirement for local content, competitive advantage, social licence to operate, energy and environment considerations, cost reduction and/or increase in quality, business continuity and long-term economic diversification.

#### 3. Define local

As highlighted in step 1, it is critical that you agree a definition of local for your local procurement activities.

43 IFC, *Strategic Community Investment: A Good Practice Handbook for Companies Doing Business in Emerging Markets*, and *Strategic Community Investment: A Quick Guide, Highlights from IFC's Good Practice Handbook*, Washington DC, 2010.

44 IFC, *A Guide to Getting Started in Local Procurement*, Washington DC, 2011. Available at: [www.commdev.org/content/document/detail/2774/](http://www.commdev.org/content/document/detail/2774/)

## 4. Create a policy

By working through these tasks, you will be in a position to develop a local procurement policy, which can be applied to both your own business activities and those of your contractors.

### STEP 3

#### Local employment

When communities hear that a mine may be developed in their area, the first question that is asked is more often than not about how many jobs will go to their community members. Expectations around local employment need to be managed very carefully, but there are steps you can take to improve the opportunities for local employment within your project. Increasing local employment and setting clear criteria for eligibility as a “local” can be a critical element of managing in-migration.<sup>45</sup>

To support local employment you should consider the following ideas:

#### 1. Local employment policy

Do you have a local employment policy and/or a national requirement to prioritize local employment? Is this policy well understood across your project and by community members?

#### 2. Skills audit

Do you know what skills are held by community members, and are there opportunities to use these skill sets currently or to build upon them through vocational education programs in readiness for future employment? (tool 13 Competencies Assessment may be useful.)

## 3. Contractor requirements

The largest labour force is normally seen during construction, and it is often primarily contractor based. Do you have clauses in your tender process that favour companies who employ locally, or that require contractors to train local employees as they undertake the work?

## 4. Community development programs

Are there programs you could support that would increase the likelihood of the community members finding sustainable opportunities, either with your project or ideally with other diversified activities?

### STEP 4

#### Diversify opportunities

In addition to supplying the mine, it is important to encourage alternative livelihood and economic opportunities so that communities do not become dependent upon the mine. This can be done through providing low-cost loans to other businesses, business advice and mentoring services not solely related to procurement opportunities, and a variety of training courses and support services.

One philosophy for diversifying local businesses without creating dependencies is called Enterprise Facilitation, developed over 25 years by the Sirolli Institute. Its approach relies upon never offering advice until a budding entrepreneur asks for it, thereby avoiding a handout relationship. It also emphasizes the importance of building a team approach to business, as it is very unlikely for an entrepreneur to be equally skilled and passionate about production, marketing and financial management, so it makes sense to team up people whose strengths lie in each of these fields. This approach can be explored on the Sirolli Institute website at: [www.sirolli.com](http://www.sirolli.com)

45 See IFC, *Projects and People: A Handbook for Addressing Project-Induced In-Migration*, Washington DC, 2009. Available at: [www.ifc.org](http://www.ifc.org)

## CASE STUDY

### Assisting growth and development of local suppliers through collaboration and capacity-building programs

BHP Billiton, Mozambique

#### Summary

One of the most significant contributions that a large mining company can make to society is an economic one. By investing in the local private sector, a company provides the local community (including employees who work for local businesses) a reason to value the mine's presence, enhancing its social licence to operate.

#### Context and challenge

Located in Maputo in southern Mozambique, BHP Billiton's Mozal aluminium operation was the first major development in the country in the past 50 years and it quickly accounted for more than 45% of imports and 7% of gross domestic product (2002 figures). In 2007, aluminium exports contributed 61.4% of the total exports value and in 2010, Mozal's aluminium ingots still accounted for over half of the export earnings in Mozambique. To date, Mozal continues to rank first place on the top 100 companies in the country (KPMG 2010 Top 100 Companies in Mozambique).

A 17-year civil war had devastated Mozambique and its physical and economic infrastructure. There were few local businesses that could provide the new smelter with essential goods and services. Development of a local supply chain was therefore imperative. Commencing with a commitment to award as much work as possible to local suppliers, the focus of development support programs is to help small and medium businesses improve their skills and capacity, with a view to building a local base of strong, competitive and sustainable supplier companies.

#### Response

Initially, a program was developed to educate and train the newly formed small and medium-scale enterprises (SMEs) on an international-standard tendering package, allowing them to compete for business against foreign companies. Work packages were exclusively allocated to local companies. This was undertaken without compromising the principles of compliance to specifications, timely delivery or safety.

The materials and services identified for procurement from local companies included stationery, transport labour, vehicle rental, signage, labour rate agreements, minor civil work, equipment surveys, manufacturing, small tool repairs, lifting services, hardware and software services, vehicle service and maintenance, laboratory consumables and hand tools.

Services that could be undertaken with low risk to the operation were selected to participate in the program in the initial stages; then the range was expanded as local capabilities developed.

In parallel, the company established the "MozLink" program and built an SME Development Centre. Through the program, Mozal builds SME capacity, shortens the supply chain, minimizes cross-border complexities and reduces lead times, which in turn leads to lower stock levels and cost savings for the company. The MozLink program aims to create stronger and more competitive SMEs, transfer knowledge and capacity, and assist Mozambican companies to grow and develop into strong organizations that can compete in both local and international markets.





**Assisting growth and development of local suppliers through collaboration and capacity-building programs**

BHP Billiton, Mozambique

The MozLink process is to:

- identify, introduce and develop suitable suppliers
- create a Mozambican supplier database
- identify materials and services to be procured exclusively from Mozambican companies
- implement training and development programs for SMEs and
- build co-operative relationships.

MozLink is a win-win for the corporations, for SMEs and the overall community. More than 150 SMEs were developed through MozLink I and II creating more than 3,000 jobs. The success of the MozLink program has encouraged other large organizations to join the initiative, which will converge to MozLink III set up to start early July 2012. A further 80 SMEs are expected to take part in this phase.

**Outcomes and lessons learned**

Since the beginning of operations at Mozal, the number of packages awarded to local companies has progressively grown. In 2004, an average of around US\$4 million was being spent per month with Mozambican registered companies. In 2011, this figure has more than doubled, contributing to more that US\$110 million to the local economy annually.

Figure 9 shows the history of expenditure with local companies between 2004 and 2011. It is expected that a further US\$123 million will be spent in the local economy during the financial year 2012.

This approach provides SMEs with opportunities for information sharing that can extend their marketplace, facilitate access to useful data, accelerate growth, introduce best practice information systems and bring demand and supply together. Overall, the development of SMEs has ensured a stronger supply chain, development of local capacity and local availability of products and services.

**Figure 9: Spend with the local economy**



Source: BHP Billiton Mozal

## Key references

Enterprise Facilitation on the Sirolli Institute website at:  
[www.sirolli.com](http://www.sirolli.com)

IFC, *A Guide to Getting Started in Local Procurement*, Washington DC, 2011. Available at:  
[www.commdev.org/content/document/detail/2774/](http://www.commdev.org/content/document/detail/2774/)

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[www.ifc.org/ifcext/sustainability.nsf/content/publications\\_handbook\\_communityinvestment](http://www.ifc.org/ifcext/sustainability.nsf/content/publications_handbook_communityinvestment)

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[www.ifc.org/ifcext/sustainability.nsf/content/publications\\_handbook\\_communityinvestment](http://www.ifc.org/ifcext/sustainability.nsf/content/publications_handbook_communityinvestment)

Various Oil, Gas, and Mining Sustainable Community Development Fund resources on local procurement are available at:  
[http://commdev.org/section/tools/local\\_supplier\\_devp](http://commdev.org/section/tools/local_supplier_devp)

## Description

The construction and operation of a mining or metals project, including its infrastructure such as accommodation, roads, dams and storage facilities, require the acquisition of land. Sometimes there are people either living on or using this land for their livelihoods and who will therefore be either physically or economically displaced by the development of the mine. Physical displacement means that the resident population will need to move to another place. For those who lose productive land or resources or have their access to it diminished by the activities of the mining or metals company, the process is termed economic displacement. In most jurisdictions, and by all measures of good practice, it is necessary to ensure that the people physically or economically displaced by the mine have their assets and livelihoods replaced, and even improved. This will include communal, community and public assets if they are affected.

## Purpose

If the development of a mining or metals project will require the physical or economic displacement of residents in the host area, then a resettlement action plan (RAP) will be required. If only economic and not physical displacement will occur, then a livelihood restoration plan rather than a RAP will be needed. The IFC is the leading international agency that provides resettlement planning guidance to private sector mining projects on resettlement. Its principles for resettlement planning are set out in Performance Standard 5 “Land Acquisition and Involuntary Resettlement”<sup>46</sup> and are summarized below:

- to avoid, and when avoidance is not possible, minimize displacement by exploring alternative project designs
- to avoid forced evictions
- to anticipate and avoid, or where avoidance is not possible, minimize adverse social and economic impacts from land acquisition or restrictions on land use by (i) providing compensation for loss of assets at replacement cost and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation and the informed participation of those affected
- to improve, or restore, the livelihoods and standards of living of displaced persons
- to improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure at resettlement sites.

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<sup>46</sup> See IFC’s Sustainability Framework, 2012 edition, [http://www1.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/IFC+Sustainability/Sustainability+Framework/The+2009-2011+Review+and+Update/](http://www1.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Sustainability+Framework/The+2009-2011+Review+and+Update/)

As always in successful community development, relationships and engagement with affected populations are essential. Mining company personnel should work in partnership with the project-affected people, their government and community representatives, and appropriate civil society organizations to establish the parameters for the resettlement and compensation actions. Using the guidance handbooks of the international organizations listed in the references for this tool, and engaging the services of qualified and experienced resettlement, land valuation and compensation experts, mining company personnel should develop a plan agreeable to all affected parties.

### When to use this tool

As soon as it becomes clear that the project will require involuntary resettlement or will affect income-producing activities, then the resettlement and livelihood restoration planning process should commence.

### How to use this tool

This is a complex and highly specialized field and for a resettlement process of any size larger than a few households, you should seriously consider engaging specialized and experienced consultants to help manage the process. This tool draws heavily on the IFC's 2002 *Handbook for Preparing a Resettlement Action Plan*.

As described in the IFC handbook, the essential components of a RAP are the following:

- identification of project impacts and affected populations
- a legal framework for land acquisition and compensation
- a compensation framework
- a description of resettlement assistance and restoration of livelihood activities
- a detailed budget
- an implementation schedule
- a description of organizational responsibilities
- a framework for public consultation, participation and development planning
- a description of provisions for redress of grievances
- a framework for monitoring, evaluation and reporting.<sup>47</sup>

<sup>47</sup> [http://www1.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/publications/publications\\_handbook\\_rap\\_wci\\_1319577659424](http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/publications/publications_handbook_rap_wci_1319577659424)

The following steps for identifying the people likely to be affected by the project (bullet 1) are outlined in the handbook on pages 12 to 25. The preparation and implementation of a RAP is a complex and serious procedure, one that will require the commitment of time, expertise and resources.

It is important to note that resettlement is not purely about replacement of physical assets but also about restoring the social fabric of communities, which is usually disrupted during a resettlement process. Steps 1 to 3 below describe efforts to quantify the resettlement – population and asset census and inventory. However, Steps 4 to 6 also include gathering qualitative knowledge to help restore the quality of community life, not just the standard of living.

## **STEP 1**

Develop thematic maps that identify such features as population settlements, infrastructure, soil composition, natural vegetation areas, water resources and land use patterns.

## **STEP 2**

Undertake a census that enumerates the affected people and registers them according to location.

## **STEP 3**

Prepare an inventory of lost and affected assets at the household, enterprise and community level. This will need to consider loss of access as well as physical loss.

## **STEP 4**

Conduct socio-economic surveys and studies of all affected people (including seasonal, migrant and host populations), as necessary. These surveys should include focus groups and discussions with the various sectors of the communities being resettled, to understand the social dynamics and patterns that will be disrupted by the resettlement process.

## **STEP 5**

Analyse the results of the surveys and studies to establish compensation parameters, design appropriate income restoration and sustainable development initiatives, and identify baseline monitoring indicators. Initiatives to support the restoration of the social fabric of the resettled communities and their community vitality will also be important.

## **STEP 6**

Engage in consultation with affected populations regarding mitigation of effects and development opportunities. Work with the resettled people to ensure that the resettlement program is achieving its aims of restoring and enhancing their way of life.

## CASE STUDY

### Managing the impacts of resettlement, Ahafo

Newmont, Ghana

#### Summary

A resettlement process was undertaken at Newmont Ghana's Ahafo mine. Because of the demographic profile of the community – many small farmers and some vulnerable households – the company partnered with a range of local organizations in order to develop a tailored resettlement process.

#### Context and challenge

Newmont Ghana's Ahafo mine is located around 180 miles north-west of Accra. Prior to the development of the mine, which was home to around 500 families, the company undertook a study to identify whether it would be possible to avoid the disruptive process of community resettlement, which it viewed as a last resort. However, since there were no other viable options, the company instituted a resettlement process for the primarily agricultural community.

#### Response

Negotiation on behalf of the community was undertaken by a Resettlement Negotiation Committee, which comprised community representatives and traditional authorities. Via this committee, some members of the community opted for monetary compensation rather than resettlement. Payment was conditional upon proof that the individuals had alternative homes to relocate to.

An initial group of 2,200 people were resettled to two new villages in 400 purpose-built homes, at a cost of US\$14 million. The homes and residential plots came with legal title (99-year leases), the first time that the families had owned such title to the land. Prior to resettlement, traditional ownership arrangements had prevented members of the community from legally owning their properties.



Mine area home



**Managing the impacts of resettlement, Ahafo**

Newmont, Ghana

**Agricultural smallholdings**

The main issue raised by the communities was the loss of land and, in turn, the ability to earn a living. Replacement plots were given to residents who lost their residential land, and farmers whose crops were disrupted received monetary compensation.

There was some disagreement over prices paid for cocoa crops that had been disrupted by the resettlement. In response, the company created a “crop review committee” drawn from the community, NGOs, traditional authorities and government agencies.

There was also disagreement over the lack of compensation for fallow land. Despite being in accordance with Ghanaian law in not providing compensation in this case, the company decided to explore mitigation measures for individuals who had lost fallow land.

Some people found alternative livelihoods to farming, including employment at the new mine, or in small businesses supplying the mine with goods and services, but there were some concerns regarding a perceived lack of youth employment opportunities, particularly in agriculture. In response, the company launched an agricultural improvement and land access program to help farmers increase their crop productivity.

The program offered five agricultural assistance packages, and monetary assistance. Initially, the program targeted around 4,000 farmers. Two thousand individuals formally registered and 400 received assistance packages and begun new farms as a result.

**Outcomes and lessons learned**

The company worked closely with the community during the resettlement process, drawing on external expertise where necessary, and responded quickly and effectively to concerns raised along the way, going beyond legal requirements where necessary.

The company ensured that the main source of employment not only continued, but was strengthened, following resettlement. In addition, the company ensured that vulnerable populations were specifically supported during the relocation.

Full resettlement disclosure documents available at:

[www.newmont.com/africa/ahafo-ghana/public-disclosure-documents](http://www.newmont.com/africa/ahafo-ghana/public-disclosure-documents)

**Sources:**

Newmont website – 2007 community development case studies, accessed 10 January 2009 from: [www.beyondthemine.com/2007/?l=2&pid=240&parent=253&id=303](http://www.beyondthemine.com/2007/?l=2&pid=240&parent=253&id=303)

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[www.ebrd.com/downloads/about/sustainability/ESP\\_PR05\\_Eng.pdf](http://www.ebrd.com/downloads/about/sustainability/ESP_PR05_Eng.pdf)

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[http://www1.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability+framework/2012+edition/performancestandard5](http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability+framework/2012+edition/performancestandard5)

IFC, *Handbook for Preparing a Resettlement Action Plan*, Washington DC, March 2002.  
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[www.ifc.org/ifcext/sustainability.nsf/content/publications\\_resettlement](http://www.ifc.org/ifcext/sustainability.nsf/content/publications_resettlement)



How to monitor and evaluate  
community development  
activities and measure  
progress towards program goals

## MONITORING AND EVALUATION

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# TOOLS



MONITORING AND EVALUATION SUPPORTS YOUR COMMITMENT TO STAY ON TRACK AND ACHIEVE RESULTS. IT ALSO GIVES YOU AN OPPORTUNITY TO CRITICALLY REVIEW YOUR MANAGEMENT SYSTEMS AND PROCESSES, TO IDENTIFY WHAT IS WORKING WELL AND WHAT NEEDS SOME DEVELOPMENT.



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# Monitoring and evaluation tools

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## **TOOL 19** Indicator Development

**191**

A process for choosing indicators for program evaluation that can measure up to transparent scrutiny from any quarter. These indicators are especially appropriate for use in the Goal Attainment Scaling tool and may also be useful for GRI reporting. The best place to find appropriate indicators to be used for monitoring and evaluation will be in the Social Baseline Study (tool 11).

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## **TOOL 20** Goal Attainment Scaling

**197**

Goal Attainment Scaling (GAS) is a useful means for measuring the degree to which outputs and outcomes are being met. It is particularly useful for social investment and community development projects where multiple stakeholders are involved and where there may be differing assessments about the degree of achievement of project goals. It enables evaluations to be made by a range of stakeholders and observers, not just so-called experts. Another major advantage is that the results can be presented in the form of simple graphs, which makes them more accessible to people unfamiliar with qualitative, social science measurements, such as financial and technical managers at a mining or metals project.

# Monitoring and evaluation tools

*continued*

## Guidance for using monitoring and evaluation tools

Monitoring and evaluation (M&E) ensures that development programs are going in the right direction to achieve their stated goals:

### Monitoring

The ongoing, methodical collection and analysis of data on development activities, which provides program managers and stakeholders with early indications of progress and achievement of goals. Monitoring can be said to be the measurement of outputs and is undertaken more frequently than evaluation and is often done by people involved in the community development programs.

### Evaluation

This is primarily concerned with longer-term results of development activity, or the measurement of outcomes. It aims to identify how and why activities succeeded, failed or were changed – in order to improve the effectiveness of future undertakings. Many mining projects opt to have evaluation done periodically by independent, external advisers, but internal evaluation is also worthwhile.<sup>48</sup>

Through M&E, you are exploring four fundamental questions:

- What worked and why?
- What did not work and why?
- What could have been done differently?
- What adjustments and changes are required now?

The process you develop for answering these questions depends on the complexity of your community development activities and the depth of knowledge and understanding you require. Evaluations of community development are challenging because they have both quantitative and qualitative dimensions: basic information about what has been undertaken is important but so too is information about community members' perceptions of the process, the results achieved and the overall benefits of community development.

The benefits of effective M&E include:

### Improved management

It supports your commitment to stay on track and achieve results. It also gives you an opportunity to critically review your management systems and processes, to identify what is working well and what needs some development.

### Improved accountability

Your partners want to know how you have used program resources and what you have achieved in order to assess whether they should continue to support your activities.

### Participation

M&E provides an opportunity to bring communities and other stakeholders into the program management process, to review program performance from their own perspective and to influence future program direction.

<sup>48</sup> Examples of external evaluation processes are the TIAP team for the Tangguh LNG Project and PEAK (Porgera Environmental Advisory Komitei) in Papua New Guinea [see [www.watercentre.org/news/peak-newsletter](http://www.watercentre.org/news/peak-newsletter)].

## Learning and development

M&E is an important learning process, enabling you to reflect on your experience and assess how that experience can be incorporated into other activities and longer-term program development.

By applying indicators developed in tool 19, project managers and stakeholders can assess the implementation of project activities, and achievement of agreed project goals. As an additional means of assessing both short-term achievements (monitoring of outputs) and longer-term results (evaluation of outcomes), the GAS method (tool 20) is beneficial because it allows assessment to be undertaken by a wide range of stakeholders and permits comparison of assessments given by different stakeholder groups.

All of these processes can assist in the process of gathering data for reporting to stakeholders in accordance with the Global Reporting Initiative (GRI).

M&E should be used during the life of a community development project or investment to measure:

- results of community development programs
- differences between expected and actual outcomes
- reallocation of remaining resources to improve outcomes
- justification for allocation of further resources
- outcomes in terms of benefits to the community and the business.

There are many other M&E processes available, and the references will lead you to discussions of some of these. If you use tools 19 and 20, however, you will have a good understanding of the progress of the community development programs that you are involved with and be able to report it both within the company and externally.

As **mining company staff**, you will likely have internal company demands for M&E, to report to managers and shareholders that community development funds are being invested wisely, and achieving stated objectives. You should involve the community and other stakeholders in the monitoring process as much as possible, as this will give you the most “real” feedback about your progress.

**NGOs/CBOs** will likely have their own M&E requirements, as will donors and bilateral partners, many of which will draw on similar approaches to those identified in these tools.

**Government officers and community members** may find it useful to understand the approach to M&E taken by companies, especially if they are going to participate in the monitoring process.

Involving community members in monitoring programs, especially for matters of great importance to them, such as water quality, is an ideal way not only of conducting good practice monitoring but also of establishing community belief and support in the mining project’s environmental management systems and procedures. Table 21 illustrates the characteristics of eight such programs in Peru, studied by the World Bank’s Compliance Advisor/Ombudsman.

**Table 21: Examples of participatory monitoring programs in eight communities in Peru**

Program	Data collection			Data interpretation			Results communication				
	Basic field parameters	Laboratory analyses	Frequency	Community	Technical experts	Multi-member committee	Presentations/assemblies	Workshops	Brochures/reports	Radio and TV	Website
Agua Para Siempre	X		-	X			X	X	X	X	
Aruntani CMAP	X	X	-			X	X		X		
Lagunas Norte	X	X	yearly		X			X	X		
Marlin AMAC	X	X	quarterly			X	X				
Mesa de Dialogo Tintaya	X	X	biannual		X		X		X		
Las Bambas CMP	X	X	-			X	X				
Mesa de Dialogo y Consenso CAO-Cajamarca	X	X	monthly			X	X	X	X	X	X
Antamina CMVFAH	X	X	yearly			X	X	X	X	X	X

Source: Compliance Advisor/Ombudsman, *Participatory Water Monitoring: A Guide for Preventing and Managing Conflict*, Advisory Note, World Bank Group, Washington DC, 2008, Appendix A: Summaries of eight selected participatory monitoring programs, p. 66.

## Description

Effective reporting, monitoring and evaluation depend on the identification of effective performance indicators. Effective performance measurement needs to use appropriate units for measuring change; to be able to distinguish between inputs, outputs and outcomes; to measure effectiveness and efficiency; and to assess both qualitative and quantitative dimensions of change.

Anglo American's Socio-Economic Assessment Toolbox (SEAT) provides excellent guidance on the development of management and monitoring measures. Steps 4 and 5 of this tool draw heavily on the approach outlined in SEAT tool 6A: Developing a Social Management Plan.<sup>49</sup>

## Inputs

Input indicators measure inputs such as money, time, etc. contributed to development activities and/or processes conducted, number of meetings held, number of studies conducted, etc. They are important in managing resources and ensuring accountability of development facilitators. They do not, however, tell us anything about how successful, or otherwise, development activity has been.

## Outputs

Output indicators measure the direct results of community development projects, for example numbers of children vaccinated, numbers of people trained in agricultural methods, school completion rates, etc.

## Outcomes

Outcome indicators measure longer-term changes that are the desired return on investment in the project, for example measurable change in the community's quality of life, health or economic well-being. They are the best measure of how successful, or otherwise, development activity has been.

<sup>49</sup> [www.angloamerican.com/seat](http://www.angloamerican.com/seat)

**Purpose**

To develop a set of objectively verifiable indicators to measure performance of community development programs.

**When to use this tool**

Frequent monitoring can enable programs to be reoriented if they are not succeeding at first. So, as often as possible, at least once a year, or whenever circumstances change. As with GAS (tool 20), appropriate performance indicators are important parts of a post-closure monitoring program as well as useful during operation of the mine.

**How to use this tool**

Similar to the GAS tool (tool 20), development of program indicators is best done as a group exercise involving community members. Performance measurement should be based on objectively verifiable indicators, to ensure that measurements of change by one group are accountable to all stakeholders as well as being repeatable by other groups if needed. The important point is that there must be some objective means of verifying results, for example test results for students, or numbers of trainees completing a course.

**STEP 1**

Gather together a group of people from the community and the company with knowledge of and interest in the programs you want to develop indicators for. In addition to beneficiaries from the program, this should include staff with insight about how the projects fit into the broader socio-economic objectives of the operation. Involving staff from a number of departments will increase buy-in for the indicators selected to monitor the progress of the community projects.

**STEP 2**

Brainstorm ideas for indicators, focusing on means of verification.



## STEP 3

Prepare a list of indicators for each program.

Examples of quantitative indicators may include:

- the frequency of meetings, the number of people involved
- growth rates
- yields, prices
- the uptake of activity inputs, e.g. loans, school enrolment, visits to the clinic, children vaccinated
- the adoption/implementation of activity outputs, e.g. technologies, manuals, newsletters or guidelines in use.

Qualitative indicators may relate to:

- the level of participation of a stakeholder group
- stakeholder/consumer opinions, satisfaction
- aesthetic judgements regarding local amenity or lifestyle choices
- decision-making ability
- changes in attitudes
- the emergence of leadership
- the ability to self-monitor
- the development of groups and of solidarity
- behavioural changes
- evidence of consensus.

It is generally easier to measure behaviour than feelings; behaviour can be observed. So if an objective is to increase people's confidence in meetings, it may be appropriate to measure this by observing how often they speak and whether they speak clearly.

### Indicators should be SMART:

#### Simple

Easy to interpret, monitor and understand by the community and others who need to act

#### Measurable

Quantifiable and reliable

#### Accessible

Based on accessible and consistent information that is available over time

#### Relevant

Measures what people need to know and can be acted on

#### Timely

Responds to changes in social conditions and alerts people to action what is required

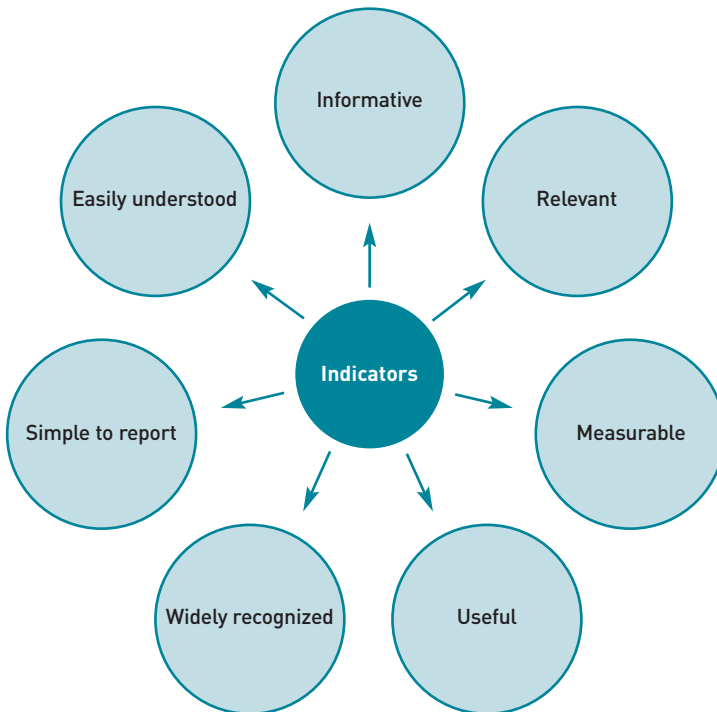
**STEP 4**

Evaluate the feasibility of the output and/or outcome expected. In order to evaluate the feasibility of each recommended indicator, the following should be considered:

- strategic socio-economic management or development objectives, and how potential indicators will contribute to these
- whether the recommended indicator will be effective
- whether the resources and skills are available within the company or among local partners to measure the indicator
- the approximate cost and time required to measure the indicator.

See Figure 10.

**Figure 10: Ideal criteria for indicators (adapted from Anglo American's SEAT)**



**Table 22: Example of a monitoring table**

Monitoring of apprenticeships, training and skills development				
Input	Output expected (indicator)	Actual results (indicator)	Difference	Observations (action to be taken)
Apprenticeships and training courses	Twenty apprentices and trainees starting, graduating and finding continuous employment with the company	Twenty apprentices and trainees completed the course though only 15 found continuous employment with the company	Five	More support needs to be provided for individuals to manage the transition from apprenticeships/trainings to continuous employment

Table 22 provides an example of how monitoring might be undertaken for an investment in apprenticeships and training courses. The selected indicators can be classified according to the SMART system. The input is the apprenticeships and courses themselves, although this could also be noted as the cost of the courses, for example US\$5,000, which would be more Simple. The expected output is Measurable – there was a target of 20 apprentices and trainees starting, graduating and finding continuous employment with the company. The target was Accessible, although not quite reached. The indicators are certainly Relevant, as numbers of graduates finding continuous employment is exactly what the program was designed for. Finally, the monitoring indicators are Timely, as the courses were run for a fixed period of time.

### STEP 5

Engage with stakeholders to monitor and report on the effectiveness of the community programs using the indicators. Monitoring should be carried out through engaging openly with stakeholders, allowing for feedback on performance and informal inspections of the programs. Involving external parties in monitoring activities will also provide useful feedback for improving performance.

## Key references

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## Description

Goal Attainment Scaling (GAS) is a tool used to determine different – or changing over time – levels of stakeholder satisfaction with development activities. Its results can be used as an easily understood means of reporting feedback.

## Purpose

GAS allows you to directly track progress towards an identified goal. GAS can be used to monitor the outputs of community development activities, say every six months, or it can be used to evaluate different stakeholder perceptions of outcomes of a program over a longer time period. The results of the surveys can demonstrate differences between different stakeholders' perceptions of an issue of shared interest.

## When to use this tool

Whenever the views of one or more groups of stakeholders are required on the progress and achievements of a program. They can be repeated at intervals and among different groups. This can be done at any stage from pre-construction to post-closure, with the questions being asked altered to match the prevailing situation.

## How to use this tool

Activity or program goals are framed as *key questions*. They form a common framework for personal consultations, analysis of program performance and review of documentation. The key questions lead logically to a Goal Attainment Scaling framework that enables the facilitator to determine the degree to which program outputs or outcomes are being achieved.

Table 23 presents an example GAS sheet for the tracking of community and company perceptions of an engagement program being conducted with communities adjacent to a planned mining project.

Using this instrument with different stakeholder groups can detect areas where the perception of the performance of the engagement program differs between the parties. The results can also be used to establish benchmarks that can be tracked for change over time.

You can see that it is easy to represent the results in graphic form to make it easier for management and stakeholders to analyse quickly changing trends in perceptions of the success of the programs being evaluated.

This is best done with a group or team of people involved in the project, and can be done for each indicator for outputs and outcomes, as feedback desired.

**STEP 1**

Identify the objectives for a project and their associated indicators. In the example provided below, one of the goals of the stakeholder engagement program being evaluated was defined as developing a good relationship between the company and communities. So, a central question to evaluate was:

Question: *Is the engagement program developing a good relationship between the company and local communities?*

**STEP 2**

Decide on and write descriptors for the scoring scale for each indicator. Ideally, this should be determined by the project manager/co-ordinator together with key primary stakeholders. Defining and agreeing on GAS scales can take some time, often because different participants have different expectations, perhaps stemming from different understandings about what the project is about. This time, however, is a useful investment to ensure a shared understanding of what the collective expectations are for it.

The descriptors for the 1–5 scale are designed with the central question being scale point 3, that is the average score, meaning that your objective has been met. In this case, a score of 3 was described as:

*The engagement process is developing the basis for a sound and fruitful relationship between the parties.*

The descriptors for scale points 1 and 2 should describe evaluations that fall short of meeting the objective, with 1 being the lowest achievement. See rows (1) and (2) in Table 23.

The descriptors for points 4 and 5 on the scale should indicate results that exceed the objective, with a score of 5 being the highest. See rows (4) and (5) in Table 23.

**STEP 3**

The method for using GAS is that each person rates the program being evaluated with a score of 1 to 5. In the example given, 60 people are asked to rate the program, 15 people from each of the four categories of stakeholders. So, looking at the top row of Table 23, you will see that none of the government or company people gave the program the lowest score, but three NGOs and two community members did. At the other end of the scale, the bottom row reveals that one person from each of the company and government groups gave the program the most favourable outcome score, and none of the NGO or community people did.

The beauty of this process is that the same questions can be asked of different stakeholder groups, and the results can be compared. The survey can also be reported at intervals of time. Finally, the results are easy to present in a graphical format.

Weighting accorded to the results obtained from different GAS results may differ depending on the importance of each group's perspective to the project management.

**STEP 4**

Communicate the results and display the results in graphs.

**Table 23: GAS sheet for assessing the engagement program**

GAS score	Goal	Score (n=60)			
	Engagement program leads to a mutually beneficial relationship between company and local stakeholders	Company	Government	NGOs	Communities
	Question: <i>Is the engagement program developing a good relationship between the company and local communities?</i>				
(1)	The engagement program is poorly regarded with the level of contact between the parties being low and ineffective.	0	0	3	2
(2)	The engagement program is regarded as generally well run, in that contacts are friendly but are not progressing far in establishing a sound relationship.	1	1	7	5
(3)	The engagement process is developing the basis for a sound and fruitful relationship between the parties.	6	8	5	5
(4)	The engagement process has evolved into a solid relationship, based on mutual trust, open exchange of issues and ideas and a shared framework of interests.	7	5	0	3
(5)	The relationship between the parties has been formalized and is recognized as very important by both parties.	1	1	0	0

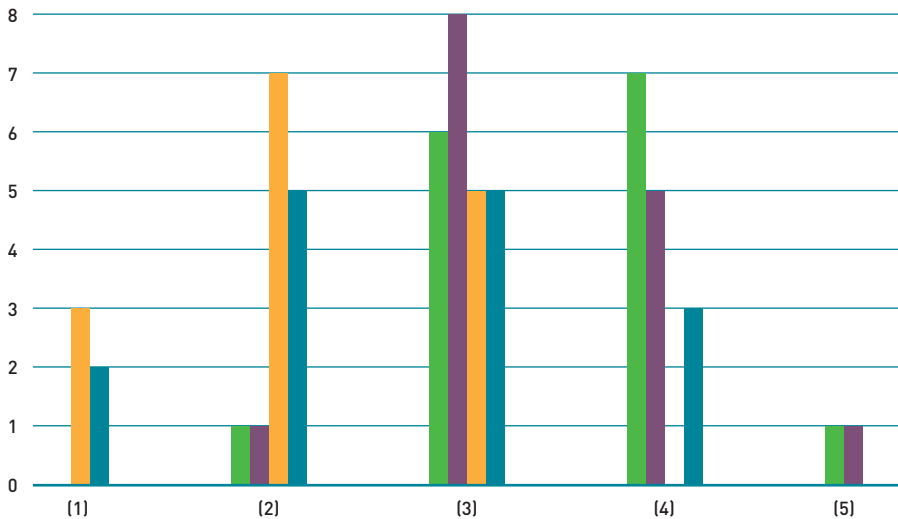
In the graphic representation (Figure 11), you can see that most scores are around the middle, which means the program has attained its goal for building a good relationship. The highest ratings came from the government and company people, and the lowest from NGOs with middling scores from the communities. The scores could be agglomerated, to give a raw score of how many people rated the program as having obtained its objective, but is most useful when stakeholder group scores are kept separate.

This example shows the results of only one question asked about a program, but a series of questions or objectives could be evaluated in just the same way, and repeated at intervals, as part of a regular monitoring process that can continue even after the mine has ceased operations, as part of a post-closure monitoring program. If low scores or wide discrepancies in scores are observed from different stakeholder groups, this should be taken as an indication that the program is not meeting the expectations of certain stakeholders. Corrective action

should be taken by consulting the dissatisfied stakeholders and working towards a mutually agreed modification of the program. As modifications may then affect other stakeholders, they should also be consulted. Using GAS for monitoring thus enables early corrective actions to be undertaken. For longer-term evaluation purposes, the GAS process similarly allows programs to be improved and enables program managers to understand which sections of the community may not be satisfied with project activities.

Results to questions about stakeholder satisfaction with community development programs can be useful for reporting to managers about the perceived success of a community investment program. They can also inform external reports such as a company's sustainability report.

**Figure 11: Example of GAS results displayed as a graph**



**Key**

- Company
- Government
- NGOs
- Communities

- X-axis**
- (1) most unfavourable outcome
  - (2) less than expected success
  - (3) expected level of success
  - (4) more than expected success
  - (5) most favourable outcome

**Y-axis**  
number of people giving that score  
maximum score possible per group = 15



# GLOSSARY AND REFERENCES

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WE HAVE INCLUDED  
DEFINITIONS OF COMMUNITY  
DEVELOPMENT TERMS  
AND CONCEPTS USED  
IN THIS TOOLKIT AND KEY  
SOURCES OF FURTHER  
INFORMATION.



Image courtesy of Rio Tinto

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# Glossary

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## A

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**Arbitration** A process in which a third party neutral, after reviewing evidence and listening to arguments from both sides, issues a decision to settle the case. Arbitration is often used in commercial and labour/management disputes.

## B

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**Baseline data** Information gathered prior to project development that demonstrates the magnitude of the development problem, the extent to which it exists in your community and, over time, will enable you to measure your progress in addressing the problem. Baseline data can indicate the *incidence* of a problem in the community (e.g. the community has an adolescent pregnancy rate of *15.8 pregnancies for every thousand teenage girls*). It can reveal the *prevalence* of a problem (*45% of teens* in the community report that they did not use contraceptives during the last time they had sex). It can also measure *community attitudes* towards a problem (*65% of local people* do not consider teen pregnancy to be an important problem for the community).

## C

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**Capacity building** A managed process of (i) skill upgrading, both general and specific, (ii) procedural improvement and (iii) organizational strengthening. Capacity building aims to develop the ability of individuals, groups, institutions and organizations to identify and solve development problems.

**Civil society** The network of associations, social norms and relationships that exist separately from government or market institutions. Civil society may include

religious organizations, foundations, professional associations, labour unions, academic institutions, media, pressure groups and environmental groups. Civil society reflects social diversity. It may provide the intellectual, material and organizational basis for community interaction with the state and business sectors.

**Community** A social group possessing shared beliefs and values, stable membership and the expectation of continued interaction. It may be defined geographically, by political or resource boundaries, or socially as a community of individuals with common interests.

**Community-based organizations** Groups of individuals within a village or group of villages or residential area with similar interests, established to work together to achieve common objectives. Can refer to organizations that provide care or services in the neighbourhood as well as initiatives by individual citizens and groups within the community.

**Community development** The process of increasing the strength and effectiveness of communities, improving people's quality of life, and enabling people to participate in decision making and to achieve greater long-term control over their lives. Community development aims to empower and help communities to improve their social and physical environments, increase equity and social justice, overcome social exclusion, build social capital and capacities, and involve communities in the strategic, assessment and decision-making processes that influence their local conditions.

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# Glossary

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**Community profile** A picture of the community that reflects the demographic, economic, human, social, visual and natural resources, needs and assets of the community.

**Competency** An attribute that contributes to successful performance and achievement of organizational goals. Competencies may be defined organizationally or individually, and include knowledge, skills and abilities plus other characteristics such as values, motivation, legitimacy, initiative and control.

**Conflict resolution** The process by which the participants together with the assistance of a neutral person or persons systematically isolate disputed issues in order to develop options, consider alternatives and reach a consensual agreement that will accommodate their needs.

**Consultation** A tool for managing two-way communications between project developers and stakeholders. Its goal is to improve decision making, reduce risk and build understanding by actively involving individuals, groups and organizations with a stake in the project. Their involvement increases the project's long-term viability and enhances its benefits to locally affected people and other stakeholders. To be meaningful, consultation should be carried out in a culturally appropriate manner, with locally appropriate time frames and in local languages.

## E

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**Empowerment** Increasing poor people's ability to participate in decision making – to negotiate with, influence, control and hold accountable the institutions that affect their lives. In its broadest sense, empowerment is the expansion of freedom of choice and action, and implies transferring decision-making responsibilities and operational resources to project beneficiaries.

**Evaluation** Systematic investigation of the worth, value, merit or quality of an object. Assessment of the operation or the outcomes of a program or policy, compared to a set of explicit or implicit standards, as a means of contributing to its improvement. Criteria for evaluation may include relevance, effectiveness, efficiency, impact and sustainability.

## F

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**Focus group** A group, selected for its relevance to a particular area of investigation, that is engaged by a trained facilitator in discussions designed to share insights, ideas and observations on the area of concern. Focus groups are typically open-ended, discursive and used to gain a deeper understanding of respondents' attitudes and opinions. A key feature of focus groups is that participants are able to interact with, and react to, each other – the group dynamic often provides richer insights and data than would have been achieved by interviewing the participants individually.

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# Glossary

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## G

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**Gender** The socially constructed roles ascribed to males and females and resulting socially determined relations. Gender roles are learned, change over time and vary widely within and across cultures. Gender is a key variable in social analysis. It is important to understand the social, economic, political and cultural forces that determine how men and women participate in, benefit from and control project resources and activities. Social analysis should highlight gender-specific constraints, risks and opportunities.

## I

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**Impact** Any effect, whether anticipated or unanticipated, positive or negative, brought about by a development intervention.

**Indicator** Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention or to help assess the performance of a development actor.

**Input** The activities and resources allocated to the implementation of community development projects.

**Institutional analysis** Analyses the institutional capacities and relationships critical to operational success, and identifies gaps or weaknesses in institutional resources, performance or sustainability. Over time, an institution may be considered sustainable if it can secure necessary support, provide continuing development activities and services that are valued by its stakeholders and maintain its functions with decreasing levels of external support.

## L

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**Logical framework** A simplified chain of relationships that demonstrates the logic and assumptions underlying a program or intervention and how it intends to achieve its expected results. It states the logic of the program, identifies the assumptions on which it is based and outlines the logical connections between i) the activities undertaken, ii) the outputs to be produced, iii) the immediate or short-term outcomes that are expected and iv) the ultimate or long-term impacts the program is designed to achieve.

## M

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**Mediation** A voluntary and confidential process in which a neutral third party facilitator helps people discuss difficult issues and negotiate an agreement. Basic steps in the process include gathering information, framing the issues, developing options, negotiating and formalizing agreements. Parties in mediation create their own solutions and the mediator does not have any decision-making power over the outcome.

**Mediation-arbitration** A hybrid that combines both of the above processes. Prior to the session, the disputing parties agree to try mediation first, but give the neutral third party the authority to make a decision if mediation is not successful.

**Mission statement** A brief statement outlining the specific task(s) for which a group has charged itself.

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# Glossary

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**Monitoring** The ongoing, methodical collection and analysis of data on development activities that provide program managers and stakeholders with early indications of progress and achievement of goals. Monitoring can be said to be the measurement of outputs and is undertaken more frequently than evaluation and is often done by people involved in the community development programs.

## N

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**Negotiation** A discussion among two or more people with the goal of reaching an agreement.

### **Non-government organizations (NGOs)**

Private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services or undertake community development. NGOs operate independently of government, are often value based and guided by the principles of altruism and voluntarism. Broadly, NGOs may be i) operational, when their primary purpose is the design and implementation of development-related projects, or ii) advocacy focused, when their primary purpose is to defend or promote a specific cause or seek to influence development policies and practices.

## O

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**Objective** An expression of an effect that a program is expected to achieve if completed successfully and according to plan. Objectives are often viewed as a hierarchy, beginning with strategic goals, purposes, outputs and activities.

**Organization** Formal structures with designated roles and purposes. Organizations and individuals pursue their interests within an institutional structure defined by formal rules (constitutions, laws, regulations, contracts) and informal rules (ethics, trust, religious precepts and other implicit codes of conduct). Organizations, in turn, have internal rules to deal with personnel, budgets, procurement and reporting procedures, which constrain the behaviour of their members.

**Outcome** The objectives of community development – the longer-term results aimed for at the end of a program.

**Output** The direct results of an intervention, a “deliverable” for which management is responsible.

## P

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**Participation** A process through which stakeholders influence and share control over development initiatives and the decisions and resources that affect them. Participation can improve the quality, effectiveness and sustainability of projects and strengthen ownership and commitment of government and stakeholders.

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# Glossary

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**Participatory Rural Appraisal (PRA)** A range of participatory approaches and methods that emphasize local knowledge and enable local people to conduct their own appraisal, analysis and planning. PRA uses group animation and exercises to facilitate information sharing, analysis and action among stakeholders. Although originally developed for use in rural areas, it can be employed successfully in a variety of settings, enabling development facilitators, government officials and local people to work together to identify and address local development needs.

**Partner** The individual and/or organization with which one collaborates to achieve mutually agreed-upon objectives.

**Partnership** Negotiated relationships that exist between two or more entities that have voluntarily entered into a legal or moral contract.

**Primary data** Qualitative or quantitative data that are newly collected to address a specific research objective. Primary data may include original information gathered from surveys, focus groups, independent observations and test results.

**Program management** Management concerned directly with the production and delivery of services. Program management skills and procedures include project cycle management, program formulation, communications, financial and human resource management, and technical reviews and evaluation.

## Q

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**Qualitative surveys** Research that is more subjective than quantitative research and uses very different methods of collecting information, mainly a relatively small number of individual, in-depth interviews and focus groups. Qualitative surveys are exploratory and open-ended, and allow respondents greater freedom to influence the research scope and design. Participants are asked to respond to general questions, and the interviewer or group moderator probes and explores their responses to identify and define their perceptions, opinions and feelings about the topic or idea being discussed. The quality of the findings from qualitative research is directly dependent upon the skill, experience and sensitivity of the interviewer or group moderator. Qualitative research is often less costly than quantitative surveys and is extremely effective in understanding why people hold particular views, and how they make judgements. While qualitative research does not produce results that are statistically reliable, its findings can, if participants are broadly representative, be strongly indicative of the population as a whole.

**Quality of life** People's overall well-being. Quality of life is inherently subjective and difficult to measure (whether for an individual, group or nation) because it includes both material well-being and such intangible components as the amenity and quality of the environment, national security, personal safety and political and economic freedoms.

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# Glossary

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**Quantitative surveys** Research that is concerned with measurement of objective, quantitative and statistically valid data. Simply put, it is about numbers. In quantitative surveys a relatively large and scientifically calculated sample of people from a population is asked a set of closed questions to determine the frequency and percentage of their responses. Quantitative surveys can be used with reasonable levels of confidence to assess community attitudes across large populations. Weaknesses of quantitative surveys, however, are that they are relatively expensive and questions are strictly ordered, determined by the questioner and are closed – respondents cannot introduce topics into the survey and cannot expand on or qualify their responses.

## R

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**Ranking** An exercise in which respondents identify what is most important to them (e.g. in identifying development needs, communities may rank livelihood as more immediately important than education). Ranking allows facilitators to understand local preferences, and to understand how values differ among different groups. Identifying local preferences and priorities is critical to choosing appropriate and effective development strategies and interventions.

## S

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**Secondary data** Qualitative or quantitative information that has already been assembled, having been collected for some other purpose. Sources may include census reports, journal articles, technical or academic studies and other publications.

**Semi-structured interviews** Interviews that are partially structured by a flexible interview guide with a limited number of preset questions. The guide ensures that the interview remains focused on the issue at hand, while providing enough flexibility to allow participants to introduce and discuss topics that are relevant to them. Semi-structured interviews are a deliberate departure from survey-type interviews with lengthy, predetermined questionnaires.

**Stakeholder analysis** A process that seeks to identify and describe the interests and relationships of all the stakeholders in a given project. It is a necessary precondition to participatory planning and project management.

**Stakeholders** Persons or groups who are affected by or can affect the outcome of a project. Stakeholders may be individuals, interest groups, government agencies or corporate organizations. They may include politicians, commercial and industrial enterprises, labour unions, academics, religious groups, national social and environmental groups, public sector agencies and the media.

**Standard of living** The level of well-being of an individual, group or the population, as measured by the level of income or by the quantity of various goods and services consumed.

**Strategic plan** An outline of the program or organization's long-term goals, and of the specific strategies, approaches, methodologies and resources through which those goals will be achieved.



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# Glossary

*continued*

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**Strategic planning** A process by which a future vision is developed for an organization, taking into account its political and legal circumstances, its strengths and weaknesses, and the threats and opportunities facing it. Strategic planning articulates the organization's sense of mission and maps out future directions to be taken, given the organization's current state and resources.

**Strategy** A planned course of action undertaken with the aim of achieving the goals and objectives of an organization. Strategy may be developed for any aspect of an organization's activities or, at the broadest level, for the organization itself.

**Survey** The collection of data from a population for the purpose of analysis of a particular issue. In a *sample survey* data is collected from a representative sample of the population.

**Sustainability** The ability of an organization to secure and manage sufficient resources to enable it to fulfil its mission effectively and consistently over time without excessive dependence on a single funding source. Sustainable organizations have i) the ability to scan the environment, adapt to it and seize opportunities it offers, ii) strong leadership and management, iii) the ability to attract and retain qualified staff, iv) the ability to provide relevant benefits and services for maximum impact in communities, v) the skills to demonstrate and communicate this impact to leverage further resources, vi) community support and involvement and vii) commitment to building sustainable (not dependent) communities.

**Sustainability investment** A sustainability investment is an initiative, program, project or any other intervention that responds to the needs of local stakeholders, as well as to the company's business objectives and risks. In practice, sustainability investments may include skills development, local sourcing, health, agricultural assistance, water infrastructure, etc.

**Sustainable development** Defined as: "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs". Progress measured in social or economic terms is accomplished without irreversible environmental degradation or social disruption. The benefits should not only outweigh the social and ecological costs but should also be founded on a rational use of human and natural resources that can be maintained indefinitely.

## T

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**Triangulation** A process of using multiple data sources, data collection methods, evaluators or theories to study an issue from different perspectives, validate research findings, help eliminate bias and detect errors or anomalies in results.

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# Glossary

*continued*

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## V

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**Vision** A description of the large-scale development changes (economic, political, social or environmental) to which the program hopes to contribute.

**Vulnerability** Condition characterized by higher risk and reduced ability to cope with shock or negative impacts. It may be based on socio-economic condition, gender, age, disability, ethnicity or other criteria that influence people's ability to access resources and development opportunities. Vulnerability is always specific to the particular location and time. Development initiatives should assess vulnerability, and target interventions to particularly vulnerable and marginal members of the community.

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## External contributors

A draft of the toolkit was also circulated to a number of individuals and organizations with known expertise in this area. ICMM is indebted to those that took the time and effort to provide comments. Please note that their involvement in this way does not imply any endorsement for the document or its contents.

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