

Tools for Sustainable Community Development Around Mining Operations

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Abstract

Ensuring that mining investments are socially and environmentally sustainable requires taking steps to avoid or minimise negative impacts for the people and communities affected. More recently there is strong pressure to ensure that local communities directly benefit from mining investments and to this end, the mining industry can play a central role in community development. However, the industry cannot achieve results on its own. There is a need for good governance, strong institutions, and laws and policies that reflect the broad interests of society to ensure that mineral endowments and the presence of mining activity do not turn the blessing of resource endowment into a curse.

Recognising the need for tools to support more sustainable community development, in 2002 ICMM and the Mining Policy Group of the Oil, Gas, Mining and Chemicals Department of the World Bank, with financial support from ESMAP, jointly initiated a project to develop new approaches and 'tools' to support government, industry and community efforts to realise more sustainable community development around mining and mineral processing operations. The Tools outline the roles, responsibilities and skill requirements and provide practical 'how to' guidance for mine site managers and practitioners, local communities and government for all stages of the community development process.

Keywords

Community, sustainable development, mining, southern Africa

Introduction: the challenge for mining investments

Over the past decade, many developing countries, rich in natural resources, have welcomed private investment in their mining industry. From Chile to Tanzania, Peru to Ghana, mining sector reform has attracted significant private sector response in exploration and mining (World Bank and IFC 2003). Yet other studies have shown that such projects can have a serious environmental impact and be socially disruptive as well — particularly if people must be resettled (McPhail 2000). Ensuring that mining investments are socially and environmentally sustainable requires taking steps to avoid or minimise negative impacts for the people and areas affected. Robust social and environmental assessments depend on public consultation and, in many cases, they require participation to ensure that people are involved in decisions which affect their lives.

More recently there is strong pressure to ensure that local communities directly benefit from mining investments, i.e. it is no longer sufficient to assume that investments 'do no harm'. Rather, the issue is how to ensure investments provide benefits, not only in terms of their own financial situation, but also in terms of the integrity and sustainability of local communities and economies. To this end, the mining industry can play a central role in local community development, for example by providing employment, supporting socio-

economic programmes, procuring goods and services from local sources and acting as a catalyst for positive change.

Beyond the local and regional levels, oil, gas and mining activities can generate much needed revenue for countries, particularly in the least developed countries where mining companies are the only significant source of foreign direct investment (Wolf 2004). However, both the MMSD project and the World Bank's Extractive Industries Review (EIR) have highlighted the need for good governance, strong institutions, and laws and policies that reflect the broad interests of society to ensure that mineral endowments and the presence of mining activity do not turn the blessing of resource endowment into a curse.

Background to the project

Recognising the need for sector-oriented tools to support more sustainable community development, in 2002 the World Bank Group and the International Council on Mining and Metals (ICMM), with financial support from the World Bank's Energy Sector Management Assistance Programme (ESMAP), commenced the Pioneering New Approaches in Support of Sustainable Development in the Extractive Sector project. The aim of the project was to stimulate new thinking, and based on that, develop a practical Community Development Toolkit to support government, industry and community efforts to realise more sustainable community development around mining and mineral processing operations. The project is consistent with one of the key objectives of the World Bank Group's Oil, Gas and Mining Policy Division which is to determine how extractive industry investments can better contribute to poverty reduction and sustainable development. It also supports ICMM's Sustainable Development Principles, against which members have committed to report their performance. The ninth principle commits members to "contribute to the social, economic and institutional development of the communities in which they operate". The project also responds to recommendations of the Mining, Minerals and Sustainable Development (MMSD) project relating to the development of new approaches to enable governments, industry and communities create country-specific frameworks to reduce conflict, promote cooperation and enhance the contribution of mineral-related investment to sustainable development.

The Community Development Toolkit has a number of objectives, namely 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
- increase the value-adding potential of mine development and operation to support local and regional sustainable development efforts
- improve opportunities for the sustainable development of mining communities and regions during all phases of the mining cycle.

The initial phase of the project included six studies, developed in the southern African cultural, political and economic operating environment. The original focus on southern Africa was in response to the region's unique development challenges and the potential of the private sector to engage with, and contribute to, new approaches to sustainable development. The studies looked at ways of enhancing the value-adding potential of mining in support of local and regional social and economic development. They were framed with

significant input from local stakeholders, including a regional advisory committee, and through a series of multi-stakeholder workshops in southern Africa.

The next phase involved the preparation of 17 integrated, practical 'how to' Tools for all stages of the community development process — from first contacts between exploration geologists and local community members, or the acquisition of existing operations, through to construction, operations, and eventually decommissioning and closure. The Tools provide guidance for assessing, planning, implementing and evaluating community development activities, including relationship building.

The Toolkit also includes key references, guidelines and good practice case studies, and is supported by an Introductory volume, which describes the process of Toolkit development and the rationale for developing it within the southern African environment. While they draw on the initial southern African studies, the Tools are generic and their application will be determined by country, community and site-specific circumstances and by the needs of the different users. The importance of understanding and responding to local circumstances and needs was highlighted in a recent survey which found that “consumers’ top concerns vary substantially between countries and regions”. For example, the survey found that charitable donations were considered important in Turkey, while in Germany secure employment was important. “In South Africa, what matters most is a company’s contribution to social needs such as healthcare and education” (Maitland 2005).

Part of the project work was directed specifically at examining those elements of policy and law, as well as those aspects of an institutional framework that not only address sustainable development concerns, but can also contribute to the realisation of sustainable development objectives. Appropriately focussed mineral policies can themselves become effective tools for defining the roles and responsibilities of all stakeholders and for formalising a consultative process that ensures impacted communities can become active participants in any planning process. Mining laws and regulations are the instruments of government which provide the legal framework for operationalising policy, and can establish the foundation for sustainability through the articulation of, for example, transparent, non-discriminatory licensing procedures, and the rights, privileges, and obligations of mineral rights holders, and affected communities. An analytical framework was produced as part of the Toolkit for evaluating the strengths and weakness of government approaches to promoting sustainability within the sector and those regions and communities affected by extractive activities. It can also be used to draw out their implications for other stakeholders, including the private sector and communities.

Tools to support good practice in sustainable community development

The Community Development Tools were developed to support four good practice principles for effective and sustainable community development:

- Adopting a strategic approach
- Ensuring consultation and participation
- Working in partnership
- Strengthening capacity of all stakeholder groups.

The Tools are divided into several categories according to their main uses, i.e. those tools that relate to the assessment of skills and resources; those which can assist with the planning of processes and the design of programs; those which focus on building and maintaining good working relationships; those which support follow through on commitments made and implementation of processes and programs; and those for monitoring and evaluating progress toward goals and objectives (see Figure 1).

Types of Tools	When to Use the Tools	Who Should Use the Tools
Assessment Tools	Exploration	Governments
Planning Tools	Feasibility	Companies
Relationship Tools	Construction	Communities
Program Management Tools	Operations	Non-governmental organisations
Evaluation Tools	Decommissioning	
	Closure	

Figure 1. Overview of Community Development Tools in the Project Cycle

The remainder of this paper discusses the four good practice principles in more detail and provides some insights into how the Tools are organised to provide practical support for their implementation.

Adopting a strategic approach

Community development activities at the operational level are most effective when they are aligned with existing local or regional development plans and are linked to the long-term strategic objectives of an organisation. In the past, some community development activities have been designed without community input or without regard to existing community development plans. Often these efforts, although appreciated, have not lasted beyond the life of mining operations. Some of the reasons for this may be that:

- projects were chosen by the mining company people and local elites
- they were built or run by outsiders, with little management involvement from local community members
- they required technology or knowledge not locally available to maintain them
- the capacity of local people to manage the programs was not built up to an adequate level.

Despite the best of intentions, local communities may not feel ownership of these projects, which results in a lack of care and interest once external support is withdrawn and the project is turned over. Use of the Tools promotes the design of planning processes which take into account locally-defined needs and aspirations and which allow for local stakeholders to become invested in the processes of designing, implementing and evaluating projects.

From a company perspective, it makes sense to invest effort and resources directly in those types of community development initiatives which can benefit from, and capitalise on, the company's core skill sets, e.g. in areas related to engineering, administration, project management, finance, and vocational skills development and consolidation. This invariably contributes to better outcomes for the community and greater returns on shared investments. There are circumstances and situations which push companies to invest in initiatives which lie well outside their own competencies and even outside their legal responsibilities and obligations, e.g. in public education and community health. This does not mean that companies cannot participate fully in such initiatives, or even take a coordinating or facilitating role in their initial phases. However, in the longer term, all initiatives will be more sustainable if they draw on the strengths of all partners, reflect local development priorities, and are integrated into or at least reinforce local or regional development planning efforts and processes.

The Community Development Tools encourage external organisations to focus on their own areas of expertise and determine where they intersect with community needs.

- The *strategic planning tool*, for example, guides people through the process of understanding why they want to contribute to community development, defining development objectives and planning how to achieve them. It aims to ensure that community development investments are aligned with organisational processes and strategies of the organisation.
- The *institutional analysis tool*, on the other hand, can be used to determine the variety and strength of community-based institutions and networks (sometimes called social capital) and help identify those local actors and institutions which could play constructive roles in a community development process, as well as those others which may need further strengthening to be able to participate productively.

Ensuring consultation and participation

The benefits of consultative and participatory approaches to community development are well documented and include building trust and mutual understanding, creating broader social support, increasing understanding of the consequences of decisions, identifying new opportunities, reducing risks and uncertainties and preventing conflict situations arising (Consultative Forum on Mining and the Environment, 2002; IFC 1998, 2003). However, "ensuring that mechanisms are in place to enable local communities to play effective roles in decision-making is one of the greatest challenges in mining's ability to contribute to sustainable development at the local level" (MMSD 2002, p. 199).

The Tools were developed, recognising that the best designed plans will falter if there is insufficient trust and participation by all stakeholders, and a number of them focus on supporting the construction and maintenance of effective relationships throughout all stages of the mining project cycle. They include tools for:

- stakeholder identification — for identifying all the people with an interest in a project, or who may be affected by the project. This is a necessary starting point to build the relationships needed for successful community development.
- stakeholder analysis — to analyse and consult with stakeholders to determine their level of interest in a project and how much they might like to be involved. This aids in understanding differences between

stakeholders, for example, those who wish to be involved in consultative or participatory ways and those who are more passive beneficiaries of development programs.

- consultation planning — to ensure that consultation activities are appropriate to the specific needs of different stakeholder groups and that information gets to the people who need it at the right times, both outside and within an organisation.

Working in partnership

An effective way of supporting community development processes or carrying out specific development activities is through voluntary partnerships or coalitions. From a company perspective, a partnership approach also potentially avoids the company assuming the role and responsibilities of government (MMSD 2002). From the community perspective, it may allow for the development and maintenance of critical social services and infrastructure that would not otherwise become available if solely reliant on community or government resources. From the government perspective, it allows the government to be responsive and responsible to its citizens in ways that do not overburden its own resource base and capacity to deliver. Partnerships involve strengthening relationships between the 'partners' to the point where organisations drawn from different sectors of society are able to 'pool' their knowledge, resources and skills to solve complex social problems. The concept of trisector partnerships involves a voluntary collaboration to promote sustainable development, based on the efficient reallocation of complementary resources across business, government and civil society. Key features of such partnerships include:

- voluntary collaboration
- mutually agreed objectives
- a 'pooling' of resources and risk
- added value to what each party could achieve alone
- a consensus across society on a more efficient distribution of project benefits, responsibilities and costs (Business Partners for Development 2001).

A 'Partnership assessment tool' is included in the Toolkit which draws largely on the World Bank's Business Partners for Development (BPD) — Natural Resources Cluster initiative¹. The initiative brought government, industry and civil society representatives together to explore opportunities for partnership to promote social and economic development around extractive industry projects. It set up a support system, including guidance tools and third party independent facilitation, to enable partnerships to coalesce around difficult and complicated issues and situations. The Tool incorporated here supports the identification and assessment of skills and capacities that are available locally, existing and future partnership capacity needs, anticipated benefits of partnerships and the sustainability of potential partner relationships. It includes a partnership assessment worksheet to identify partners who have a potential leadership role and shared mandates, interest and influence over possible development initiatives.

¹ See <<http://www.bpd-naturalresources.org>>.

Strengthening capacity

One of the key objectives of the tools is to assist in strengthening the capacity of all stakeholders to articulate and represent their interests and needs, and to manage their interactions with other stakeholders in ways that allow for constructive engagement. Some of the areas where capacities are required are as follows:

- For local communities and authorities to be able to engage constructively with outsiders, to represent and secure their own interests and to use and manage their own resource base effectively
- For local entrepreneurs and businesses to be able to participate in and benefit from new business opportunities created by mining operations, to meet required supply, quality and operating standards of the buyer, and to operate their own businesses profitably and responsibly
- For outside companies to be able to effectively engage with local communities, to understand community needs, priorities and values, and to respond constructively.

A number of the Tools assist in building capacity for sustainable community development, including:

- competencies audit tool — to determine the attributes a team has and whether other skills, knowledge and understanding may be required. Good community development requires people with the knowledge, skills and attitude to run programs efficiently and successfully.
- participatory planning tools — instead of community development planning being undertaken by outside experts, a range of participatory planning techniques described by the Tool aim to ensure that communities are involved in all key planning stages. Building community confidence in their own ability to plan also increases the likelihood of appropriate and sustainable development activities.
- community action plan tool — to assist community leaders and organisers to define, with their communities, goals, activities and timelines to enable development objectives to be achieved. In this way, the community comes to own the plan and ideally, over time as communities become more confident in their ability to manage development activities with program partners, the company will be just one of many partners involved in the plan.

Conclusion

Mining activities have significant potential to contribute to sustainable community development. ICMM and the World Bank have sought to develop new approaches and tools to support government, industry and community efforts to realise more sustainable community development around mining and mineral processing operations. Tools, drawing on the southern African experience, have been developed for the assessment, planning, relationship building, management and evaluation of community development activities throughout all stages of the mining cycle.

ICMM and the World Bank will now focus on disseminating the tools to encourage their use. Beyond the dissemination activities, it is the intention of the World Bank and ICMM to validate the work that has been completed at the field level in collaboration with relevant stakeholders. Their application will help to ensure that local communities and mining regions can benefit in a sustainable fashion from such investments.

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