

GUIDANCE TO ACCOMPANY THE PRINCIPLES

6. CONTRIBUTE TO COMMUNITY DEVELOPMENT AND SOCIAL WELLBEING

Objective: To have measures in place which support the social and economic advancement and capacity building of communities whose lives are affected by exploration activities while respecting the communities' own vision of development.

Introduction

It is generally accepted practice within the mineral industry that local populations should benefit from mining related activities that impact them, or take place in the immediate vicinity, in ways that contribute to the economic development and social wellbeing of the community. Further, in a number of countries it is a specific requirement that indigenous peoples benefit from activities that take place on their traditional lands under the provision of national law or international conventions such as ILO 169.¹ Community benefits will vary according to the stage of exploration and level of investment by the explorer, with the employment of local people and purchase of local services and supplies the most frequent form of benefit. Explorers are advised, however, to take care not to create unrealistic expectations or situations where the provision of benefits results in dependency in the form of ongoing obligations or expenses incurred by the beneficiary, or that require the ongoing presence of the company. In practice, there is often a need to find a balance between responding to a demand for delivery of short term benefits that may not be truly sustainable and providing contributions that will survive beyond the life of an exploration project.

Policies

Explorers are advised to adopt, and make public, policies and procedures for community relations, employment, use of local suppliers and services, and community development.

Consultation and Participation

Explorers are advised to consult with the local community to establish transparent procedures for employment (see also Principle 3) and for the contracting of local services and supplies. Explorers are encouraged to enable community participation in the identification and implementation of local economic and development opportunities so that these are compatible with the existing social structures, the local economy and any community development goals.

¹ See 'Quick Note - ILO 169 and the Private Sector' published by the IFC in March 2007 for more information on the relevance and application of this convention to mineral exploration and mining.

Delivery of Benefits

Explorers are encouraged to consider negotiating an agreement or agreements that define the nature, schedule and extent of benefit(s) to be provided to the community and to consider the following points:

- a. As a priority, in consultation with the community and, as necessary, with government and non-governmental organizations, identify the potential to augment or complement existing economic and business development or poverty reduction plans, strategies and programs and avoid duplication of effort and associated waste of resources;
- b. In the absence of an existing development plan or strategy, encourage, and if necessary assist, the community members to develop and articulate such plans or strategies for themselves;
- c. Where possible, partner with government or appropriately qualified non-governmental organizations to facilitate delivery of programs that benefit the community;
- d. With the exception of employment and payment for goods and services, limit or avoid the use of money as a vehicle for providing benefit. Rather, in consultation with the community or affected families and, where appropriate, consider providing benefits in the form of goods and services or initiatives identified as urgent or important by the community or affected individuals;²
- e. In consultation with the community, identify where infrastructure required for exploration and development can also benefit the community and, if economically feasible, focus on creating such common improvements;
- f. Support and strengthen existing social structures and local authorities by engaging with them and establishing accords that define the roles and responsibilities of the various actors in the delivery of benefits. Where necessary, strengthen community social structure and governance capacity to maintain the benefits provided and manage them into the future;
- g. In collaboration with the community, identify indicators of social and/or economic wellbeing that can be used to monitor and measure the outcomes of any programs of assistance or investment made by the explorer;
- h. Where possible, establish co-operative processes with other exploration and mining companies to avoid duplication of effort and enhance benefits available to local communities;
- i. Where possible, liaise with regional and national authorities to promote implementation of existing government programs of assistance and development that would benefit the community, including (but not limited to) health and education; and
- j. Provide education and training so that local people qualify for employment during exploration and/or are eligible for permanent employment should a mine result.

² See discussions in the 'Guidelines to IFC Performance Standards'
(www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards) for further information on this topic.

Monitoring and Reporting

Explorers are advised to implement processes to monitor and report on their efforts to support community wellbeing and economic development (see also Principle 2) in order to inform government, local communities, shareholders and other interested parties.³ In doing so, it is recommended that explorers:

- a. Provide monitoring and reporting of information that is timely, accurate, relevant and accessible; and
- b. Wherever possible, involve the local community or civil society groups in monitoring programs of community wellbeing, support and/or economic development and in verifying the accuracy of reports.

³ The Global Reporting Initiative has developed a reporting template for mining, which unfortunately is unsuitable for exploration projects. It is the intention of PDAC to sponsor development of a template specifically for exploration.