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4.0 Community Development

Community development involves different organizations and individuals in a community working collaboratively to improve the well-being of the community. The goals of community development include:

- improving the health and prosperity of the community as a whole;
- creating equitable conditions and outcomes for health and well-being;
- fostering sustainable community initiatives;
- fostering sustainable self-sufficiency for the people involved;
- increasing personal worth, dignity, and value; and
- building awareness of and resolving issues in the community

The U.N. Millennium Declaration (2000) reflects universal recognition that all organizations – public and private – have a role to play in contributing to the conditions that will enable all human beings to truly realize their right to an adequate standard of living and well-being. The Millennium Declaration was ratified by 189 heads of state in September 2000, and is considered one of the most significant United Nations' documents of recent time. It provides a common vision for how to tackle the world's most important development challenges. The Declaration has resulted in eight focus areas for development, called the Millennium Development Goals (MDGs).

These are:

- eradicate extreme poverty and hunger;
- achieve universal primary education;
- promote gender equality and women empowerment;
- reduce child mortality;
- improve maternal health;
- combat HIV/AIDS, malaria, and other diseases;
- ensure environmental sustainability; and
- develop a global partnership for development

The MDGs are important for explorers as areas of focus for their community development initiatives. Issues such as sustainable development, human rights, poverty alleviation and security are increasingly interlinked. They have implications for all sectors of society and cannot be resolved without collaborative effort. While governments carry the primary responsibility for achieving these goals, they cannot meet these commitments without enabling, regulating and partnering with the private sector.

However, explorers are not expected to do it all, or to do it alone. The practical ability of explorers to generate wealth, invest in a community, or provide leadership will vary depending on the amount of time that they will be in a community, the phase of exploration, and the social, economic and environmental impacts of the project. If a project will have a relatively low social, environmental and economic impact and is in the early phase of exploration, and the company will have a short-term presence in one area, then the company may not have the opportunity to

Key Terms

community development is social and economic development that benefits and is inclusive of all segments of the community

community well-being is quality of life of the community generally the health, happiness and prosperity of the community

e3 Plus: A Framework for Responsible Exploration is the expanded framework that now includes not only principles and guidance related to environmental stewardship, but also to social responsibility, as well as health and safety

Main International Instruments

[Universal Declaration of Human Rights](#) (1948)

[United Nations Millennium Declaration](#) (General Assembly Resolution 55/2)

UNDP [Millennium Development Goals](#)

contribute extensively to community development, beyond engaging with the community and using local goods and services. On the other hand, if a project will have a relatively high impact and is in an advanced stage of exploration or the initial phases of development, and/or the company has a long-term presence in one area, then there may be more substantive opportunities to contribute to the development and well-being of the community.

The ability of explorers to contribute to community development is based on forging a relationship of trust with the community. Community engagement and community development are inextricably linked. Without effective community engagement, well-meaning efforts to promote community well-being can miss their mark, or work at cross purposes to the goals and aspirations of the community.

4.1 Why Is Community Development Important for Explorers?

Pre-existing conditions (e.g., environmental degradation, ethnic and class conflict, poverty, lack of infrastructure and public services, poor education) are both short-term and long-term financial, market and reputation risks for business. They also represent increased costs of doing business (e.g., hiring and training costs, security costs, insurance costs, the cost of capital). There is also a moral obligation for business to avoid contributing to these problems.

Tackling the focus areas that MDGs are designed to address is critical to creating and sustaining the factors that contribute to business success at the local, national and international levels. These factors include:

- stable and secure societies;
- open, well-governed economies;
- predictable financial systems;
- healthy and competent workers; and
- the prosperity needed to fuel investment and growth

Companies in the extractive sector face strong pressure to forge good relations with neighboring communities. Explorers operate in remote areas – areas where land tenure may be disputed, exploration activities can affect access to natural resources, the eventual downstream mining operations often have significant environmental and social impacts. Companies establish and maintain positive relationships with local, regional, national and international stakeholders by working collaboratively with communities, government agencies and other organizations to address development challenges. Community development programs can help explorers earn and maintain a “social license to operate” by demonstrating a tangible and credible commitment to working with and improving the lives of local people.

Governments are more willing to support access to resources for companies with a solid track record of social performance. As social expectations and competition for mineral resources increases, explorers will find that a solid reputation of good community relations and community development will be a source of competitive advantage.

4.2 Using this Guidance

Explorers can contribute to the MDGs and community development through:

- wealth generation;

- social investment and charitable giving; and
- corporate leadership

Guidance in this section is organized based on the above three categories of involvement in community. In each section, general concepts are introduced and then recommended practices are discussed.

4.3 What Are the Community Development Challenges for Explorers?

The main challenges that explorers face in community development are:

- **The intermittent, mobile, and transient nature of exploration activities:**

This challenge impedes the opportunity for explorers to establish long-term relations in the community and to invest in development initiatives that require long term or continuous commitment. Exploration is usually conducted in campaigns of relatively short duration, separated by intervals when the company has no presence – or a very limited presence – on the property and in the surrounding communities. These intervals may also result in the property changing ownership, in communities that may have received commitments from previous owners

- **Managing unrealistic expectations regarding economic benefits resulting from their activities:**

This challenge particularly arises during the unpredictable and variable exploration phase. Communities often do not distinguish between exploration and mining activities and believe that explorers have come to their communities to open a mine and offer a variety of benefits. Typically, communities perceive exploration activities as a future mine delivering enormous new wealth and have unrealistically high expectations of what the benefits might be. Failure to manage expectations regarding exploration activities can lead to potential conflict between parties, false perceptions, disillusionment at lost opportunities and resentment against explorers.

Another facet is that social expectations of community development programs are based on actions expected of large multinationals. Most exploration companies are small and medium enterprises. This is particularly problematic in places where there is a lack of state presence in communities, and the expectation is that private companies will fill the shoes of the state by providing infrastructure and other services. Unrealistic community expectations are compounded by the fact that there is a legacy of practice by mining proponents – including explorers – of overemphasizing the positive benefits of a project for the purpose of obtaining community support.

- **Creating dependencies or relationships that are not compatible with sustainable development:**

A dependency mentality occurs when communities look to companies as providers of resources in compensation for social and environmental damage. These relationships can be avoided when the responsibility for the community development initiative is shared among the community, local government, and local enterprises (i.e., sense of ownership over initiatives creates independence)

- **Social disparity, conflict and inter-group rivalry:**

Community development may become the source of conflict and jealousy within and

between communities. These may emerge or re-emerge in areas where there is a history of tension or conflict. For example, explorers may offer contracts to one nearby community, but have no opportunities to offer another nearby community. In places where a rivalry already exists between these two communities, the explorer may be seen as exacerbating this rivalry or inciting conflict. In addition, social disparity within communities may exist between groups who participate and benefit from exploration-related activities (e.g., young men) and those who do not (e.g., women, elders). This disparity may be fuelled by exploration activities where those who do not benefit may feel burdened by real or perceived negative effects of these activities

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4.4 Summary of Recommended Practices

- Establish a policy commitment to community development
- Define what you want to achieve. Set goals for community development and have a clear definition of the business case for your organization
- Plan early. Community development initiatives should be developed simultaneously with project design; planning should begin with the initiation of the project due diligence. Understand the local and national social and economic context. Use tools such as community profiling and social impact assessment to define the stakeholders, identify impacts and begin to define community needs
- Establish and maintain effective community consultation throughout all phases of exploration. Community consultation is critical to proper community development, it is the basis of trust and helps companies identify community needs, define the community development responsibilities of stakeholders and manage expectations. Engage early with the community, government, local authorities and civil society to determine development priorities
- Develop a community development program and link program activities to objectives and principles that are in line with community plans. Develop program activities timeline that is aligned with business project development activities
- Clearly define your commitments to community development at the very early stages of project development and with changes in stages of exploration. Unmanaged expectations lead to mistrust between the company and community. Work with the community, government agencies and NGOs to define roles and responsibilities. Make clear that they all have roles to play and that the company cannot shoulder all of the responsibilities. Communicate defined roles and responsibilities clearly and consistently
- Form strong, strategic partnerships with local or national governments, local and international NGOs, other local businesses, universities, research institutes, multilateral organizations, unions or other stakeholders with similar objectives
- Measure and report performance. This will enable your stakeholders to monitor progress and evaluate the effectiveness of community development initiatives. Be transparent about successes and shortcomings

Related e3 Plus Guidance

[Developing and Communicating Policies](#)

[Objectives and Targets](#)

[Project Due Diligence](#)

[Community Engagement](#)

[Sphere of Influence](#)

[Monitoring and Measurement](#)

[Performance Reporting](#)

4.5 What is Wealth Generation?

Wealth generation is the creation of assets in a community, in terms of both physical and human capital. Explorers can contribute to wealth generation in a community by:

- **Creating jobs:** Recruiting locally, both within the company and along the supply chain, and facilitating constructive organized labour relations
- **Generating income and investment:** Paying local wages, taxes, dividends, and royalties, and attracting other investment
- **Developing local human resources:** Investing in training, skills development, health and safety in the workplace and along the supply chain
- **Building local business capacity and business linkages:** Through local procurement practices, especially with medium, small and micro-enterprises
- **Supporting technology and knowledge transfer:** Spreading use of modern technologies and exploration practices
- **Establishing physical and institutional infrastructure:** Investing in infrastructure that supports operations and that simultaneously expands local capacity (e.g., communication, roads and transportation networks, water wells)

Explorers' contribution to wealth and income generation will vary according to phase, impact, and duration of activities. Wealth generation will be different for short-term and long-term exploration programs. For example, in shorter term programs, due to the compressed timeframe, investing in the skills development of a local workforce may not be feasible, whereas for longer term programs, there may be the opportunity to undertake a broader spectrum of employment and skills development initiatives.

4.6 Recommended Practices

- As part of project due diligence explorers should:
 - identify all applicable laws related to taxes, revenues and royalties and the information necessary to correctly determine them;
 - find out how these taxes, revenues, and royalties are distributed among local, regional, and national governments, so as to be prepared to explain this to communities and manage expectations;
 - identify legal requirements related to contributions to the local community (e.g., such as benefit agreements);
 - identify the goods and services that can be obtained through local contractors and suppliers;
 - determine your capacity and opportunity to contribute to wealth generation in the community, given the scope, duration and impact of the exploration activity and available

Risk For Explorers

- Creating economic dependencies or dependent relationships that do not allow for continued wealth generation or capacity far into the future, beyond the time the explorers are operating near the community
- Failure to manage unrealistic expectations

Key Terms

wealth generation is the creation of assets both in terms of physical and human capital

economic development is a long-term increase in living standards, increased income, better education and health as well as environmental protection

social well-being is a state of affairs where the basic needs of the population are met, including: (i) income levels are high enough to cover basic wants; (ii) there is no poverty; (iii) unemployment is insignificant; (iv) there is access to social, medical and educational services; and (v) everyone is treated with dignity and consideration

inclusive business models is a business model that benefits both low-income communities and businesses by including communities on the demand side as employees, producers and business owners, at various points along the value chain

Key Reference Sources

- UNDP [Growing Inclusive Markets](#)
- [Creating Value for All: Strategies for Doing Business with the Poor](#)
- [Business and the Millennium Development Goals: A Framework for Action](#)
- [CSR in the Mining Industry – The Risk of Community Dependency](#)
- [Mining and Poverty Reduction: Transforming Rhetoric into Reality](#)
- [The U.N. and the Private Sector –](#)

resources;

- based on your assessment of wealth generation opportunities associated with the project, formulate how you will communicate these opportunities to the local community, so that the community has an accurate picture of benefits accruing from the project; and
- understand the local cultural, social and economic context and the implications that they have for employment and wealth generation. It is recommended that a stakeholder analysis be completed, to identify key stakeholders and their likely interests and relationships
- To the extent possible, hiring and procurement practices should give preference to locally qualified employees and local suppliers of goods and services. Implement local hiring and procurement practices that are appropriate to the scope of the project. These should include practices to:
 - establish and publicize to local communities – in the local language – policies regarding employment opportunities;
 - inform local communities regarding available jobs and the required skills and training;
 - identify local, potentially qualified employees through community skills database, local employment authorities, or early community engagement activities;
 - improve access to employment opportunities for women, youth and other minority groups;
 - establish and publicize – in the local language – policies regarding the use of local suppliers of goods and services; and
 - whenever possible, give sufficient notice to local contractors and suppliers regarding needed goods and services
- Identify where infrastructure required for exploration and development may also benefit the community. As an example: Access roads, airstrips and docks¹ that are built to gain access to exploration sites, can also be used by communities to improve access to community resources or services (e.g., community re-supply), or to facilitate the development of new activities (e.g., tourism). Engage with the community prior to infrastructure development to discuss how infrastructure can be sited and developed so that it will have sustainable benefit to the community and avoid any negative effects (e.g., increased access for poaching). Consider how infrastructure will be maintained after the completion of the project. Also, negotiate agreement on how the community will access facilities and use any common infrastructure during the course of the project
- Compensation or other benefits should be directed in a way that enhances existing programs. With the exception of employment and payment for goods and services, limit or avoid the use of money as a vehicle for providing benefit. Communities may not have sufficient capacity to ensure money is directed in a manner that promotes long-term community

[A Framework for Collaboration](#)

Key Terms

engagement is a process of contact, dialogue, interaction and creation of constructive relationships, that ensures all parties of interest are informed and participating, in a way that is satisfactory to them, in decisions that affect their future

¹ Especially in remote and isolated communities, such as northern Canada.

development and well-being

- Facilitate local wealth generation and manage expectations through active community engagement (e.g., open houses) prior to the commencement of exploration activities and throughout the life of the exploration process. Use engagement to maintain dialogue with the community, including the following:
 - discuss expectations and the extent to which your organization has the capacity to help the community achieve those expectations;
 - establish and define roles and responsibilities;
 - learn community protocols and social relations that will, ultimately, influence interaction between explorers and communities;
 - explain to the communities the potential costs, benefits and risks resulting from exploration activities;
 - define priorities for employment, training and skills development;
 - identify-qualified local employees, contractors and suppliers;
 - identify common infrastructure that can benefit both explorers and communities; and
 - agree on mechanisms for addressing community concerns, claims and/or questions regarding exploration activities

4.7 Charitable Giving and Social Investment

Charitable giving is the voluntary donation of time, services, effort, or money to support a particular cause or objective and has traditionally been one of the main sources of social and cultural maintenance and development throughout the world. More recently, social investment has evolved as a more strategic approach to traditional charitable giving. Social investment is “the venture capital of social development”²; it involves creating new or scaling up existing streams of financing for community development initiatives that seek to offer long-term, sustainable solutions. In traditional charitable giving, the donor is most often not directly involved in the design or management of the charitable activity. However, social investment typically requires not only the contribution of funds or in-kind resources but often some involvement in the direction of the initiative.

Charitable giving and social investment strategies include:

- donations and in-kind contributions (e.g., fundraising, humanitarian assistance);
- employee volunteerism to support education and training in environment and health;
- mission and program related investment; and
- institutional building and social/enterprise development programmes, through vehicles such as lending/micro-lending, loan guarantees, equity investments and charitable/venture capital

Charitable giving and social investment can be used to support a broad spectrum of community development initiatives, so explorers should have a clear strategy for how they will apply their resources. Explorers need to define to what extent they can meaningfully contribute to development and how they can best leverage their contribution, to meet the strategic interests of the company and provide benefit to society and the environment. These initiatives should be designed carefully to take into account: (a) the company’s corporate strategy and risk management objectives; and (b) local and national development strategies and community capacity. If this is done well, charitable giving and social investment programs will support a positive relationship between the community and the explorer and leave a long-term benefit for all parties involved. This involves understanding:

- community priorities;
- existing local, regional or national development plans;
- development initiatives being undertaken by others (e.g., government, agencies, civil society, other businesses); and
- the potential to work in partnership with others to maximize benefits

Risk For Explorers

- Challenges such as an unskilled workforce, environmental degradation, HIV/AIDS, conflict, inadequate health and education systems can increase costs and risks of business
- Risk of confusing charitable giving or capacity building with unethical practices of lobbying or bribery; a clear distinction between the two practices must be made

Key Terms

social investment programs are voluntary contributions companies make to local communities and the broader society where they operate, with the objective of creating mutual benefit to external stakeholders, often through the transfer of skills and resources

charitable giving is a voluntary, altruistic action aimed to benefit or support people or organizations and their activities, often manifested as a donation of time, services, effort, or money

sustainable investment is investment that continues to make positive impacts well beyond the end of company involvement

partnerships are voluntary and collaborative relationships between more than one party, in which all participants agree to work together to achieve a common purpose or to undertake a specific task; partners agree to share risks, responsibilities, resources, competencies and benefits

cultural maintenance is to maintain cultural rights as protected in the [International Covenant on Economic, Social and Cultural Rights, 1966](#) where culture must be respected in a

² Center for Philanthropy and Social Investment, <http://www.swinburne.edu.au/business/philanthropy/philanthropy.htm>

4.8 The Benefits of Partnerships

Given that exploration activities tend to be transient, temporary and intermittent, explorers often do not have the capacity to develop or sustain independent initiatives. Explorers should consider partnerships with local, national, and international public agencies, other private enterprises, and qualified non-governmental organizations to deliver programs. The benefits of partnerships are that they can provide opportunities to share effort, risks, resources, competencies, and provide long-term benefits. Partners work together for a common purpose and can develop suitable programs and leverage benefits to local communities, to contribute to sustainable development. As an example: De Beers has partnered with various organizations and companies (e.g., World Bank, International Diamond Manufacturers Association, Partnership Africa Canada) to create the Diamonds for Development Initiative (DDI). This is a non-governmental organization that encourages responsible small-scale mining that contributes to lasting community benefits. In establishing successful partnerships explorers should consider:

- Capacities of the partners: Partners should bring complementary skills and resources to the initiative
- Alignment of goals: Partners should have common goals, even if they do not share common interests
- Lines of responsibility: Roles and expectations of partners should be clear
- Independence from the explorer: The ability to maintain program independent of explorer
- Existing relationship with the community: Partners should be in a position to help the explorer understand the community politics, culture, economics, etc

4.8.1 Recommended Practices

- Determine if there are community development programs already in place in the immediate locale or the region, being managed by government and/or non-government organizations. Contributing to pre-existing programs and adding capacity to them may be more effective and sustainable in the long-term, than initiating new ones managed by the company alone
- Community participation is necessary for sustainability of any development initiative. When designing programs, make provision to build community capacity to manage projects and establish links with other organizations. Use a community organizing approach to design and manage development projects
- Leverage core competencies. Explorers have skills, resources and affiliations that can be used to promote community development. These include: entrepreneurial, financial, management, human resources, and other employee skills; equipment; and political and business connections. Explorers can leverage core competencies to develop skills, knowledge,

way that ensures human dignity; culture includes established patterns of knowledge, behaviour and belief and can include cultural sites, traditional knowledge, language, land use practices, etc.

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and innovation in communities. For example, providing basic office administration advice, or sharing resources on proposal writing, could help local governments win federal government infrastructure funding or manage existing contracts

- Use affiliations and connections to advocate for change, or to help communities build links to other organizations and resources
- Work toward sustainable initiatives:
 - Focus on developing skills, capacity and improving community income levels. Community development should provide benefits long after explorers leave the community
 - Plan and set a timetable for how you will hand over responsibility for projects to communities, governments, or other organizations, once the program has become sustainable and self-sufficient
 - Diversified funding is critical to sustainability of development projects. Encourage (and wherever possible require) community and government funding and partner with other organizations. In addition to greater financial stability, diversified funding also inspires ownership from a broader base in the community
 - Work with other organizations, such as developmental, non-governmental organizations, that have the resources, technical capacity and long-term presence in the community
- Take into account the special needs and aspirations of vulnerable or marginalized groups. Look at development initiatives that target particularly vulnerable groups (e.g., women, ethnic or religious minorities, the very poor, indigenous peoples, other socially or economically disadvantaged groups). Identify these groups upfront, to understand power dynamics between various groups when mapping the local community and assessing the impacts of the project
- Evaluate the performance of development initiatives and use evaluations to adapt performance. Develop key performance indicators before program implementation
- Invest in community development initiatives where the following overlap:
 - community priorities and ownership for the initiative;
 - local and national policy priorities (these can be identified in existing community plans or development strategies);
 - business risks and opportunities and company core competencies;
 - priorities and competencies of any contributing organizations (e.g. government, NGOs, communities)
- Reduce potential for inter-group rivalry by directing contributions at a regional and international scale and investing in development initiatives that aim to bring groups together

Key Reference Sources

International Petroleum Industry Environmental Conservation Association, [Creating Successful, Sustainable Social Investment](#)

[U.N. Global Compact, Partnerships for Development](#)

[U.N. Office for Partnerships](#)

4.9 Corporate Leadership

Leadership is a process of guiding or building support of others to accomplish a common goal. Explorers can use leadership to promote community development and well-being by: acting as advocates of change, helping to bridge “governance gaps” and strengthening institutional capacity.

There are numerous ways explorers can stimulate dialogue and improve governance. Explorers are not expected to undertake these efforts on their own. Public advocacy and policy dialogue is best done in cooperation and association with others, such as business associations (chambers of commerce and organisations of employers), other business leaders, national and international aid agencies and NGOs. Explorers can work through established organizations and informal networks at the regional, national and local level.

Explorers must be careful to make the distinction between business “lobbying” and public advocacy. These are two contradictory expectations of the appropriate role of companies in the political domain, and whether and how companies should use their influence and participate in public policy debate, are explained in the Responsible Political Engagement section and recommended practices are provided.

4.10 What Are Governance Gaps?

Sustainable solutions cannot take root without good governance and strong institutions. A government operating effectively allows business to prosper and provides opportunities for community development. Gaps and problems in public governance can take numerous forms. Bad governance refers to corrupt organizations, ineffective or discriminatory laws, civil conflict or security threats, or human rights violations. Weak governance refers to insufficient capacity or political will, failure to enforce laws or deliver public goods and services, or failure to plan and respond to emergencies or humanitarian crises. Underdeveloped governance refers to the lack of rules and capacity to create a level playing field on particular issues (e.g., labour, environment, product or technical standards).

4.10.1 Recommended Practices

- Stimulate dialogue on the focus areas of MDG priorities of poverty, healthcare, environment, education and the underlying root causes
- Advocate for policies that will help improve social and environmental conditions, and the efficiency of public administration and service delivery
- Work jointly with government to develop more effective, fair and transparent regulations
- Develop voluntary codes of conduct that will improve performance of the service delivery
- Communicate clear direction and advice

Risk for Explorers

- Local governments often have limited capacity to manage benefits and impacts of exploration and development projects effectively
- Weak or bad governance (e.g., corruption, discriminatory or ineffective laws, civil conflict, security threats, human rights violations, etc.) has demonstrated it undermines business development and the role of business in community development

Key Terms

corporate leadership is individual companies and/or business associations engaging in public dialogue and efforts to build or strengthen public institutions to support change, or improve governance systems at the local, national, or global level

Key Reference Sources

World Economic Forum (2008). [Partnering to Strengthen for Public Governance](#).

WEF [Global Corporate Citizenship](#)

4.11 Frameworks and Planning Tools to Implement Guidance on Community Development and Well-Being

4.11.1 Partnership Assessment Tool

The [Partnership Assessment Tool](#) is a simple tool developed by four U.N. organizations to improve the impact, effectiveness and consistency of public/private partnerships for development. The tool can help explorers work with civil society organizations or government agencies, to plan and evaluate the factors of partnership projects that can impact the success and sustainability of the project. The tool consists of a short online questionnaire that leads the user to assess the expected value of a partnership and identify ways to improve partnership activities. The tool helps users to determine the following:

- Is there an alignment among partners on objectives, core competencies, and risks?
- Is the internal management (i.e., the responsibilities, management and monitoring processes, resources) sufficient to maintain the partnership?
- Is the external management (i.e., transparency, engagement, benefits, positive relationships) sufficient to maintain effectiveness?
- Is this partnership being replicated or scaled up by partners or other parties?
- To what extent do partnership activities impact the environment?
- To what extent do partnership activities improve social well-being and development?

The tool can also help partners identify potential problem areas that can then be improved upon, assess preparedness, identify opportunities for early adjustment, and to position for successful project implementation.

4.11.2 Exploration Agreements

One tool explorers may employ to support community development and well-being is exploration agreements with Indigenous organizations. For example, Memorandums of Understanding and Participation Agreements are often struck between Aboriginal peoples and explorers throughout Canada. The agreements not only provide terms and conditions on land access, but can also define the way explorers can direct benefits to the community and its people in support of community development and well-being. A key benefit for explorers when signing these agreements is support of the Indigenous organization for the exploration project. These agreements can commit the explorer to negotiating a subsequent, more in-depth agreement, sometimes termed an Impact and Benefit Agreement, to define a more rigorous relationship, should a project develop to the mine stage.

Explorers have to use caution when signing these agreements and consider factors described in the guidance above. They also must identify who can sign

Key Reference Sources

[Partnership Assessment Tool](#)

[Equator Principles](#)

IFC [Performance Standards on Social and Environmental Sustainability](#)

Livelihoods Network, [Sustainable Livelihoods Framework Guidance Sheets](#)

[IBA Research Network](#)

[UNHCR Frequently Asked Questions on a Human Rights-Based Approach to Development Cooperation](#)

the agreement with them on behalf of the community – considering both legal representation and ability and legitimacy to act on behalf of the community – so that it will have community support. Stakeholder analysis and management activities should be done in co-ordination when negotiating this agreement. Refer to sections on [Community Engagement](#) and [Indigenous Peoples Rights](#) for further guidance.

4.11.3 Social Impact Assessment

Social Impact Assessment (SIA) provides knowledge of potential and real social, economic and cultural effects of a project, and allows these to be integrated into management and decision-making processes. It is most commonly linked to the Environmental Impact Assessment and project permitting. SIA may be used by explorers to conduct a brief evaluation of the potential effects of an exploration project on community development and well-being. This may be useful when conducting engagement activities, to help manage expectations of benefits and also identify opportunities for any charitable or other community development initiatives and monitor the success of these initiatives.

4.11.4 Sustainable Livelihoods Framework

The [Sustainable Livelihoods Framework](#) (SLF) is a framework that can be used in concert with planning tools, such as SIA or community profiling, to evaluate community development and well-being and identify opportunities to improve development activities. The framework focuses on the condition of communities, by providing a structured way of defining the capacity of a community in five assets:

- 1) **Human capital:** Skills, knowledge, ability to work, and health
- 2) **Social capital:** Resources that people draw on to pursue their life goals (e.g., networks, organizations, relationships, safety nets)
- 3) **Financial capital:** Financial resources (e.g., savings, assets, income, pensions, state transfers) used to pursue livelihood objectives
- 4) **Natural capital:** Natural resources and environmental services
- 5) **Physical capital:** Infrastructure and goods needed to support people and the economy

This framework's assumption is that people and communities pursue a range of livelihoods and outcomes (e.g., community well-being versus economic growth), by drawing on a range of assets, so as to undertake a variety of activities. Community development activities must consider:

- existing assets of a community;
- desired outcomes of a community;
- external shocks and trends (e.g., climate change, demographic change); and
- structures and processes beyond the control of a community

4.11.5 A Human Rights Based Approach to Development

A Human Rights Based Approach to Development is an approach used in the course of human development with the objective of promoting and protecting human rights. The guidance provided throughout Framework for Responsible Exploration is aligned with this framework. Additional definitions and guidance on the topic of human rights is included in the Human Rights section.

The human rights based approach highlights not only the objectives of protecting and promoting human rights and abstaining from violating human rights, but also the process of accountability. To meet this approach, it is important to consider that people are at the centre of the development process, and strategies for empowerment or capacity-building and participation of communities and other stakeholders should be emphasized. These strategies should pay extra attention to vulnerable groups (e.g., women, minorities, Indigenous people, prisoners).